

ATTACHMENT "C"

BY-LAWS OF ASBURY HOME OWNERS ASSOCIATION, INC. (A Non-Profit, Non-Stock Corporation)

The words Member or Members as used in these Bylaws means and shall refer to the record owner or owners of a lot in Asbury Park, Phases 1, 2 or 3.

OBJECT

1.1 Purposes. The purposes for which the Association is formed are to:

(a) govern and operate the planned community known as Asbury Park located in Louisville Metro, County of Jefferson, State of Kentucky, in accordance with the Declarations and the laws of the Commonwealth of Kentucky;

(b) promote the health, safety, welfare, and common benefit of the Members and residents of Asbury Park and

(c) be and constitute the Association to which reference is made in the Asbury Park Declarations of Restrictions (the "Declarations") which are recorded in Deed Book 7176, Page 748, Deed Book 8045, Page 156, and Deed Book 8066, Page 151, all in the office of the Clerk of the County Court of Jefferson County, Kentucky and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein.

1.2 Applicability. All present or future Members, tenants, future tenants, or any other person that might use in any manner the facilities of Asbury Park is subject to the terms and provisions set forth in these Bylaws. The mere acquisition or rental of any of the lots, or the mere act of occupancy of any of the buildings will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING MAJORITY OF OWNERS, QUORUM, PROXIES

2.1 Requirements For Membership. Record ownership of a lot is required in order to qualify for membership in this Association. Any person on becoming an owner of a lot shall automatically become a Member of this Association and be subject to these Bylaws. Such ownership shall terminate without any formal Association action whenever such person ceases to own a lot, but such termination shall not relieve or release any such former Member from any liability or obligation to the Association or impair any rights or remedies which the Association may have against such former Member arising out of or in any way connected with ownership of a lot and membership in the Association. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards or certificates to the Members. Such membership card or certificates shall be surrendered to the Secretary whenever ownership of the lot designated thereon shall terminate.

2.2 Allocation of Votes. Votes are allocated among the Members as set forth in the Declarations. If record title to any lot shall be held by two or more persons, then each such person shall be a Member of this Association, provided, however, that the voting rights of such Members shall not be divided but shall be exercised as if the Member consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Member. If only one of several Members of a lot is present at a meeting of the Association, the Member present is entitled to cast the votes allocated to the lot. If more than one of the owners is present, the votes allocated to the lot may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the Members casts the votes allocated to the lot without protest being made promptly to the person presiding over the meeting by another owner of the lot. If a majority of the owners of a lot cannot agree on how the vote shall be cast, then no vote shall be cast on behalf of that lot on the issue presented.

2.3 Proxies. Votes allocated to a lot may be cast under a proxy duly executed by an Member. If a lot is owned by more than one person, each Member of the lot may vote or register protest to the casting of votes by the other Members of the lot through a duly executed proxy. An Member may revoke a proxy given under this section only by actual written notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it provides otherwise. The Secretary of the Association must bring all proxies to each meeting where the Members are entitled to vote and all proxies shall be available for inspection by the officers of the Association and by any Member in attendance at such meeting. All proxies must be in writing and may be either general or for a particular meeting.

2.4 Corporations, Other Entities. The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The vote of a limited liability company may be cast by any manager of the limited liability company in the absence of express notice of the designation of a specific person by the limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or business trust owner is qualified to vote.

2.5 Cumulative Voting. Cumulative voting in the election of the Board of Directors shall not be permitted.

2.6 Quorum. Except as otherwise provided in these Bylaws or in the Declarations, the presence at the beginning of any meeting of the Association in person or by proxy of ten percent (10%) of the votes entitled to be cast shall constitute a quorum .

2.7 Majority Vote. The vote of a majority of the Members present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Members for all purposes except where a higher percentage vote is required in the Declarations, these Bylaws or by law.

ARTICLE III **ASSOCIATION MEETINGS**

3.1 Place of Meetings. Meetings of the Members shall be held at Asbury Park or at such place within the State of Kentucky as the Board may determine, so long as such alternate location is reasonably convenient to the Members.

3.2 Annual Meeting. The annual meeting of the Association shall be held each year on such date as shall be selected by the Board, provided that such meeting shall occur no later than thirteen (13) months since the previous annual meeting. The failure to hold an annual meeting shall not affect the status of the Association or invalidate any of its actions. At such meetings, the Members may transact such business of the Association as may properly come before the meeting. At each annual meeting, members of the Board shall be elected by ballot or proxy of the Members in accordance with the provisions of Article 4 of these Bylaws. The Members may transact such other business as may properly come before them at these meetings.

