

BY-LAWS OF
SERENITY EQUINE ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name

1. Name. The name of this corporation is Serenity Equine Estates Homeowners Association, Inc. (the “Association”).

ARTICLE II

Plan of Ownership

2. Plan of Ownership. The Association has been declared and constituted a non-profit, non-stock corporation for the purpose of maintaining and managing Serenity Equine Estates in Jessamine County, Kentucky, which purpose shall include those matters set forth in the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Serenity Equine Estates dated October 29, 2018, of record in Deed Book 785, Page 293, in the Jessamine County Clerk’s Office, as amended (the “Declaration”).

ARTICLE III

Applicability

3. Applicability to the Property. These By-Laws are applicable to and govern the properties described in and/or subject to the Declaration, the Restrictions, and all subsequently-designated properties, Units or Sections, whether privately owned by a Member of the Association, a common area, and the use, occupancy, sale, lease or other transfer thereof (collectively, the “Property”), and the Members, as defined herein.

4. Personal Application. All owners, lessees, occupants or users of the Property, the tenants, guests, licensees, invitees, agents and servants of them, and any person or persons that shall be permitted to use the Property, are subject to the provisions of the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board in accordance therewith. Acceptance of any interest of any lot in the Property, including without limitation, any ownership, leasehold, occupancy, and/or use, shall constitute an acknowledgement that the owners, lessees, occupants or users of the Property, the tenants, guests, licensees, invitees, agents and servants of them, and any person or persons that shall be permitted to use the Property, has accepted and ratified the provisions of the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board in accordance therewith.

ARTICLE IV

Membership and Member Meetings

5. Members. The Members of the Association shall be every person, firm, corporation, company, partnership, trust, or other legal entity or any combination thereof, who is or are the record owner of any lot in the Property as set forth in the Articles of Incorporation and the Declaration. The Members shall be responsible for notifying the Board of any change in

address or other such contact information to allow the Board to update the Association's books and records. In circumstances where more than one person, firm, corporation, company, partnership, trust, or other legal entity or any combination thereof, owns a lot or any part thereof, said Members shall designate one of them to serve as the primary contact and address for the Association.

6. Members' Meetings.

(a) Annual and Regular Meetings. The Association shall hold at least one Members' meeting a year. Said annual meetings shall be held at the office of the Association or such other place as may be designated by the Association's President in the notice of the meeting, and at least one such meeting shall be held annually in the month of October of each year for the purpose of electing directors and transacting any and all other business that may be authorized to be transacted by the Members.

(b) Special Meeting. Special meetings shall be held whenever called by a majority of the Board. Further, special meeting shall be noticed and called by the Board upon receipt of a written request from members entitled to cast at least one-third (1/3) of the votes of the entire Membership.

(c) Notice of Meetings. Notice of all members' meetings, stating the place, day, and hour and the objects for which the meeting is called, shall be given by the Board unless waived in writing. Such notice shall be given in writing, whether by mailing, hand-delivery or electronic service to each Member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than forty-five (45) days prior to the date of the meeting. Proof of such notice shall be made at the outset of each meeting, or, upon request by a Member, by the affidavit of the person giving the notice. Notice of meeting may be waived before, during or after the meeting by any Member.

(d) Quorum. The presence of Members entitled to cast twenty percent (20%) of the eligible votes of the Membership shall constitute a quorum. If the required quorum is not present, the meeting may commence, but no vote, resolution or official action may be taken by the Members at the meeting.

(e) Voting. Subject to the Declaration, Restrictions, and these By-Laws, at any meeting of Members, each Member in good standing shall have one (1) Vote for each Lot owned, as set forth in Section 7 herein.

7. Voting Rights.

(a) When more than one person, firm, corporation, company, partnership, trust, or other legal entity or any combination thereof, holds ownership interest in any Lot, all such persons shall be Members, and the Vote for such Lot shall be exercised as they determine, but in no event shall more than one Vote be cast with respect to any Lot.

(b) Any Member who leases his Lot, if any, shall exclusively retain his voting rights in the Association and shall not convey same to the lessee.

(c) Owners may vote by written proxy or absentee ballot.

(d) A Member shall be entitled to vote at any annual meeting or at special meetings of members called pursuant to these By-Laws; however, any such Member shall not be entitled to vote if he is not in good standing five (5) days prior to the date fixed for such meeting. A Member shall be considered to be in good standing only if said Member has fully paid all dues, assessments, and fines, together with all late fees, finance charges, interest, costs and expenses, including without limitation attorneys' fees, professional fees, and filing fees, and penalties, assessed against such Member or his Lot, and is not in violation of the Declaration, the Restrictions or these By-Laws, and has no sanction issued against that Member.

ARTICLE V **Directors and Directors' Meetings**

8. Directors.

(a) The affairs of the Association shall be managed by a Board of Directors. At the time of execution of these By-Laws, the Board consists of three (3) Directors. At the first Annual Meeting at which Directors are elected by Members other than the Class B Member, the number of Directors shall be increased to five (5), each of whom must be a Member, or member, shareholder, partner, trustee or owner of a Member, in good standing of the Association, as provided for herein, and who shall serve without compensation.

