

**BY-LAWS
OF
STEEPLECHASE SUBDIVISION
HOMEOWNERS' ASSOCIATION**

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SECTION 1 GENERAL

- 1.1 Steeplechase Homeowners' Association: The Steeplechase Homeowner's Association, Inc., as defined in Article I of the Declaration of Covenants, Conditions and Restrictions, is a Kentucky non-profit corporation created to govern the property of the Association. Note: Throughout the text of these by-laws the word "Association" will refer to the Steeplechase Homeowners' Association and the word "Declaration" will refer to the Declaration of Covenants, Conditions and Restrictions.
- 1.2 Membership, Single Family Member: An Owner, as defined in Article I of the Declaration, of a lot shall automatically become a member of the Association upon execution of the deed to the lot. Such membership shall be mandatory and may not be terminated by the Association or the Member. Membership in the Association shall automatically transfer upon the transfer of title to the lot. No person or entity who holds an interest of any type or nature whatsoever in a lot, only as security for the performance of an obligation, may be appointed as a Member of the Association.
- 1.3 Member, Not in Good Standing: A Member shall be considered "not in good standing" during any period of time in which the Member is delinquent in the payment of any assessment, or in violation of any provision of the Declaration or any rules or regulations promulgated by the Association. All such determinations shall be made by a majority of the Board of Directors. While not in good standing, the Member shall not be entitled to vote or exercise any other right or privilege of membership of the Association.
- 1.4 Voting: Each Member shall have one vote for each lot owned by such Member. Where title to a lot is held in more than one name, each named owner shall be considered a Member but collectively they shall be entitled to only one vote for each lot. The Developer, as described in Article III of the Declaration, shall be entitled to cast the number of votes equal to three times the number of recorded lots owned by it and the number of proposed lots to be developed by the replat of property as described in Exhibit C of the Declaration until such a time that it has sold 75% of the total lots as described above.
- 1.5 Proxy Voting: Members may vote or act in person or by proxy. The person appointed as proxy need not be a Member of the Association. Designation by a Member of a proxy to vote on his behalf shall be made in writing to the President or Secretary of the Association and may be revocable at any time by

actual notice to the President or Secretary by the Member making such designation.

1.6 Annual Meeting: The annual meeting of the Members of the Association for the election of Members of the Board of Directors, the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting shall be held at the clubhouse or other such place as may be designated by the Board of Directors and specified in the notice of such meeting.

1.7 Special Meetings: Special meetings of the Members of the Association may be held on any business day when called by the President of the Association or by the Board of Directors of the Association or by Members entitled to cast at least forty percent (40%) of the votes of the membership of the Association. Special meetings must be given the notice as required in these by-laws and will convene at such a time and place as specified in the notice of meeting.

1.8 Notice of Meetings: Not less than ten (10) days nor more than thirty (30) days before the date fixed for a meeting of the Members of the Association, notice shall be given stating the time, place and purpose of such meeting. This notice shall be given by and in such a manner as deemed acceptable by the Board of Directors.

1.9 Quorum: At all meetings of Members of the Association (to include meetings of the Board of Directors), the presence at the commencement of such meetings in person or by proxy of Members holding of record a majority of the total number of votes of the Association (or the Board of Directors, as appropriate) then existing, shall be necessary and sufficient to constitute a quorum for the transaction of any business.

1.10 Order of Business: The order of business at all meetings of the Members of the Association (or the Board of Directors, as appropriate) shall be as follows:

- (a) Call of meeting to order;
- (b) Approval of minutes of the preceding meeting;
- (c) Reports of Officers;
- (d) Reports of Committees;
- (e) Election of Board Members;
- (f) Old business;
- (g) New business;
- (h) Adjournment

1.11 Fiscal Year: The fiscal year for the purpose of financial operations of the Association will be determined by the Board of Directors. The Board of Directors shall approve a budget of income and expenses as set forth in Section 4.2 of these bylaws.

SECTION 2 BOARD OF DIRECTORS

2.1 Election of Directors: The Directors of the Board shall be elected at each annual meeting of the Membership of the Association. The number of directors shall equal seven (7), and will be elected in two Classes. Each member elected to the Board of Directors will serve a two year term. However, during the election in September 2005, three (3) members will be elected to a two year term for Class 1 and four (4) members will be elected to a one year term for Class 2. In successive years, only the number of vacant seats made available by outgoing directors of the appropriate Class will be available for election to the Board of Directors. Any Member in good standing may be eligible for election and the candidates receiving the greatest number of votes shall be elected. The Secretary of the Association will oversee the preparation of the ballots.

2.2 Nominating Committee: Forty-five (45) days prior to the annual meeting of the Members of the Association, the Board of Directors will appoint a nominating committee consisting of five (5) members of the Association. The nominating committee will serve for a period of forty-five (45) days and will be dissolved after the election of directors is completed at the annual meeting of the Members of the Association. The nominating committee will recommend names of Members of the Association to be voted on by the Membership of the Association at the annual meeting for the election to the Board of Directors.

