

**BYLAWS
OF
THE COUNCIL OF CO-OWNERS OF
FERNDALE GARDENS, INC.**

The following provisions shall constitute the Bylaws of the Council of Co-Owners of Ferndale Gardens, Inc. by which, in addition to provisions of the Master Deed and any adopted rules and regulations, the administration of the condominium property shall be governed.

Section 1. Name , Organization and Voting Rights.

(a) Name and Organization. The term “Council of Co-Owners” as used herein shall mean The Council of Co-Owners of Ferndale Gardens, Inc., a non-profit, non-stock corporation, the shareholders of which are all the owners, from time to time, of the Units. The Council of Co-Owners is formed pursuant to KRS 273.010, et. seq. to provide a means of structuring a self-governing body, but said Corporation shall act only as an Agent for Unit owners and in no event shall it be construed to be an income producing entity.

(b) Voting Rights. If any Unit is owned by more than one person, the voting rights with respect to such Unit shall not be divided but shall be exercised as if the Unit owners consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Unit owner. The owners of Units created by recorded plans shall have one vote for each Unit in this Condominium Project. In the event the owners of a Unit cannot cast their vote in unison, they may designate, in writing, a member of the Board to cast their vote and any vote so cast shall be final and conclusive as regards to that vote on any particular issue or matter properly before the Council for decision.

Section 2. Board of Directors

(a) Membership. The direction and administration of the Property on behalf of the Unit owners shall be vested in a Board of Directors acting for the Council (herein referred to as the “Board”), consisting of five (5) persons who shall be elected in the manner hereinafter provided. Each member of the Board shall be one of the Unit owners; provided, however, that in the event a Unit owner is a corporation, partnership, trust or other legal entity other than a natural person or persons then any shareholder, officer or director of such corporation, partner of such partnership, beneficiary, or individual trustee of such trust, or manager of such other legal entity shall be eligible to serve as a member of the Board.

(b) Election of Board and Term. At each annual meeting of the Council, the Unit owners shall by a vote of a majority of the Unit owners present at such meeting elect the entire Board for the forthcoming year. Any Unit Owner desiring to be a candidate for election to the Board may be nominated from the floor. Members of the Board shall serve without compensation and the terms of three (3) members of the Board shall be one (1) year and the terms of two (2) members of the Board shall be two (2) years, said terms being staggered.

(c) Vacancies. Vacancies in the Board shall be filled by the majority vote of the remaining members of the Board.

(d) Quorum. A majority of the members of the Board present at a meeting shall constitute a quorum. The Board shall act by the vote of the majority of those members present at a meeting of the Board when a quorum is present.

(e) Meetings. A regular annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of the Council. Other meetings of the Board may be called, held and conducted in accordance with such rules as the Board may from time to time adopt, provided, however, that the President of the Board may call a meeting of the Board at any time and the Secretary of the Board shall call a meeting of the Board upon the written request of two (2) Board members.

(d) Removal. A Member of the Board may be removed from office by the affirmative vote of sixty-six and two-thirds percent (66 2/3%) of the Unit owners at a special meeting of the Unit owners called for such purpose.

(e) Powers. The Board shall have the power to conduct the affairs of the Council and shall have all of the powers and duties under the laws of the State of Kentucky, the Master Deed, and these By-laws, including, but in no way limited to, the following:

(i) to engage the services of a full time janitor, manager or managing agent, who may be any person, firm, or corporation upon such terms and compensation as the Board deems fit, and to remove such manager or managing agent at any time; and,

(ii) to engage the services of any professional persons deemed necessary by the Board at such compensation deemed reasonable by the Board, in the operation, repair, maintenance and management of the property, and to remove, at any time, any such personnel; and,

(iii) To establish or maintain one or more bank accounts for the deposit of any funds paid to, or received by, the Board.

(iv) To procure a policy or policies of insurance for the property against loss or damage by fire and such other hazards as are covered under standard extended coverage provisions and such other insurance as the Board deems advisable. Premiums for all insurance provided for in this Master Deed shall be common expenses; and,

(v) To procure materials, supplies, furniture, services, maintenance and repair service, structural alterations, or assessments which the Board deems necessary or proper for the maintenance and operation of the property as first-class condominium project or for the enforcement of any restrictions or provisions contained herein; and,

(vi) To pay any amount necessary to discharge any mechanic's lien or other encumbrance levied against the property or any part thereof which may in the opinion of the Board constitute a lien against the property or against the common elements, rather than merely against the interests therein of particular Unit owners. Where one or more Unit owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of said lien or liens shall be specially assessed to said Unit owners and shall, until paid by such owners, constitute a lien on the interest of such owners in the property, which lien may be foreclosed in like manner as a mortgage; and,

(vii) To maintain and repair all Common and Limited Common Elements which the Council is obligated to maintain or repair; and,

(viii) To maintain and repair Common and Limited Common Elements or any Unit or any other portion of the property which a Unit Owner is obligated to maintain or repair under the terms of the Master Deed if such maintenance or repair is necessary, in the discretion of the Board pursuant to the Master Deed.

