

BYLAWS OF
MALLARD POINT OWNERS ASSOCIATION, INC.
a Kentucky non-profit corporation

ARTICLE I
DEFINITIONS

Section 1.1 **Declarations.** "Declarations" as used herein means that certain "DECLARATION OF EASEMENTS, COVENANTS AND RESTRICTIONS, APPLICABLE TO UNITS 2 AND 3, INCLUSIVE, OF PHASE I OF THE MALLARD POINT SUBDIVISION," made the 18th day of July, 1985, by MARIC DEVELOPMENT CORPORATION, a Kentucky corporation, and joined in by MALLARD POINT OWNERS ASSOCIATION, INC., which is recorded in the Office of the Scott County Court Clerk, in Georgetown, Kentucky, in Deed Book 162, Pages 383-400, and any subsequent supplements thereto and/or modifications thereof.

Section 1.2 **Other Definitions.** Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they have in the "Declarations."

ARTICLE II
ASSOCIATION MEMBERSHIP

Section 2.1 **Membership and Voting Rights.** Each and every person or entity who or which is the owner of record of an interest in any Lot in the Mallard Point Subdivision, which Lot is subject, by any Declaration of record, to assessment by Mallard Point Owners Association, Inc. (hereinafter variously referred to as the "Corporation" or "Association"), shall be a member of this Corporation; provided, however, any person or entity who owns an interest merely as a lessee, or as security for the performance of an obligation, shall not be a member of this Corporation. All members of this Corporation shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. If there shall be more than one (1) Owner of any Lot, the vote allocated to such Lot shall be collectively cast as the Owners thereof shall determine among themselves, provided that no more than one (1) vote may be collectively cast with respect to any one (1) Lot. No member shall be eligible to vote or to be elected an officer or director of the Association who is not current in payment of assessments (both regular and special) and other debts, charges, or obligations to the Association.

Section 2.2 **Duties.** The duties of the Association are prescribed in the Declarations, and (except as otherwise provided in the Declarations, Articles of Incorporation, these Bylaws or by statute) the Association shall act by and through its elected Board of Directors and Officers. The Association shall have the power and authority to adopt rules and regulations from time to time for the administration of the affairs of the Association and governing the use and enjoyment of the lake, park and common areas by its members; provided, however, that no such rule or regulation

shall be in conflict with provisions of applicable law, the Declarations, the Articles of Incorporation, or these Bylaws, and provided, further, that no such rule or regulation shall be adopted or so construed as to impair, in any manner, the rights of the Developer as set forth in the Declarations, or the lien of any mortgagee or holder of a note secured by a mortgage, deed of trust, or other security interest, if said rule or regulation is enacted after the execution of said mortgage, deed of trust, or other security interest.

Section 2.3 Place of Meetings. Meetings of the Association shall be held at such place(s) as may be designated by the Association, or Board of Directors, or others entitled to call such a meeting. The place of each meeting of the Association shall be stated in any required notice of such meeting.

Section 2.4 Annual Meetings. The annual meeting of the Association shall be held at 7:30 P.M., prevailing local time, on the first Thursday in December of each year, beginning the 5th day of December, 1985, unless said day is declared a legal holiday, in which event, such meeting shall be held at the same time on the next secular day following. At such meetings one or more directors shall be elected by ballot in accordance with the requirements of these Bylaws. At the meeting, the Association may also transact such other business as may properly come before it.

Section 2.5 Notice of Annual Meetings. Written notice of the annual meeting shall be served upon or mailed to (such mailing to be considered notice served) each Owner entitled to vote thereat at least ten (10) days, but not more than sixty (60) days, prior to the meeting.

Section 2.6 Special Meetings. Special meetings of the Association for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Association, and shall be promptly called by the President if so directed by resolution of the Board, or if requested in a written petition signed by Owners representing thirty (30%) percent or more of the total Lots subject to the Declarations, and presented to the Secretary of the Association. Such petition shall state the purpose(s) of the proposed special meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.7 Notice of Special Meeting. Except as may be otherwise required by the Declarations, Articles of Incorporation, or by law, written notice of a special meeting, stating the time, place, and purpose of such meeting, and the action(s) proposed to be taken thereat, shall be served upon or mailed (such mailing to be considered notice served) to each Owner entitled to vote thereat at least five (5) days, but not more than thirty (30) days, before such meeting.

