

**MASTER DEED ESTABLISHING
REYNOLDS LOFTS CONDOMINIUMS**

THIS MASTER DEED (the "Master Deed") is made and entered into as of the 10th day of August, 2007, by **REYNOLDS LOFTS, LLC**, a Kentucky limited liability company, whose mailing address is 201 Price Road, Lexington, Kentucky 40511 (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the Land described on Exhibit "A" attached hereto and incorporated hereby by reference (the "Land"); and

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

NOW, THEREFORE, Declarant hereby submits the Property to the provisions of the Horizontal Property Law and declares that Declarant's the Property shall be a condominium project (the "Condominium Project") as defined in and pursuant to said Horizontal Property Law, and pursuant to the following provisions, and the Property shall be owned, held, transferred, conveyed, leased, occupied and mortgaged subject to all terms of this Master Deed:

**ARTICLE I
DEFINITIONS**

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

(A) "Articles of Incorporation" means the Articles of Incorporation of the "Council" (as hereinafter defined) which shall govern and control, in part, the affairs and administration of the Condominium Project.

(B) "Board of Directors" means the Board of Directors of the Council who shall be elected and serve and shall have the powers and duties provided herein and in the Articles of Incorporation and the "Bylaws" (as hereafter defined).

(C) "Building" means the building on the Land, which shall be improved to contain all of the "Units" (as hereinafter defined) in the Condominium Project. The location of the Building on the Land and the area of the Building are as set forth on the "Plans" (as hereinafter defined).

(D) "Bylaws" means the Bylaws of the Council, approved and adopted by the Board of Directors, which shall govern and control, in part, the affairs and administration of the Condominium Project, the initial Bylaws being attached hereto as Exhibit "B" and incorporated herein by reference.

(E) "Common Elements" means all of the Property, except the Units, including, without limitation, the outside walls, windows and roofs of the Building, the foundations and structural members of the Building and all columns, girders, beams, and supports, the Land and improvements on the Property (including the Land under the Units), all utility or other pipes and material located outside of the Units except such as are part of the Units, all central installations for the furnishing of utilities and other services to the Units, all driveways, roadways, grass areas and sidewalks, all recreational facilities available in whole or in part for use by the "Unit Owners" (as hereinafter defined), and the lobbies, halls, stairs, stairwells and utility rooms in the Building to the extent the same are not a part of any Unit and as more fully described in Article IV below.

(F) "Condominium Documents" means, collectively, this Master Deed, the Plans, the Articles of Incorporation, the Bylaws and the "Rules and Regulations" (as hereinafter defined).

(G) "Council" means Reynolds Lofts Condominium Association, Inc., a Kentucky nonstock, nonprofit corporation, the members of which shall be each an Owner of record of a Unit in the Condominium Project.

(H) "General Common Elements" means all of the Common Elements, except for any Limited Common Elements, as more fully described in Article IV below.

(I) "Limited Common Elements" means the Common Elements (if any) designated by the Condominium Documents to be reserved for the exclusive use of a particular Unit or combination of Units as more fully described in Article V below.

(J) "Person" means any natural person, firm, corporation, partnership, association, trust, limited liability company or other legal entity or any combination thereof.

(K) "Plans" means the plans and specifications for the Condominium Project, including the floor plans for the Building dated July 18, 2007, prepared by Michael L. Knoll, showing the layout, location, Unit numbers and dimensions of the Units, and recorded in Plat Cabinet 121, Slides 22 and 27, in the Jefferson County Clerk's Office.

(L) "Reynolds Loft Condominiums" means the name by which the Condominium Project shall be know.

(M) "Rules and Regulations" means the Rules and Regulations promulgated by the Board of Directors and governing, in part, the use and occupancy of the Units.

(N) "Unit" means an enclosed space within the Building measured from interior unfinished surfaces of walls, ceilings, and floors, having a direct exit to a thoroughfare or to a Common Element leading to a thoroughfare. Each Unit shall include the interior unfinished surface of any doors, windows, vents and other structural elements as ordinarily are regarded as enclosures of space, and any wallpaper, paint, carpets, tile, and all other decorating or finishing materials affixed or installed as part of the physical structure of the Unit, and all closets, cabinets, storage areas, visible fixtures, mechanical systems and equipment installed in and for the sole and exclusive use of an individual Unit; provided however, that neither pipes, wires, conduits or other public utility lines or installations constituting part of the overall systems designed for the general service of an "Entire Building" (as hereinwith defined), nor property of any kind which is not removable without jeopardizing the soundness and safety of the remainder of an Entire Building, shall be deemed to be included within any Unit. "Entire Building," as used in the preceding sentence, shall include any other Unit and any Common Element, whether general or limited.

(O) "Unit Owner" means any Person having record title to a Unit.

ARTICLE II UNITS

(A) Number, Location, Designation and Plans for Units

There shall be seventy (70) Units within the Condominium Project. For purposes of identification, each Unit has been assigned a number and designated as a Unit on the Plans and, as indicated on Exhibit "C". No Unit bears the same identification number as any other Unit. The Plans set forth the

layout, location within the applicable building, Unit number designation, and dimensions of each Unit. Upon completion of construction of all Units, the Declarant shall be and hereby is authorized, without any requirement to obtain the consent of any Unit Owner or other Person, to amend this Master Deed and the Plans to the extent necessary in order that the area in square feet and percentage interest of each Unit as identified on Exhibit "C" shall conform to the area in square feet and percentage interest of those Units as built.

(B) Ownership of Units

Each Unit Owner shall obtain ownership of the Unit acquired, the appurtenant undivided interest in the General Common Elements of the Condominium Project and any Limited Common Elements appurtenant to the Unit. Each Unit Owner shall be a member of the Council. The form of ownership of a Unit may be individual, corporate, in partnership, joint with right of survivorship, a tenancy in common, a tenancy by the entireties or (subject to the other provisions of the Condominium Documents) any other estate in real property recognized by law and which may be conveyed and encumbered. All deeds to each Unit shall describe such Unit by reference to this Master Deed, the Plans, the name of this Condominium Project, and the identifying number of the Unit followed by the words "a condominium unit." Any conveyance of a Unit shall be deemed also to convey the undivided interest of the Unit Owner in the General Common Elements and any Limited Common Elements appurtenant to the Unit, whether or not the instrument evidencing such conveyance expressly shall so state.

(C) Subdivision of Units

Except as otherwise provided herein, no Unit shall be subdivided without the prior written approval by a majority vote of the Council, and no action for partition of a Unit shall lie, except in the manner provided in the Horizontal Property Law and upon the prior written approval of the holder(s) of any mortgage(s) on such Unit and approved by a majority vote of the Council. Notwithstanding the foregoing, so long as the Declarant is still a Unit Owner, Declarant specifically reserves the right, from time to time, to subdivide any Unit and shall be permitted to subdivide any Unit without the prior written approval of the Council, by recording in the Fayette County Clerk's office an amendment to this Master Deed and the Plans reflecting such subdivision, and in connection therewith, to shift and reallocate the Common Elements between all Unit(s).

(D) Taxation of Units

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

(E) Entry into Units

(1) The Council or managing agent shall have a master key system to be used for Units in the Condominium Project (the "Emergency Keys"). The Emergency Keys shall be for use only if entry to such Unit is necessitated by the fact or threat of fire, flood or any other emergency condition which is likely to adversely affect the Common Elements or other Units. The Council or managing agent shall establish and implement, subject to prior approval of the Board of Directors, procedures and controls to ensure the proper use of the Emergency Keys. In no event shall such keys be used to facilitate entry to a Unit for purposes other than those noted above. The Council shall have no liability to any Unit Owner for failure to enter any Unit in the event of an emergency, and no such liability shall be assumed by the council by reason of its possession of the Emergency Keys.

(2) The agents of the Board of Directors or the managing agent and any contractor or workman authorized by the Board of Directors or the managing agent, may enter any room or Unit in the Building at any time reasonably convenient to the Unit Owner (except in case of emergency in which case entry may be immediate and without such permission) for the purpose of exercising and discharging their proper respective responsibilities, including, without limitation, inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

(3) Employees and agents of the council are not authorized to accept packages, keys (other than Emergency Keys), money or articles of any description from or for the benefit of a Unit Owner. If packages, keys other than Emergency Keys (whether for a Unit or an automobile), money, or articles of any description are left with the employees or agents of the Council, the Unit Owner assumes the sole risk therefor and the Unit Owner, not the Council, shall be liable for injury, loss, or damage of any nature whatsoever directly or

indirectly resulting therefrom or connected therewith. The Council does not assume any responsibility for loss or damage in such cases. Deliveries requiring the Council or the managing agent to provide entrance to a Unit will not be accepted.

ARTICLE III USE AND RESTRICTIONS

(A) Use of Units - Generally

(1) Wherever in this Article III reference is made to "Unit Owners," such term shall apply to the owner of any Unit, to such Unit Owner's family, tenants (whether or not in residence), servants, employees, agents, visitors and to any guests, invitees, occupants or licensees of such Unit Owner, his family or the tenant of such Unit Owner. Wherever in this Article III reference is made to the Council, such reference shall include the Council and any managing agent when the managing agent is acting on behalf of the Council.

(2) The Unit Owners shall comply with all the Rules and Regulations governing the Units, the Building, stairwells, building entrances, balconies, drives, recreational areas, grounds, parking areas and any other Common Elements appurtenant to the Condominium Project.

(3) There shall be no obstruction of the Common Elements. Nothing shall be stored on the Common Elements without the prior consent of the Board of Directors, except as expressly permitted under the terms of the Condominium Documents. No portion of the Common Elements shall be decorated or furnished by any Unit Owner in any manner. The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Units. The sidewalks, building entrances and stairwells shall be used for no purpose other than for normal transit. No Unit Owner shall enter upon the roofs of any of the Building without the prior consent of the Board of Directors or managing agent, and no devices, other structure, equipment or other similar items may be placed on any roof or in any other portion of the Common Elements, without the prior consent of the Board of Directors.

(4) Nothing shall be done or kept in any of the Common Elements which will increase the rate of insurance for the Building or contents thereof without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in the Unit or on the Common Elements which will result in the cancellation of insurance on the Building or contents thereof or which would be in violation of any public law, ordinance, or

regulation. No gasoline or other explosive or inflammable material may be kept in any Unit or storage area. No waste shall be committed on the Condominium Project. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the board of fire underwriters and the public authorities having jurisdiction over the same, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit.

