

27

**DECLARATION OF HORIZONTAL PROPERTY  
REGIME AND MASTER DEED FOR  
DORSEY VILLAGE CONDOMINIUMS**

THIS DECLARATION AND MASTER DEED made and entered into this 25 day of Jan, 2005, by Dorsey Village, LLC, a Kentucky Limited Liability Company, hereinafter referred to as "Declarant".

**WITNESSETH:**

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WHEREAS, Declarant is the owner in fee simple of a certain tract of land located on Shelbyville Road, Jefferson County, Kentucky, shown on the plat attached hereto;

WHEREAS, Declarant desires to develop said land into a residential Condominium Project, and,

WHEREAS, Declarant desires to, and does hereby, file and simultaneously record herewith its plans for one building, Units 1, 2, 3,4,5,6,7, and 8, of the Condominium Project and the units contained therein together with any and all other structures and improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in any way pertaining thereto, in accordance with the provisions of the Kentucky Horizontal Property Law; and,

WHEREAS, Declarant desires to establish certain rights and easements in, over, and upon said real estate for the benefit of itself and all future owners of any part of said real estate and any unit or units thereof or therein contained and to provide for the harmonious, beneficial and proper use and conduct of the property; and,

WHEREAS, Declarant desires and intends that the unit owners, mortgagees, occupants and other persons hereafter acquiring any interest in the property shall at all times enjoy the benefits of and shall hold their interests subject to the rights, easements and privileges and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of condominium ownership of the property and are established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the property;

**NOW, THEREFORE,** Declarant declares as follows:

**1. Legal Description of Land and Definitions.**

The real estate, which is hereby submitted and subjected to the regime established by the provisions of the Kentucky Horizontal Property Law, as amended, is legally described as follows:

**SEE ATTACHED EXHIBIT "A"**

Said real estate and all improvements and easements thereon and appurtenances thereto shall be known as "DORSEY VILLAGE CONDOMINIUMS".

Except to the extent hereinafter modified or changed, the following words and terms, whenever used herein, shall have the same meaning as provided for such words and terms in the Horizontal Property Law, as amended: "unit", "condominium", "master deed", "general common elements", "common expenses", "persons", "property", and "limited common elements".

**2. Description of Buildings and Units.**

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The Master Deed and Declaration covers eight (8) units in one building as situated on said real estate as fully described on the site plan and set of floor plans of same filed simultaneously with the recording hereof and, by reference thereto, made a part of this Declaration and Master Deed. Those plans are of record in Condominium and Apartment Ownership Book \_\_\_\_\_, Pages \_\_\_\_\_ through \_\_\_\_\_ in the office of the County Clerk of Jefferson County, Kentucky.

**3. Identification and Ownership of Units; Responsibilities of Unit Owners.**

(a) For purposes of identification, each unit has been assigned a number as indicated on Exhibit B attached hereto and made a part hereof. No unit bears the same identification number as any other unit.

(b) The location, dimensions and limited common area to which each unit has access are set forth in and on the aforementioned floor plans. The legal description of each unit shall consist of its number as indicated on Exhibit B together with the words Condominium Unit, in "DORSEY VILLAGE CONDOMINIUMS". Each unit shall consist of the space enclosed and bounded by the undecorated interior finished surfaces of the perimeter walls, floors and, if a second floor or two-story unit, the bottoms of the second floor roof trusses, and, if a first floor unit, the bottoms of the second floor ceiling joists – all as are shown on the set of floor plans filed of record simultaneously herewith. Each unit shall include the exclusive right to use the limited common elements immediately adjacent to said unit, including any assigned garage space according to the attached floor plan.

"Unit" or "Condominium Unit" shall mean and refer to any Condominium Unit shown upon any floor plans of the building or buildings located on the Condominium Property. "Unit" of "Condominium" shall further mean an enclosed space as measured from interior unfinished perimeter surfaces consisting of one or more rooms occupying all or part of a floor or floors in a building of one or more floors or stories, provided, the unit has a direct exit to a thorough-fare or to a given Common Area or space leading to a thorough-fare. "Unit" or "Condominium Unit" includes any halls, stairs, stairways, basements, or garages located within the perimeter boundaries of a unit and serving only that unit. Notwithstanding that some of the following might be located in the General Common Elements or Limited Common Elements, the plumbing, heating and air conditioning equipment (including all ducts and pipes), electrical wiring and equipment, telephone, communication equipment, security equipment, storm and screen doors and windows, doors and frames, windows and window frames, if any, and other equipment located within or connected to the unit for the purpose of serving that unit, are part of that unit, and maintenance, repair, and replacement of these items are the responsibility of the unit owner.

(c) After construction, a unit may not be subdivided or partitioned or in any other manner separated into tracts or parcels smaller than the whole unit as shown on the floor plans.

(d) Each unit owner shall obtain fee simple ownership of the unit acquired, the appurtenant undivided interest in the general common elements of the Condominium Project, and, if applicable, 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, partnership, joint with right of survivorship, tenancy in common, tenancy by the entirety, 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.

(e) 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 Declaration and 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.

(f) It shall be the responsibility of each unit owner with respect to the unit owned by such unit owner:

(i) 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, interior walls, floors and ceilings, cabinets, painting, tiling, carpeting, papering, plastering, or varnishing which may be necessary to maintain the good appearance and condition of the unit. Where the limited common elements, hereinafter defined, appurtenant to a particular unit include a stairway, a porch or balcony or patio, or fence, the unit owner(s), who has or have the right to exclusive use of said stairway or porch or balcony or patio or fence, shall be responsible for the maintenance, preservation, and care of the said stairway or porch or balcony or patio or fence, the entrance doors 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 Administrators of the Council. Furthermore, each unit owner shall maintain, repair, and replace all exterior doors and door frames (including storm and screen doors and windows), locks and hardware, window frames and windows, and light bulbs appurtenant to a particular unit. If the unit owner owns a garage, the unit owner must maintain and replace any garage door, door tracks, hardware, and automatic openers.

(ii) 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 (this includes outside hose bibs), including, but not limited to, any plumbing fixtures, water heaters, furnaces, air conditioning equipment, interior lighting fixtures, appliances, sinks, doors and door frames, windows and window frames, drop ceilings, telephones, or any electric, gas, or water pipes or lines or wires or conduits or ducts serving any such appliances and fixtures.

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

(iv) 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, hereinafter defined.

(v) 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 buildings.

(g) 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 act or omission of the unit owner, or any employee, family member, guest, agent, or lessee of such unit owner. If any unit owner fails to undertake any such maintenance, repair, or replacement within 10 days after the Board of

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Administrators of the Council notifies such unit owner in writing that the Board of Administrators has determined that such maintenance, repair, or replacement is the responsibility of such unit owner under this section of this Declaration and Master Deed, the Board of Administrators of the Council 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 Declaration and Master Deed for nonpayment by a unit owner of common charges and assessments.

(h) No alteration or improvement to the 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 Administrators of the Council. 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 Administrators of the Council. Such approval and execution shall not evidence any consent to any liability on the part of the Board of Administrators of the Council, or any individual member of the Board of Administrators, 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 Board of Administrators of the Council if no manager or management agent is employed. The Board of Administrators of the Council shall have the obligation to answer within 30 days. The Board of Administrators of the Council may require that the unit owner making such improvement, alteration, or addition obtain such insurance coverages and in such amounts as the Board of Administrators of the Council deems proper.