3.3 Special Meetings. Special meetings of the Association may be called by the President of the Association, by a majority of the members of the Board, or by Members having twenty percent (20%) of the votes in the Association.

3.4 Notice of Association Meetings. It shall be the duty of the Association to cause notice of meetings of the Members of the Association to be hand delivered or sent prepaid by United States mail to the mailing address of each lot or to any other mailing address designated in writing by a Member, not less than twenty (20) nor more than fifty (50) days in advance of a meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declarations or to these Bylaws, and any proposal to remove an officer or member of the Board.

3.5 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Association in writing, and the waiver shall be deemed the same as receipt of notice. A waiver of notice, signed by all of the Members before, at or after any meeting shall be a valid substitute for notice. The certificate of the Secretary of the Association that notice was properly given as provided in these Bylaws shall be evidence thereof.

3.6 Adjourned Meetings. If any meeting of the Association cannot be convened because a quorum has not attended or if the business of the meeting cannot be concluded, then in that event, a majority of the Members who are present, either in person or by proxy, may adjourn the meeting from time to time for periods of no longer than one week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business, which might have been transacted at the meeting as originally called, may be transacted.

3.7 Order of Business. The order of business at all meetings of the Members shall be

- (a) Roll call or check-in procedure;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting; if requested by any Member present;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of members of the Board (when required);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

3.8 Rules of Meetings. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and Members and in the absence of such rules, Robert's Rules of Order may be used.

ARTICLE IV **BOARD OF DIRECTORS**

4.1 Association Responsibilities. The Association has the responsibility to manage the business of the Association acting through a Board of Directors (which may herein be referred to as the "Board"). In the event of any dispute or disagreement between any Members relating to Asbury Park, or any questions of interpretation or application of the provisions of the Declarations or Bylaws, such dispute be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

4.2 Number and Qualification. The Board shall be composed of seven (7) persons elected from among the Members. In the case of corporate or partnership Members, an officer, director, employee, partner or agent of such entity may be a member of the Board. The number of directors may be increased or decreased (but not to less than 3) by amendment of these Bylaws.

4.3 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential planned community. Its specific powers include the following

- (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declarations and in the Articles and these Bylaws;
- (b) To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of Asbury Park and its common elements with the right to amend it from time to time. A copy of such rules and regulations shall be delivered or mailed to each Member promptly upon the adoption thereof;

- (c) To keep in good order, condition and repair all of the common areas, and all items of personal property, if any, used in the enjoyment of Asbury Park;
- (d) To obtain and maintain to the extent obtainable all policies of insurance required by the Declarations and in the Articles or by these Bylaws;
- (e) To periodically determine, fix, levy and collect the Assessments (as defined in the Declarations) to be paid by each of the Members towards the expenses of the Association and to adjust, decrease or increase the amount of the Assessments; to levy and collect Special Assessments in accordance with the provisions of the Declarations, whenever in the opinion of the Board it is necessary to do meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies;
- (f) To impose penalties and collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Member as is provided in the Declarations and these Bylaws;
- (g) To protect and defend Asbury Park from loss and damage by suit or otherwise;
- (h) To borrow funds and to give security therefore in order to pay any expenditure or outlay required pursuant to the authority granted by the provisions of the Declarations or these Bylaws and to execute all such instruments evidencing such indebtedness as the Board may deem necessary or desirable;
- (i) To enter into contracts;
- (j) To establish bank accounts, which are interest bearing or non-interest bearing, as may be deemed advisable by the Board;
- (k) To keep and maintain full and accurate books and records showing in chronological order all of the receipts, expenses and disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is provided in the Declarations or by the Articles, and, if deemed advisable by the Board, to cause a complete audit to be made of the books and records by a competent certified public accountant;
- (l) To prepare and deliver annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement;
- (m) To designate, hire and remove the employees, other personnel or service companies necessary for the operation, maintenance, repair and replacement of the common areas and to delegate any such powers to the employees or agents of the Association;
- (n) To suspend the voting rights of an Member for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Members pursuant to the Declarations; and
- (o) In general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of Asbury Park, except as expressly prohibited by the Declarations, in the Articles or these By Laws.

4.4 Managing Agent. The Board may employ for the Association a Managing Agent (at a compensation established by the Board) to perform such duties and services as it shall authorize. The Board may delegate any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declarations, the Articles or these Bylaws. If the Board delegates any powers relating to collection, deposit, transfer or disbursement of Association funds, (a) the Managing Agent or others to

whom such powers are delegated (collectively, "Delegatee") shall maintain all funds and accounts of the Association separate from the funds and accounts of the Delegatee, (b) the Delegatee shall maintain all reserve accounts of each association so managed separate from the operational accounts of each association, (c) fidelity bonds or insurance shall be maintained for or by the Delegatee in the amounts set forth in Section 4.14 below, and (d) an annual accounting of Association funds shall be prepared and presented to the Association by the Delegatee, a public accountant or a certified public accountant.