(5) All garbage and trash must be placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed elsewhere.

(6) Except in the recreational areas designated as such by the Board of Directors, no playing or lounging shall be permitted, nor shall baby carriages, bicycles, playpens, wagons, toys, benches, chairs or other articles of personal property be left unattended in common areas of the Building, stairwells, building entrances, parking areas, sidewalks or lawns or elsewhere on or within the Common Elements.

(7) The toilets and other water and sewer apparatus shall be used only for the purposes for which designed, and no sweepings, matches, rags, ashes or other articles not suitable to the intended use of such apparatus shall be thrown therein. The cost of repairing any damage resulting from misuse of any such apparatus shall be borne by the Unit Owner causing such damage. Unit Owners are cautioned against excessive use of soaps and other detergents in their appliances or plumbing apparatus which may cause overflow of suds in any Unit or in any central waste disposal system. Detergents and soaps shall be used only pursuant to manufacturer's directions.

(8) No Unit Owner shall sweep or throw or permit to be swept or thrown from the Unit, from the doors, windows or balconies thereof, any dirt, water or other substance.

(9) No improper, unlawful, noxious or offensive activity shall be conducted in any Unit or on the Common Elements, nor shall anything be done therein which may be or become unreasonably annoying or a nuisance to the other Unit Owners or occupants of the Units. No Unit Owner shall make or permit any unreasonably loud or disturbing noises in any Building or do or permit anything to be done which will unreasonably interfere with the rights, comforts, or convenience of other Unit Owners. All Unit Owners shall keep the volume of any radio, television, musical instrument or other sound-producing device in their Units sufficiently reduced at all times so as not to disturb other Unit Owners.

(10) Other than signs identifying the Condominium Project, signage installed by Declarant as part of the construction of the Condominium Project and other signs approved by the Board of Directors, no sign or other window displays or advertising shall be maintained or permitted on any part of the Condominium Project or in any Unit, except that the Declarant, the Board of Directors or the managing agent may place "for sale," "for rent," or "for lease" signs on Units for the purpose of selling or leasing the same, but in no event will any such sign be larger than one foot by two feet nor shall it contain any material considered offensive by the Board of Directors in its discretion (and any sign in violation hereof shall be forthwith removed upon notice from the Board of Directors).

(11) Except for the "for sale," "for rent" and "for lease" and other signs permitted by this Master Deed, no Unit Owner shall cause or permit anything to be hung, displayed or exposed on the exterior of a Unit or the Common Elements appurtenant thereto, whether through or upon the windows, doors, or masonry of such Unit. The prohibition herein includes, without limitation, laundry, clothing, rugs, awnings, canopies, shutters, radio antennas or any other items. Under no circumstances shall any exhaust fan, air conditioning apparatus, radio antennas or other items be installed by the Unit Owner beyond the boundaries of the Unit. No clothesline, clothes rack or any other device may be used to hang any items on any window or balcony, nor may such devices be used anywhere on the Common Elements, except in such areas as may be specifically designated for such use by the Board of Directors. Balconies shall not be used as storage areas. No balcony shall be enclosed or covered by a Unit Owner without the prior written consent of the Board of Directors. All window treatments shall be approved by the Board of Directors. No charcoal, propane or other grills may be used or stored on the balconies at any time.

(12) The planting of plants, flowers, trees, shrubbery and crops of any type is prohibited anywhere on the Common Elements, without the prior written consent of the Board of Directors.

(13) Solicitors are not permitted. Any Unit Owner who is contacted by a solicitor on the property is requested to notify the managing agent.

(14) No Unit shall be used for any unlawful purpose and no Unit Owner shall do or permit any unlawful act in or upon a Unit.

(15) No Unit Owner, other than Declarant, shall be permitted to seek a change of the zoning classification of any Unit except upon the approval by a majority vote of the Council. Notwithstanding the foregoing, so long as the

Declarant is still the owner of a Unit, Declarant specifically reserves the right to seek a change of the zoning classification of any Unit and Declarant shall be permitted to change the zoning classification for any Unit without the prior approval of the Council.

(16) Except as otherwise set forth herein, no antenna or satellite dish may be placed on the exterior of any Unit or in the Common Elements, without the prior written approval of the Board of Directors, which may be withheld in its sole discretion. Any exterior television antenna or satellite dish less than one meter in diameter placed in an area within a Unit Owner's exclusive control (i.e., the Limited Common Elements appurtenant to his Unit), shall be subject to the prior approval of the Board of Directors, taking into account the appropriate standards set forth in the regulations of the Federal Communications Commission, as may be amended from time to time, and without limitation, the Board of Directors may require that such antenna or satellite dish be screened from public view and/or painted to match the exterior of the Building. Prior to installing the antenna or satellite dish, the Unit Owner shall furnish to the Board of Directors a copy of his installation plans. The Council shall have the right to perform any portion of the installation work at the expense of the Unit Owner, or to require that any portion of the work be performed by contractors designated by the Board of Directors. The Unit Owner shall also be responsible for any damage caused by the installation or removal of the antenna or satellite dish. Any Unit Owner installing an antenna or satellite dish under this Section shall indemnify, defend and hold the Council harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish, including any damage to the Building or other property. In lieu of a Unit Owner installing an antenna or satellite dish, the Council may offer a central antenna or satellite dish for the use of all Unit Owners.

(B) Residential Use

(1) Except as otherwise expressly provided herein, the Units shall be used for residential purposes only and no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, whether or not designed for profit, altruism, exploitation or otherwise, shall be conducted, maintained or permitted on any part of the Units, nor shall any Unit be used or rented for transient, hotel or motel purposes. Provided, Declarant may use unsold Units and the Common Elements appurtenant to them as a sales office, model Unit or otherwise as reasonably necessary to facilitate the sale of other unsold Units, such as erecting and storing signs and billboards within the Units and distributing promotional materials in and around the Condominium Project. Notwithstanding the foregoing and provided the Unit Owner otherwise complies with all other covenants, conditions and

restrictions set forth in this Master Deed, a Unit Owner shall be permitted to use its Unit for a "Home Occupation" and/or "Home Office" in compliance with the Property's zoning classification pursuant to the Louisville-Jefferson County Government Zoning Ordinance, as may be amended from time to time.

(2) Unless otherwise permitted by the Board of Directors (who shall take into consideration the interests of all Unit Owners), each Unit shall be occupied as a residence by no more than two (2) Persons per each bedroom (e.g., no more than four (4) Persons may occupy a two (2) bedroom Unit). The Units shall be used for no other purpose.

(C) Pet Rules

(1) No animals of any kind shall be raised, bred or kept in any Unit or on the Common Elements; provided dogs, cats, or caged birds not to exceed two (2) per Unit may be kept in a Unit, subject to compliance with the Bylaws and the Rules and Regulations.

(2) No pet may be maintained in a Unit if it becomes a nuisance. Actions which will constitute a nuisance include, but are not limited to, an attack by the pet on a Person or an unprovoked attack on other animals, abnormal or unreasonable crying, barking or scratching, or fleas or other vermin infesting the pet if not eradicated promptly after the discovery of such infestation, and repeated defecation in areas of the Condominium Project other than any areas where such activity is permitted pursuant to express provisions of the Condominium Documents.

(3) All pets must be registered and inoculated as required by law and registered with the office of the Council or managing agent for the Council.

(4) Pet owners are fully responsible for personal injuries and/or property damage caused by their pets, and shall (and do hereby) indemnify the Council and all other Unit Owners for all loss, cost, claim and expense, including, without limitation, reasonable attorney fees, caused by such pets.

(5) Except in any designated pet exercise areas, pets must be leashed or carried. Leashes may not exceed a length which will permit close control of the pet.

(6) Owners of pets walked upon the Common Elements must promptly clean up their pet's droppings.

(D) Parking and Storage

(1) No personal property may be stored on the Common Elements except in storage areas designated as such by the Condominium Documents or by the Board of Directors. All personal property placed in any portion of the Building or any place appurtenant thereto shall be at the sole risk of the Unit Owner, and the Council shall in no event be liable for the loss, destruction, theft or damage to such property.

(2) Should an employee of the Council or the managing agent at the request of a Unit Owner move, handle or store any articles for a Unit Owner or handle, move, park or drive any automobile placed in the parking areas, then, and in every such case, such employee shall be deemed the agent solely of the Unit Owner and not of the Council for such purpose. The Council shall not be liable for any loss, damage, or expense that may be suffered or sustained in connection therewith. Employees of the Council shall be under no obligation to do or perform any of the foregoing, and this Section is solely for the purpose of clarifying that the Council shall have no liability for any such actions by any employee of the Council or of the managing agent.

(3) No trailers, campers, recreational vehicles, boats, vans or other large vehicles may be parked on the Condominium Project. All vehicles shall be parked wholly within parking space lines. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements. Except in areas designated by the Board of Directors, vehicle repairs other than: (a) emergency maintenance, (b) ordinary light maintenance (excluding fluid changes and other operations which might soil the Common Elements), and (c) normal cleaning (but only in areas designated by the Board of Directors), are not permitted on the Common Elements.

(4) All Unit Owners shall observe and abide by all parking and traffic regulations posted by the Council, or by governmental authorities. Vehicles parked in violation of any such regulations may be towed away at the vehicle owner's sole risk and expense.

(5) Parking in a manner which blocks sidewalks or driveways is not permitted. If any vehicle owned or operated by a Unit Owner, any member of such Unit Owner's family, tenants, guests, invitees or licensees shall be illegally parked or abandoned on the Condominium Project, the Council shall be indemnified and held harmless by such vehicle owner for any and all loss, claim, damage, or expense, including but not limited to reasonable attorney fees, that may ensue. Any such vehicle may be towed or removed by the

Council at the expense and sole risk of the vehicle owner. The Council shall have no responsibility for damage to any vehicle so removed.

