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Cliffview Resort Property Owners Association, Inc.
Amended By-Laws
April 24, 2009

A Corporation Not For Profit under the Laws of the Commonwealth of Kentucky

ARTICLE I

A. Definition. The term "Association," used herein and throughout these By-Laws, shall mean Cliffview Resort Property Owners Association, Inc., a not for profit corporation of Kentucky.

B. Purpose. The Association has been organized for the purpose of administering all interest and business of the Association, including property project management, maintaining common areas, communications with property owners, invoicing and collection of fees, and pursuant to Chapter 381 of Kentucky Revised Statutes (called the "Condominium Act" in these By-Laws), which Association is governed by the Cliffview Resort Deed Restrictions and Guidelines recorded in Lee and Wolfe county courthouses. See Attachment A for listing of courthouse documents.

The By- Laws contained in said Cliffview Resort Deed Restrictions and Guidelines or previously adopted by the Association are hereby voided entirely and replaced by these By-Laws.

C. Location. The office of the Association shall be at its property, Cliffview Resort, Lee and Wolfe Counties Kentucky. Mailing address is Cliffview Resort HOA, PO Box 63, Rogers, Ky 41365.

ARTICLE II

Membership and Voting

A. Eligibility. Membership in the Association is limited to owners of individual lots and/or the cabins. The owners of each cabin and/or lot are those presently holding a legally vested interest by deed or land contract recorded at the county courthouse or registered with the Association. The membership is automatically conferred upon acquisition of property, as evidenced by the recording of a deed or land installment contract to such property, or as provided in the Cliffview Resort Deed Restrictions and Guidelines for transfer of membership upon the death of a cabin and/or lot owner. Membership is an incident of ownership and is not separately transferable. An owner is divested of membership upon conveying his interest by land installment contract or by deed.

B. Voting. In any meeting of members the owners of individual lots shall be entitled to cast one (1) vote for each lot owned and the owners of cabins shall be entitled

to cast two (2) votes for each cabin unit owned. Any owner whose account is delinquent more than sixty (60) days shall not be permitted to vote. If the unit is owned by one person, his right to vote shall be established by the recorded title to the unit. If the property is owned by more than one person, the person entitled to cast a vote for the unit shall be designated by a certificate signed by all of the record owners of the unit filed with the secretary of the Association. If the property is owned by a corporation, the person entitled to cast the vote for the unit shall be designated by a certificate signed by the president or vice president and attested by the secretary or assistant secretary of the corporation and filed with the secretary of the Association. Such certificate shall be valid until revoked or until superseded by a subsequent certificate. The certificate designating the person entitled to cast a vote of the property may be revoked by any owner of the property. If the certificate is not on file with the secretary of the Association for the property owned by a corporation, the vote on the property concerned shall not be considered in determining the requirement for a quorum. If the property is jointly owned, the following three provisions are applicable thereto:

1. Joint owners may, but they shall not be required to, designate a voting member.

2. If they do not designate a voting member, and if two or more are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. (As previously provided, the vote of the property is not divisible.)

3. Where they do not designate a voting member and only one is present at a meeting, the person present may cast the property vote, just as though he or she owned the property individually and without establishing the concurrences of the absent person.

4. Election of Directors shall be held as a secret ballot at the annual business meeting held in March. Owners present shall be assigned a ballot, asked to complete it, fold it and turn it over to a member of the nominating committee. The nominating committee, chosen by the Board and consists of volunteers although one of which shall include the Secretary. Owners unable to attend the March meeting may e-mail or mail their vote to the Secretary prior to the March meeting date, but not sooner than one week prior to March meeting date. Three committee members shall record votes separately, then enter consensus onto ledger. The ballots and ledgers shall be stored in the Secretary's office for three years. The list of owners' names and numbers shall be sealed and may only be audited by a committee of three appointed by the Board of Directors. At no time shall these two documents be compared.