Section 2.8 Voting Requirements. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual or special meeting of the Association if, and only if, he shall have fully paid all assessments (regular or special) made or levied against him and his Lot(s) pursuant to the provisions of the Declarations, together with all other charges, interest, costs, attorneys fees, and other expenses, if any, properly chargeable to him and against his Lot(s) thereunder.

Section 2.9 Proxies. At all meetings of the Association, each Owner having the right to vote shall be entitled to vote in person, or by proxy appointed by Owner in an instrument in writing subscribed by such Owner. Each such proxy shall be valid only for such meeting or subsequent adjourned meetings thereof. Proxies must be filed with the Secretary of the Association at least two (2) days before the time

appointed for the meeting for which each is intended. An Owner may appoint any other Owner, Officer or director of this Corporation as his proxy.

Section 2.10 Quorum. Except as may otherwise be provided herein, or in the Declarations, Articles of Incorporation, or by statute, the presence at any meeting, in person or by proxy, of Owners entitled to cast ten (10%) of all votes of the membership shall constitute a quorum. If, however, a quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 2.11 Association Action. When a quorum is present at any meeting, the vote of not less than fifty-one (51%) percent of the votes represented at that meeting, in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Declarations, Articles of Incorporation, or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 2.12 Association Action Without Meeting. Unless specifically prohibited by provisions of the Declarations, Articles of Incorporation, or applicable law, any action required to be, or which may be, taken by the Association, at any regular or special meetings, may be taken without such a meeting if a consent, in writing, setting forth the action(s) so taken, or to be taken, shall be signed and executed by all Owners, or their authorized representatives, entitled to vote with respect to the subject matter thereof, whether done before or after the action(s) so taken. Any such written consent shall have the same effect as a unanimous vote.

Section 2.13 Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) roll call and determination of presence of a quorum;
- (b) proof of notice of meeting or waiver of notice, if necessary;
- (c) reading of minutes of preceding meeting;
- (d) reports of officers;
- (e) reports of committees;
- (f) election of inspectors of election, if applicable;
- (g) election of members of Board of Directors, if applicable;
- (h) unfinished business;
- (i) new business; and,
- (j) adjournment.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 Powers and Duties. The affairs and business of the Association shall be managed by a Board of Directors (sometimes hereinafter referred to as "Board"), which may exercise such powers and perform such duties and lawful acts as are not

required by provisions of the KRS Chapter 273, the Declarations, the Articles of Incorporation, or these Bylaws to be performed by the Association or others.

Section 3.2 Responsibilities of the Board. It shall be the responsibility of the Board to manage the affairs of the Association, which responsibility shall include, without limitation, the following duties:

- (a) To provide for the care, upkeep, protection, maintenance and improvement of the common areas of the Development and other property and assets of the Association, real and/or personal; and, in connection therewith, to enter into service, employment and other contracts incident thereto, and to employ, supervise and dismiss employees, agents, contractors, engineers, architects, accountants, attorneys and other individuals or entities required therefore;
- (b) To prepare for submission to the annual meeting of the Association a budget to facilitate the establishment of the amount to be assessed for common expenses;
- (c) To obtain insurance as provided in the Declarations;
- (d) To enforce the provisions of the Declarations, the Articles of Incorporation, these Bylaws, and any amendments and/or supplements thereto, and such rules and regulations as the Association may adopt from time to time, which responsibility shall include the right to sue on behalf of the Association; and,
- (e) To establish reasonable reserve funds for emergencies and unforeseen contingencies.

Section 3.3 Professional Management. Although the affairs of the Association shall be managed by and through the Board, should the Association determine that professional management is necessary and desirable, then the Board shall employ professional management, at a compensation to be determined by the Association, to manage the affairs of the Association, and perform such specific duties as the Association shall authorize, which professional management shall be subject to the Board's directions.

Section 3.4 Number of Members of Board and Initial Selection of Board. The number of directors, who shall constitute the whole Board, shall be three (3). The initial Board shall be comprised of the three (3) persons appointed in the Articles of Incorporation. At the first organizational meeting of the Association, if the same shall not be the first annual meeting thereof, the members of the first elected Board shall be elected by the Association, and the same shall serve until their successors shall be elected and qualified. In the election of the first elected Board of Directors, one of the three elected directors shall be elected to a three (3) year term, another shall be elected to a two (2) year term, and the last to a one (1) year term. Directors need not be members of the Association.