**ARTICLE IV
COMMON ELEMENTS**

(A) General Common Elements

The General Common Elements of the Condominium Project include the Land and all other areas, and all structures and improvements, within the boundaries of the Condominium Project not included within the Units and the Limited Common Elements. The General Common Elements include, but are not limited to, the Land, the foundations, structural columns, walls and floors, exterior windows, exterior doors and ceilings and roofs (other than the interior decorated surfaces thereof located within the boundaries of individual Units) of the Building; the gardens, outside walks and outside driveways, breezeways, automobile parking spaces, outside retaining walls and landscaping, any recreational facilities located on the Land, laundry facilities, and compartments or installations of central services such as pipes, ducts, electrical wiring and conduits, and public utility lines, other than any of the foregoing designated as Limited Common Elements.

(B) Interest in Common Elements

Each Unit shall have appurtenant to it that percentage interest in the Common Elements which the floor area of the Unit bears to the sum of the floor area for all Units (which percentage interest is set forth on Exhibit "C"), and each Unit Owner shall bear the percentage of the common expenses of the Condominium Project as set forth on Exhibit "C". The undivided interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the instrument of such conveyance.

(C) Common Elements to Remain Undivided

The Common Elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law. Any covenant to the contrary shall be void.

(D) Adjustments in Percentage of Ownership

Except as otherwise provided in this Master Deed, the percentages of ownership in the Common Elements set forth in Exhibit "C" shall remain

constant regardless of the purchase price paid for any Unit at any time. Except as otherwise provided in this Master Deed, no adjustment in percentages of ownership shall be made without the prior written approval of all Unit Owners, and all holders of record of first mortgages on all Units in the Condominium Project for which the percentages of ownership are being adjusted.

(E) Use of Common Elements

The Common Elements shall be used for the benefit of the Unit Owners, the furnishing of services and facilities for which the same are reasonably intended and for the enjoyment to be derived from such proper and reasonable use. Each Unit Owner may use the General Common Elements in accordance with the purposes for which they are intended so long as such use does not hinder the exercise of or encroach upon the rights of other Unit Owners. The Board of Directors shall, if any question arises, determine the purpose for which a Common Element is intended to be used. The Board of Directors shall have the right to promulgate the Rules and Regulations which may limit the use of the Common Elements to Unit Owners, their guests, permitted tenants and invitees.

(F) Maintenance of Common Elements

The maintenance, repair, replacement and operation, including landscaping, gardening, snow removal, cleaning, painting and all other repair, of the Common Elements shall be the responsibility and expense of the Council, unless and except as otherwise expressly provided in the Condominium Documents.

(G) Alteration and Improvement of Common Elements

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

ARTICLE V
LIMITED COMMON ELEMENTS

(A) Limited Common Elements

The Limited Common Elements of the Condominium Project are the areas which are reserved for the use of Unit Owners of a certain Unit or Units to the exclusion of the Unit Owners and/or occupants of other Units. The Limited Common Elements of the Condominium Project include any areas adjacent to or associated with a particular Unit and intended for use exclusively by occupants of that particular Unit, and shall also include automobile parking spaces and storage areas designated as being intended for the exclusive use of a Unit or Units pursuant to the Plans.

(B) Limited Common Elements to Remain Undivided

The Limited Common Elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law. Any covenant to the contrary shall be void.

(C) Parking Spaces

Each Unit Owner shall be entitled to park one (1) car in the parking lot on the Property per each bathroom in his Unit (i.e., a Unit Owner with a two (2) bathroom Unit shall be permitted to park two (2) cars in the parking lot on the Property). Any excess parking spaces beyond those available to the Unit Owners or designated by Declarant below shall be available for use by the Unit Owners' guests, invitees or licensees, subject to any reasonable restrictions imposed by the Board of Directors; provided, however, that the Council may, but shall not be required to, rent such parking spaces to any Unit Owners who make application therefor, at such rates and for such periods as the Board of Directors deems advisable, and any such unassigned parking spaces that are rented to Unit Owners shall be reserved for the exclusive use of those Unit Owners for the period during which they are rented. Notwithstanding the foregoing, so long as Declarant is still a Unit Owner, any parking spaces (the location of which may be determined by Declarant) may be designated by Declarant as being appurtenant to any Unit as a Limited Common Element, without prior approval of the Council, by recording in the Jefferson County Clerk's office an amendment to the Master Lease reflecting such designation.

**ARTICLE VI
MAINTENANCE, REPAIR AND IMPROVEMENT**

(A) Maintenance and Repair by Council

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

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

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

(3) All portions of the Unit which constitute a part of the exterior of any Building.

(4) All Common Elements.

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

(B) Maintenance and Repair by Unit Owners

It shall be the responsibility of each Unit Owner with respect to the Unit owned by such Unit Owner:

(1) To maintain, repair and replace at the expense of such Unit Owner all portions of the Unit, except the portions to be maintained, repaired, and replaced by the Council, including all decorating and redecorating, painting, tiling, carpeting, waxing, papering, plastering or varnishing which may be necessary to maintain the good appearance and condition of the Unit. Where the Limited Common Elements appurtenant to a particular Unit include a porch or balcony or patio, the Unit Owner who has the right to exclusive use of said porch or balcony or patio shall be responsible for the maintenance, preservation and care of the porch or balcony or patio, the fixed or sliding glass doors in the entrance thereto, and the replacement of any light bulbs, wiring, electrical outlets, or any other fixtures thereon. Such maintenance, repair, and replacement shall be done without disturbing the rights of other Unit Owners, and such maintenance, repair and replacement shall not change the appearance of any portion of the exterior of a building or Unit without prior approval of the Board of Directors.

(2) To maintain, repair and replace at the expense of such Unit Owner the appliances and fixtures located in the Unit or located in the Limited Common Elements appurtenant to the Unit or located in the General Common Elements but benefiting the Unit to the exclusion of any other Unit, including, but not limited to, any plumbing fixtures, water heaters, air conditioning and heating equipment, lighting fixtures, refrigerators, dishwashers, disposals, ranges, range hoods and fans, sinks, lamps, doors, telephones, or any electric, gas, or water pipes or lines or wires or conduits or ducts serving any such appliances and fixtures.

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

(4) To maintain, repair, or replace at the expense of such Unit Owner all portions of the Unit which may cause injury or damage to the other Units or to the Common Elements.

(5) To perform the responsibilities of such Unit Owner in such a manner and at such reasonable hours so as not to unreasonably disturb other Unit Owners in the Building.

(C) Liability of Unit Owner for Certain Repairs

A Unit Owner shall be liable for the entire expense of any maintenance, repair or replacement of any part of the Condominium Project, whether part of a Unit or part of the General Common Elements or Limited Common Elements, if such maintenance, repair, or replacement is rendered necessary by any negligent or intentional act or omission of the Unit Owner, or any member of the family, or invitees, licensees, guests, employees, agents or lessees of such Unit Owner. If any Unit Owner fails to undertake any such maintenance, repair or replacement within ten (10) days after the Board of Directors notifies such Unit Owner in writing that the Board of Directors has determined that such maintenance, repair or replacement is the responsibility of such Unit Owner under this Section, the Board of Directors may undertake such maintenance, repair or replacement, and the cost thereof shall be a lien on the Unit owned by such Unit Owner until paid by the Unit Owner, and such lien shall be subject to the same remedies as are provided in this Master Deed for nonpayment by a Unit Owner of common charges and assessments.

(D) Alteration or Improvement

Nothing shall be done to or in any Unit or to or in the Common Elements (whether general or limited) which shall impair or would be likely to impair or change the structural integrity of any of the Building, nor shall anything be

altered or constructed on or separated from the Common Elements, except upon the prior written consent of the Board of Directors. No alteration or improvement to a Unit which would alter or affect the Common Elements or any other Unit may be made by any Unit Owner, other than the Declarant, without the prior written consent of the Board of Directors. No application shall be filed by any Unit Owner, other than Declarant, with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Unit which alters or affects the Common Elements or other Units, unless approved and executed by the Board of Directors. Such approval and execution shall not evidence any consent to any liability on the part of the Board of Directors, or any individual member of the Board of Directors, to any contractor, subcontractor, materialman, architect or engineer by reason of such addition, alteration or improvement or to any Person having any claim for injury to Person or damage to Property arising therefrom. Consent shall be requested in writing through the manager or the managing agent, if any, or through the president or secretary of the Council if no manager or management agent is employed. The Board of Directors shall have the obligation to answer within thirty (30) days. The Board of Directors may require that the Unit Owner making such improvement, alteration or addition obtain such insurance coverages and in such amounts as the Board of Directors deems proper.

ARTICLE VII ASSESSMENTS

The making and collection of assessments against Unit Owners for common expenses of the Condominium Project, including, but not limited to, maintenance and repair of, and insurance charges and utility expenses related to, the Common Elements, shall be pursuant to the Bylaws and subject to the following provisions:

(A) Share of Common Expense

Each Unit Owner shall be personally liable for the proportionate share of the common expenses and shall share in the common surplus (after due allowance for the retention of any reserve to cover future common expenses), such shares being the same as the Unit Owner's undivided share in the General Common Elements and Limited Common Elements as set forth in Exhibit "C" to this Master Deed; provided, the Board of Directors may make adjustments to the shares based on floor area, the number of occupants, the demand on public utilities and the availability of Limited Common Elements. No Unit Owner shall be exempt from contributing toward such expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit owned by such Unit Owner or by claiming that the quantity or quality of services does not warrant such payment or is not as contemplated by such

Unit Owner as of the time of purchase; provided, however, the Board of Directors may, but is not required to, abate or reduce a Unit Owner's contribution for a reasonable period of time during which the Unit owned by such Unit Owner is uninhabitable as the result of damage or destruction.

(B) Payment of Charges and Assessments

Charges and assessments imposed by the Council are due and payable on the first day of each month, unless otherwise specified. Payment shall be made at the managing agent's office or the Council; by check or money order, payable to the order of the Council, or otherwise as the Board of Directors may direct. Cash will not be accepted.