C. Annual Meetings. The annual members' meeting shall be held on the Cliffview Resort grounds at the home of the current President on the third or fourth Saturday in March of each year and at such hour between 9:00 a.m. and 4:00 p.m. as may be fixed by the Board of Directors for the purpose of electing directors and transacting any other business authorized to be transacted by the members. If that day is a legal holiday, the meeting shall be held at the same hour on the next day. The Board shall

determine the agenda for the meeting. However, members may cause any item of business to be placed on the agenda for the meeting by submitting it in writing, signed by members in good standing. Such items must be delivered to the Association office or any Board members not less than fourteen (14) days before the meeting. Notice of the meeting shall include the agenda or items to be reviewed at meeting.

D. Special Meetings. Special members' meetings shall be held whenever called by the president or vice president or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written and/or electronic mail request from the members entitled to cast one tenth (1/10) of the votes of the entire membership. Members shall not vote on any business unless it is one of the purposes for which the meeting was called.

E. Notice. Notice of the members' meetings stating the time and place and the purposes for which the meeting is called shall be given by the president or vice president or secretary unless waived in writing. Such notice shall be in electronic writing to each member at his address as it appears on the books of the Association and shall be mailed not less than fifteen (15) days nor more than thirty (30) days prior to the date of the meeting. Proof of such electronic mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings.

F. Quorum. A majority of the owners at the meeting shall constitute a quorum at members' meetings and may be represented in person or by proxy. Quorum needs to be a minimum of 15 owners. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the members, except when approval by a greater number of members is required by the Cliffview Resort Deed Restrictions and Guidelines, the Articles of Incorporation, or these By-Laws. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum. Members unable to attend a meeting or unable to send a proxy may submit their vote or opinion in writing or via e-mail to the Board President or Secretary prior to meeting date. The President or Secretary shall bring such submissions to meeting.

G. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the secretary of the corporation prior to the meeting. The proxy shall be valid and entitle the holder thereof to vote until revoked in writing by the grantor, such revocation to be lodged with the secretary, or until the death or legal incompetence of the grantor. Proxy shall be allowed to represent one owner only.

Election proxies solicited by the Board or any Director shall separately list known nominees for election to the Board and on its face provide where each member may direct the proxy holder to vote:

1. For designated nominees by name
2. for write-in candidates

H. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

ARTICLE III

Directors

A. Membership. The direction and administration of the Association shall be vested in the Board of the Association, herein referred to as the "Board" and/or "Board of Directors," consisting of five (5) directors who shall be elected in the manner hereinafter provided. Directors shall be owners or a person designated to represent corporate owners.

B. Election of Directors.

1. Election of directors shall be held at the annual members' meeting.

2. A nominating committee of three (3) members shall be appointed by the President with the advice and consent of the Board of Directors not less than sixty (60) days prior to the annual meetings. The names, addresses and telephone number of each committee member shall be mailed to all owners. The committee shall nominate one (1) or more candidates for each director to be elected, all of whom shall have given prior consent to their nomination, not less than fifteen (15) days prior to the annual meeting and their names and addresses shall be reported to the Board via e-mail once known. . The Board shall cause the names and addresses of each nominee to be posted on the community bulletin board and by email until after the election. The identity of each nominee and a resume of the nominee's qualifications shall be provided to all owners via e-mail and posting on the bulletin board at least ten (10) days before the annual meeting. Nominations, in addition to the committee nominations, may be made from the floor.

If a nominee declines to serve, dies, or is otherwise disqualified for election after notice of his or her nomination has been provided to all owners, the Board of Directors, with the advice and consent of the nominating committee, may nominate a successor nominee. The identity and a resume of the new nominee's qualifications shall be provided to all owners by subsequent letter notice mailed on or before five (5) days prior to the annual meeting.

3. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast the number of directors to be elected receiving the highest number of votes shall be declared elected.

4. Except as to vacancies created by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

5. Any director may be removed by concurrence of two-thirds (2/3) of the votes of the

entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

6. If a retiring president's term as a director ends with the annual meeting, such president shall have the option to remain on the Board one (1) additional year as the fifth (5) director, such option to be exercised by his declaration in writing to the nominating committee on or before sixty (60) days prior to the annual meeting. If his term does not so end or he elects not to serve another year, the fifth (5) directors shall be nominated and elected for a one (1) year term or appointed in the same manner other directors are elected or nominated.

C. Term. The term of each director's service shall be three (3) years or until his successor is duly elected and qualified or until he is removed in the manner provided herein or resigns.