#### **4. Description of General Common Elements.**

The general common elements shall consist of that property as set forth on the set of floor plans of the buildings filed simultaneously with the recording of this Declaration and Master Deed, excepting the individual units and fixtures therein and excepting any portion of the property or appurtenances thereto described as limited common elements, and shall include, but not be limited to, the land as set forth in the plat filed herewith and designated as common area; the foundation; structural columns; exterior walls (including exterior walls of individual units); rough floors; roof trusses (or first floor ceiling trusses in the event of a two story unit); roofs of the buildings (other than interior decorated surfaces thereof located within the boundaries of individual units); structural parts of the buildings; outside lighting; outside retaining walls; pipes, ducts, conduits and electrical wiring constituting part of the overall systems designed for the general service of an entire building; parking areas; sidewalks; landscaping; garbage and refuse areas; and public utility lines.

Common elements shall include tangible personal property used for the maintenance and operation of the Condominium Project even though owned by the Council hereinafter described. All areas designated as general common elements are to be maintained by the Council.

#### **5. Description of Limited Common Elements.**

"Limited common elements" means and includes those common elements that are specifically reserved for the use of a certain unit or a specifically designated number of units to the exclusion of the unit owners or occupants of other units as shown on the set of floor plans of the buildings filed simultaneously with the recording of this Declaration and Master Deed or as may be filed with the recording of an amended declaration and master deed. The limited common elements of the Condominium Project include storage areas that may be designated as being intended for the exclusive use of a unit or units pursuant to the floor plans aforesaid. Limited common elements also means and includes such limited common elements that are

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agreed upon by the Council, by the Board of Administrators of the Council or by the Declarant to be reserved for the use of a particular unit as well as any other limited common elements elsewhere designated in this Declaration and Master Deed. All expenses of maintaining and repairing limited common elements shall be paid by the unit owners benefited thereby, except that which is covered under Common Expenses. Limited Common Elements include, if any, designated parking space, garage, attic, storage space located outside of units, balcony, patio, deck, porches, fences, and all other apparatus and installations built or set up to serve only a certain unit.

**6. Percentage Interest in Common Elements.**

(a) Unless otherwise provided herein, the percentage of the undivided interest in the common elements pertaining to each unit and its owner for all purposes is as set forth in Exhibit B attached hereto and made a part hereof, which is calculated by dividing the floor area of a unit by the sum of the floor areas for all units.

(b) Each unit owner shall own an undivided interest in the percentage hereinabove set forth in the common elements as a tenant in common with all the other unit owners, and, except as otherwise limited by this Declaration and Master Deed, shall have the right to use and occupy the common elements for all purposes incident to the use and occupancy of a unit as a residence and for such other incidental uses permitted by this Declaration and Master Deed, which right shall be appurtenant to each unit.

Notwithstanding the unit owners' joint title to common elements, no unit owner shall use any common element in any manner calculated to disturb or annoy any other owner in the peaceable possession and enjoyment of a unit.

(c) The term "unit" as used herein and throughout this Declaration and Master Deed shall mean a "unit" as defined herein and in KRS 381.810 (1), together with the percentage of undivided ownership interest in the common elements allocated to such unit as hereinabove set out. Any conveyance of an individual unit shall be deemed also to convey the undivided interest of the owner in the common elements, both general and limited, appertaining to said unit, without specifically or particularly referring to same. Such interest shall remain undivided and shall not be the object of an action for partition or division of the co-ownership, except as provided by the Horizontal Property Law.

**7. Common Expenses and Collection of Assessments.**

(a) "Common expenses" of the Condominium Project means all charges, costs and expenses incurred by the Council, the Board of Administrators of the Council, and/or the managing agent for and in connection with the operation and administration of the Condominium Project. Common expenses include, but are not necessarily limited to, those expenses for maintenance of the buildings (except to the extent of the units comprising a part of same), including the roofs and attics and all portions of a unit which constitute a part of the exterior of a building (excepting stairways and porches and balconies and patios, fences, doors and door frames, garage doors, windows and window frames, as described in 3(f)(i) above), as well as the payment and/or repair of utility services, insurance premiums, garbage removal, painting of the general common elements, including the exterior of all surfaces, lawn and landscape maintenance, snow and ice removal, care and replacement of exterior lighting fixtures (including street lights), asphalt and concrete repair and replacement, costs of Condominium Project materials, supplies, equipment and tools, management, legal, accounting and engineering service fees, repairs and replacements of common element utility lines and equipment, and repayment of any loans obtained to pay for common expenses and to establish reserves to be maintained to cover future replacement costs and contingencies.

(b) The making and collection of assessments against unit owners for common expenses of the Condominium Project, as defined above, shall be pursuant to the bylaws of the Council and subject to the following provisions:

(i) 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 common elements. No unit shall be exempt from contribution 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 Administrators of the Council 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.

(ii) Assessments and installments on such assessments paid on or before 10 days after the day when due shall not bear interest, but all sums not paid on or before 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 of 1 ½% per month. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(iii) Except as provided in paragraph (v) of this section of this Declaration and 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 mortgage on the unit and tax or assessment liens on the unit by the taxing subdivision of any governmental authority, including, but not limited to, state, county, city, and school district taxing agencies. The lien created by this paragraph of this section of the Declaration and Master Deed shall be deemed to be incorporated by reference in and reserved by each deed or the 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, if any unit owner is in default in the payment of any common expenses assessed to such unit owner for 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 common expense.

(iv) 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 Declaration and 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 Administrators 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 as set forth above, 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

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owner.

(v) Where the mortgagee of a first mortgage of record or the purchaser of a unit obtains title to the unit as a result of foreclosure of a first mortgage, or by voluntary conveyance in lieu of such foreclosure, said mortgagee or purchaser shall not be liable for the shares of common expenses or assessment by the Council pertaining to such unit or chargeable to a former unit owner of such unit which became due prior to acquisition of title by said mortgagee or purchaser as a result of the foreclosure or voluntary conveyance in lieu of said foreclosure. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the other unit owners of units, including a successor or assign of the mortgagee. The waiver of liability granted herein for the payment of past due assessments shall not apply to a unit owner who takes back a purchase money mortgage or to any other mortgagee which is not an "institutional mortgagee." The term "institutional mortgagee" herein used shall mean a first mortgage holder which is a bank, savings and loan association, life insurance company, pension fund, trust company, credit union, or other similar institutional lender.

(vi) In any foreclosure of a lien for assessments, the unit owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit, and the Council shall be entitled to the appointment of a receiver to collect the same.

Anything to the contrary contained in this Declaration and Master Deed or in the bylaws of the Council notwithstanding, until the Declarant transfers control and management to the Council, the Declarant shall not be liable for the payment of any assessment, monthly or otherwise, for common expenses, or reserve or contingency accounts or other assessments, and the units owned by the Declarant, prior to the Declarant transferring control to the Council, shall not be subject to any lien therefor; and Declarant shall not have any liabilities of a unit owner. The Declarant shall, however, until the Declarant transfers control to the Council, be responsible for the maintenance costs of the Condominium Project incurred over and above assessments or amounts paid by unit owners for common expenses and other appropriate charges.