(C) Interest; Application of Payments

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

(D) Lien for Assessments

Except as provided in this Master Deed, any unpaid common expenses assessed to a Unit Owner shall constitute a lien against the Unit owned by such Unit Owner and against such Unit Owner's interest in the Condominium Project prior to all other liens, except the lien of a first bona fide mortgage on the Unit held by an "Institutional Mortgagee" (as hereinafter defined) and tax or assessment liens on the Unit by the taxing authority of any governmental authority, including but not limited to state, county, city, and school district taxing agencies. The term "Institutional Mortgagee" used in this Master Deed shall mean a first mortgage holder which is a bank, savings and loan association, life insurance company, pension fund, trust company, credit union, mortgage company or other similar institutional lender. The lien created by this Section shall be deemed to be incorporated by reference in and reserved by each deed or other instrument conveying any interest in a Unit whether or not such deed or instrument by its express terms refers to said lien. In addition to any other remedies or liens provided by law or the Condominium Documents, if any Unit Owner is in default in the payment of any common expenses assessed to such Unit Owner for thirty (30) days, including any sums due as a result of acceleration of unpaid assessments as may be provided in any of the Condominium Documents, the Council may bring suit for and on

behalf of itself and as representative of all Unit Owners to enforce collection of the assessment and all costs of collection thereof, including reasonable attorney fees, and to foreclose the aforesaid lien in accordance with the laws of the Commonwealth of Kentucky, in like manner as a mortgage on real property. The lien for unpaid assessments shall also secure legal interest and reasonable attorney fees incurred by the Council incident to the collection of such assessment or enforcement of such lien. In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Unit Owners as a common expense.

(E) Transfer of Units

A Unit Owner shall not be liable for any common expenses accruing after the sale of his Unit and the recording of a deed to the purchaser. The purchaser of a Unit subject to any lien arising under this Master Deed prior to the date of purchase and the recording of the deed shall take title to the Unit subject to the lien; provided, however, that at the request of any Unit Owner or a prospective purchaser of the Unit, the Board of Directors shall provide a statement disclosing whether the Unit Owner is then in default under any of the obligations hereunder and whether and in what amount a lien exists against the Unit owned by the Unit Owner under the Section hereof entitled "Lien for Assessments," which statement shall be conclusive as to the facts stated therein as against the Council and the other Unit Owners and may be relied upon by a prospective purchaser or mortgagee or assignee of any mortgage upon the Unit of such Unit Owner. Any first Institutional Mortgagee which obtains title to a Unit pursuant to the remedies in its mortgage or through foreclosure will not be liable for more than six (6) months of the Unit's unpaid charges and assessments accrued prior to the acquisition of title to such Unit by such Institutional Mortgagee; provided, such Institutional Mortgagee shall be liable for any fees or costs of collection.

**ARTICLE VIII
COUNCIL OF CO-OWNERS**

(A) Council Manages Condominium Project

The management and operation of the Condominium Project shall be the responsibility of the Council, acting through the Board of Directors and the elected officers thereof, and the Council shall fulfill its functions pursuant to the provisions of the Condominium Documents.

(B) Bylaws

The Bylaws adopted by the Council from time to time shall be the Bylaws of the Condominium Project.

(C) Rules and Regulations

Each Unit Owner's ownership and use of the Unit(s) owned by such Unit owner shall be subject to the Rules and Regulations promulgated by the Board of Directors from time to time, applicable to all Unit Owners including Declarant. A copy of the Rules and Regulations, including any amendments thereto, shall be furnished by the Council to all Unit Owners and occupants of the Condominium Project upon request.

(D) Limitation upon Liability of Council

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

(E) Board of Directors

The members of the Board of Directors shall be elected and serve and shall have the duties and powers as provided in the Articles of Incorporation and Bylaws. The Board of Directors shall have the right to delegate certain duties to a managing agent. The Board of Directors shall be the final arbiter of any dispute concerning the operation of the Condominium Project, and the interpretation and effect of the Condominium Documents.

(F) Declarant's Written Consent Necessary for Certain Actions

Anything to the contrary contained in any of the Condominium Documents notwithstanding, during the interval from the date of recordation of this Master Deed until the earlier of such time as (1) Declarant or its designee(s) shall cease to own any Units in the Condominium Project, or (2) four (4) years from the date of recording this Master Deed (the "Declarant's

Marketing Interval"), the Board of Directors may not, without the Declarant's prior written consent (1) amend any of the Condominium Documents; (2) make any addition, alteration, or improvement to the Common Elements or to any Unit; (3) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund if the effect of such assessment would be to increase the amount of such reserve, contingency or surplus fund in excess of an amount equal to that proportion of the then existing budget which the amount of reserves in the initial budget of estimated expenses for the Condominium Project bears to the total amount of such initial budget of estimated expenses; (4) hire any employee in addition to the employees, if any, provided for in the initial budget; (5) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a Unit; (6) borrow money on behalf of the Condominium Project; or (7) reduce the quantity or quality of services to or maintenance of the Condominium Project. During the Declarant's Marketing Interval, in addition, Declarant may unilaterally amend any Condominium Document so long as any such amendment does not, except as otherwise provided in this Master Deed (1) alter the undivided interest in the Common Elements appurtenant to any Unit not owned by Declarant or its nominee at the time of such amendment, (2) increase the share of common expenses which are the obligation of Unit Owners other than Declarant at the time of such amendment, or (3) materially adversely alter the responsibilities and obligations of Declarant as developer of the Condominium Project to other Unit Owners under the Condominium Documents.

(G) Approval or Disapproval of Matters

Whenever the decision of a Unit Owner is required upon any matter, whether or not the subject of a Council meeting, such decision shall be expressed by the same Person who would cast the vote of such Unit Owner if in a Council meeting, unless joinder of all Unit Owners of record is specifically required by the applicable provision of the Condominium Documents.

(H) Complaints

Complaints regarding the management of the Condominium Project or regarding actions of other Unit Owners shall be made in writing to the managing agent or to the Board of Directors. No Unit Owner shall direct, supervise or in any manner attempt to assert control over or request favors of any employee of the managing agent or the Council.

**ARTICLE IX
EASEMENTS**

(A) Existing Easements

Easements are hereby declared and granted by each Unit Owner in favor of each other Unit Owner, and reserved by Declarant, for all utility purposes as they exist on the date of the recording of this Master Deed or as are contemplated by the Plans, or as may be required to be incorporated in the final construction of the Building and the Common Elements. Each Unit Owner shall have an easement in common with all other Unit Owners to use all pipes, wires, ducts, cables, conduits, utility lines and other Common Elements located in any of the other Units and serving the Unit(s) of such Unit Owner. Each Unit shall be subject to an easement in favor of all other Unit Owners to use the pipes, ducts, cables, wires, conduits, utility lines and other Common Elements serving such other Units and located in such Unit. Easements are further declared and granted and reserved for ingress and egress for pedestrian traffic over, through, and across sidewalks, paths, walks, lanes and stairwells as are now and from time to time may exist upon the Common Elements and for vehicular traffic over, through and across such driveways, parking areas (subject to the rights of applicable Unit Owners in parking spaces which are Limited Common Elements), and other portions of the Common Elements as are now and from time to time may be paved and intended for such purposes. All easements and rights described in this Master Deed are easements appurtenant, running with the Land, and shall inure to the benefit of and be binding upon the Declarant, Unit Owners and any other Person having any interest in the Condominium Project, but shall be subject to and limited by the provisions of the Condominium Documents. The deed of conveyance of any Unit, or any mortgage or trust deed or other evidence of obligation, shall be subject to the easements and rights described in this Master Deed, and reference to this Master Deed shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees, and trustees of such Units as fully and completely as if such easements and rights had been recited fully and set forth in their entirety in such documents.

(B) Future Easements

Declarant and the Council may grant further easements for utility purposes for the benefit of the Condominium Project, including the right to install, lay, maintain, repair and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, cable television wires and equipment, and electrical conduits and wires over, under, along, and on any portion of the Condominium Project, and each Unit Owner hereby grants the Declarant and Council an irrevocable power of attorney to execute,

acknowledge, and record, for and on behalf of each Unit Owner, such instruments or documents as may be necessary to effectuate such easements; provided, however, that any easement through a Unit shall be only according to the Plans for the Building in which such Unit is located, or as such Building is constructed, unless approved in writing by the Unit Owner. The power of attorney granted by this Section shall survive any disability or death of the Unit Owner and shall be binding on each successive Unit Owner.

(C) Access to Units by the Council

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

(D) Declarant's Easement for Marketing Purposes

Declarant reserves the right with respect to its marketing of Units to use the Common Elements for the ingress and egress of itself and for prospective purchasers and lessees of Units, including the right of such prospective purchasers and lessees to park in parking spaces which are not Limited Common Elements.

(E) Declarant's Easement for Completion of Units

Declarant reserves the right for the purpose of completing the development of the Condominium Project, including the Building and Units, to have access to the Common Elements and to any Units presently existing (but only to the extent reasonably necessary and only upon reasonable prior notice to the applicable Unit Owner and at reasonable hours), for the ingress and egress of itself and its subcontractors, materialmen and suppliers for the purpose of constructing, installing, maintaining and repairing equipment and fixtures pursuant to such development, and for other activities reasonably necessary in connection with such development, including the right to use the

roadways and to park in those parking spaces which are not Limited Common Elements at the Condominium Project.

(F) Easements for Encroachments

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

(G) Additional Easements

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

**ARTICLE X
INSURANCE**

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

(A) Authority to Purchase; Named Insured

All insurance policies upon the Condominium Project shall be purchased by the Council. The named insured shall be the Council individually and as agent for the Unit Owners, without naming them, and as agent for the mortgagees of the Unit Owners. Provision shall be made for the issuance of mortgagee endorsements and certificate of insurance to the mortgagees of Unit Owners and any such mortgagee certificate shall provide that such mortgagee shall be provided reasonable notice in the event of the lapse, cancellation or material modification of such insurance. Such policies shall provide that payments by the insurer for losses shall be made to the "Escrow Agent" (as hereinafter defined) and all policies and their endorsements shall be deposited with the Escrow Agent. Unit Owners may obtain coverage at their own expense for their own Units, their own personal property and other risks.

(B) Coverage

(1) All Building, Common Elements and other improvements upon the Land shall be insured against loss or damage by fire or other hazards, in an amount equal to the maximum insurable replacement value, as determined annually by the Board of Directors on behalf of the Council; provided, however, the Council shall not be required to insure any part of the Condominium Project within the boundaries of individual Units for which the responsibility of maintenance and repair is that of the Unit Owners. All personal property included in the Common Elements shall be insured for its value, as determined annually by the Board of Directors on behalf of the Council. The Unit Owners shall assume all risk of loss to their personal property and to those parts of the Unit for which the responsibility of maintenance and repair is that of the Unit Owners, and the Council shall have no obligation to insure any loss thereto.