D. Organization Meeting. The organization meeting of a newly elected Board of Directors shall be held within ten (10) days of their election, at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

E. Regular Meetings. The Board of Directors shall hold regular meetings no less frequently than quarterly at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by electronic mail, telephone or telegraph at least three (3) days prior to the date named for such meeting by the secretary of the Association.

F. Special Meetings. Special meetings of the directors may be called by the president and must be called by the secretary at the written request of one half (1/2) of the directors. Not less than three (3) days notice of the meeting shall be given personally or by electronic mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

G. Waiver of Notice. Any director may waive notice of a meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place of the meeting.

H. Quorum. A quorum at directors' Board meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors is required by the Cliffview Resort Deed Restrictions and Guidelines, the Articles of Incorporation or these By-Laws.

I. Adjourned Meetings. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time

to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

J. Joiner in Meeting by Approval of Minutes. The joiner of a director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such director for the purpose of determining a quorum.

K. Presiding Officer. The presiding officer of directors' meetings shall be the chairman of the Board if such an officer has been elected; and if none, the president shall preside. In the absence of the presiding officer, the directors present shall designate one of their numbers to preside.

L. Disqualification and Resignation of Directors. Any director may resign at any time by sending a written notice of such resignation to the office of the corporation delivered to the secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the secretary.

Commencing with the organizational meeting of a newly elected Board of Directors, if a director is absent from more than two (2) consecutive regular meetings of the Board of Directors during any one calendar year of his term, unless the director has given prior written notice of an absence or absences and has been excused by resolution of the Board of Directors, such absences shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors.

M. Director's Fees. Director's fees, if any, shall be determined and approved by the voting members of the Association, However, directors and officers shall be reimbursed for expenses incurred in connection with business of the Association and authorized by the Board. Nothing herein shall preclude any director from serving the Association in any other capacity other than as an officer or a director and receiving compensation thereof as authorized and approved by the Board. Any director receiving any special compensation for services in such other capacity shall be excluded from deliberations and voting by the Board relative to the authorization thereof in fixing compensation with regard therein.

Any payment to a director or to a firm in which he is an employee or owns an interest in excess of ten percent (10%), except for reimbursement of the director's expenses while on Association business, shall be separately disclosed on the annual financial statement of the Association.

N. Executive Committee. The Board of Directors shall have the power to appoint an Executive Committee and delegate to such committee any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to adopt, amend or repeal the By- Laws. The Executive Committee shall be composed of two (2) or more directors, one of whom shall also be the president.

ARTICLE IV

Powers and Duties of the Board of Directors

The Board of Directors shall have powers and duties necessary for the administration of the Association, project property, common elements, communication with owners, facilities and any other Association property and interests hereinafter referred to as the Property, and may do all such acts and things as are not by law or by the Cliffview Resort Deed Restrictions and Guidelines, Cliffview Resort Deed Restrictions and Guidelines or by these By-Laws directed to be exercised and done by the cabin and lot owners or Association owners. These powers shall specifically include, but shall not be limited to, the following:

A. To exercise all powers specifically set forth in the Cliffview Resort Deed Restrictions and Guidelines, Cliffview Resort Deed Restrictions and Guidelines, in these By-Laws, and the Condominium Act and all powers incidental thereto.

B. To make assessments, collect assessments, and use and expand the assessments to carry out the purposes and powers of the Association.

C. To employ, dismiss and control the personnel necessary for the maintenance and operation of the resort and of common areas and facilities, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises.

D. To make, amend and publish rules and regulations respecting the regulation and use of the property and/or, including enforcement by penalties and fines, and the use and maintenance of the properties, subject to applicable provisions of the Cliffview Resort Deed Restrictions and Guidelines, By-Laws, and the statutes, ordinances and laws of the Commonwealth of Kentucky.

E. . To contract for the management and operation of portions of the common elements subject to the provisions of the Cliffview Resort Deed Restrictions and Guidelines and By-Laws.

