

BY-LAWS
OF
WINDSOR GATE COUNCIL OF CO-OWNERS, INC.

ARTICLE I

NAME AND LOCATION

The name of the Corporation is Windsor Gate Council of Co-Owners, Inc., hereinafter referred to as the corporation. The principal office of the corporation shall be located at 8601 Ambrosse Lane, Louisville, Kentucky 40299, but meetings of members and directors may be held at such places within the State of Kentucky as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Each of the terms used herein shall have the same meaning as set forth in the Declaration of Master Deed made by Hills Building & Construction Services No. 1, Inc., dated April 27,
1995, and of record at the Jefferson County Clerk's office at Louisville, Kentucky. The Declaration may be, from time to time, amended or supplemented. "Lot" and "Unit" are used interchangeably to refer to Unit.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation. Each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m., or at such other reasonable hour as the Board of Directors (Board) sets. The Board shall also set a reasonable location for the meeting. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board or upon written request of the members who, taken together, are entitled to vote one-fourth (1/4) of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat. The notice shall be addressed to the member's address last appearing on the books of the corporation, or supplied by such member to the corporation for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or

20% 7/12/99 amendment

these By-Laws. If such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Adjourned Meetings. If at any regular or special meeting of the members of the Association less than a quorum is present, a majority of those members present and entitled to vote may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. When the meeting reconvenes, the quorum requirement shall be two-fifths (2/5) of the votes of the membership of the corporation and any business which might lawfully have been transacted at the meeting as originally called may be transacted without further notice.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary prior to the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Unit, except as otherwise provided in the Declaration or the Articles of Incorporation, about the proxy given to the Developer.

Section 7. Voting. A majority of the voting power, represented by those present, either in person or by proxy, shall decide any question brought before the meeting, unless the question is one upon which a different vote is required by provision of the laws of the Commonwealth of Kentucky, the Declaration, the Articles of Incorporation or these By-Laws.

Section 8. Suspension of Voting Privileges. No member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books of the corporation to be more than thirty (30) days delinquent in the payment of any assessment due the corporation.

Section 9. Developer's Proxy. For a period of seven (7) consecutive years, beginning with the date of the recording of the Declaration, the Developer, or such person or entity as the Developer has designated in writing, shall have the irrevocable proxy to vote the vote of every member of the corporation, unless sooner terminated by the Developer as provided in Article IV of the Declaration of Master Deed.

Section 10. Stock. In order to comply with the corporation laws of Kentucky for a profit corporation, each unit has one share of stock appurtenant to it. Ownership and/or voting of the share cannot be separated from ownership of the unit. There is no certificate for any share. The deed for each unit and the Declaration of Master Deed shall be considered notice of the name of the corporation; that the grantee in any deed to a unit, which deed is properly recorded, becomes automatically a shareholder in the corporation as a member of the corporation; that there is only one class of shares; that each share is otherwise identical to each other share; and that there is one, and only one, share of stock appurtenant to the ownership of each unit.

ARTICLE IV

BOARD OF DIRECTORS-SELECTION-TERM OF OFFICE

Section 1. Number. The affairs of this corporation shall be managed by a Board of three (3) directors, during the Development Period as defined in Section 2 of this Article, and by a

Board of five (5) directors, during the Post Development Period, as defined herein. During the Development Period, a director does not need to be a member of the corporation.

The Developer has the sole right to appoint all Directors until the happening of the earlier of the following events:

- (a) The Developer no longer owns a unit in the project;
- (b) The Developer gives up, in writing, the right to appoint Directors; or
- (c) Seven (7) years has passed since the date of recording of the Declaration.

The period of time from the date of the Declaration, until the happening of the earlier of one of the aforementioned events, shall be referred to as the "Development Period".

The "Post Development Period" shall mean that period after the termination of the Development Period.

Section 2. Term of Office. The Board of Directors during the Development Period shall be elected at the annual meetings, by the Developer, or at any special meeting called for that purpose. During the Post Development Period, the Board of Directors shall be elected at the annual meetings, by the unit owners, or at any special meeting called for that purpose.