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

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

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

(C) Premiums

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

(D) Escrow Agent

All insurance policies purchased by the Council shall be for the benefit of the Council and the Unit Owners and the mortgagees of the Units as their interests may appear, and shall provide that in the event the proceeds covering property losses shall exceed Fifty Thousand Dollars (\$50,000.00), they shall be paid to an escrow agent as may be designated as "Escrow Agent" by the Board of Directors (the "Escrow Agent"). Payment of premiums, renewal and sufficiency of policies, settlement of claims with insurers, and collection of insurance proceeds shall be the responsibility of the Board of Directors, and

the sole duty of the Escrow Agent shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this Article.

(E) Shares of Proceeds; Mortgagees

The Escrow Agent shall hold all insurance proceeds covering property losses in shares, which shares need not be set forth on the records of the Escrow Agent, as follows: each Unit Owner shall have an undivided share in such proceeds, such share being the same as the undivided share in the General Common Elements and Limited Common Elements which are damaged or destroyed appurtenant to the Unit(s) owned by such Unit Owner as set forth in Exhibit "C". In the event a mortgagee endorsement has been issued with respect to a Unit, the Board of Directors shall give such mortgagee notice of any material damage or destruction to a material portion of the Condominium Project or to the Unit which is evidenced by such Mortgage and the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds which, pursuant to the provisions of this Article, are to be used for construction or repair, except distributions of such proceeds made pursuant to this Article. Notwithstanding anything set forth in this Master Deed, no mortgagee shall have any rights under this Master Deed, unless such mortgagee has notified the Council of the existence of its mortgage lien and has been issued a mortgagee endorsement with respect to a Unit.

(F) Distribution of Proceeds

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

(1) Expense of the Escrow Agent

All expenses of the Escrow Agent shall be paid first or provision made for such payment.

(2) Reconstruction or Repair

If the damage for which the proceeds are paid is to be repaired or reconstructed substantially in accordance with the original Plans for the Building, the remaining proceeds shall be paid to defray the cost of such repair or reconstruction as provided in this Master Deed. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them.

All mortgages and other liens existing against any Unit(s) at the time of the damage shall attach to such repaired or reconstructed Unit(s) in the same priority as existed prior to such damage. All such repaired or reconstructed Units shall bear the same Unit numbers as those of the original Units and shall retain the same percentage of ownership in the Common Elements as those of the original Units (subject to "as built" adjustment as set forth herein). If the damage for which the proceeds are paid is not to be repaired or reconstructed in accordance with the original Plans for the Building as permitted by this Master Deed, the mortgagees of Units in that Building may demand that the remaining proceeds be applied to reduction of the mortgage debt on such Units up to the total amount of the mortgage debt then due. Any proceeds remaining after such application to reduction of the mortgage debt shall be paid to defray the costs of repair and reconstruction as provided in the Article of this Master Deed entitled "Reconstruction or Repair after Casualty."

(3) Failure to Reconstruct or Repair

If it is determined in the manner provided in this Master Deed that the damage for which proceeds are paid shall not be reconstructed or repaired, the net proceeds shall be distributed in the manner determined by all of the Unit Owners at the special meeting of the Council provided by Section XI(A), provided that such distribution complies with the provisions of the Horizontal Property Law, as amended.

(4) Certificate

In making distribution to Unit Owners and/or the mortgagees of the Units, the Escrow Agent may rely upon a certificate of the Council made by its president and secretary as to the names of the Unit Owners and their respective shares of the distribution, and the Escrow Agent shall have no liability to the Council or to any Unit Owner or mortgagee for any distribution made in reliance upon such a certificate.

(G) Council as Agent

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

**ARTICLE XI
RECONSTRUCTION OR REPAIR AFTER CASUALTY**

(A) Determination to Reconstruct or Repair

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

(1) Common Elements

If the damaged or destroyed improvement is a Common Element (other than portions of any of the Building), the damaged or destroyed property shall be reconstructed or repaired.

(2) Building

If the damaged or destroyed improvement is one or more of the Building, such Building or Building also shall be reconstructed or repaired except that, as to each Building (if any) as to which more than two-thirds (2/3) of such Building has been destroyed, such Building shall not be reconstructed or repaired if (and only if) (a) all of the Unit owners of Units in such Building shall agree in writing within thirty (30) days after the date of the occurrence of such destruction that they desire that such Building not be repaired or reconstructed, and request the secretary of the Council in writing to call a special meeting of the Unit Owners for the purpose of deciding whether such Building shall be repaired or reconstructed, and (b) Unit Owners of Units in the entire Condominium Project to which greater than eighty (80%) of the General Common Elements are appurtenant shall vote not to repair or reconstruct such Building at the meeting of all of the Unit Owners, which shall be duly called by the secretary of the Council within ten (10) days after the receipt by the secretary of the written request from the Unit Owners of the affected Building. In the event the Building is not reconstructed or repaired, the Unit Owners of such Building (and their mortgagees) shall be entitled to receive their proportionate share of the insurance proceeds payable as a result of such destruction, and the Board of Directors shall cause the Master Deed to be amended to revise the allocation of the Common Elements among the Units located in the remaining Building according to the proportion which the floor area of each such Unit bears, respectively, to the sum of the floor area for all of such remaining Units.

(3) Certificate

The Escrow Agent may rely upon a certificate of the Council made by its president and secretary to determine whether or not the damaged or destroyed Property is to be reconstructed or repaired.

(B) Manner of Reconstruction

The original Plans for the Condominium Project shall be the Property of the Council and shall be kept by the Board of Directors. Any reconstruction or repair must be substantially in accordance with the original Plans, or, if not, then according to plans and specifications approved by the Board of Directors and, if the damaged Property is all or part of any Building, by all mortgagees of Units in the damaged or destroyed Building(s) and by all of the Unit Owners of Units in that Building.

(C) Responsibility

If the damage is to those parts of a Unit for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. With respect to any other damage, the responsibility of reconstruction and repair after casualty shall be that of the Council.

(D) Estimate of Costs

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

(E) Assessments

If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Council, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the proceeds are determined to be insufficient, assessments shall be made against the Unit Owners in amounts sufficient to provide funds for the payment of such costs. Such assessments against Unit Owners for damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units. Such assessments on account of damage to Common Elements shall be in proportion to the share in the General Common Elements and/or Limited Common Elements which are damaged or destroyed appurtenant to the Unit owned by such Unit Owner as set forth in Exhibit "C".

(F) Construction Funds

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

(1) Council

If the total of insurance proceeds and assessments made by the Council in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the Council is more than Fifty Thousand Dollars (\$50,000.00), then the sums paid upon such assessments shall be deposited by the Council with the Escrow Agent. In all other cases the Council shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

(2) Escrow Agent; Construction Fund

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

(a) Council--Lesser Damage

If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Council is equal to or less than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon the order of the Council.

(b) Council--Major Damage

If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Council is more than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors and upon approval of an architect licensed to practice in Kentucky and employed by the Council to supervise the work.

(c) Unit Owner

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

(d) Surplus

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

(e) Certificate

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

(G) Eminent Domain

Appropriation, taking, injury to or destruction of, or condemnation by eminent domain by federal, state, or local government or any instrumentality

thereof of any portion of the Condominium Project, respectively, shall be considered to be included in the term "damage and destruction" for purposes of this Article, and the decision whether or not to restore, insofar as is possible, any Building of which two-thirds or more is taken, and the proceeds of the eminent domain taking, respectively, shall be treated in the same manner as is provided in this Master Deed upon the occurrence of damage and destruction to the Condominium Project. The Board of Directors shall give to all holders of first mortgages on Units prompt notice of any eminent domain proceedings affecting a material portion of the Condominium Project or the Unit which is encumbered by such mortgage, and the distribution of the proceeds of any eminent domain proceeding shall be subject to the provisions of Article XI, Section (F) with respect to the rights of the holders of mortgages on Units.

ARTICLE XII
SALE, LEASE, AND MORTGAGING OF UNITS

(A) Right to Sell or Lease Units

The Unit Owner of each Unit shall have the right to sell or lease such Unit and the Common Elements appurtenant thereto, providing, with respect to any lease (or assignment thereof or sublease), that written notice of the fact of the lease, the identity of the lessee and the term of the lease is disclosed to the Council or managing agent or manager of the Condominium Project in writing prior to commencement of the term of the lease. Any tenancy or subtenancy of a Unit shall be subject and subordinate to all of the provisions of the Condominium Documents.

(B) Mortgaging of Units

A Unit Owner may mortgage any Unit owned by such Unit Owner or any interest therein.

(C) Grantee to be Liable with Grantor for Unpaid Common Charges

Subject to Article VII, Section (E), in any conveyance of a Unit either by voluntary instrument, operation of law or judicial proceeding in accordance with this Master Deed or the Bylaws, the grantee of the Unit shall be jointly and severally liable with the former Unit Owner for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the grantee's right to recover from the former Unit Owner the amounts paid by the grantee therefor.

ARTICLE XIII
OBLIGATIONS OF UNIT OWNERS AND REMEDIES UPON DEFAULT

(A) All Unit Owners and Tenants Subject to Condominium Documents which Run with the Land

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

(B) Remedies upon Default

Failure of a Unit Owner (or other Person subject to the Condominium Documents) to comply with the provisions of the Condominium Documents shall entitle the Council (and the Declarant, in the proper case) to the following remedies for such violation or breach in addition to all remedies provided by the Horizontal Property Law and by any other provisions of the Condominium Documents:

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

(2) The right to enjoin, abate or remedy by appropriate legal proceedings, at law or equity, the continuance of any breach and, pursuant to appropriate court action, the right, if any Unit Owner or any occupant of his Unit shall continue to be in violation of the Condominium Documents and Rules and Regulations for thirty (30) days after notice in writing from the Council, to terminate the rights of said Unit Owner to continue as a Unit Owner and/or to continue to occupy, use or control his Unit and/or the

Common Elements and to file a suit in equity against the defaulting Unit Owner for a mandatory injunction against the Unit Owner or occupants or, in the alternative, a decree declaring the termination of the defaulting Unit Owner's right to occupy, use or control the Unit and ordering that the Unit shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the defaulting Unit Owner shall not be entitled to reacquire the Unit at such sale or by virtue of right of redemption.