2.3 Nominations by Members: In addition to nomination by the nominating committee, any Member in good standing may nominate a Member of the Association to be placed on the ballot for election to the Board of Directors. Any Member desiring to make a nomination shall ascertain that such person to be nominated is agreeable to serve as a member of the Board of Directors and forward the name of such person to an officer of the Board of Directors or a member of the nominating committee.

2.4 Organizational Meeting: Immediately after each annual meeting of the Membership of the Association, the newly elected Board shall hold an

organizational meeting for the purpose of electing Officers. The outgoing Board will be responsible for briefing the incoming Board on the status of the Association, to include all pertinent operational and financial issues.

2.5 Regular Meeting: Regular meetings of the Board of Directors shall be held at such times and places as determined by a majority of the Board. The President of the Board, or his designee, shall be tasked with developing and distributing the agenda for such meetings.

2.6 Special Meetings: Special meetings of the Board may be held at any time upon call by the President or by any two (2) Board Members. An attempt shall be made to provide at least three (3) days notice to each Member of the Board for such meetings.

2.7 Duties of the Board of Directors: The following shall be the duties of each elected Director,

- (a) Attend meetings of the Board;
- (b) Make decisions at board meetings that are in the best interest of the Association and that are void of personal biases or personal/business interests;
- (c) Serve on committees as requested by the President;
- (d) Recommend appropriate policy and make informed decisions based on fact and research;
- (e) Support the decisions of the Board of Directors in all company, public and private;
- (f) Abide by the Association bylaws and operational policies and procedures.

2.8 Standards of Conduct, Board of Directors: The members of the Board of Directors of the Association shall,

- (a) Maintain the highest standards of personal conduct and ethical behavior in matters pertinent to the Association;
- (b) Maintain loyalty to the Association and pursue its objectives in ways consistent with Member interest;
- (c) Strive for excellence in all aspects of leading and determining policies of the organization;
- (d) Maintain confidentiality of privileged information entrusted or known by virtue of an office or position on the Board of Directors, unless disclosure is necessary to protect the interests of the Association;
- (e) Refuse to engage in, or countenance, activities for personal gain at the expense of the Association;
- (f) Create and promote a positive public image for the Association;
- (g) Ensure that the objective of all Association actions and pursuits is to provide the best possible services for the Members.

2.9 Removal of Board Members: Any one or more Members of the Board of Directors may be removed by a vote of the Membership of the Association. Fifty-one (51) percent of the eligible Membership is required to make such a removal.

2.10 Fidelity Bonds: The Board of Directors may require that all Officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds, if required, shall be paid by the Association and shall be a common expense.

2.11 Filling of Vacancies: The Board of Directors may fill any vacancy occurring on the Board, due to the removal, resignation or otherwise, with or without cause, at any time by a majority vote of the Board of Directors. The newly elected director will fill the seat of the replaced director and will join the replaced directors Class and term of office.

SECTION 3 OFFICERS

3.1 Election of Officers: The Board of Directors shall elect of President, Vice-President, Secretary and Treasurer, each of whom shall be a member of the Board of Directors. This election will take place following the annual meeting of the Membership of the Association.

3.2 Term of Office: The Officers of the Association shall hold office until the next organizational meeting of the Board of Directors and until their successors are elected, except in the case of resignation or removal from office. The Board may remove any Officer at any time by a majority vote of the Board of Directors then in office. Any vacancy in any office may be filled by the Board of Directors. The Officers of the outgoing Board will brief the newly elected Officers of the incoming Board at the organizational meeting.

3.3 Duties of the President: The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Membership of the Association, and shall preside at all meetings of the Board of Directors. Subject to the directions of the Board of Directors, the President shall exercise general executive supervision over the business and affairs of the Association. He may execute all authorized deeds, contracts, and other obligations of the Association, and shall have such other authority and shall perform such other duties as may

be determined by the Board of Directors or otherwise provided for in these bylaws.

3.4 Duties of the Vice-President: The Vice-President shall assume the duties of the President in the event of absence, resignation or removal from office of the President.

3.5 Duties of the Secretary: The Secretary, or his designee, shall keep the minutes of the meetings of the Membership of the Association and of the Board of Directors. He shall keep such books as may be required by the Board of Directors, shall give notice of meetings of the Membership, and of the Board of Directors required by law, or by these bylaws or otherwise, and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

3.6 Duties of the Treasurer: The Treasurer shall receive and have charge of all money, bills, notes and similar property, belonging to the Association, and shall do with the same as may be directed by the Board of Directors. He shall keep accurate financial accounts and hold the same open for the inspection and examination of the Board of Directors and shall have such authority and shall perform such other duties as may be determined by the Board of Directors.

SECTION 4 OPERATIONAL POLICY AND PROCEDURES

4.1 Confidentiality: Members of the Board of Directors shall maintain confidentiality on decisions relating to fines, past due accounts, correspondence and other materials that may be deemed as confidential by the Membership.