4.5 Election and Term of Office. Members of the Board shall be elected by the Members voting at the annual meeting of the members of the Association. The nominees who receive the largest number of Member votes shall be elected. Beginning with the annual meeting held in 2007, the initial term of approximately 1/3 of the directors of the Board shall be for one year, the initial term of approximately 1/3 of the directors of the Board shall be for two years and the initial term of approximately 1/3 of the directors of the Board shall be for three years. In the event that the number of directors shall not be divisible by three (3) the Board may arrange the numbers of directors in each class as is reasonable. At each annual meeting after 2007, the Members shall elect the same number of directors whose terms are expiring at the time of the election. Each director elected subsequent to the initial election shall be elected for a three-year term.

4.6 Vacancies. Vacancies in the Board caused by any reason other than the removal of a director by a vote of the Association shall be filled by election by the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director for the remainder of the term of the former director he or she is replacing.

4.7 Removal of Directors. At any annual or special meeting of the Association, duly called, any one or more of the directors may be removed, with or without cause, by the vote of Members representing an aggregate ownership interest of at least sixty-seven percent (67%) of the Members present and entitled to vote at any such meeting. A successor may without delay be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

4.8 Organizational Meeting. The first meeting of a newly elected Board shall be held within thirty (30) days of such election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order to convene such meeting, providing a majority of the new Board shall be present at such election meeting.

4.9 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, by a majority of the directors but at least two such meetings shall be held each year. If the Board by resolution shall set a regular meeting date (e.g., the second Monday of every month), then no further notice of such meetings shall be required.

4.10 Special Meetings. Special meetings of the Board may be called by the President, on his or her own initiative, on ten (10) days' notice to each director, given personally, or by mail, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on receipt of a written request to call such a special meeting from at least three (3) directors.

4.11 Waiver of Notice. Before or at any meeting of the Board, any director may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

4.12 Board Quorum. At all meetings of the Board, a quorum is deemed present throughout any meeting if directors entitled to cast more than fifty percent (50%) of the votes on the Board are present at the beginning of the meeting. The act of a majority of directors present at a meeting at which a quorum is present shall be the

acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one week until a quorum is obtained. At any such adjourned meeting, any business, which might have been transacted at the meeting as originally called, may be transacted .

4.13 Compensation: Fidelity Bonds. The members of the Board shall serve without salary or compensation. The Board shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds or insurance in amounts not less than fifty thousand dollars (\$50,000) or such higher amount as the Board may require. The premiums on such bonds shall be paid by the Association.

ARTICLE V **OFFICERS**

5.1 Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Board. Further, the Board may, in its discretion, elect one or more Vice Presidents, an Assistant Secretary and/or an Assistant Treasurer. The same person may hold the offices of Secretary and Treasurer.

5.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Officers must be members of the Association and the President must be elected from among the Board. One person may hold concurrently more than one office except that the President may not serve as both President and Secretary.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

5.4 President. The President shall be elected from among the Board and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of the president of a nonprofit corporation, including, but not limited to, the power to appoint committees from among the Members from time to time as may be deemed appropriate to assist in the conduct of the affairs of the association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

5.5 Vice President. The Vice President shall have all of the powers and authority and perform all the functions and duties of the President, in the absence of the President or in the President's inability for any reason to exercise such powers and functions or perform such duties.

5.6 Secretary. The Secretary shall keep the minutes of all the meetings of the Board and the minutes of all meetings of the Association; the Secretary shall have charge of such books and papers as the Board may direct and shall, in general perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up-to-date at the principal office of the Association a complete list of members and their last-known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the lot owned by such member. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

5.7 Treasurer. The Treasurer shall have responsibility for Association funds, shall keep the financial records and books of account of the Association and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. Assistant Treasurers, if any, shall have the

same duties and powers, subject to supervision by the Treasurer.

ARTICLE VI **INDEMNIFICATION**

6.1 Definitions. For purposes of this Article VI, the following terms shall have the meanings set forth below:

(a) **Proceeding:** Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

(b) **Indemnified Party:** Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a director or officer of the Association or a member of a committee formed by the Association or, while a director or officer of the Association or a member of a committee, is or was serving at the request of the Association as a director, officer, member, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, committee or other enterprise including, without limitation, any employee benefit plan of the Association for which any such person is or was serving as a trustee, plan administrator or other fiduciary.