(3) The right to levy fines against the defaulting Unit Owner as the Board of Directors shall determine and to seek damages and to pursue any other remedy available at law or in equity as under the Condominium Documents or the Horizontal Property Law as a result of any such violations or breach.

(C) Costs and Attorney Fees

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

(D) No Waiver of Rights

The failure of the Council or any Unit Owner to enforce any covenant, restriction or other provision of the Horizontal Property Law or the Condominium Documents shall not constitute a waiver of the right to do so thereafter.

(E) Rights are Cumulative

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

**ARTICLE XIV
FUTURE DEVELOPMENT**

Reynolds Lofts Condominiums as built will consist of seventy (70) Units in the Building and may consist of additional Units contained in the Building, including, but not limited to, the subdivision by Declarant of any Units. These Units together with the Common Elements appurtenant thereto will automatically become subject to this condominium regime by amendment(s) to the Master Deed upon the filing of their respective floor plans. Declarant specifically reserves the right, from time to time, to further amend the Master Deed to add additional Units, General Common Elements and Limited Common Elements and to subdivide existing Units and, once added by amendment, the Units therein shall have the same rights, privileges and obligations as appear herein. Declarant further specifically reserves unto itself and its successors and assigns, the rights to determine the location of all future Units, Common Elements and Limited Common Elements and to shift and reallocate from time to time the percentage ownership in the Common Elements appurtenant to each Unit to the percentages set forth in each amendment pursuant to this Article; it being provided, however, that future development of the Condominium Project shall be restricted to the Property and any future development of the Condominium Project for other than residential purposes shall not exceed fifteen percent (15%) of the total square footage of all Units within the Condominium Project.

Each Unit Owner by acceptance of a deed to a Unit further acknowledges, consents and agrees to this Master Deed, including, but not limited to, the right to shift and reallocate Common Elements and to each such amendment that is recorded, as follows:

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

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

(C) Each deed, mortgage or other instrument affecting a Unit shall be deemed given subject to the conditional limitation that the percentage of ownership in the Common Elements appurtenant to each Unit shall, upon the

recording of each amendment, be adjusted in proportion to the revised percentage set forth in such amendment and vested among all the other owners, mortgagees and others owning an interest in the other Units in accordance with the terms and percentages of each such recorded amendment.

(D) A right of revocation is hereby reserved by Declarant in each such deed, mortgage or other instrument of a Unit to so amend and reallocate the percentages of ownership in the Common Elements appurtenant to each Unit.

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

(F) Each Unit Owner shall have a perpetual easement, appurtenant to his Unit, for the use of any additional Common Elements annexed thereto by and described in any recorded amendment for the purposes therein set forth, except as to any portion the use of which is a Limited Common Element or limited by exclusive easements granted to the owners of specific Units as may be provided in any such amendment.

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

(H) Each Unit Owner by acceptance of the deed conveying his Unit agrees for himself and all those claiming under him, including mortgagees, that the Master Deed and each amendment is and shall be deemed to be in accordance with the Horizontal Property Law and, for purposes of the Master Deed and the Horizontal Property Law, any changes in the respective percentages of ownership in the Common Elements as set forth in each such amendment shall be deemed to be made by agreement of all Unit Owners and mortgagees.

(I) Declarant reserves the unilateral right to amend the Master Deed for the purpose of shifting and reallocating the percentages of ownership in the Common Elements in the manner provided by this Article and any applicable law. If requested by Declarant, each Unit Owner agrees to execute and deliver such documents necessary or desirable to cause the provisions of this Article to

comply with the Horizontal Property Law as it may be amended from time to time.

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

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

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

ARTICLE XV AMENDMENT TO MASTER DEED

(A) This Master Deed may be modified, altered, amended or added to by Declarant pursuant to an instrument recorded by Declarant in the office of the Fayette County Clerk's Office, subject to and in accordance with this Master Deed, or by an instrument signed by each Unit Owner of record (and by Declarant, if the consent of Declarant to such amendment is required under the terms of the Condominium Documents), or by a vote of greater than sixty seven percent (67%) in interest in the General Common Elements at any duly called meeting of Unit Owners provided that:

(1) A notice of the meeting containing a full statement of the proposed modification, alteration, amendment or addition has been sent to all Unit Owners as listed on the books and records of the Council and to all mortgagees of Units who have requested same; and

(2) The Board of Directors (and Declarant, if the consent of Declarant is required by the provisions of the Condominium Documents) approves the change; and

(3) An instrument evidencing the change and signed by the President or any Vice President of the Council is duly recorded in the Fayette County Clerk's Office. Such instrument need not contain the written consent of any Unit Owners but shall contain the verified statement and certification by the

secretary or other officer of the Council not otherwise signing the instrument that the requirements of this Master Deed above have been satisfied.

(B) In the event an amendment to this Master Deed is "Material" (as hereinafter defined), such Material amendment shall be agreed to by fifty one percent (51%) of all Institutional Mortgagees holding first, bona fide mortgages on Unit(s), which have submitted to the Council a written request for the Council to notify them of any action requiring the consent of such mortgagees. For the purpose of this Article XV, Section B, the term "Material" shall be limited to material amendments of a material adverse nature to Institutional Mortgagees to the following provisions:

- (1) voting rights;
- (2) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- (3) reductions in reserves for maintenance, repair, and replacement of common elements;
- (4) responsibility for maintenance and repairs;
- (5) reallocation of interests in the General Common Element or Limited Common Elements, or rights to their use;
- (6) redefinition of any Unit boundaries;
- (7) convertibility of Units into Common Elements or vice versa;
- (8) expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Condominium Project;
- (9) hazard or fidelity insurance requirements;
- (10) imposition of any restrictions on the leasing of Units;
- (11) imposition of any restrictions on a Unit owner's right to sell or transfer his or her Unit;
- (12) restoration or repair of the Condominium Project (after damage or partial condemnation) in a manner other than that specified in the Condominium Documents; or
- (13) any provisions that expressly benefit mortgage holders, insurers, or guarantors.

Notwithstanding the foregoing, the agreement of such Institutional Mortgagees shall not be required for any amendment, which may be made by Declarant, including, but not held to, the powers reserved to Declarant in Article XVI of this Master Deed. In the event an eligible Institutional Mortgagee fails to submit a response to any written proposal for an amendment within sixty (60) days of when it receives notice of the proposal by certified or registered mail, return receipt requested, such proposal shall be deemed agreed to by such

Institutional Mortgagee. For the purposes of this section, notice shall be deemed received if certified or registered mail is returned refused.

**ARTICLE XVI
POWER OF ATTORNEY**

An irrevocable power of attorney is hereby granted and reserved unto Declarant, its successors and assigns (however, individual unit owners shall not be included within the meaning of successors and assignees as used in this Article) to act for and on behalf of each and every Unit Owner and Mortgage, their successors, heirs and assigns for the following purposes, and to do and perform all acts which might be required in carrying out such purposes, with full power of substitution and revocation:

- (A) Subdividing any Unit and approving and agreeing to on behalf of the Unit Owners the subdivision of any Unit pursuant to Article II, Section (C);
- (B) Granting easements pursuant to Article IX;
- (C) Shifting and allocating from time to time the percentage of ownership in the Common Elements appurtenant to each Unit pursuant to Article XIV; and
- (D) Effectuation any other rights reserved to Declarant in this Master Deed.

Each execution of a deed of conveyance, mortgage or other instrument with respect to a Unit, and the acceptance thereof, shall be deemed a grant by and an acknowledgment of the parties thereto of the consent to such reservation of the foregoing power of attorney in favor to Declarant as attorney in fact and shall be deemed a reservation to Declarant and its successors and assigns the powers set forth above. Such power of attorney shall not be affected by the disability or death of a Unit Owner and shall be binding upon each successive Unit Owner.

ARTICLE XVII
GENERAL

(A) Severability

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

(B) Waiver

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

(C) Captions

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this Master Deed nor the intent of any provision hereof.

(D) Gender

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

(E) Perpetuities

If any of the covenants, conditions, restrictions or other provisions of this Master Deed shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

(F) Declarant's Rights

Any or all of the special rights and obligations of the Declarant set forth in the Condominium Documents may be transferred to other Person(s), provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Fayette County Clerk's office.

IN WITNESS WHEREOF, the Declarant has caused this Master Deed to be executed on the date and you first above written.

REYNOLDS LOFTS, LLC,
a Kentucky limited liability company,

BY: *Robert A. McGoodwin*
Robert A. McGoodwin, Member

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

Subscribed, acknowledged and sworn to before me on the 10 day of August, 2007, by Robert A. McGoodwin, as a Member of Reynolds Lofts, LLC, a Kentucky limited liability company, for and on behalf of the limited liability company.

Linda A. Storey
Notary Public
My commission expires: March 24 09

This instrument was prepared by:

STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507
(859) 231-3000

BY: *Richard A. Nunnelley*
Richard A. Nunnelley

EXHIBIT "A"

Tract 1:

Beginning at a point on the West side of Third Street where the same is intersected by the Northeasterly line of the right of way of the Louisville and Nashville Railroad, running thence Northwardly along the West line of Third Street, six hundred and twelve (612) feet, one and one-half ($1 \frac{1}{2}$) inches to a point where said West line of Third Street is intersected by the southerly line of the right of way of the Southern Railway; running thence Northwestwardly with the Southern line of said railway, four hundred and forty-three and one-half ($443 \frac{1}{2}$) feet to the Eastwardly line of Park Place, formerly the National Turnpike Road; thence Southwestwardly with the same, nineteen (19) feet, five and one-half ($5 \frac{1}{2}$) inches to the Northeastwardly line of the right of way of the Louisville and Nashville Railroad Company; thence Eastwardly with the same nine hundred and fifty-five and one-half ($955 \frac{1}{2}$) feet to the point of beginning, containing two and three hundred and seventy-one thousandths (2.371) acres.