### **8. Administration of the Condominium Project.**

Administration of the project, including the use, maintenance, repair, replacement and restoration of the common elements and any additions and alterations to them, shall be in accordance with the provisions of the Kentucky Horizontal Property Law, this Declaration and Master Deed, the bylaws of the Council and all rules and regulations adopted by the Board of Administrators of the Council.

The maintenance 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 elsewhere in this Declaration and Master Deed or in the bylaws.

Notwithstanding the duty of the Council to manage, operate, maintain, and repair the Condominium Project, subject to and in accordance with the provisions of this Declaration and Master Deed and bylaws, 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.

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**Minimum in Fund.** A bank account will be created for the funds needed to administer the Condominium Project, as determined by the board of administrators. At the time the Association shall be turned over to the unit owners, there shall be a minimum of \$3,000.00 remaining in the fund of the Association for such purposes.

**9. Use and Occupancy of Units and Common Areas.**

All buildings and the units therein are intended for and restricted exclusively for residential purposes as approved by the Declarant or the Board of Administrators of the Council, and the use and occupancy thereof shall be no greater than the present permitted usages under the existing zoning classifications. In addition, the following restrictions shall apply:

(a) No "For Sale" or "For Rent" signs, advertising, or other displays shall be maintained or permitted on any part of the property except at such location and in such form as shall be determined by the Declarant and/or the Board of Administrators of the Council.

(b) There shall be no obstruction of the common elements and nothing shall be stored in the common elements without the prior consent of the Declarant and/or the Board of Administrators except as herein expressly provided. Each unit owner shall be obligated to maintain and keep his or her own unit, windows and doors in good, clean order and repair.

(c) Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance on the building or contents thereof applicable for office and commercial use without the prior written consent of the Declarant and/or the Board of Administrators of the Council. No unit owner shall permit anything to be done or kept in his or her unit or in common elements or limited common elements which will result in the cancellation of insurance on the building or contents thereof or which would be in violation of any law. No waste shall be committed in the common elements or limited common elements.

(d) Unit owners shall not cause or permit anything to be hung or displayed on the outside or inside of the windows or placed on the outside walls of the building, and, to the extent allowed by law, to be placed on the front exterior of the unit owner's unit in such location and of such size and design as approved by the Declarant, its success or assigns, or Board of Administrators of the Council as the case may be, no sign or signs, lettering, awning, canopy, shutter, radio or television antenna shall be affixed to or placed upon the exterior walls, doors, windows, or roof of any part thereof, without the prior written consent of the Declarant and/or Board of Administrators of the Council. Interior window coverings shall have a white background so only a white surface (and no other color) will be visible from the outside. However, Holiday decorations will be allowed, provided Holiday decorations shall be removed immediately after the generally recognized conclusion of the holiday for which the decorations were placed.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited in any Unit situated in the Condominium Project, except that this shall not prohibit the keeping of no more than dogs, cats, and/or caged birds or other customary household domestic pets under 35 pounds each and provided they are not kept, bred or maintained for commercial purposes. These limits may be amended on a case by case basis as decided by the Council. All animals, when outside of a Dwelling, shall be kept on leash, and their owners shall be fully responsible for any additional expense incurred by Declarant or the Council by reason of damage done by an animal. A unit owner shall be responsible for any mess created by his pet out of the unit owner's Dwelling. No animal shall be boarded or left outside for extended periods of time and each unit owner shall control his animal to keep noise to a minimum.

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(f) No noxious or offensive activity shall be carried on in any unit or on the property, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other unit owners or occupants or constitute waste at common law.

(g) Nothing shall be done in any unit or in, on or to the common elements which will impair the structural integrity of the building or which would structurally change the building, except as otherwise provided herein.

(h) No personal property or other articles shall be left out or exposed on any part of the common elements. The common elements and the limited common elements shall be kept free and clear of rubbish, debris and other unsightly materials.

(i) Nothing shall be altered on, constructed in, or removed from the common elements or limited common elements, except upon the written consent of the Declarant and/or the Board of Administrators of the Council.

(j) No trailer, boat, camper, recreational vehicle (RV), camping vehicle, bus, mobile home, unlicensed motor vehicle, junked or immobile vehicle or truck larger than a pickup, or any other similar device permitted to stand within or upon any part of the limited or general common elements. Due to the unsightliness created and possible annoyance to other residents, no extensive work such as dismantling and repairing of motor vehicle or machinery of any type shall be permitted upon any part of the limited or general common elements. No commercial vehicle shall be parked or kept upon any part of the limited or general common elements or any street in the Condominium in excess of four hours in any 24 hour period or except when used as part of a temporary construction or repair activity for a unit. "Commercial vehicle" is defined as a vehicle meeting any one of the following characteristics: (i) having rear dual wheels; (ii) having a design load carrying capacity of more than one ton; (iii) being designed to carry more than nine passengers including driver; (iv) being designed to carry business equipment on or in exterior racks or bins, but not including tool boxes; or (v) advertising a business or containing on its exterior any business information in excess of the business name on the side door of the vehicle. No vehicle, motorized or otherwise, including, but not limited to, those set forth in paragraph above, shall be parked overnight on any street or public right-of-way of the Condominium, and no such vehicle shall be parked at any time except on a public street, in a designated parking lot, on a legal driveway or in a garage. No vehicle of a unit owner or Resident shall be parked overnight on any portion of the Condominium except inside of a garage, unless authorized in writing by the Board of Administration. When parked outside of a garage, a unit owner or Resident shall only have the use of the designated parking area immediately in front of their garage to the main street.

(k) Other rules and regulations may be made by the Declarant and/or the Board of Administrators of the Council as to the usage of the units.

(l) All Units shall be used for private residential purposes except for such temporary non-residential uses as may be permitted by the Board from time to time. This provision shall not, however, be so constructed as to prevent the Grantor from using any Unit for model or display purposes or so as to prohibit the leasing of Units owned by the Grantor.

(m) No clothing, laundry, rugs, bedding or wash shall be hung from or spread upon or from any patio, window or exterior portion of a Unit or in or upon any common element.

(n) No elements of the Condominium may be used for an unlawful, immoral or improper purpose.

(o) No pools, games or nets for such shall be permitted to stand on the limited

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or general common elements, except as authorized by the Board.

(p) No further improvements of any nature (including but not limited to, fencing, storm doors, enclosures, temporary buildings or tents or trailers, decorative or recreative structures, landscaping, flowers, plantings, brick and concrete work and awnings) may be constructed or erected that is visible from outside the structure without written application giving complete details (materials, locations, size, colors, etc.) of the proposed improvement to the Board and receipt of prior written approval of the Board.

(q) There shall be only one sanitation company approved for collecting garbage from each unit. The approval of such sanitation company shall be made by the Board of Administration or Declarant as the case may be.

(r) Yard Sales. No yard sales or garage sales of any kind shall be conducted within the Condominium without prior written consent of the Declarant or Board of Administrators as the case may be.