The terms of not less than one-third of the Directors shall expire annually. Accordingly, the Directors elected by the Unit Owners at the "Development Period Special Meeting" shall be elected to staggered terms of the following lengths: two (2) Directors shall be elected to a one-year term, three (3) Directors shall be elected to a two-year term. The three (3) Directors with the most votes shall be the Directors who shall serve the two-year term.

Each Director elected by the Unit Owners after the "Development Period Special Meeting" shall serve for a two-year term until the next annual meeting of Unit Owners and until a successor is elected, or until the Director's earlier resignation, removal from office, or death.

Section 3. Removal. In the Post Development Period, any director may be removed from the Board, with or without cause, by a majority vote of the membership of the corporation. In the event of death, vacating of office, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the corporation. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 6. Number of Initial Board. Notwithstanding any other provision of these By-Laws, the initial Board of Directors shall consist of no less than three persons. The initial Board of Directors shall be appointed by the Developer, Hills Building & Construction Services No. 1., Inc., and shall serve at the pleasure of the Developer.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more members of the corporation. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among members only.

Section 2. Election. Elections to the Board shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meeting. The Board of Directors shall meet annually within 10 days after the annual meeting of members and in addition to the annual meeting shall meet at regular meetings reasonably established as to time and place by resolution of the Board. Should said

meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the president of the corporation, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Waiver of Notice. Any requirement of notice to a director provided under this Article VI may be waived by the director entitled thereto by written waiver of such notice signed by the director and filed with the secretary of the corporation. Attendance at a meeting is considered waiver of notice.

Section 4. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present and voting at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and Limited Common Areas and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) exercise for the corporation all powers, duties and authority vested in or delegated to this corporation by provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(d) employ a manager, an independent contractor and/or such other employees as it deems necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is required in writing by members who together can cast one-fourth (1/4) of the votes of the corporation;

(b) supervise all officers, agents and employees of this corporation, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period (failure to receive the notice or to give it shall not excuse payment of the assessment); and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date and/or to bring an action at law against the Owner personally obligated to pay the same, when, in the sole determination of the Board, foreclosure or an action at law is necessary to collect such assessments and otherwise protect the interest of the corporation;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain insurance as provided in the Declaration;

(f) cause the Common Areas to be maintained; and

(g) otherwise perform duties imposed on the corporation by the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this corporation shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this corporation shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. The office of vice-president may be held by any other officer except the president. No person shall hold more than two (2) offices simultaneously. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) **President.** The president shall preside at all meetings of the Board and shall see that orders and resolutions of the Board are carried out.

(b) Vice-President. The vice-president shall act in the place of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the corporation together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the corporation and shall disburse such funds as directed by resolution of the Board; keep proper books of accounts; cause an annual audit of the corporation's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures, a copy of which shall be given to each member at the corporation's regular annual meeting.

ARTICLE IX

COMMITTEES

The Board may appoint and disband such committees as it chooses.

ARTICLE X

INDEMNIFICATION PROVISIONS

In addition to any other right or remedy to which the persons hereinafter described may be entitled, under the Articles of Incorporation, By-Laws, Declaration, any other agreement, or by vote of the members or otherwise, the corporation shall indemnify and director or officer of the corporation or former director or officer of the corporation, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director or officer of the corporation, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plead 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 reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

ARTICLE XI
MISCELLANEOUS

Section 1. Books and Records. The books, records and papers of the corporation shall at all time, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the corporation shall be available for inspection by any member at the principal office of the corporation, where copies may be purchased at reasonable cost.

Section 2. Fiscal Year. The fiscal year shall begin on the first day of January of every year, except that the first fiscal year of the corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established may be changed by the Board of Directors.

Section 3. Execution of Corporation Documents. With the prior authorization of the Board of Directors, all notes, contracts and other documents shall be executed on behalf of the corporation by either the President or the Vice-President, and all checks and other drafts shall be executed on behalf of the corporation by such officers, agents or other persons as are, from time to time, by the Board, authorized so to do.