Tract 2:

Beginning on the West side of Third Street One Hundred and Forty (140) feet North from the intersection of the Northeast line of the right of way of the L & N Ky. Co., running thence Eastwardly at right angles to the West line of Third Street fourteen (14) feet, thence Northwardly two hundred and ninety-six (296) feet, thence Westwardly at right angles to the West line of Third Street fourteen (14) feet to said West line of Third Street; thence Southwardly with the West line of Third Street two hundred and ninety-six (296) feet to the beginning.

Being the same property acquired by Reynolds Lofts, LLC, a Kentucky limited liability company, by deed dated August ____, 2007, of record in Deed Book ____, Page ____, in the Office of the Clerk of Jefferson County, Kentucky.

EXHIBIT "B"**BYLAWS
OF
REYNOLDS LOFTS CONDOMINIUM ASSOCIATION, INC.****ARTICLE I
GENERAL****(A) Description and Name**

These are the Bylaws for Reynolds Lofts Condominium Association, Inc., a Kentucky nonstock, nonprofit corporation (the "Council"), which is composed of every Owner of a Unit in Reynolds Lofts Condominiums (the "Condominium"), as created by Reynolds Lofts, LLC, a Kentucky limited liability company (the "Declarant") by a Master Deed (the "Master Deed") recorded in the Jefferson County Clerk's Office. Certain capitalized terms used herein without definition shall have the meanings ascribed to them in the Master Deed.

(B) Purposes of Council

The Council, acting in accordance with the Master Deed, the Articles of Incorporation of the Council and these Bylaws, and through its officers and the Board of Directors of the Council, shall govern the affairs of the Condominium and provide for the harmonious use and occupation thereof.

(C) Office

The office of the Council and of the Board of Directors shall be located initially at 201 Price Road, Lexington, Kentucky, 40511, and thereafter at such other office as the Board may determine from time to time.

(D) Fiscal Year

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

(E) Members' Qualifications

Each Owner of record of any Unit, and only such Owner of record, shall be a member of the Council. Any person, on becoming a record Owner of a Unit, shall automatically become a member of the Council and be subject to

these Bylaws, and such membership shall terminate without any formal action by the Council when such person ceases to be a record Owner of a Unit, 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 Council or others may have against such former Unit Owner arising out of or connected with the membership by that Unit Owner of the Unit.

ARTICLE II UNIT OWNERS

(A) Annual Meetings

The Declarant shall notify the Unit Owners of the time and place of the first annual meeting (the "Inception Meeting") of Unit Owners, which shall be held within sixty (60) days after the earlier of (1) four years from the date of recordation of the Master Deed, (2) the date as of which Units to which seventy-five percent (75%) of the General Common Elements are appurtenant have been conveyed by Declarant or (3) when, in its sole discretion, Declarant notifies the Unit Owners that the Inception Meeting shall be held. Thereafter, the annual meeting of Unit Owners shall be held within six (6) months from the end of each fiscal year. At such meetings, the Board of Directors shall be elected by the Unit Owners in accordance with the provisions of these Bylaws. The Unit Owners may transact such other business at such meetings as may properly come before them.

(B) Place of Meetings

Meetings of the Unit Owners shall be held at the principal office of the Council as set forth in the section of these Bylaws entitled "Office," or at such other place reasonably convenient to the Unit Owners as may be designated by the Board of Directors.

(C) Special Meetings

The President of the Council shall call a special meeting of the Unit Owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary of the Council by the Unit Owners of Units to which are appurtenant twenty five percent (25%) or more of the General Common Elements or as otherwise may be required under these Bylaws or the Master Deed. 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 Council, the President, any Vice President of the Council or the managing agent shall mail to each Unit Owner of record at the address of the Unit Owner at the Condominium Project (unless such Unit 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 Unit Owners shall be mailed to such Unit Owner at such different address) and to any managing agent of the Condominium Project (a representative of which shall be entitled to attend the meeting), a notice of each annual meeting and of each special meeting of the Unit Owners, at least ten (10) but not more than thirty five (35) 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 Unit 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 Unit Owner's attendance at a meeting without objection to such Unit 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 Unit Owners cannot be held because a quorum is not present, Unit Owners of Units to which are appurtenant fifty (50%) or more of percentage interest in the General Common Elements of the Condominium Project and represented at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than twenty-four (24) hours from the time the original meeting was called.

(F) Designated Voter

The Unit Owner of each of the Units of the Condominium Project shall designate one individual (the "Designated Voter"), who need not be a Unit Owner, who alone shall be entitled to vote on behalf of such Unit Owner on all matters put to a vote at all meetings of the Unit Owners. The Secretary of the Council 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 Unit is owned by more than one natural person or is under lease, the Designated Voter for such Unit shall be identified by a certificate signed by all of the record Owners

of the Unit and filed with the Secretary of the Council. If a Unit is owned by a corporation, the Designated Voter for such Unit shall be identified by a certificate signed by an officer of the corporation and filed with the Secretary of the Council. If a Unit is owned by a trust or estate, the Designated Voter for such Unit shall be identified by a certificate signed by the trustee or personal representative and filed with the Secretary of the Council. If a Unit 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 venturers, 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. If a Unit is owned by a limited liability company, the Designated Voter for such Unit shall be identified by a certificate signed by a member or manager, as applicable. 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 Unit concerned. At any meeting of the Unit Owners the officers of the Council 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 Unit is entitled to vote at such meeting on behalf of such Unit Owners. If no notice specifying a Designated Voter for a Unit has been received by the Secretary of the Council, or if a dispute arises concerning whether the certificate or certificates received by the Secretary with respect to a Unit constitute a valid stipulation of the Designated Voter by the Unit Owner of the Unit, no votes in respect of that Unit shall be entitled to be cast at the meeting, and the General Common Elements appurtenant to that Unit shall not be considered in any manner in determining whether a quorum is present at the meeting. Any or all Unit Owners may be present at any meeting of the Unit Owners, but only the Designated Voters may vote at such meetings. One individual may be a Designated Voter for more than one Unit if so designated by Unit Owners of more than one Unit. 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 Unit Owners in the same proportion as the General Common Elements appurtenant to the Unit or Units owned by the Unit Owners who selected them bear to the total General Common Elements of the Condominium Project (by way of example only, the Designated Voter for a Unit to which is appurtenant 5.59% of the total General Common Elements shall be entitled to cast 5.59 votes).

(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 Unit Owners, the presence in person or by proxy of Designated Voters who together are entitled to cast greater than thirty percent (30%) of the total votes which could be cast if the Designated Voters for all Units of the Condominium Project were present in person or by proxy at the meeting shall constitute a quorum.

(I) Action by Unit Owners

Except where a higher percentage is required by the express provisions of the Condominium Documents or by law, the Unit 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 Unit Owners at which a quorum is present, and who together represent Units to which are appurtenant greater than fifty (50%) of the total percentage interest in the General Common Elements of the Condominium Project of those present in person or represented by proxy.

(J) Informal Action by Unit Owners

Any action required or permitted to be taken at any meeting of the Unit 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) Proviso

Every provision contained in this Article II shall be subject to the following proviso: until such time as the Inception Meeting of the Unit Owners is held, the affairs of the Council shall be conducted solely and entirely by the Board of Directors, and the proceedings of meetings of Unit Owners as members of the Council 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 Condominium Project shall be under the exclusive control and direction of a Board of Directors appointed entirely by the Declarant or the nominee of Declarant until the Inception Meeting. Thereafter, the Board of Directors of the Council shall be composed of members (each sometimes referred to hereinafter individually as a "Director" and collectively, the "Directors") nominated and elected by the Unit Owners, with the exact number of Directors to be determined by the Unit Owners at each annual meeting of the Council; provided, however, that any increase or decrease in the number of Directors shall not become effective until the next annual meeting after such increase or decrease is voted and the number of Directors shall not be less than three (3). All Directors shall be Unit Owners or the spouses of Unit Owners; or, in the case of partnership or joint venture Unit Owners, members

or employees of such partnership; or in the case of corporate Unit Owners, directors, officers, stockholders or employees of such corporation; or in the case of fiduciary Unit Owners, fiduciaries or officers or employees of such fiduciary; or in the case of limited liability company Unit Owners, members or managers of such limited liability company. Any Director who ceases to be associated with a Unit Owner in one of the above-enumerated capacities shall so notify the Secretary of the Council, 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 Unit 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 the Condominium Project and may do all such acts and things except as by law or pursuant to the provisions of the Condominium Documents may not be delegated to the Board of Directors by the Unit Owners. All of the powers and duties of the Council existing under the Horizontal Property Law and the Condominium 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 Council 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 the Condominium Project, including, without limitation, operation and maintenance of the Common Elements;
- (3) Collection of the common charges from the Unit 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 Council and designating the signatories required therefor;

(7) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Unit Owners;

(8) Obtaining insurance for the property including, without limitation, any insurance required by the Master Deed;

(9) 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;

(10) Enforcing the remedies available against Unit Owners for violation of the provisions of the Condominium Documents, including, without limitation, provisions of the Master Deed and the Rules and Regulations;

(11) Controlling the use of all Common Elements (consistent with the provisions of the Condominium Documents, including, but not limited to, provisions concerning the rights of Unit Owners of Units to which limited Common Elements are appurtenant);

(12) Controlling power shutoffs and other interruptions of the normal functioning of the Condominium Project to facilitate renovation of particular Units and of the Common Elements; provided, however, in such event that the Board will use diligent efforts to minimize the disruption to the Unit Owners caused thereby;

(13) Changing the name of the Council or the Condominium; and

(14) Taking all other necessary and proper actions for the prudent management of the Condominium Project and fulfillment of the terms and provisions of the Condominium Documents.

(C) Managing Agent and Manager

The Board of Directors may employ either or both a managing agent and a manager for the Condominium Project, 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 Council for cause upon not more than thirty (30) days' written notice, and the term of any such agreement must not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

(D) Election and Term of Office

The Directors shall be elected at each annual meeting of the Unit 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, limited liability company, or other entity with which he or she is associated, conveys the Unit which qualified such individual to become a Director or terminates such Director's relationship with that Unit Owner which qualified such individual to become a member of the Board of Directors. Except as to vacancies created by removal of Directors by Unit Owners, vacancies in the Board of Directors occurring between annual meetings of Unit 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 Unit 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 Unit Owners, any one or more of the Directors may be removed by the Unit Owners with or without cause by a vote of greater than fifty percent (50%) in General Common Elements cast by them, and a successor or successors shall be elected by them at the same such meeting.