(s) Any owner of a Unit may lease said Unit provided that (i) a fully executed copy of said lease or renewal thereof shall be delivered to the Board within ten (10) days of execution; (ii) any such lease shall be consistent with the provisions of the Master Deed, these Bylaws, as the same may be amended from time to time, and with the rules and regulations of the Condominium as may be promulgated from time to time; and (iii) that the Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of a default by the tenant in the performance of such lease.

**10. Violation of Declaration.**

The violation of any restriction or condition or regulation adopted by the Board of Administrators of the Council or the breach of any covenant or provision herein contained or contained in the Horizontal Property Law shall give the Board of Administrators of the Council the right, in addition to any other rights provided for in this Declaration and Master Deed: (a) to enter upon the unit or any portion of the property upon which, or as to which, such violation or breach exists, and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof; and the Council, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach. Should the Council prevail in said legal proceeding, the unit owner in breach shall be liable to the Council for the expenses it incurs to enjoin, abate or remedy said breach including, without limitation, reasonable attorney fees and costs.

Furthermore, if any unit owner (either by his or her own conduct or by the conduct of any other occupant of his unit) shall violate any of the covenants of this Declaration and Master Deed or the bylaws of the Council or regulations adopted by the Council and such violation shall continue for 30 days after notice in writing from the Board of Administrators of the Council or shall reoccur more than once thereafter, then the Council shall have the power to issue to the defaulting unit owner a 10 day notice in writing to terminate the rights of the said defaulting unit owner to continue as a unit owner and to continue to occupy, use or control his or her unit; and thereupon an action in equity may be filed by the Council against the defaulting unit owner for a decree of 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 on account of the breach of covenant and ordering that all the right, title and interest of the unit owner in the property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and terms as the court shall establish, except that the court shall enjoin and

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restrain the defaulting unit owner from reacquiring his interest at such judicial sale or by virtue of the exercise of any right of redemption which may be established. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorney fees, and all other expenses of the proceeding and sale; and all such items shall be taxed against the defaulting unit owner in said decree. Any balance of the proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the unit owner. Upon the confirmation of such sale, the purchaser thereof shall thereupon be entitled to a deed to the unit and immediate possession of the unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any sale, and the decree shall so provide, that the purchaser shall take the interest in the property sold subject to this Declaration and Master Deed and to the bylaws of the Council.

In addition to all other remedies of the Council, the Council shall have the right to assess a maximum fine of \$100.00 per day per violation against any unit owner who violates any provision of the Bylaws, Articles, Master Deed, or rules and regulations of the board after such owner has been given notice of violation and an opportunity to be heard with respect to the violation in accordance with such rules and procedures as may be adopted from time to time by the board of administration or as may be set forth in the Bylaws.

**11. INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION**

1. **Authority.** The Board shall obtain and maintain casualty and liability insurance under such terms and for such amount as shall be deemed necessary by the Board, but in no event less than the amount required by Section 2 of this Article. The insurance premiums purchased by the Board shall be charged as items of common expenses. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsement to all mortgagees of units and to all the owners of said units if requested. Such insurance coverages shall be written on the Condominium and shall provide for the insurance proceeds covering any loss to be payable to the Insurance Trustee named, as hereinafter provided, or to its successor, for the benefit of each unit owner and his mortgagee according to his individual percentage interest in the Condominium as set out in Exhibit "B" of the Master Deed.

Provisions for such insurance shall be without prejudice to the right of each unit owner to insure his own unit for this benefit, but such insurance shall not diminish the liability of the insurance carrier with whom contracts of insurance have been made by the Board on behalf of all unit owners. The Insurance Trustee, at the time of the deposit of such policies and endorsements, shall first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of the Master Deed and the Bylaws.

2. **Coverage.** The Condominium shall be insured, to the extent available, against casualty in a minimum amount equal to the maximum insurable replacement value. (i.e. 100% of replacement cost) thereof (exclusive of excavations and foundation) as determined annually by the Board with assistance of the insurance company affording such coverage. The policy shall cover all the general common elements on the Property except those made by a unit owner at his expense and shall contain "agreed amount" and "condominium replacement cost" endorsements, and shall include, but not be limited to, the land as set forth in the plat filed herewith and designated as common area; the foundation; structural columns; exterior walls; unit perimeter walls (including garage), rough floors and floor joists, roof trusses or ceiling joists and roof rafters (or first floor ceiling joists in the event of a two story unit); roofs of the buildings (other than interior decorated surfaces thereof located within the boundaries of individual units); structural parts of the buildings; exterior finishes (including but not limited to: brick, vinyl siding, guttering, fascia, etc.), outside lighting; outside retaining walls; pipes, ducts, conduits and electrical wiring constituting part of the overall systems designed for the general service of an entire building; parking areas; sidewalks; landscaping; garbage and refuse areas; and public utility lines. Such coverage shall be

All Risk coverage.

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Such coverage shall insure the buildings (not including the bathroom, kitchen, and laundry fixtures and equipment, and not including air conditioning, heating and other equipment, and not including furniture, furnishings or other personal property supplied or installed by unit owners, and not including any wiring or equipment used solely for the benefit of any particular unit) and other Condominium property. The Condominium shall be insured under a comprehensive general liability form for personal injury and property damage in such amounts and such forms as shall be required by the Board, which, however, in no event shall be less than Five Thousand Dollars (\$5,000.00) with respect to any individual, and One Million Dollars (\$1,000,000.00) with respect to any one incident or occurrence, and Fifty Thousand Dollars (\$50,000.00) with respect to any claim for property damage (provided, however, that a comprehensive general liability policy with limits of One Million Dollars (\$1,000,000.00) for each occurrence, including personal injury and property damage, shall be adequate). All liability insurance shall contain crossliability endorsements to cover liabilities of the Council as a group, the Board and each individual unit owner. Workmen's Compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board shall obtain such additional insurance coverage as it may, in its sole discretion, deem advisable and appropriate, taking into consideration inflationary factors and other changes in value.

3. **Limitations.** Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions.
- A. All policies shall be written with a company or companies licensed to do business in the Commonwealth of Kentucky and holding a rating of BBB or better in Best's Insurance Guide.
  - B. In no event shall the insurance coverage obtained and maintained pursuant to the requirement of this Article be brought into contribution with insurance purchased individually by any of the unit owners or their mortgagees as herein permitted, and any "no other" insurance or similar clause in any policy obtained by the Council pursuant to the requirements of this Article shall exclude such policies from consideration.
  - C. All policies shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to any and all insured named thereon, including any and all mortgagees.
  - D. All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore or repair damage or reconstruction in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board (or any Insurance Trustee) or when in conflict with the provisions of these Bylaws or the provisions of Horizontal Property Law of Kentucky.
  - E. All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the unit owners, the Council, and Board, and Managing Agent, if any, and their respective agents, employees or invitees.
  - F. Each of the policies of insurance obtained by the Council shall contain provisions (i) that they may not be canceled, invalidated or suspended on account of the conduct of one or more of the individual unit owners; (ii) that they may not be any officer or employee of the Council without a prior demand of in writing that the Council cure the conduct of such officer or employee with appropriate time to effect such cure; (iii) if the Council fails to cure the conduct of an officer or employee within the allotted time, the policies may still not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees and