F. To further improve the Association and properties. The improvements may extend to real as well as personal property and include the right to purchase realty and items of furnishings, fixtures and equipment for the foregoing, subject to the provisions of the Cliffview Resort Deed Restrictions and Guidelines, the Articles of Incorporation, and the By-Laws of the Association. The Board of Directors shall not contract to sell or deed any real property of the Association without the prior approval of the membership. However, the Board shall have the power to sell any cabin and/or lot ownership it holds or acquires, including all necessary powers to cause the development and construction of additional residential properties and common elements within the open areas and the sale of said properties, provided the newly developed cabin and/or lot owners are governed by the identical terms and conditions of Kentucky Revised Statute Section 381, et seq, the

original Cliffview Resort Deed Restrictions and Guidelines as amended, these By-Laws and the Rules and Regulations of the Association and any other provisions which may govern and apply to all other members and owners. Ownership in any such additional properties shall have all of the same rights and privileges as other owners and Association members. The Board shall use all powers legally conferred upon it from all sources to cause the original Cliffview Resort Deed Restrictions and Guidelines to be amended or a new Cliffview Resort Deed Restrictions and Guidelines created to accomplish the terms and conditions of this By-Law.

G. To designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management of the business and affairs of the Association. Such committee shall consist of at least three (3) members of the Association, one of whom shall be a Director. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by unit owners when such is specifically required.

H. To cause the common areas within the project and improvements of facilities, structures and landscaping thereon to be operated, protected and maintained, and to procure and pay for liability and hazard insurance as needed, together with such other insurance as may be required by the Cliffview Resort Deed Restrictions and Guidelines.

I. Appoint and renew at its pleasure all officers, agents and employees of the Association, prescribe their duties, affix their compensation subject to the limitations on compensation to directors and obtain such fidelity bonds as it may deem necessary or appropriate. The premium on such bonds shall be paid for by the Association.

J. To manage and charge for services of a rental program to benefit the Association and the members to participate therein.

ARTICLE V

Officers

A. **Number.** The executive officers of the Association shall be a President, who shall be a member of the Board of Directors serving a term to which he or she has been elected by the members pursuant to Article III, Paragraph B, subparagraph 1., 2. and 3. of these By-Laws, and a Vice President, Secretary and a Treasurer or Treasurer's liaison, all of whom shall be directors. Such officers shall be elected annually by the Board of Directors at its organizational meeting held in accordance with Article III, paragraph D. of these By-Laws and may be peremptorily removed by a majority vote of the directors at any meeting. Any two of the offices of vice president, secretary and treasurer may be combined in one person. The Board of Directors from time to time may appoint assistant secretaries and assistant treasurers, and such other officers as the Board deems necessary

and may designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. President. The president shall be the chief executive officer of the Association. He shall have all of the powers and duties usually vested in the office of president and an association. He shall sign all written contracts and perform all of the duties incident to his office and which may be delegated to him from time to time by the Board of Directors.

C. Vice President. The vice president, in the absence or disability of the president, shall exercise the powers and perform the duties of the president. He shall also assist the president generally and exercise such other duties as shall be prescribed by the directors.

D. Secretary. The secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly signed. He shall keep the records of the Association except those of treasurer, and shall perform all other duties incident to the office of the secretary of an association and as may be required by the directors or the president. The assistant secretary shall perform the duties of the secretary when the secretary is absent.

E. Treasurer. The treasurer shall have custody of all intangible properties of the Association. He shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of the treasurer. If Board member is Treasurer's Liaison then this Board member must meet with Treasurer and bring appropriate financial reports to meeting.

F. Compensation. The compensation if any, of all officers and employees of the Association shall be fixed by the directors. The provision that director's fees shall be determined by members shall not preclude the Board of Directors from employing a director as an employee of the Association nor preclude the contracting with a director for the management of the property (or a company in which a director may have in interest).

ARTICLE VI

FISCAL MANAGEMENT

The provisions for fiscal management for the Association set forth in the Cliffview Resort Deed Restrictions and Guidelines and Articles of Incorporation shall be supplemented by the following provisions:

A. Budget. The Board of Directors shall prepare an estimate of the budget of common expenses for the coming fiscal year, which shall include the estimated funds

required to defray all the common and current expenses and allowance for reserves for contingencies and future replacement. Copies of the estimated budget and proposed assessments, if any, shall be distributed to each member at the annual business meeting and if said budget is substantially amended a copy of the amended budget shall be mailed to each member and posted on the bulletin board and distributed to Board members.

