

ARTICLE I – MEMBERSHIP MEETINGS

Section 1. Scheduled Meetings

A. Annual Meeting

- 1) An annual meeting of the members shall be held upon such date each year determined by the Board of Directors. At such meeting, the members shall elect directors to serve for such terms of duration as prescribed and transact such other business as shall be required or proper.

B. Semi-Annual Meeting

- 1) Approximately six (6) months after the Annual Meeting, the Board of Directors will schedule a meeting of the membership to transact such other business as shall be required or proper. In the event there is no business or agenda items, this meeting may not be held.

Section 2. Special Meetings

- A. A special meeting of the members may be called any time by the President, by a majority of the Board of Directors or by a majority of the members.

Section 3. Notices

- A. The Secretary shall give notice in writing to each member at least twenty (20) days before the time the annual or any special meeting shall take place, said notice specifying the time, place, and purpose of such meeting.
- B. The requirements of notice mentioned in this Article shall be deemed satisfied when such notice is deposited in the United States Mail, addressed to the member of his address as the same appears on the books of the Association with postage thereon prepaid.

Section 4. Voting

- A. At every such meeting, each voting member shall be entitled to cast one vote for each lot in which he holds the interest for membership, which vote may be cast by him either in person or by written and signed proxy. All proxies shall be filed with the Secretary of the Association before the meeting begins.
- B. The names and addresses of all owners of a unit shall be recorded with the Secretary of the Association by the owners. The voting right to cast the unit's one vote shall be determined by the unit's owner, and the name recorded with the Secretary, or owners can record that 'either can cast the unit's vote.' A written proxy shall be required for the undesignated to cast a vote.
- C. Voting rights shall be suspended if maintenance fees or special assessments are unpaid thirty (30) days after written notification of delinquency.

Section 5. Quorum

- A. A quorum for the transaction of business at any such meeting shall consist of a number of persons representing thirty percent (30%) of the voting membership, unless otherwise required by the Covenants and Restrictions or the Articles of Incorporation. The members present at any meeting may adjourn such meeting to a future date.

Section 6. Procedures

- A. All meetings shall be conducted according to Robert’s Rules of Order, except as specified above.

ARTICLE II – BOARD OF DIRECTORS

Section 1. Duties and Voting

- A. The Board of Directors shall consist of four (4) directors. The Board of Directors shall oversee, supervise, and manage the general affairs of the Association. During a disaster, the Board will have all powers to perform any acts with the same effects as if such acts were performed by the general membership of the Association.

Section 2. Meetings

- A. Regular meetings of the Board of Directors shall be held at such times determined by the Board of Directors. Special meetings of the Board shall be held at the call of the President or two-thirds (2/3) of the Directors upon written notice at least three (3) days in advance of the meeting. Such notice shall contain the agenda to be presented at such special meetings. All regular and special meetings of the Board of Directors shall be open to all members of the Association.

Section 3. Quorum

- A. A majority of the Board of Directors shall constitute a quorum at any regular or special meeting and may transact any business necessary, except as otherwise specifically provided herein. The Board of Directors shall act by the majority of these present and voting.

Section 4. Absences

- A. Any director absent from three consecutive meetings without sufficient cause as determined by the Board of Directors shall be considered to have relinquished the position on the Board, and the position shall be automatically considered vacant and filled as provided below.

Section 5. Nomination and Election of Directors

- A. All directors shall be elected by the membership. The President shall appoint a Nominating Committee at regular a Board meeting prior to the Annual Meeting consisting of not less than three (3) members, one of which shall be a Director. This Committee shall nominate not more than two persons from the membership for each vacant elected position, who have indicated their willingness to serve.

- B. The report of the Nominating Committee will be sent to all members not less than ten (10) days before the annual meeting of the membership. At this meeting, additional nominations of members will be accepted from any member of the Association so long as the nominee is a member of the Association, has agreed to serve if elected, and the nomination is seconded.
- C. At the Annual Meeting, ballots shall be distributed to every member present.
- D. The Nominating Committee shall also serve as a committee of tellers whose duties shall be to collect and tabulate the ballots and report the results.

Section 6. Term of Office and Vacancies

- A. Subject to the restrictions in the Articles of Incorporation, all Directors shall serve for a three-year (3) term, commencing with the Annual Meeting and ending with the election of their respective successors, or a vacancy in their position by reason of ceasing to be a member of the Association or for any other reason.
- B. The terms of members of the Board of Directors shall be staggered so that one of the Board positions become vacant each year.
- C. No member of the Board of Directors shall serve as a member of the Board for longer than two (2) consecutive terms of three (3) years each, plus any time served by virtue of filling a vacancy. Upon a member of the Board having served the maximal time permitted herein, such member shall not be eligible for nomination or appointment to the Board without at least one (1) year passing without service as a member of the Board.
- D. Vacancies on the Board of Directors shall be filled by vote of the Board of Directors. The replacement shall serve until the next annual election.
- E. Any member of the Board of Directors is subject to recall for cause upon two thirds (2/3) vote of the voting membership at a regular or special meeting.