4. **Individual Policies.** Any unit owner and any mortgagee may obtain additional insurance (including a "condominium unit owner's endorsement" for improvements and betterments to a unit made or acquired for the sole benefit of the unit owner) at his own expense. Such insurance should contain the same waiver of subrogation provision as that set forth in Section 3 (e) of this Article. The Grantor recommends that each unit owner in the project obtained by the Board, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used incidental to the occupancy of the unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the condominium unit made or acquired for the sole benefit of the unit owner. **Such unit owner coverage should include:**

Interior walls (rough framing and drywall), non-structural portions of floors, ceilings, cabinets, painting, tiling, carpeting, papering, plastering, or varnishing. Where the limited common elements, heretofore defined, appurtenant to a particular unit include a stairway, a porch or balcony or patio, or a fence, the unit owner(s), who has or have the right to exclusive use of said stairway or porch or balcony or patio or fence, shall be responsible for the maintenance, preservation, and replacement of the said stairway or porch or balcony or patio or fence, the entrance doors thereto, wiring, electrical outlets, or any other fixtures thereon. Furthermore, each unit owner shall maintain, repair, and replace all exterior doors and door frames (including garage doors and hardware attached) and windows and window frames appurtenant to a particular unit. Unit owners shall maintain, repair, and replace 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, furnaces, air conditioning equipment, interior lighting fixtures, appliances, sinks, doors, windows or window frames, drop ceilings, telephones, structured wiring, alarm systems, or any electric, gas, or water pipes or lines or wires or conduits or ducts benefiting the unit to the exclusion of any other unit.

No unit owner shall maintain insurance coverage which will tend to decrease the amount which the Council may realize under any insurance policy which it may have in force at any particular time; the Board may require that each unit owner shall file with the Council a copy of each individual policy insurance purchased by the unit owner within thirty (30) days after its purchase.

5. **The Insurance Trustee.** The Insurance Trustee shall not be liable for payment of premiums, nor for the renewal of the policies, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Council and the unit owners and their respective mortgagees, in shares equal to the aforementioned individual percentage interest of each unit owner, but such shares need not be set forth upon the records of the Insurance Trustee. Nor shall the Insurance Trustee have any obligation to inspect the property to determine whether a loss had been sustained or to file any claim or claims against any insurer or any other person.
6. **Covenants for Benefit of Mortgagees.** Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the unit owner entitled thereto, after first paying or making provision for the payment of the expenses of the Insurance Trustee, in the following manner:

- A. Proceeds are to be paid first to repair or restore damage or destruction as elsewhere provided herein. After defraying the cost of the

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repair of restoration, all remaining proceeds shall be payable jointly to the unit owners and mortgagees, if any, entitled thereto. This covenant is for the benefit of any mortgagee and may be enforced by him.

- B. If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be required or reconstructed, then, and in that event, the project shall be deemed to be owned in common by the unit owners and shall be subject to an action for partition upon the suit of any unit owner or mortgagee, in which event the net proceeds of sale together with the net proceeds of any insurance shall be distributed pro rata to the unit owners after first paying off, out of the respective share of each unit owner, to the extent sufficient for that purpose, all liens, including mortgage liens, on the unit of each unit owner. This is a covenant for the benefit of any mortgagee and may be enforced by him.
- C. In making distributions to unit owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Council or Board as to the names of the unit owners and their respective shares of the distribution. Upon the request of the Insurance Trustee, the Council or Board shall deliver such certificate forthwith. The Insurance Trustee shall not incur any liability to any unit owner, mortgagee or other person for any disbursement made by it pursuant to and in accordance with any such certificate or written authorizations.
- D. All insurance policies shall continue in force for ten (10) days following notice to the mortgagee of cancellation by either the company or the insured.

**7. Reconstruction.** In the event of fire or damage, reconstruction and repairs of the buildings shall be mandatory regardless of the nature and extent of the damage. Reconstruction and repairs shall be made to follow and conform as closely as possible to the original basic architectural design of "DORSEY VILLAGE CONDOMINIUMS", and any mortgage existing prior to damage to the property shall attach and be continuing as a lien on the reconstructed property. All insurance proceeds resulting from said damage or destruction payable to unit owners and first mortgagees (as their interests may appear) shall be deemed assigned to the Board of Administrators of the Council (representing the Council), which shall immediately deposit all proceeds in a trust account with a federally insured bank or thrift institution selected by the Board of Administrators of the Council. Said trust account shall be entitled "DORSEY VILLAGE CONDOMINIUMS, Trust Account for Repairs and Reconstruction". The Board of Administrators of the Council, with qualified supervision, shall oversee all repairs and all reconstruction.

**8. Assessments if Insurance is Inadequate.** Immediately after a casualty causing damage to property for which the Council has the responsibility of maintenance and repair the Board shall obtain reliable and detailed estimates of the cost to place the damaged property in as good condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds, as the Board desires. If the proceeds of insurance are not sufficient to defray such estimated costs, a special assessment shall be made against all the unit owners in proportion to their aforementioned individual percentage interest in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all the unit owners in proportion to their individual percentage interests in sufficient amount to provide funds for the payment of such costs.

**9. Disbursements.** Any and all disbursement of funds, whether such funds consist of insurance proceeds, special assessments, sales proceeds, or any combination thereof, to be made by the Insurance Trustee for any purpose whatsoever, shall be made pursuant to and in

accordance with a certificate of the Council to the Board.

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**10. Notice to Mortgagees.** The Board shall notify (a) the mortgagee whenever damage to the Unit covered by the mortgage exceeds Five Thousand dollars (\$5,000.00) or (b) mortgagees of all units whenever damage to Common Elements exceeds Ten Thousand Dollars (\$10,000.00).

**11. Condemnation Awards.** Nothing contained herein shall be construed to give a condominium unit owner, or any other party, priority over any rights of the first mortgagee of any condominium unit pursuant to this mortgage in the case of the distribution to a unit owner of insurance proceeds or condemnation awards for losses to or a taking of condominium units and/or Common Elements.

**12. Easements and Encroachments.**

(a) 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 Declaration and Master Deed or as are contemplated by the plans, or as may be required to be incorporated in the final construction of the buildings 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, public 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, public 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, and lanes 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 Declaration and 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 Declaration and Master Deed, and reference to this Declaration and 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) The Council may grant further easements for utility purposes for the benefit of the Condominium Project, including, without limitation, 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, its successors and assigns, or, after control of the Condominium Project is transferred to the Council, the Council (acting through its president) an irrevocable power of attorney coupled with an interest 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 and specifications 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 of this Declaration and Master Deed shall survive any disability or death of the unit owner and shall be binding on each

successive unit owner.

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(c) The Council shall have a right of access to each unit upon reasonable prior notice and at reasonable hours: (i) to inspect the same for compliance with the provisions of the condominium documents; (ii) 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 administrators) including any pipes, wires, ducts, cables, conduits, and public utility lines located in or adjacent to any unit; (iii) to prevent damage to the common elements or any other unit; (iv) to abate any violation of law, order, rules, or regulations of any governmental authority having jurisdiction thereof; and (v) 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 reserves unto itself, its successors and assigns 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. Any damage to the common elements resulting from this easement shall be repaired by Declarant promptly after the same occurs.