B. Assessments. Assessments against the property owners for their share of the budget shall be made for the fiscal year preceding the year for which the assessments are made. Assessments shall be payable by property owners in accordance to each owner's percentage of ownership in the common elements as set forth in the Cliffview Resort Deed Restrictions and Guidelines as amended. See Attachment B for monthly assessments established July 2007. Payment of assessments shall be on a quarterly installment basis in advance. Each property owner, upon taking title, shall pay at the closing prorated assessment then due, and the next succeeding installment. In the event the installments prove to be insufficient, they may be amended at any time by the Board of Directors.

C. Acceleration of Assessment Installments upon Default. If a property owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the property owner, and then the unpaid balance of the assessment shall become due upon the date in the notice, but not less than ten (10) days after delivery of the notice to the property owner or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur. Interest on such accelerated assessments shall be charged at the rate of one and one half percent (1 1/2 %) per month until paid.

D. Assessments for Emergencies. Assessments for common expenses of emergencies that cannot be paid from the annual assessment for common expenses shall be made only after notice of a need for such is given to the property owners concerned. After such notice and upon approval in writing by persons entitled to cast more than one half (1/2) of the votes of the actual signed HOA members concerned, the assessment shall become effective and it shall be due after thirty (30) days notice in such manner as the Board of Directors of the Association may require in the notice of the assessment.

E. Accounting to Members. At the annual meeting, the Board of Directors will issue to all property owners an itemized accounting of the expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to the owner's percentage of ownership in the common elements to the next quarterly installment due from owners under the current year's estimate, until exhausted, and any next shortage shall be added according to each owner's percentage of ownership in the common elements as hereinabove referred to, to the installments due in the next succeeding six (6) months after rendering of the accounting. The Board shall build up and maintain a

reasonable reserve for contingencies and replacements.

F. Deficit Budgets: If said annual budget proves inadequate for any reason, including non-payment of any owner's assessment, the Board may need to determine which services to discontinue in order to bring budget into balance. The Board shall serve notice of such discontinuation of services on all property owners by a statement in writing giving the amount and reasons therefore, The Board at its discretion may attempt to find donors to alleviate budget cuts, ask for voluntary additional assessments from property owners, promote fund raising activities or attempt to raise money via some legal means.

G. Non-Waiver. The failure or delay of the Board to prepare or serve the annual or adjusted budget on the property owners shall not constitute a waiver or release in any manner of the property owner's obligation to pay the maintenance and other costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget the property owner shall continue to pay the monthly assessment charges at the then existing rate established for the previous period until the assessment payment is changed.

H. Records. The Board shall keep full and correct books of accounts and same shall be open for inspection by any cabin owner or any representative of a property owner duly authorized in writing at such reasonable time or times during normal business hours as they may be requested by the owner. Owner must not be in default in the monthly payments of homeowner's fees.

I. Depository of Funds. The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors. Name, location, address of bank is kept at the office of the Secretary, Treasurer and President and can be disclosed to any property owner.

J. Fidelity Bond. Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the directors. The premiums on such bonds shall be paid by the Association. The bonds shall be in an amount sufficient to equal the monies the individual handles or has control of by a signatory or bank account or other depository account.

K. Default. In addition to any remedies or liens provided by law, if any property and/or cabin owner is in default in the monthly payment of the aforesaid charges for one hundred twenty (120) days or more, the Association may bring suit for and on behalf of itself and as representatives of all the property owners, to force collection thereof or to foreclose the lien; and there shall be added to the amount due the cost of said suit, together with interest at the rate of one and one-half percent (1 ½%) per month or as limited by law, until paid, and costs of collection including reasonable attorney's fees. No

owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common elements, or abandonment of his or her property, The unpaid common expenses assessed to a property and/or cabin owner shall constitute a lien against the cabin of such owner and against such owner's interest in the property as provided for in the Kentucky Horizontal Property Act. The Board of Directors shall post names and amounts of delinquent accounts which are more than one hundred twenty (120) days in arrears on the bulletin board, in HOA mailings and the Association office.