6.2 Requirements. The Association shall indemnify against liability incurred in any proceeding against an Indemnified party if:

(a) He or she conducted himself or herself in good faith;

(b) He or she reasonably believes;

(i) In the case of conduct in his or her official capacity with the Association that his or her conduct was in the Association's best interest; or

(ii) In all other cases, that his or her conduct was at least not opposed to the Association's best interests; and

(c) In the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

6.3 Termination of Proceedings. The termination of any proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the individual did not meet the standard of conduct set forth in Section 6.2.

6.4 No Indemnification. The Association may not indemnify an Indemnified Party under this Article VI either:

(a) in connection with a Proceeding by or in the right of the Association in which the Indemnified Party was adjudged liable to the Association; or

(b) in connection with any proceeding charging improper personal benefit to the Indemnified Party whether or not involving action in his official capacity, in which he or she was adjudged liable on the basis that personal benefit, was improperly received by him or her.

6.5 Insurance. By action of the Board, notwithstanding any interest of the directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him or her and incurred by him or her in his or her capacity of or arising out of his or her status as an Indemnified Party, whether or not the Association would have the power to indemnify him or her against such liability under applicable provisions of laws.

6.6 Right to Impose Conditions. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article VI, such reasonable requirements and conditions as to the Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following:

(a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding shall be counsel mutually agreeable to the person to be indemnified and to the Association;

(b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or Proceeding made, initiated or threatened against the person to be indemnified; and

(c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

6.7 Non-Liability of the Directors, Board or Officers. Neither the Board nor officers of the Association, shall be personally liable to the Members for any mistake or judgment or for any acts or omissions of any nature whatsoever as such directors or officers, except for any acts or omissions found by a court to constitute gross negligence or fraud.

ARTICLE VII **AMENDMENTS**

7.1 Bylaws. These Bylaws may be amended by action of a majority of the entire Board of Directors at a meeting duly called for that purpose, subject always to the right of Members representing at least fiftyone percent (51%) of the Member voting rights of the Association to modify, amend or repeal these Bylaws, or any provision thereof, at a meeting of Members duly called for that purpose.

7.2 Preparation of Amendments. The President and Secretary of the Association may prepare, execute and certify any such amendments.

ARTICLE VIII **MISCELLANEOUS**

8.1 Notice to Association. Every Member shall timely notify the Association of the name and address of any Mortgagee, purchaser, transferee or lessee of his or her lot. The Association shall maintain such information at the office of the Association.

8.2 Proof of Membership. Subsequent to the date these bylaws are initially approved, every person or entity becoming a Member shall immediately furnish to the Board a photocopy or a certified copy of the recorded instrument vesting in that person or entity such ownership, which instrument shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he or she be entitled to vote at any annual or special meeting of members unless this requirement is first met.

8.3 Compliance. These Bylaws are intended to comply with the requirements of the laws of the Commonwealth of Kentucky. If any provisions of these Bylaws conflict with the provisions of any of such laws, as they may be amended from time to time, it is hereby agreed that the provisions of the appropriate law will apply.

8.4 Character of Association. This Association is not organized for profit. No Member, director, officer

shall receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of, any of the Board, officers or Members, except upon a dissolution of the Association, provided, however, (a) that reasonable compensation may be paid to any Member, manager, director, or officer while acting as an agent or employee of the Association for service rendered in effecting one or more of the purposes of the Association, and (b) that any member, manager, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

8.5 Conveyances and Encumbrances. Real or personal property may be purchased, conveyed or encumbered for security of monies borrowed by the Association after the approval of the Board of Directors, and any document relating thereto may be executed by the President or Vice President and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, or executed by such other person or persons to whom such authority may be delegated by the Board.

8.6 Inspection of Records. Any Member or First Mortgagee may inspect, the Association's records of receipts and expenditures at any reasonable time during convenient weekday business hours, and, upon twenty (20) days' notice to the Board or Managing Agent, if any. Upon payment of a reasonable fee, not to exceed fifty dollars (\$50.00), any Member or First Mortgagee of such Member shall be furnished a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Member. Further, the Association shall make available for inspection during normal business hours, to any Member, Mortgagee, Agency, insurer or guarantor of any Mortgage and to any prospective purchaser of a lot, current copies of the Declarations, Bylaws, Articles of Incorporation, Rules and Regulations and most recent financial statements of the Association.

ADOPTED by the Board on APRIL 1, 2006.

Sharon Galter
SECRETARY

Name/Title

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