(e) Declarant reserves unto itself, its successors and assigns the right, for the purpose of completing the development of the Condominium Project, including the buildings and units, to have access to the common elements and (but only to the extent reasonably necessary and only upon reasonable prior notice to the applicable unit owner and at reasonable hours) to any units presently existing, 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. Declarant agrees to repair any damage which may be caused to the building or to any unit resulting from the actions of Declarant permitted by this section of this Declaration and Master Deed promptly after Declarant is notified that such damage has occurred.

(f) 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 (i) the original or future construction or settling or shifting of any part of a building, or (ii) any repair or restoration undertaken by the Board of Administrators of the Council, or (iii) 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 of this Declaration and Master Deed shall exist so long as the building in which the encroachment exists (or any replacement thereof permitted under any condominium document) shall stand.

(g) The Board of Administrators of the Council 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.

### **13. Sale, Leasing or Other Alienation.**

(a) Any unit owner, other than Declarant, its successors or assigns or a mortgagee of a unit who has acquired title thereto in lieu of or through foreclosure, who wishes to sell or lease the unit (or any lessee of any unit wishing to assign a lease or sublease such unit) to any person (excepting any family member of such unit owner) shall give to the Council, no



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less than 10 days prior written notice of any such sale, lease, assignment or sublease, setting forth in detail the terms of any contemplated sale, lease, assignment or sublease, which notice shall specify the name and address of the proposed purchaser, assignee or lessee. The Council shall have the first right and option to purchase or lease such unit upon the same terms, which option shall be exercisable for a period of 10 days. The unit owner (or lessor) may, at the expiration of said 10 day period and at any time within 10 days after the expiration of said 10 day period, contract to sell or lease (or sublease or assign) such unit to the proposed purchaser, assignee or lessee named in such notice upon the terms specified therein.

(b) In the event any unit owner shall default in the payment of any monies required to be paid under the provisions of any mortgage or trust deed, the Council shall have the right to cure such default by paying the amount so owing to the party entitled thereto and shall thereupon have a lien therefor against such unit, which lien may be foreclosed in like manner as a lien for unpaid common expenses as provided herein.

(c) The Council shall not exercise any option herein set forth to purchase or lease any unit without the written consent of a majority of all unit owners. The Council, through its duly authorized representatives, may bid to purchase at any auction or sale, the unit or interest therein of any unit owner, deceased or living, which said sale is held pursuant to an order or direction of a court, upon the prior written consent of the owners of 70% of the percentage interest in the general common elements of the Condominium Project as then established, which said consent shall set forth a maximum price which the Council is authorized to bid and pay for said unit or interest therein.

(d) If the Council does not exercise any of the options contained in this section of this Declaration and Master Deed, said options may be deemed to be released and waived and the unit or interest which is subject to an option set forth in this section of this Declaration and Master Deed may be sold, conveyed or leased free and clear of the provisions of this section of this Declaration and Master Deed.

(e) A certificate executed by a majority of the Board of Administrators of the Council, stating that the provisions of this section of this Declaration and Master Deed, as herein set forth, have been met by a unit owner or duly waived by the Council, and that the rights of the Council hereunder have terminated, shall be conclusive upon the Council and the unit owners in favor of all persons who rely thereon in good faith; and such certificate shall be furnished to any unit owner who has in fact complied with the provisions of this section of this Declaration and Master Deed and whose unit or interest therein has not been acquired.

(f) The terms of this section of this Declaration and Master Deed shall not be applicable to the transfer by gift, testate or intestate succession, or operation of law, or to the sale of the interest of a co-owner of any unit to any other co-owner of the same unit, where such co-owners hold title to such unit as tenants in common or as joint tenants.

(g) Where title to any unit is held by a trust, the assignment, sale, conveyance or other transfer by a beneficiary of such trust of his or her beneficial interest in such trust (other than as security for a bona fide indebtedness) shall be deemed an assignment, sale, conveyance, or other transfer of the unit owned by such trust.

(h) The terms of this section of this Declaration and Master Deed shall not be applicable to the sale, conveyance, or leasing of a unit by any mortgagee if said mortgagee shall acquire title to such unit by foreclosure of a mortgage on the property or any deed in lieu thereof.

(i) Acquisitions of units or interests therein under the provisions of this section of this Declaration and Master Deed shall be made from the maintenance or common expense fund. If said fund is insufficient, the Board of Administrators of the Council shall

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levy a special assessment against each unit owner in the ratio that his percentage of ownership in the common elements as set forth in Exhibit C bears to the total of all such percentages applicable to units subject to said special assessment, which assessment shall become a lien upon each such unit and may be foreclosed in like manner as a mortgage. The Council may borrow money to finance the acquisition of a unit or interest therein, which said acquisition is authorized by this paragraph; provided, however, that no financing may be secured by an encumbrance or hypothecation of any portion of the property other than the unit or interest therein to be acquired.

(j) Units or interests therein acquired pursuant to the terms of this section of this Declaration and Master Deed shall be held of record in the name of the Council or such nominee or entity as it shall designate, for the use and benefit of all unit owners in the same proportion that the Council could levy a special assessment under the terms of the preceding paragraph of this section of this Declaration and Master Deed. Said units or interests therein shall be sold or leased by the Council for the benefit of the unit owners upon such price and terms as the Council shall determine. All proceeds of such sale and/or leasing shall be deposited in the maintenance or common expense fund and may thereafter be disbursed at such time and in such manner as the Council shall determine.

**14. Bylaws; Initial Authority Vested Exclusively in Declarant or its Assigns.**

The bylaws for "DORSEY VILLAGE CONDOMINIUMS" shall be adopted and exercised initially, as set forth therein, by the Declarant, its successors or assigns in order for the Declarant, its successors or assigns to be able to develop same into the Condominium Project described and to assure the placing of the Council on a sound basis for the protection of all owners in this Condominium Project.

Each unit owner's ownership and use of the unit(s) owned by such unit owner may also be subject to certain rules and regulations promulgated initially by the Declarant, its successors or assigns and ultimately by the Board of Administrators of the Council from time to time, which rules and regulations shall be applicable to all unit owners including Declarant, its successors and assigns. A copy of the rules and regulations, including any amendments thereto, shall be furnished initially by the Declarant or its successors or assigns and ultimately by the Board of Administrators of the Council to all unit owners and residents of the Condominium Project upon request.

Subsequent to adoption of the bylaws, the administration of this condominium regime shall be governed by the bylaws of the Council, as they may be amended from time to time by amendment procedure set forth therein. The preceding sentence, the above paragraph of this section and anything to the contrary notwithstanding, the administration and control of the condominium regime and the property, including but not limited to the adoption and amendment of the bylaws, adoption of condominium regime rules, assessment of common expenses and all other rights relating to the governing, managing and administration of this condominium regime and the property and all rights and powers which would otherwise be vested in the Council or Board of Administrators of the Council shall be all vested in the Declarant or its successors or assigns until Declarant, in its sole discretion, so determine, or 180 days after 100% of the units have been sold, transferred and recorded, or January 1, 2013, whichever first occurs. Until that time, the Declarant or its successors or assigns shall possess the irrevocable proxy of the unit owners, which proxy each unit owner automatically gives the Declarant, its successors or assigns, upon acceptance of a deed to a unit, and all unit owners agree to such administration by the Declarant or its successors or assigns in accepting unit conveyances.