L. Statement of Account. Upon ten (10) days notice to the Board and payment of a reasonable fee affixed by the Board not to exceed fifteen dollars (\$15), any owner shall be furnished a statement of his account, setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

ARTICLE VII

Amendments to the By-Laws

These By-Laws may be amended in the following manner:

A. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

B. Resolution. A resolution adopting the proposed amendment be proposed by either the Board of Directors of the Association or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing provided such approval is delivered to the secretary at or prior to the meeting. By-Law amendments must be approved by a simple majority vote of the entire membership of the Association at a duly called meeting.

C. Proviso. No amendment shall be made that is in conflict in the Articles of Incorporation or the Cliffview Resort Deed Restrictions and Guidelines (excluding By-Laws therein).

ARTICLE VIII

Compliance and Defaults

A. Violations. In the event of a violation (other than the non-payment of an assessment) by the property owner in any of the provisions of the Cliffview Resort Deed Restrictions and Guidelines, of these By-Laws, or by direction of its Board of Directors, may notify the owner by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of thirty (30) days from date of the notice, the Association, through its Board of Directors, shall have the right to treat such violation as

an intentional and inexcusable and material breach of the Cliffview Resort Deed Restrictions and Guidelines, of the By-Laws and the Association may then, at its option, have the following elections:

1. To avail itself of any remedies provided in the Cliffview Resort Deed Restrictions and Guidelines.
2. To action at law to recover for its damages, on behalf of the Association or on behalf of the other property owners and members.
3. To action in equity to enforce performance on the part of the owner.
4. To action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.
5. Upon the finding by the court that the violation complained of is willful and deliberate, the Owner so violating shall reimburse the Association for reasonable attorney's fees incurred by it in bringing such action. Failure on the part of the Association to maintain such action at law or in equity within thirty (30) days from date of a written request, signed by a owner, sent to the Board of Directors, shall authorize any property owner to bring an action in equity or suit at law on account of the violation, . Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the property owner and shall then be a lien against said owner with the same force and effect as if the charges were apart of the common expenses.

B. Negligence or Carelessness of Property Owner, etc. All owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any unit or its appurtenance. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance company of rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this section, shall be charged to said owner as a specific item, which shall be a lien against said property with the same force and effect as if the charge were a part of the common expenses. This section shall apply to the costs of repairs, maintenance or replacement of any property of the Association or non-labile property owners.

C. Costs and Attorney's Fees. In any proceeding arising because of an alleged default by a property owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be determined by the court.

D. No Waiver of Rights. The failure of the Association or of a property owner to enforce any rights, provision, covenant or condition of the future shall not constitute a

waiver of the same.

E. Election of Remedies. All rights, remedies and privileges granted to the Association or property owner, pursuant to any terms, provisions, covenants or conditions of the property documents shall be deemed to be cumulative and the exercise of anyone or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by property documents or at law or in equity.

ARTICLE IX

Acquisition of Property by Foreclosure

At any foreclosure sale of any property the Board of Directors may acquire in the name of the Association or its designee a property parcel being foreclosed. The term "foreclosure" as used in this section shall mean and include any foreclosure of any lien, including the Association's lien for assessments. The power of the Board of Directors to acquire a property parcel at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the said Board of Directors or of the Association to do so; the provisions hereof being permissive in nature and for the purpose of setting forth the power in the Board of Directors.

ARTICLE X

Liability Survives Termination of Membership

The termination of membership in the Association shall not relieve or release any such former owner or member from any liability or obligations incurred under or in any way connected with the membership during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former owner and members arising out of, or in any way connected with, such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XI

Limitation on Liability

Notwithstanding the duty of the Association to maintain and repair certain parts of the property, the Association shall not be liable for injury or damage caused by conditions beyond its control, by the elements, or by owners or other persons or entities.

A. Insurance in Force.

1. The Board shall keep in full force and effect 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 for the full insurance replacement cost of the common elements and the property. Such insurance coverage shall be written in the name of and the proceeds thereof shall be payable to the Association or to such other party designated by the Board of the Association for the benefit of each of the parties entitled thereto. The Board shall purchase public liability insurance insuring the Association against any person or entity claiming personal injuries or property damage. The Board shall also purchase such other insurance as the Board deems advisable in the operation and for the protection of the property. Premiums for all such insurance provided for shall be considered common expenses.