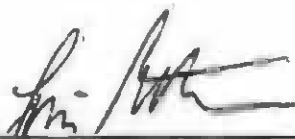
Section 4. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 5. Amendments. These By-Laws may be amended, at a regular or special meeting of the members, by affirmative vote of 51% of the total number of votes of the members of the corporation. Notwithstanding the foregoing, the Developer, or any person or entity whom the

Developer has designated, must consent in writing to the amendment before the amendment is effective if the amendment is passed within seven years after the date of recording of the Declaration.

ADOPTED this 27th day of April, 1995.

**WINDSOR GATE COUNCIL OF
CO-OWNERS, INC.**

By: 
Title: Secretary

AMENDMENT TO BY-LAWS
OF
WINDSOR GATE HORIZONTAL PROPERTY REGIME
AND OF
WINDSOR GATE COUNCIL OF CO-OWNERS, INC.

This amendment is made and entered into by the Board of directors of Windsor Gate Council of Co-Owners, Inc., a Kentucky corporation, with the approval of a 51% majority of the members, and with the approval of Hills Communities, Inc., formerly known as Hills Building and Construction Services No.1, Inc., an Ohio corporation, the "Developer".

WITNESSETH:

WHEREAS, by By-Laws dated April 27, 1995, the members of Windsor Gate Council of Co-Owners, Inc. may, from time to time, amend same as set forth in Article XI, Section 5 of the By-Laws: and

WHEREAS, any such amendment must be made with the approval of a 51% majority of the members.

NOW, THEREFORE, pursuant to the provisions set forth in the By-Laws and in accordance with and through the powers reserved therein, the By-Laws are hereby amended as follows:

1. Article III, Section 4 of the By-Laws is amended by removing Article III, Section 4 and substituting the following as Article III, Section 4:

Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Article of Incorporation, the Declaration, or these By-Laws. If such quorum shall not be present

or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

2. Article III, Section 5 of the By-Laws is amended by removing Article III, Section 5 and substituting the following as Article III, Section 5:

Adjourned Meetings. If at any regular or special meeting of the members of the Association less than a quorum is present, a majority of those members present and entitled to vote may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. When the meeting reconvenes, the quorum requirement shall be fifteen percent (15%) of the votes of the membership of the corporation and any business which might lawfully have been transacted at the meeting as originally called may be transacted without further notice.

3. All other terms and conditions of the By-Laws remain the same.

4. Whereas the foregoing amendments have been duly passed by an action of the members on July 12, 1999, and said amendments having been acknowledged and ratified by a 51% majority of the members.

5. Pursuant to Article XI, Section 5 of the By-Laws, the Developer is required to consent in writing to any amendment to the By-Laws. By his signature below, the Developer hereby consents to this Amendment.

WINDSOR GATE COUNCIL OF CO-OWNERS,
INC.

By: Jerry Sheu President
Its: _____

HILLS COMMUNITIES, INC., an Ohio corporation
 formerly known as
 Hills Building and Construction Services No. 1, Inc.

By: *Stephen Guttman*, Pres.
 Stephen Guttman, President

COMMONWEALTH OF KENTUCKY)
) ss:
 COUNTY OF JEFFERSON)

Subscribed and sworn to before me by Todd Shaw, as
President of WINDSOR GATE COUNCIL OF CO-OWNERS, INC., on October
25th, 1999.

My commission expires: Notary Public State at Large, KY
My commission expires Apr. 29, 2000

Aileen Walling
 Notary Public, State at Large, Kentucky

STATE OF OHIO)
) ss:
 COUNTY OF HAMILTON)

Subscribed and sworn to before me by Stephen Guttman as President of HILLS
 COMMUNITIES, INC., formerly known as Hills Building and Construction Services No. 1, Inc.,
 an Ohio corporation, on October 22, 1999.

My commission expires: June 18, 2001

Amy L. Howard
 Notary Public, State at Large, Ohio



AMY L. HOWARD
 NOTARY PUBLIC, STATE OF OHIO
 MY COMMISSION EXPIRES JUNE 18, 2001

Amendment Language

A 51% majority being present either in person or by proxy, a vote was held to amend the by-laws to require a 20% quorum for a meeting, and a 15% quorum for an adjourned meeting if a quorum was not present for the first meeting.