**15. Grantees.**

Each grantee of Declarant, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and

charges, and the jurisdiction, rights and powers created or reserved by this Declaration and Master Deed and the provisions of the Horizontal Property Law, as amended from time to time, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land and shall bind any person having, at any time, any interest or estate in said land and shall inure to the benefit of such owner in like manner as though the provisions of this Declaration and Master Deed were recited and stipulated at length in each and every deed of conveyance.

**16. Assignment.**

Declarant shall have the right to assign any or all of its interest and any right, power, duty, privilege and benefit reserved unto it by this Declaration and Master Deed and in the Bylaws with respect to the Condominium Project, including, without limitation, the special power of attorney granted to Declarant pursuant to the authority of this Declaration and Master Deed, to a third party or parties and any such third party or parties shall have and hold such interest with the same power and authority as same are/were held by Declarant.

**17. Incorporation.**

Declarant has or will cause the formation of a Kentucky non-stock, not-for-profit corporation known as "DORSEY VILLAGE CONDOMINIUM ASSOCIATION, INC.", to act as the Council of Co-owners and governing body for all unit owners in the administration and operation of the property. Each unit owner or owners shall be a member of such corporation, which membership shall terminate upon the sale or other disposition of such member of his or her unit, at which time the new unit owner or owners shall automatically become a member of the corporation.

**18. Failure to Enforce.**

No terms, obligations, covenants, conditions, restrictions or provisions imposed hereby or contained herein shall be abrogated or waived by any failure to enforce the same, no matter how many violations or breaches may occur.

**19. Notices.**

Notices required or permitted to be given to the Council, the Board of Administrators of the Council or any unit owner may be delivered, respectively, to any officer of the Council, member of the Board of Administrators of the Council or such unit owner at his or her unit or as set forth in the bylaws.

**20. Amendments.**

(a) If, during the construction period or before Declarant, its successors or assigns relinquishes control of this Condominium Project as set forth in section 14 of this Declaration and Master Deed, it is found that an error exists on the part of the draftsman of this instrument or on the part of the surveyor or engineer, an amendment setting forth the error and correction may be filed by the Declarant, its successors or assigns without the consent of any other party thereto, and shall become a part of this Declaration and Master Deed. No further change shall be made except by amendment procedures immediately following.

(b) To the extent authority for amendment to this Declaration and Master Deed does not exist under other applicable provisions of this Declaration and Master Deed and after Declarant, its successors or assigns relinquishes control of this Condominium Project as set forth in section 14, the provisions of this Declaration and Master Deed may be amended, changed or

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modified by an instrument in writing setting forth such amendment, change or modification signed and acknowledged by the owners of units who, in the aggregate, own 67% or more of the general common elements of the condominium and by 51% of the first mortgagees of same, if any, having bona fide liens of record against said units (Refer to paragraph 25(f)(i) for requirements to terminate the condominium regime). The bylaws, unless otherwise provided, shall be amended, changed or modified only in accordance with the procedures governing amendments as set forth in the bylaws.

(c) Any amendment, change or modification to this Declaration and Master Deed shall conform to the provisions of the Horizontal Property Law and shall be effective upon recordation thereof. Bylaws and any amendments thereto need not be recorded.

**21. Severability.**

The invalidity of any restriction hereby imposed, or any provision hereof, or of any part of such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration and Master Deed, and all of the terms hereof are hereby declared to be severable.

**22. 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 Declaration and Master Deed nor the intent of any provision hereof.

**23. Construction.**

The provisions of this Declaration and Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a residential Condominium Project.

**24. Mortgagee of Declarant.**

Any mortgagee of Declarant which acquires title by foreclosure or by deed in lieu thereof shall enjoy all the rights of the Declarant hereunder and under the bylaws of the Council.

**25. Housing and Urban Development**

Section 25.1 HUD. This article is included for the benefit of Housing and Urban Development (HUD) and such other lenders, guarantors of mortgages, insurers of mortgages, or other entities or institutions as the Board of the Council may direct by resolution in its minutes. The Board may otherwise amend or repeal this article or any part of this article by resolution, but such a repeal or amendment would only be effective as to mortgages recorded after a copy of the repeal or amendment, certified by the Secretary of the Council, was properly placed of record in the same county clerk's real estate records in which the Master Deed was recorded. A copy of the repeal or amendment must be mailed or otherwise delivered to the local office or main office of HUD, VA, FHLMC and FNMA., or such of those organizations as then exist. Likewise a copy of the repeal or amendment must be mailed or delivered to each holder of record of a first mortgage on any Unit in the Project. The copy of the repeal or amendment, placed of record, must certify that the mailings or sendings required by Section 25.1 of this Article have been performed. Should Section 25.1 of this Article be construed to conflict with Section 25.2 of this Article, Section 25.1 shall control.

Section 25.2 HUD Requirements. In addition to any other requirements of this Declaration, or the Bylaws of the Council, the following requirements apply:

- (a) The Council shall make available to Unit Owners, lenders and holders and insurers of the first mortgage on any Unit, current copies of the Declaration, Bylaws and other rules and regulations governing the Project, and other books, records and financial statements of the Council. The Council shall make available to good faith prospective purchasers current copies of the Declaration, Bylaws and other rules governing the Project, and the most recent annual audited financial statement, if there is one. "Available" shall at least mean available for inspection upon request, during normal business hours or under reasonable circumstances set by the Council.
- (b) Upon written request from HUD, FNMA., FHLMC, or VA, as long as HUD, FNMA., FHLMC or VA has in interest or a good faith prospective interest in the Project, the Council shall prepare and furnish within a reasonable time an audited financial statement for the immediately preceding fiscal year.
- (c) The Developer should reasonably provide for and foster participation of Unit Owners in the management of the Council. At such time as the Developer relinquishes control of the Council, the Developer, if requested in writing, should help set up the elections for new board Members.
- (d) A working capital fund shall be established from a special assessment of two months estimated common area charge levied on each unit at the time of initial sale by Developer.
- (e) A holder, insurer or guarantor of a first mortgage, upon written request to the Council (such request to state the name and address of such holder, insurer or guarantor and the Unit number), will be entitled to timely written notice of:
- (i) Any proposed amendment of the condominium instruments effecting a change in (A) the boundaries of any unit or the exclusive easement rights appertaining thereto, (B) the interests in the general or Limited Common Elements appertaining to any unit or the liability for Common Expenses appertaining thereto, (C) the number of votes in the Council appertaining to any Unit or (D) the purposes to which any Unit or the Common Areas are restricted;
  - (ii) Any proposed termination of the condominium regime;
  - (iii) Any Condominium Project loss or any casualty loss which affects a material portion of the Condominium Project or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;
- (iv) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days; and
- (v) Any lapse, cancellation or material modification of any insurance policy maintained by the Owner's Association pursuant to this Article 25.
- (f) The following provisions do not apply to amendments to the constituent documents or termination of the condominium regime made as a result of destruction, damage or

condemnation or to a reallocation of interests in the Common Areas which might occur pursuant to any plan of expansion or phased development as set out earlier in this Declaration:

- (i) After the inception meeting of the unit owners is held, the consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and sixty-seven percent (67%) of the Eligible Mortgagees shall be required to terminate the condominium regime;
- (ii) After the inception meeting of the unit owners is held, the consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of fifty-one percent (51 %) of the Eligible Mortgagees shall be required to materially amend any provisions of the Declaration, Bylaws or equivalent documents of the Condominium Project or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:
  - (A) Voting;
  - (B) Assessments, assessment liens or subordination of such liens;
  - (C) Reserves for maintenance, repair and replacement of the Common Areas;
  - (D) Insurance or Fidelity Bonds;
  - (E) Rights to use of the Common Areas;
  - (F) Responsibility for maintenance and repair of the several portions of the Condominium Project;
  - (G) Expansion or contraction of the condominium regime or the addition, annexation or withdrawal of property to or from the regime, beyond that which has been projected in the Declaration, including the exhibits to the Declaration;
  - (H) Boundaries of any Unit;
  - (I) The interests in the general or Limited Common Elements, beyond that which has been projected or permitted by the Declaration;
  - (J) Convertibility of Units into Common Areas or of Common Areas into Units;
  - (K) Leasing of Units;
  - (L) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium; and
  - (M) Establishment of self-management by the Council where professional management has been required by any of the agencies or corporations;
- (iii) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of

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fifty-one (51 %) percent of the Eligible Mortgagees shall be required to amend any provisions included in the Declaration, Bylaws or equivalent documents of the Condominium Project which are for the express benefit of holders or insurers of first mortgages on Units in the Condominium Project.

- (g) Unit Owners shall have a right of action against the Council to make it enforce and/or comply with the provisions of the Declaration, Bylaws and other governing documents.
- (h) Any future improvements to the Project, including any improvements that become a part of the Project as a result of expansion, must be reasonably consistent with the initial improvements in terms of quality of construction.
- (i) Except as projected in the original Declaration, including the exhibits, the Developer will not expand the Project to include Additional Property without the prior written consent of HUD if HUD holds, insures or guarantees any mortgage in the existing Condominium project at the time that the Additional Property is to be added.
- (j) All improvements on the Additional Property brought into the Project by expansion shall be substantially completed before the Additional Property is annexed into the existing Project. Furthermore, liens arising in connection with the Developer's ownership of and construction of improvements upon the Additional Property must not adversely affect the rights of existing Unit Owners or the priority of existing first mortgages. All taxes and other assessments on the Additional Property must be paid or otherwise satisfactorily provided for by the Developer, before expansion.
- (k) Certificates of insurance for the master policy shall be issued to each Unit Owner and mortgage holder upon written request and upon the payment of any reasonable charge. A "Special Condominium Endorsement" or its equivalent shall be part of the policy. Each policy must provide that it cannot be canceled or substantially modified, without at least ten (10) days prior written notice to the Council and to each holder of a first mortgage listed as a schedule holder of a first mortgage in the policy. Each policy shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area of the Project if available, and if affordable by the Project, an "all risk" endorsement shall be purchased.
- (l) Comprehensive general liability insurance covering all of the Common Areas, commercial space owned and leased by the Council, and public ways of the Project must be maintained by the Council. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. The coverage must be at least One Million and 00/100 Dollars (\$1,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under the policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Council. The policies must provide that they may not be canceled or substantially modified, by any party, without at least ten (10) days prior written notice of the Council and to each holder of a first mortgage on any Unit in the Project which is listed as a scheduled holder of a first mortgage on the policy. The policy may also include such other coverage as the Board directs from time to time.
- (m) If the Project is located in an area which has been identified by HUD as having special flood hazards, the Council must obtain and pay the premiums upon a master or blanket policy of flood insurance on the buildings and any other property covered by

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the required form of policy, in a reasonable amount, but not less than the lesser of:

- (i) The maximum coverage available under the NFIP for all buildings and other insurable property within the project to the extent that such buildings and other insurable property are within an area having special flood hazards; or
  - (ii) One hundred percent (100%) of current "replacement cost" of all such buildings and other insurable property within the area. The policy must be in a form which meets the criteria set forth in the most current Guidelines on the subject issued by the Federal Insurance Administrator.
- (n) If the management agent has responsibility for handling or administering the funds of the Council, the managing agent shall maintain, at its own expense, fidelity bond coverage for its offices, employees and agents handling or responsible for funds of; or administered on behalf of; the Council. The fidelity bond must name the Council as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Council or the management agent, as the case may be, at any given time during the term of the bond. The aggregate amount of fidelity insurance shall never be less than the sum equal to three (3) months aggregate assessments on all units plus reserve funds. The fidelity insurance shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition "employees", or similar terms or expressions. The fidelity insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days prior written notice to the Council. These requirements apply to fidelity insurance carried by the management agent or by the Council.
- (o) With regard to property and liability insurance, there may be named as an insured, on behalf of the Council, the Council's authorized representative, including any trustee with whom the Council has entered into any insurance trust agreement or any successor to such trustee. The trustee may have the exclusive authority to negotiate losses under any policy and to perform such other necessary or desirable functions.
- (p) If any of the required insurance coverage under this Article becomes or is impossible to obtain or can be obtained only at an unreasonable cost or at a cost which the Council cannot reasonably afford, the Council shall obtain coverage which most closely approximates the required coverage, if such substitute insurance is available and affordable.

**Section 25.3 Conflict.** This Article 25 shall be construed as far as possible to supplement the other articles of the Declaration. If there is a conflict between another article or the Bylaws or any other document, this Article 25 shall control, even if an earlier article states that the earlier

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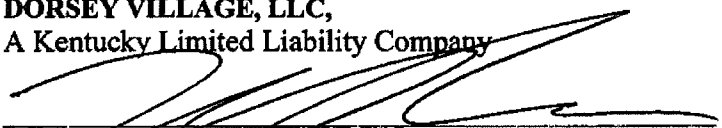
article shall control in case of conflict.

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**Section 25.4 Relief.** The Council need not comply with any part of Article 25 if HUD, or any successor to HUD, no longer requires compliance.

**IN WITNESS WHEREOF**, said Declarant has caused this Declaration and Master Deed to be signed by the Declarant the date first shown above.

**DORSEY VILLAGE, LLC,**  
A Kentucky Limited Liability Company

By:   
Title: MARK HIGHBAUGH  
MEMBER

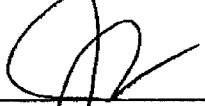
STATE OF KENTUCKY        )  
  ) SS  
COUNTY OF JEFFERSON    )

I, a Notary public in and for the State and County aforesaid, do hereby certify that on this 25 day of Jan, 2005, Mark Highbaugh, member of Dorsey Village LLC, a Kentucky Limited Liability Company, appeared before me and before me acknowledged that he executed and delivered the foregoing instrument as his free and voluntary act and deed and as the free and voluntary act and deed of Dorsey Village, LLC, a Kentucky Limited Liability Company.

My Commission expires: 5-15-2005

  
NOTARY PUBLIC  
STATE AT LARGE, KENTUCKY

**THIS INSTRUMENT PREPARED BY:**

  
Borders & Borders  
920 DuPont Road  
Louisville, Kentucky 40207  
(502) 894-9200