B. Damage or Destruction and Replacement

1. In case of fire or other casualty causing damage or destruction of the common elements containing the properties, as defined in the Cliffview Resort Deed Restrictions and Guidelines, all of the Association's insurance proceeds shall be applied to repair or reconstruct the property and common elements. Repair or replacement shall be performed as soon as practical, restoring the common elements to their condition which existed prior to the damage. In the event of no insurance proceeds or proceeds are insufficient to repair or restore the damaged common elements, the Association shall pay for the balance of repair or restoration. Each property unit owner shall be obligated to pay for repair or replacement of his property excluding the common elements and areas covered by Association insurance. Should the common elements have been modified from original construction, the unit owner shall pay for any additional restoration costs to the conditions that existed just prior to the destruction over the estimated costs of restoration to the original state of construction. Property owners may insure their interest from losses to their modified common elements and properties.

2. The Board shall control and supervise all repair and reconstruction of the common elements. Property owners may request deviations from original or pre-damage construction which the Board may approve. Estimated extra costs of such deviations shall be paid by the owner, in advance, if requested by the Board.

3. Adoption of these By-Laws constitutes (as required by the Cliffview Resort Deed Restrictions and Guidelines, Paragraph 0., parts A. through D.) unanimous consent of all owners of each cabin building to repair or construct damage that exceeds two-thirds (2/3) of each building, as required in Paragraph B., 1., above. No owner will be divested of his ownership or membership in the Association solely by virtue of fire or other casualty loss to his property building because insurance proceeds covering an owner's building are inadequate (as required by Kentucky Revised Statute 381.890) to compensate an owner for his interest in his property the common elements and the other real and personal property acquired and owned by the Association.

4. If the common elements of the cabin are damaged by fire or other casualty and insurance proceeds are paid direct to such owner's mortgage holder, the following shall apply. The owner shall become obligated for the cost to repair or restore said common elements to the extent of such paid insurance proceeds, thereby releasing the Association

from said amount of cost. The Association shall restore said common elements and cabin and assess the owner for the cost including finance charges and other expenses of restoration and expenses of collection from said owner, all of which shall become a lien on said property which may be foreclosed in like manner as a mortgage.

5. Owner's assessments shall not be suspended or terminated due to damage, destruction, or untenable conditions of the cabin or common elements.

ARTICLE XIV

Rules and Regulations

A. The Board of Directors, may from time to time, adopt or amend previously adopted administrative rules and regulations governing the details of the operation, use, maintenance, management and control of the common elements and limited common elements, and any facilities or services made available to the property owners. A copy of the Rules and Regulations adopted from time to time, as herein provided, shall, from time to time, be posted in a conspicuous place.

B. **As to Property.** The Board of Directors may, from time to time, adopt or amend previously adopted Rules and Regulations governing and restricting the use and maintenance of the property, provided, however, that copies of such Rules and Regulations, prior to the time same become effective, shall be posted in a conspicuous place on the property, and/or copies of same shall be furnished to each property owner.

C. **As to Recreation Area and Facilities.** All recreation areas and open areas between the property buildings not dedicated to the regime shall be retained by the Association and available for use by those persons who are members in good standing and not in violation of any of the covenants, restrictions or terms of the Cliffview Resort Deed Restrictions and Guidelines, Articles of Incorporation, or By-Laws, or Rules and Regulations of the Association.

D. **Conflict.** In the event of any conflict between the rules and regulations adopted, or from time to time amended, and the By-Laws, Cliffview Resort Deed Restrictions and Guidelines, the latter shall prevail. If any un-reconciled conflict should exist or hereafter arise with respect to the interpretation of these By-Laws and the Cliffview Resort Deed Restrictions and Guidelines to which these By-Laws are attached, the provisions of said Cliffview Resort Deed Restrictions and Guidelines shall prevail.