ARTICLE III – OFFICERS, THEIR DUTIES, ELECTION AND TERMS

Section 1. Elected Officers

- A. The officers of this Association shall be a President, a Vice President, Treasurer, and a Secretary.

Section 2. Duties of the President

- A. The duties of the President shall be to preside over and set the agenda for all meetings of the general membership and the Board of Directors, and to perform such other duties as usually pertain to the office of President.

Section 3. Duties of the Vice President

- A. The duties of the Vice President shall be to act in the place of the President in the event of the President's absence or inability to perform the President's duties.

Section 4. Duties of the Treasurer

- A. The Treasurer will receive all monies received by the Association and to deposit the same. No disbursements shall be made unless they have been authorized by the Board of Directors except the Board may, by resolution, authorize certain disbursements by item or category in advance. All disbursements shall be made by checks signed by the Treasurer and/or such other officers or persons authorized by the Board.
- B. The Treasurer shall give reports of the receipts and disbursements and securities on hand at every meeting of the Board of Directors.
- C. The Treasurer shall be bonded for the faithful performance of duties in such sum as the Board shall determine. Upon request of the President or the Board of Directors, the Treasurer shall submit all of the books for an annual audit to a committee appointed by the President.

Section 5. Duties of the Secretary

- A. The duties of the Secretary shall be to record all proceedings of all meetings of the Board of Directors and to read the same at each subsequent meetings; to keep all valuable papers of the Association in a suitable file or vault designated by the Board of Directors; to supervise the sending of all notices of meetings and required correspondence of the Association as directed by the membership and the Board of Directors; and, to supervise the maintenance of an accurate and current list of all members of the Association.

Section 6. Election and Terms of Officers

- A. At the first Board of Directors' meeting after each Annual Meeting of the membership, the Board of Directors shall nominate and elect from among its membership, the officers of President, Vice President, Treasurer, and Secretary, each of whom shall serve for a one (1) year term commencing immediately upon election and ending with the installation of their respective successors, or a vacancy in their position. If a person vacates an office by ceasing to be a member of the Association, or for any reason, the Board of Directors shall appoint a replacement from the membership of the Association. The person thus appointed shall serve until the next regular election.

ARTICLE IV – INSURANCE

Section 1. Common Insurance

- A. The Association shall effect and maintain replacement cost/agreed amount physical damage insurance to the buildings of Sections 1, 2, 3, 4, 5 under an 'all risk' contract in the amount of the improvement's maximum insurable value to include the units as originally constructed by the builder, i.e., 100 %

replacement cost exclusive of excavations, with a loss clause made payable jointly to the Association and any bona fide mortgager, as their interest appear, provided, however, that such funds shall not be disbursed by the Association without concurrence of the owner(s) and, provide further that should the owner(s) and the Association not agree on or before sixty (60) days from receipt of the insurance proceeds, then the Board of Directors' decision as to disbursement of funds shall take precedence. The owner(s) making the claim shall be responsible for any deductible in equal shares. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsements to all mortgages of the improvements on each respective lot and to all owners of each lot.

- B. The Common Property and the Directors and Officers shall be insured for liability.
- C. The insurance premiums charged for the insurance purchased by the Association shall be charged to each lot owner on a proportionate basis and shall be treated as a separate assessment which shall be paid within thirty (30) days after the due date as determined by the Board of Directors. Each such determined amount, together with interest, cost and attorney's fees, shall be the personal obligation of the person who was the owner of the unit at the time the assessment fell due. The personal obligation for delinquent insurance assessments shall pass to the successors in title of purchasers of that lot and shall be a lien thereon. The Association may bring any action at law against the owner personally obliged to pay same or foreclose the lien on the property.
- D. All real property shall be covered by the Master Policy. Real Property shall be defined as all improvements and betterments to or on the property, including common areas, limited common areas and units, regardless of whether built or installed by the original developer or the Council, or any unit owner, current or prior, or any tenant of a unit owner.
- E. Real Property shall include, but not be limited to such items as landscaping, foundations, walls, floors, doors, windows, built-in fireplaces, carpet, paint, wallpaper, cabinets, ceiling fans, light fixtures, HVAC components and wiring and electrical fixtures.
- F. Real Property shall not include:
 - 1) moveable personal property of any kind or nature, including without limitation, furniture, electrical or electronic equipment (such as computers, peripherals or telephone equipment) not permanently attached or affixed to or made a part of the real property, lamps, plants, art work, kitchen equipment, supplies and related items, books and magazines and office supplies;
 - 2) business or personal records, files and documents or any similar items regardless of how or where stored.