(F) Organizational Meeting

The initial members of the Board of Directors shall be appointed by the Declarant from time to time until the first meeting of the Board of Directors occurring after the Inception Meeting of the Unit Owners. Such first meeting of the Board of Directors shall be held immediately after the Inception Meeting of the Unit 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. Notice of regular meetings of the Board of Directors shall be given to each Director, by mail or telegraph, at least five (5) 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 Owners of Units to which at least thirty percent (30%) of the General Common Elements are appurtenant, on at least five (5) business days' prior notice to each Director given by mail or hand delivery, which notice shall state the time, place, and purpose of the meeting. Special meetings of the board may be called by the Secretary in like manner and on like notice on the written request of any two (2) 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 Condominium 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 fifty (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 fifty (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 Council, or, if the President is not in attendance, the Vice President. In the absence of the President and 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 Council and its manager or managing agent, if any, handling or responsible for funds of the Condominium Project. The premiums on such bonds shall constitute a common expense.

(P) Compensation

No Director shall receive any compensation from the Council for acting as such. However, notwithstanding the foregoing or any other provision to the contrary contained in these Bylaws or the other Condominium 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 Council for salary or fees.

(Q) Liability of the Directors

The Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct, gross negligence or bad faith. The Council 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 Council, 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 Condominium Project. It is intended that the Directors shall have no personal liability with respect to any contract made by them on behalf of the Council.

(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 Unit Owners, the Board of Directors shall consist solely of those persons designated by the Declarant in the Articles of Incorporation of the Council and thereafter appointed solely by Declarant from time to time, and in the event of vacancies (whether created by removal, with or without cause, at the sole option of Declarant, or otherwise), the Declarant

shall appoint all Directors to fill the vacancies. Directors designated by the Declarant in the Articles of Incorporation or to fill vacancies need not be Unit Owners.

ARTICLE IV OFFICERS

(A) Designation

The principal officers of the Council 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 Council. The President and Vice President, but no other officers, shall be required to be Directors.

(B) Election of Officers

The officers of the Council 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 Council. He shall preside at all meetings of the Unit 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 Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Council.

(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 Unit 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 Council 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 Condominium Project and its administration is kept in accordance with good accounting procedures, which shall specify the maintenance and repair expenses of the Condominium Project, 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 Council shall be executed by any officers or 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 Condominium Project, determine the amount of the common charges payable by the Unit Owners to meet the common expenses of the Condominium Project, and allocate and assess such common charges among the Unit Owners in the same proportion as their respective ownership of the General Common Elements and the Limited Common Elements to which the Common Expenses relate; provided the Board of Directors may make adjustments to the allocations and assessments based on floor area, the number of occupants, the demand on public utilities and the availability of Limited 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, or other professional or service fees; an amount for working capital of the Council; 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 Unit 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 Unit 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 Unit promptly upon request from such mortgagee.

(B) Utilities

(1) Electricity shall be supplied to all of the Units and the Common Elements through sub-meters associated with, respectively, each Unit and the

Common Elements, and the Council shall assess each Unit Owner for its share of electricity based on the reading of such sub-meters. Such electricity assessment shall be an assessment for which the Council shall have a lien as provided in the Master Deed. In the event gas is available to a Unit or the Common Elements, it shall be supplied through a separate meter associated with the applicable Unit or Common Element; provided, the foregoing shall not imply the right of any Unit Owner to install gas service to its Unit without the prior approval of the Association. Each Unit Owner shall pay all charges for gas, if any, and electricity metered to each Unit owned by such Unit 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 and sewer charges for all Units and the Common Elements and all gas and electricity charges metered to the Common Elements, if applicable.

(2) Air-conditioning expenses, including maintenance, shall be borne by each Unit Owner as to all Units owned by such Unit Owner. The Board of Directors shall pay, as a common expense, any air-conditioning expenses, including maintenance, for the Common Elements.

(C) Accounts

The receipt and expenditures of the Council 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 ten percent (10%) of the amount budgeted for this account for the prior year.
- (3) "Reserve for Capital Expenditures," the amount for which shall not exceed ten percent (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 fifty percent (50%) of the General Common Elements are appurtenant.

(D) Assessments and Special Assessments

Assessments against the Unit Owners for their shares of the items of the budget shall be made for each fiscal year at least thirty (30) days preceding the beginning of such fiscal year. Such assessment shall be due in twelve (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 Unit 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 such payments and on such payment dates as the Board of Directors or the Unit Owners, as applicable, shall determine. The first payment of a monthly installment by a Unit 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 thirty (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

A purchaser of a Unit, at or prior to delivery to the purchaser of the deed to his Unit, shall make to the Board of Directors a reserve payment in an amount to be determined by the Board of Directors, not less than the equivalent of two (2) months of assessments and not to exceed the annual assessment with respect to the Unit. 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 Condominium Project, and shall be credited to an account under the classification of "current expenses." Any amounts paid by Unit Owners as reserve payments that are not used during the first fiscal year of the Council 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 Unit Owner of any monthly installment of an annual assessment is more than fifteen (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 Unit Owner shall not have cured the default by voluntary payment of all past due assessments) upon notice to the Unit 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 ten (10) days after personal delivery of the notice to the Unit Owner, or not less than twenty (20) days after the mailing of such notice to such Unit Owner by registered or certified mail, whichever shall first occur.

(G) Depository

The depository of the Council 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 Council 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 Council shall be made annually after the end of each fiscal year of the Council by a certified public accountant(s). A copy of the audit report shall be furnished by the Board of Directors to each Unit Owner promptly upon request of the Unit Owners.

(I) Rights of Mortgagees

The holders of first mortgages on any Units shall have the right to examine the books and records of the Council 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 VI shall be subject to the following proviso: Until the time of the Inception Meeting of the Unit 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 Council, 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 Unit 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 to the Board of Directors

A Unit Owner who mortgages the Unit owned by such Unit Owner shall notify the Board of Directors of the name and address of each mortgagee and shall file a conformed copy of the mortgage(s) with the Board of Directors.

(B) Notice of Unpaid Common Charges

The Board of Directors shall promptly report to an Institutional Mortgagee holding a bona fide mortgage on any Unit any unpaid common charges, which are sixty (60) days delinquent and due from the Unit Owner of the mortgaged Unit, if such Institutional Mortgagee has submitted to the Council a written request for the Council to notify it of such delinquency.

(C) Examination of Books

Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the Condominium Documents and the books of account of the Condominium Project 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 Condominium 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 at the principal office of the Council or to such other address as the Board of Directors may hereafter designate from time to time, by notice in writing to all Unit Owners in accordance with this section. All notices required under the provisions of any of the Condominium Documents to be given to any Unit Owner shall be in writing and personally delivered or sent by registered or certified mail, return-receipt requested, to any Unit owned by the Unit Owner at the Condominium Project, or to such other address as may have been designated by such Unit 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 Declarant

Whenever a reference is made to the Declarant, such reference shall be deemed to include any limited liability corporation, partnership, subsidiary or other entity affiliated with the Declarant 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 requirements of the Horizontal Property Law, the Articles of Incorporation and the Master Deed. In case any of these Bylaws conflicts with the provisions of said Horizontal Property Law, the Articles of Incorporation, or of the Master Deed, the provisions of said Horizontal Property Law, the Articles of Incorporation or the Master Deed, as the case may be, shall control.

**ARTICLE VIII
AMENDMENTS TO BYLAWS**

These Bylaws may not be modified, amended or repealed except by the vote of the Owners of Units to which greater than sixty seven percent (67%) of

the General Common Elements are appurtenant, at a regular or special meeting of the Unit Owners; provided, however, that until the time the Inception Meeting of the Unit Owners is held, the Bylaws may be modified, amended, or repealed by the vote of greater than fifty (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.

The foregoing Bylaws were adopted as the Bylaws of Reynolds Lofts Condominium Association, Inc. by unanimous written consent of the Board of Directors in lieu of a special meeting as of the 12 day of August, 2007.


Secretary

EXHIBIT C

Unit #	Square Footage	Percentage Interest in General Common Area
100	1058	1.57%
101	880	1.30%
102	762	1.13%
104	744	1.10%
105	918	1.36%
106	1295	1.92%
107	1172	1.74%
108	1008	1.49%
109	1167	1.73%
110	1008	1.49%
111	884	1.31%
112	689	1.02%
113	1132	1.68%
114	897	1.33%
115	883	1.31%
116	1299	1.93%
200	945	1.40%
201	880	1.30%
202	712	1.06%
204	694	1.03%
205	918	1.36%
206	1175	1.74%
207	1172	1.74%
208	960	1.42%
209	1167	1.73%
210	960	1.42%
211	1158	1.72%
212	960	1.42%
213	703	1.04%
214	1188	1.76%
215	1206	1.79%
216	521	0.77%
300	945	1.40%
301	880	1.30%
302	712	1.06%
304	694	1.03%
305	918	1.36%
306	1175	1.74%
307	1172	1.74%
308	960	1.42%
309	1167	1.73%

310	960	1.42%
311	1158	1.72%
312	960	1.42%
313	703	1.04%
314	1188	1.76%
315	1206	1.79%
316	521	0.77%
400	945	1.40%
401	880	1.30%
402	712	1.06%
404	694	1.03%
405	918	1.36%
406	1175	1.74%
407	1172	1.74%
408	960	1.42%
409	1167	1.73%
410	960	1.42%
411	1158	1.72%
412	960	1.42%
413	703	1.04%
414	1188	1.76%
415	1206	1.79%
416	521	0.77%
500	917	1.36%
502	979	1.45%
504	980	1.45%
506	986	1.46%
507	645	0.96%
508	1218	1.81%
Total	67478	100.00%

Recorded in Condo Book

No. 121 Page 22-27
 Part No. 2480

Document No.: DN2007131310
 Lodged By: STOLL KEENON OGDEN
 Recorded On: 08/13/2007 02:07:35
 Total Fees: 205.00
 Transfer Tax: .00
 County Clerk: BOBBIE HOLSCLOW-JEFF CO KY
 Deputy Clerk: TERHIG