E. The members may rescind any rule or regulation (except the By-Laws and the Cliffview Resort Deed Restrictions and Guidelines provisions) adopted by the Board by vote at the annual meeting, or at any meeting duly called for such purpose or by written rescission signed by a majority of the members entitled to vote. The Board may not reinstate any such rescinded rule or regulation without approval of the membership at a

duly called meeting.

ARTICLE XV

Miscellaneous

A. Time Sharing. No owner or the Association shall transfer any ownership in any property and/or cabin on a time sharing interest by deed or land contract or otherwise, except those owners who own a time sharing interest at the time of the adoption of these By-Laws and their heirs and assigns of said time sharing agreement.

B. Liens of Owners. The Board is empowered to make payments of any amounts necessary to discharge any Mechanic's Lien or other encumbrances levied against any property owned by the HOA 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 property owners. Where one or more property 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 property 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.

C. Required Maintenance and Repair. The Board is empowered to provide maintenance and repair of any property or any other portion of the property which a the HOA is obligated to maintain or repair under the terms thereof, if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements..

D. Capital Improvements. The Board shall have the power to approve obligating the Association to capital improvements. However, before the Board approves obligations to capital improvements in amounts of which each property owner's assessed share exceed five hundred dollars (\$500) within twelve (12) consecutive months, the Board shall first send written notice of its intent to all owners stating the nature and estimated costs thereof. Said notice shall be mailed at least sixty (60) days before the Board's meeting at which the Board intends to vote on the capital improvement that exceeds such \$500 limit Upon written request signed by ten (10%) percent of the membership entitled to vote and delivered to any Board member within forty-five (45) days after mailing of the Board's notice, the Board shall submit the proposed capital improvement to a vote of the membership at a duly called special meeting or terminate its intended action. If such written request is not received by a board member, the Board may then proceed to adopt action on the capital improvement obligation which exceeds the foregoing limit by affirmative vote of all five (5) directors at a duly called director's meeting at which all five (5) directors are present.

The Board shall have the unlimited power to obligate the Association to any capital improvement which is necessary to satisfy emergencies which threaten the

security, safety or welfare of the resort.

A capital improvement is defined as a single integrated acquisition, construction, erection or improvement of real or personal property constituting a capital expenditure as such term would be determined by generally recognized and accepted accounting principles consistently applied. Repairs or replacement of existing structures are not construed as capital improvements.

E. Members' Liability. Each member shall perform properly at his own risk, cost and expense, all maintenance and repair work with respect to the portion of each property unit owned by him which does not comprise a part of the general common elements or limited common elements and which, if omitted, would adversely affect or jeopardize the safety of the property project or any part or parts thereof belonging in whole or in part to other members, and each member shall be liable for any damages, liabilities, costs, detriments and expenses, including attorney's fees, caused by or arising out of his failure to properly perform any such maintenance or repair work. Each member shall be obligated to reimburse the Association for any expenditures incurred by it in repairing or replacing any part or parts of the common or limited common elements damaged solely by his negligence, or by the negligence of his tenants or agents, promptly upon receipt of the Association's statements therefore, except to the extent such expenditures or damages are covered and paid for by insurance.

F. Severability. The invalidity of any By-Law herein or any part of a By-Law shall not impair or affect in any manner the validity, enforceability or effect of the rest of these By-Laws and all of the terms hereof are hereby declared to be severable.

G. List of Owners. The Association shall maintain a list of all owners by property number, name, home address and telephone number. The list shall be available during business hours in the Association office and a copy given to any owner upon request and advance payment of \$15. The Association shall endeavor to maintain the list up to date and the list shall be current on the first day of March of each year, subject to list rights of each owner stated below. Any owner shall have the right to *remove* or replace his or her or its name or personal information on the list in whole or part at any time, by written request to the Association office. The Board shall adopt by rules and regulations, penalties on owners who acquire or distribute the membership list for commercial purposes.

State of Kentucky, County Of Wolfe, Sct.

I, Steve Oliver, Wolfe County Clerk, do certify that the foregoing instrument was on this day, lodged for record, at 3:15 P M, which together with this and the foregoing certificate has been duly recorded in my office. Given under my hand this 18th day of Aug 2009.

STEVE OLIVER, CLERK

By [Signature] _____ D.C.