Section 2. Individual Policies

- A. Any owner and any mortgager may obtain additional insurance at their own expense. The Association recommends that each owner obtain a 'homeowner's policy,' or equivalent, to insure against loss or damage to personal property used on or incidental to the occupancy of the lot, and personal liability.

- B. If any owner maintains separate insurance coverage from that provided by the Association on the improvements located on their lot, then the Association's insurance policy shall be considered primary. The Association may require that each owner shall file with the Association a copy of each individual policy of insurance purchased by the owner within thirty (30) days after its purchase. The Association may also require that each owner shall also notify the Association of all improvements made by him to his lot having a value in excess of \$1000.00.

Section 3. Board of Directors, Attorney-in-Fact

- A. Each unit owner shall be deemed to appoint the Board of Directors as his/her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy. Without limitation of the generality of the foregoing, the Board of Directors as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefore, to file claims and collect proceeds and to distribute the same to the Board, the unit owners and their respective mortgages, as their interests may appear, to execute releases of liability, to execute all documents and to do all things on behalf of such unit owners and the regime as shall be necessary or convenient to the accomplishment of the foregoing and any unit owner shall deal exclusively with the Board of Directors in regard to such matters.

Section 4. Filing of Claims

- A. No unit owner has the right or the privilege of dealing with the Association's insurance company, its agents, or representatives. This right is reserved to the Board of Directors. Only the Board of Directors may file a claim or negotiate with the insurance company.
- B. It is the policy of the Association that in the case of loss, the following procedure will be followed:
- 1) Owner is to call a member of the Board of Directors to inform the directors of the loss.
 - 2) The Directors will contact the Insurance Company within twenty-four (24) hours of the incidence.
 - 3) The Board may ask the owner to secure three (3) competitive bids to repair or replace the loss. These bids will be used by the Board in negotiating settlement of the claim. The Board may also secure a bid if it chooses.
 - 4) The Board will consult with the owner prior to an acceptance of the insurance settlement.
 - 5) The Board will consult with the homeowner at the conclusion of the repairs or replacements to see if the work has been completed satisfactorily before authorizing the payment of the settlement of the claim.

ARTICLE V – INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Conduct in a Director’s or Officer’s Official Capacity with the Corporation

A. Except as provided in Section 3 below, in the case of conduct by a director or officer in his or her official capacity with the corporation, the corporation shall indemnify each of its directors and officers who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, or appeal thereof, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, against expenses (including attorneys’ fees), judgments, fines, assessments, penalties and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if the director or officer conducted himself or herself in good faith, and the director or officer reasonably believed that his or her conduct was in the corporation’s best interests, and with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe that his or her conduct was unlawful.

Section 2. Conduct Not in a Director’s or Officer’s Official Capacity with the Corporation

A. Except as provided in Section 3 below, in the case of conduct by a director or officer not in his or her official capacity with the corporation, the corporation shall indemnify each of its directors and officers who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding or appeal thereof, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, against expenses (including attorneys’ fees), judgments, fines, assessments, penalties and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if the director or officer conducted himself or herself in good faith, and the director or officer reasonably believed that his or her conduct was in the corporation’s best interests, and with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe that his or her conduct was unlawful.

Section 3. Limitations on the Award of Indemnification

A. The corporation shall not indemnify any of its directors or officers with respect to any action, suit or proceeding, whether or not involving action in the director’s or officer’s official capacity, in which the director or officer is adjudged liable or guilty as a result of receiving improper personal benefits. The corporation shall not indemnify any of its directors or officers with respect to any action, suit or proceeding brought by or in the right of the corporation in which the director or officer is adjudged liable to the corporation. In all other cases involving actions, suits or proceedings brought by or in the right of the corporation, the corporation shall indemnify its directors and officers only against the reasonable expenses (including attorneys’ fees) incurred by the director or officer with respect to such action, suit or proceeding.

Section 4. Procedure for the Authorization of Indemnification

A. In addition to the indemnification set out in Section 5 below, the corporation shall indemnify its officers or directors in a specific case after a determination that the indemnification of the director or officer has met the standard of conduct set forth in Sections 1 and 2 above. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. Such determination shall be made

- (a) by the Board of Directors by a majority vote of a quorum consisting of directors not at the time parties to such action, suit or proceeding, or
- (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors consisting solely of two or more directors not at the time parties to the action, suit or proceeding, said committee having first been duly designated by a majority vote of the full Board of Directors (in which designation directors who are parties may participate), or
- (c) by the members.