Section 3. Meetings of the Council.

(a) Initial Meeting. Overall management and operation shall be under the direction of Developer pursuant to the Master Deed and upon termination of the Developer's control thereunder all maintenance funds, books, accounts, and the entire managing operation shall be turned over to the Council. In order to affect an orderly transaction, Developer shall, upon ten (10) days written notice to all unit owners, call the first annual meeting (the "Initial Meeting") for purpose of selecting the Board.

(b) Annual Meetings. After the Initial Meeting an annual meeting of the Council shall be held on the second Tuesday in January in each year for the purpose of electing members of the Board and such other business as may come before the meeting.

(c) Special Meetings. Special meetings of the Council may be called, for any reasonable purpose, either by the President of the Board, or by written notice of such meeting signed by not less than twenty-five percent (25%) of the Unit owners, the notice for which shall specify the matters to be considered at such special meeting.

(d) Time and Place of Meetings. All meetings of the Council shall take place at 7:00 p.m. at a location designated by the Board or persons calling a special meeting. Written notice of the holding of any regular or special meeting of the Council stating the date, hour and place of such meeting shall be delivered or sent in person or by mail to each unit owner in care of his Unit or to such other address as may be designated under the Master Deed at least ten (10) days before the date of such meeting.

(e) Quorum. A majority of the Unit Owners present at a duly called meeting shall constitute a quorum at all such meetings.

(f) Proxies. A Unit Owner may vote either in person or by proxy at any regular or special meeting of the Council. Every proxy must be in writing and delivered to the Board before or at each meeting and no proxy shall be valid after eleven months from the date of its execution.

Section 4. Officers.

(a) Election of Officers and Removal. A president, one or more vice presidents, a secretary and a treasurer shall be elected at each annual meeting of the Board from among its members provided, however, that the offices of secretary and treasurer may be combined. Any such officer may be removed from office by the affirmative vote of three of five members of the Board at any time. A vacancy in any office may be filled from the ranks of the Board by the Board for the unexpired term.

(b) President. The President shall preside over the meetings of the Board and the Council and may sign, together with any other officer designated by the Board, any contracts, checks, drafts, or other instruments designated or approved by the Board. In the absence of the president, or in the event of his inability to act, the Board may designate a Board member to perform the duties of the president.

(c) Secretary. The secretary shall keep the minutes of all meetings of the Board and the Council, shall keep all resolutions and proxies, and shall be responsible to give all notices required to be given under these By-laws or the Master Deed, provided, however, that these duties may be delegated to the Council's management agent.

(d) Treasurer. The treasurer shall keep all financial records and books of account of the Council including all bank records and shall be responsible for keeping the ledgers regarding all expenses, charges and costs of the maintenance, repair, or replacement of the common elements and any other expenses, charges or costs which the Council may incur or expend, provided, however, that these duties may be delegated to the Council's management agent.

Section 5. Books and Records; Funds

(a) Inspection. The Board shall keep, or cause to be kept, full and correct books of account and the same shall be open for inspection by any unit owner or any representative of a unit owner duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by the owner.

(b) Funds. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the unit owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the unit owners hereof, and as amended after the recording of the plans of other buildings.

Section 6. Rules and Regulations.

(a) The Board may from time to time adopt or amend such administrative rules and regulations governing the operation, maintenance, assessments, beautification and use of the Common Elements, the Limited Common Elements, and the Units not inconsistent with the terms of this Master Deed, but such adoption or amendments must be with the approval of the majority of the Unit owners, and the Unit owners shall confirm to and abide by such rules and regulations.

(b) Written notice of such rules and regulations shall be given to all unit owners and occupants. A violation of such rules or regulations shall be deemed a violation of the terms of this Master Deed.

Section 7. Miscellaneous.

(a) Conflict. In the case of any conflict between the terms and conditions of the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control and in the case of a conflict between terms and conditions of the Master Deed executed in connection herewith and these Bylaws, the Master Deed shall control.

(b) Amendment. These Bylaws may be amended from time to time as set forth in the Master Deed at any annual meeting or special meeting of the Council.

(c) Choice of Law. These Bylaws shall be interpreted and enforced under the laws of the Commonwealth of Kentucky.

(d) Invalidity, Successors, Gender. The invalidity of part or any portion of these Bylaws shall neither impair the validity nor affect in any manner the Master Deed, the Articles of Incorporation of the Council of Co-Owners or the rest of these Bylaws. These Bylaws shall be binding upon and shall inure to the benefit of the Council of Co-Owners, and the Members, heirs, successors and assigns. Where the context requires masculine, feminine and/or neuter terminology shall include one another, and the singular shall include the plural, and the plural shall include the singular.

Adopted this _____ day of February, 2006.

THE COUNCIL OF CO-OWNERS OF
FERNDALE GARDENS, INC.

By: _____

Title: _____