Section 3.5 Election and Term of Office. At each annual meeting of the Association one (1) member of the Board shall be elected. The term of office of the director elected thereat (to replace the director whose term has expired) shall be fixed at three (3) years. At the expiration of the initial term of office of each respective director, each successor, who shall have been elected at the subsequent annual meeting of the Association, shall thereupon commence and serve a three (3) year term. Directors may succeed themselves (i.e. be re-elected), and shall hold office until their successors have been elected and hold their first meeting.

Section 3.6 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority

of the Board, but at least four (4) such meetings shall be held during each fiscal year, one of which shall be held immediately following the annual meeting of the Association. Except for the meeting following the annual meeting of the Association, or unless a regular schedule of meetings shall be adopted by resolution of the Board, notice of regular meetings of the Board shall be given by the Secretary to each director, personally or by mail, telephone, or telegraph, at least three (3) days prior to the date of the proposed meeting.

Section 3.7 Special Meetings. Special meetings of the Board may be called by the President, on three (3) days notice to each director. Such notice shall be given personally or by mail, telephone or telegraph, and such notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be promptly called by the President or Secretary, in like manner and with like notice, upon the request of at least two (2) members of the Board.

Section 3.8 Waiver of Notice. Before or at any meeting of the Board, any member may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof, unless such attending director shall file a written statement with the President or Secretary, at such meeting, that his attendance at such meeting is for the purpose of objecting to the holding of the meeting and/or the transaction of any business thereat because the meeting is not lawfully called or convened. Even though such a written statement is filed by any attending director, if such director shall cast any vote thereat, such director shall be conclusively deemed to have waived notice of the time, place and purpose of the meeting. If all the Board is present (without written objection) at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

Section 3.9 Board Quorum. At all meetings of the Board, a majority of the Board shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there be less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice, provided a quorum is present.

Section 3.10 Vacancies. Vacancies on the Board caused by any reason, other than removal of a member by a vote of the Association (which vacancy may be filled only by vote of the Association, as hereinafter provided in Section 3.11), shall be temporarily filled by vote of the majority of the remaining directors or by the sole remaining director; and each person so elected shall be a temporary director, until a successor is elected at the next annual or special meeting of the Association to fulfill the remainder of the term of the vacancy which the Board temporarily filled.

Section 3.11 Removal of Directors. At any duly called regular or special meeting of the Association, any director may be removed with or without cause, by the affirmative vote of the members representing a majority of the votes of the Association, and a successor may then and there be elected to fill the vacancy thus created for the remainder of the term of the removed director. Any director who becomes more than sixty (60) days delinquent in payment of any assessments or other charges due to the Association shall become automatically disqualified from continuing as director, and the remaining member(s) of the Board shall appoint his successor as

provided in this Article. This disqualification shall end upon full payment of the same to the Association.

Section 3.12 Compensation. Directors shall not receive compensation for services rendered as directors, unless the Association determines that their duties have become so burdensome that compensation is justified, in which event the compensation of directors shall be set by the Association.

Section 3.13 Report of the Board. The Board shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full, true, and clear statement of the business and condition of the Association.

Section 3.14 Fidelity Bonds. The Board may require that all officers, agents and employees of the Association, handling or responsible for funds, furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 3.15 Board Action Without Meeting. Unless specifically prohibited by provisions of the Declarations, the Articles of Incorporation, these Bylaws, or by applicable law, any action required to be, or which may be, taken by the Board at any regular or special meeting, may be taken without such a meeting if a consent in writing, setting forth the action(s) so taken or to be taken, shall be signed and executed by all directors entitled to vote with respect to the subject matter thereof, whether done before or after the action(s) so taken. Any such written consent shall have the same effect as a unanimous vote and may be officially reported as such.

ARTICLE IV

OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the members of the Association. Officers may also but need not be directors, with the exception of the President who must be elected from among the members of the Board. Two or more offices may be held by the same person.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the members of the Association at its regular annual meeting, and shall hold office until their successors shall be duly elected and qualified.

Section 4.3 Removal of Officers. As in the case of directors, no Officer shall continue to hold office, if he shall become more than sixty (60) days delinquent in the payment of assessments or other charges due the Association. Otherwise, no officer may be removed except by action of the Association, which may at any time remove any officer (including officers appointed by the Board) with or without cause. If any office becomes vacant for any reason during the year, the vacancy shall be filled by majority vote of the whole Board.