Authorization of indemnification and determination of the reasonable expenses shall be made in the same manner as the determination that indemnification is permissible. Such determination and authorization shall be made within thirty (30) calendar days of submission of a request for indemnification or advancement of expenses by an officer or director. If no decision is made within thirty (30) days of the request, approval for indemnification or advancement of expenses will be deemed to have been given. In the event of an unfavorable indemnification or expenses advancement decision, by the Board of Directors or a committee of the Board of Directors appointed under this Section, an officer or Director may appeal the decision either to the members, or to a court of appropriate jurisdiction as that term is defined in the corporate statutes of the Commonwealth of Kentucky or to the American Arbitration Association. The cost of such appeal shall be borne by the corporation. Any approved indemnification or expenses advance shall be paid in full by the corporation to the officer or director within 30 days of the date of actual approval or deemed approval.

Section 5. Award of Expenses Where Director or Officer is Wholly Successful in Defense of an Action, Suit or Proceeding

A. An officer or director of the corporation who is wholly successful on the merits or otherwise, in the defense of any action, suit or proceeding referred to hereinabove, shall be indemnified against the reasonable expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, without standard of conduct set forth in Sections 1 and 2 above. The term 'wholly successful' shall mean termination of any claim, action, suit or proceeding against such person without any finding of liability or guilt against him or her and without any settlement by payment, promise or undertake/ing by or for such person or the expiration of a reasonable period of time after making of any claim or threat without action, suit or proceeding having been brought and without action, suit or proceeding having been brought and without any settlement by payment, promise, or undertaking by or for such person.

Section 6. Advancement Expenses

A. Reasonable expenses incurred (including attorneys' fees) by a director or an officer who is a party to an action, suit or proceeding, whether civil, criminal, administrative, or investigative, shall be paid or reimbursed by the corporation in advance of the final disposition of such action, suit or proceeding, only after:

- 1) a finding by the body making the determination to advance the expenses, that the facts then known to said body would not preclude indemnification under the standards and limitations set forth above, and
- 2) the receipt by the corporation of:
 - (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation as authorized in Sections 1 and 2 above, and
 - (b) an unsecured, unlimited general written undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she has not met such standard of conduct.

Said undertaking shall be acceptable without reference to financial ability to make repayment. Determinations and authorizations of payment under this Section shall be made in the manner specified in Section 4 above, with the same time limits, deemed approval, and appeal procedures applying to advancement of expenses. Approved expenses shall be paid in full to the officer or director within thirty (30) days of the date of actual approval or deemed approval.

Section 7. Indemnification for Subsidiaries

A. The indemnity provisions set out in Sections 1 through 6 above shall also apply to the directors and officers of any wholly-owned subsidiary of the corporation. The Board of Directors of such wholly-owned subsidiary shall be responsible for the authorization set out in Section 4 above.

Section 8.

ARTICLE VI – CONTRACTS, INSURANCE OF CONTRACTORS

Section 1. Contracting Powers of the Board

A. Only the Board of Directors may bind the Association in a contract, verbal or written, or any other obligation or agreement. No officer or member may enter into a contract or otherwise obligate the Association without prior approval by a majority vote of the Board of Directors. Any officer may sign on behalf of the Board any contract, commitment or agreement so approved.

B. In case of extreme emergency, such as natural disaster, when quorum of the Board is not available, any officer of the Board of Directors may authorize emergency action or repairs not exceeding five hundred dollars (\$500.00).

Section 2. Insurance of Contractors

- A. No contractor or sub-contractor may be engaged to do work on the common property unless certificates of liability and workmen’s compensation insurance are on file with the Board of Directors, proving policies with limits satisfactory to the Board, are currently in force and will remain in force throughout the life of the contract.

- B. All bid specifications will include the requirement that certificates of liability and workmen’s compensation insurance be attached to the bid and that such insurance will remain in force for the life of the contract.

ARTICLE VII – AMENDMENT OF BYLAWS

These Bylaws may be amended by majority vote of the membership of the Association so long as the same are not inconsistent with the Articles of Incorporation of the Association, the recorded Covenants and Restrictions applicable to the property of the Association and the properties of the members, or the laws of the Commonwealth of Kentucky.

DATED: January 30, 2005 *(4/11, retyped with no changes made)*

FOREST RIDGE MAINTENANCE ASSOCIATION, INC.

By: signature on file
Walter Hehl, President

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