4.2 Approval of Annual Budget: Members of the Board of Directors will prepare and approve the annual budget, in cooperation with the Developer if appropriate, for the Association. The annual budget shall be approved prior to the beginning of the fiscal year as defined in Section 1.11 of these bylaws.

4.3 Approval of Non-Budgeted Expenses: Expenses encountered in addition to the approved budget for the Association must be approved by no less than two (2) Members of the Board of Directors. Any expense approved outside of the Association's annual budget must be identified at the next scheduled meeting of the Board of Directors.

4.4 Approval of Contracts: Contracts entered into by the Association, for work or services performed for the Association, must be approved by a majority of the Board of Directors. Such approval must take place at a regular or special meeting of the Board of Directors.

- 4.5 Member Payment of Dues: All Members of the Association, as described in Section 1.2 if these bylaws, are responsible for timely payment of all dues as specified and approved by the Board of Directors. The payment intervals and amount will be set by the Board of Directors. The Board of Directors reserves the right to assess a penalty for payment of dues not received in a timely manner.
- 4.6 Member Not in Good Standing, Notice Protocol: Members of the Association determined to be “not in good standing”, as specified in Section 1.3 of these bylaws, shall be given proper notice of their status in the Association. The Secretary of the Board, or his designee, shall be responsible for ensuring that Members of the Association “not in good standing” receive such notice.
- 4.7 Clubhouse Coordinator: The Board of Directors shall appoint of Member of the Association to monitor and coordinate usage of the clubhouse facilities. The clubhouse coordinator shall maintain a schedule of clubhouse events, distribute and collect applicable keys, and monitor compliance with rental agreements entered into with Members.
- 4.8 Lake Maintenance: The Board of Directors shall establish a maintenance and treatment plan for the lake. This maintenance plan shall be reviewed annually.
- 4.9 Swimming Pool Oversight: The Board of Directors shall establish a plan to monitor operation of the swimming pool. This plan shall ensure compliance with all local, state and federal regulations.
- 4.10 Fitness Room Oversight: The Board of Directors shall establish a plan to monitor the operation, condition and use of the fitness room.
- 4.11 Clubhouse Cleaning: The Board of Directors shall establish a plan to ensure that the clubhouse in maintained in an appropriate manner. This plan shall ensure that the clubhouse is continuously stocked of pertinent supplies, is cleaned on an interval acceptable to the Board, and is kept in a manner pleasing to the image of the Association.
- 4.12 Architectural Review Committee: The Board of Directors shall ensure that the Association has in place an Architectural Review Committee consisting of Members of the Association. The Board of Directors shall appoint a Chairman of this committee, of whom must be an elected Member of the Board of Directors. The Architectural Review Committee shall be tasked with the responsibility of reviewing Member requests for improvements to lots, and maintaining a procedure for such review.
- 4.13 Welcoming and Social Committee: The Board of Directors shall appoint a Welcoming and Social Committee consisting of Members of the Association.

The Board of Directors shall appoint a chairman of this committee, of whom must be an elected Member of the Board of Directors. The Welcoming Committee shall be tasked with the responsibility of greeting new Members of the Association as well as distributing pertinent materials as determined by the committee. This committee shall also plan social functions, as determined by the committee, throughout the year.

4.14 Financial Oversight Committee: The Board of Directors shall appoint a Financial Oversight Committee consisting of Members of the Association. The Treasurer of the Association shall be appointed the chairman of this committee. The Financial Oversight Committee shall ensure compliance with all financial matters concerning the Association and monitor compliance with the approved budget and all local, state and federal laws.

SECTION 5 MISCELLANEOUS

5.1 Amendments to the By-Laws: All by-laws of the Association shall be subject to alteration or repeal, and new by-laws may be made, by a majority vote of the Members at the time entitled to vote in the election of Directors at the annual meeting of the Membership of the Association.

5.2 Indemnification: The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he, his testator or intestate representative is or was a Member, Director, Officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer or employee or agent of another association, partnership, joint venture, trust or other enterprise against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, in accordance with the laws of the Commonwealth of Kentucky, and to the full extent permitted by such laws. Such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of Members or disinterested Directors or otherwise, including insurance purchased and maintained by the Association, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Member Director, Officer, employee or agent, and shall ensure to the benefit of the heirs, executors and administrators of such person.

5.3 Limitation of Director Liability: No Director of the Association shall be personally liable to the Association or its members for monetary damages for any breach of his or her duties as a Director. Any repeal or modification of this paragraph by the Members of the Association shall not adversely affect any

right or protection of a Director of the Association hereunder in respect of any act or omission occurring prior to the time of such repeal or modification.

The undersigned certifies that the foregoing by-laws have been adopted as the amended by-laws in accordance with the applicable sections regarding amendment of such by-laws.

Steeplechase Subdivision
Homeowners' Association, Inc.

President

Vice-President

Secretary

Treasurer