Section 4.4 President. The President shall be the chief executive officer of the Association. He shall preside at meetings of the Association and the Board, and shall be an ex-officio member of all committees. He shall have general and active

management of the day to day business affairs of the Association, and shall see that all orders and resolutions of the Association and/or Board are carried into effect.

Section 4.5 Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the power of the President (including the power to preside at meetings of the Board, and vote as a member thereof), and shall perform such other duties as the Board shall prescribe. If neither the President nor the Vice President is able to act, the Board shall appoint a member of the Board to do so on an interim basis.

Section 4.6 Secretary. The Secretary shall attend all meetings of the Board and/or Association and record all votes and the minutes of all proceedings, in a book to be kept by him for that purpose, and shall perform like duties for committees when required. He shall give, or cause to be given, the required notices of all meetings of the Association and the Board and shall perform such other duties as may be prescribed by the Association, Board, or President. The Secretary shall compile and keep up to date, at the principal office of the Association or other location approved by the Board, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at convenient hours during regular business days, which hours shall be set and announced for general knowledge. The Secretary shall also keep current, and retain custody of, the minute books of the Association, containing the minutes of all annual and special meetings of the Association and the Board, including all resolutions adopted thereat.

Section 4.7 Treasurer. The Treasurer shall carry out the duties specified in the Declarations; he shall have the custody of all funds and securities of the Association, and shall keep full and accurate records of receipts, disbursements, and expenditures affecting the Association and its administration. The Treasurer shall deposit all monies and other valuable effects in such depositories as may be designated by the Board. He shall disburse funds as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President, Association, and Board, at the regular meetings of the Board and/or Association, or whenever they may require it, an account of all of his transactions as Treasurer, and of the financial condition of the Association. All books of account and vouchers substantiating the entries made thereon shall be available for examination by all Owners, and their authorized agents, accountants and/or attorneys, at convenient hours during regular business days, which hours shall be set and announced for general knowledge.

If required by the Board, the Treasurer shall give a bond, the premium therefore to be considered a common expense, in such sum, and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office, and for the restoration, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control.

Section 4.8 Annual Accounting. All financial books and records shall be kept in accordance with good accounting practices and procedures, on a calendar year basis, beginning with the exception of 1985 (which shall be a short year), on the first day of January in each year and ending on the last day of December of such year; and, the same shall be audited annually (beginning with the 1986 fiscal year) by an outside auditor to be selected by the Board. The report of such audit shall be made available to the Association, and to any Owner or holder of a first mortgage on a Lot upon written request.

Section 4.9 Indemnification. Each and every officer and/or director of the Association shall be indemnified as provided in the Articles of Incorporation.

ARTICLE V

NOTICE

Section 5.1 Manner of Notice. Whenever any notice is required to be given by law, or under the provisions of the Declarations, Articles of Incorporation, these Bylaws, or by law to any mortgagee, member, or Owner, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, member, or Owner, at such address as appears on the records of the Association, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Section 5.2 Waiver of Notice. When any notice is required to be given by law, or under the provisions of the Declarations, Articles of Incorporation, these Bylaws, or by law a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI

AMENDMENT OF BYLAWS

Section 6.1 Amendment of Bylaws. These Bylaws may be amended by the affirmative vote of seventy (70%) percent of the authorized votes of the members, at a regular meeting of the Association, or any special meeting thereof called for that purpose; provided, however, that all Owners shall be given twenty (20) days written notice of all proposed amendments; provided, however, that no amendments to these Bylaws shall be made if any such amendments shall be inconsistent with the provisions of the Declarations, Articles of Incorporation, or the laws of the Commonwealth of Kentucky.

*Amend
to
5/18/86*

ARTICLE VII

CONFLICT AND MISCELLANEOUS PROVISIONS

Section 7.1 Conflict. These Bylaws are subordinate and subject to all provisions of the Articles of Incorporation of the Association and the Declarations. All of the terms used herein, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declarations. In the event of any conflict between these Bylaws and the Declarations, the provisions of the Declarations shall control.

Section 7.2 Severability. If any provisions of these Bylaws or any section, sentence, clause, phrase or word, or the application thereof, in any circumstance is

held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions hereof are declared to be severable.

Section 7.3 Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure(s) to enforce the same.

Section 7.4 Examination of Books. Each Owner shall be permitted to examine the books of account of the Association at reasonable times, on business days, but no more often than once a month.

Section 7.5 Captions. The captions contained in these Bylaws are for convenience only and are not part of these Bylaws, and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

Section 7.6 Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and, the use of any gender shall be deemed to include all genders.