(b) The election of Directors shall be conducted at the Annual Meeting. A nominating committee of at least one (1) current Director and three (3) non-Director Members shall be appointed by the Board not less than thirty (30) days prior to said annual meeting. The committee shall nominate one person for each Director to be elected. Additional nominations for directorships or Directors may be made from the floor during the annual meeting. Each Director shall be elected to each serve for a one (1) year term.

(c) The election shall be by ballot (unless dispensed with by unanimous consent) and each Member entitled to vote at such election shall have the right to cast one (1) vote for each Director to be elected.

(d) Upon transfer, sale, assignment, or conveyance of a lot of a Member who is a Director, he shall immediately cease to be a Director. Except as to vacancies provided by removal of Directors by Members, any vacancies in the Board occurring between annual meetings shall be filled by majority vote of the remaining Directors to fill the remainder of the resigning or removed Director's term.

(e) At a special meeting of the Members called for that purpose, any Director may be removed by concurrence of two-thirds (2/3) vote of the entire Membership. The vacancy in the Board so created shall be filled by the Members of the Association at the same meeting.

9. Directors' Meetings.

(a) Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by the President or by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, email, facsimile, or such other manner as will ensure receipt by each Director, at least three (3) days prior to the date of each such meeting.

(b) Special meetings of the Directors may be called by the President, and shall also be called by the Secretary at the written request of at least one-third (1/3) of the Directors. Notice of the meeting shall be given personally or by mail, email, facsimile, or such other manner as will ensure receipt by each Director, at least three (3) days prior to the day named for such meeting, which notice shall state the time, place, and purpose of the meeting.

(c) Any Director may waive notice of a meeting before, during or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

(d) A quorum at a Directors' meeting shall consist of a majority of the entire Board. 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. If at any meeting of the Board less than a quorum is 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. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

(e) The presiding officer of Directors' meetings shall be the President. In the absence of the President, the Vice President shall preside.

10. Powers and Duties of the Board. All of the powers and duties of the Association existing under the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board shall be exercised exclusively by the Board, its agents, contractors, or employees, subject only to approval by Members when such is specifically required. Compensation of employees of the Association shall be fixed by the Directors.

ARTICLE VI
Officers

11. Officers.

(a) The executive officers of the Association shall be the President, a Vice-President, a Treasurer, and a Secretary, each of whom shall be a Director and whom shall be elected from within the Board of Directors. Any Officer may be removed by vote of the Directors at any meeting. Any person may hold two (2) or more offices except that the President

shall not also be the Secretary. The Board may from time to time elect other officers to exercise such powers and duties as the Board shall find to be required to manage the affairs of the Association. Officers shall not receive any compensation from the Association.

(b) The President shall be the chief executive officer of the Association. The President shall have all of the powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power to appoint committees from among the Members from time to time, as the President may in the President's discretion determine appropriate to assist in the conduct of the affairs of the Association.

(c) The Vice President shall fill in when the President is unavailable and shall have all the powers and duties of the President when acting in the President's place and stead.

(d) The Secretary shall keep the minutes of all proceedings, votes, resolutions and official actions of the Directors and the Members. The Secretary shall attend to the giving and serving of all notices to the Members and Directors and other notices required by law. The Secretary shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a Corporation and as may be required by the Directors or the President. Any Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent. The Secretary may be assisted by an association manager, if approved by the Board.

(e) The Treasurer shall have custody of all property of the Association, including monies, deposits, dues, assessments, funds, securities, and evidence of indebtedness. The Treasurer shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer. The Treasurer may be assisted by an association manager, if approved by the Board.

ARTICLE VII **Accounting, Finances and Budget**

12. Accounting. The funds and expenditures of the Association shall be credited and charged to the accounts as shall be appropriated by the Board, which shall be Common Expenses except to the extent said charges may be allocated or appropriated to an individual Member or lot for fines, sanctions, etc., and said Common Expenses may include, but are not limited to:

(a) "Operation/Current expenses," which shall include all operations, management and operation of the Association; for care, upkeep and management of the Common Areas, easements, roads, streets, rights of way, Trails or Trail System, or other areas or property subject to the Association's operation, control and management; and such funds and expenditures to be made during the year for which the funds are budgeted, including a reasonable allowance for contingencies, shortfalls and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in the fund at the end of each year shall be applied to reduce the assessments for operating/current expenses for the succeeding year.

(b) “Reserve for deferred maintenance,” which shall include funds for maintenance items which occur less frequently than annually.

(c) “Reserve for replacement,” which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence.

(d) “Additional improvements,” which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements.

13. Budget and Dues and Assessments. The Board shall adopt a budget for each year that includes the total estimated funds required to defray Common Expenses and for the accounts listed in Numerical Paragraph 12 of these By-Laws, and any other lawful expenses of the Association.

14. Bank Deposits.

(a) The deposits of the Association shall be made into 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.

(b) An audit or review of the accounts of the Association shall be made by an accountant, and a copy of the report shall be furnished to the Board and be made available for inspection by the Members not later than May 1st of the year following the year for which the report is made.

ARTICLE VIII
Powers and Duties of the Association

15. Rights of the Association. With respect to the Common Areas, and in accordance with the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, neighborhood and other owners or residential associations, both within and without the Subdivision. Such agreements shall require the consent of two-thirds (2/3) of the Board.

Notwithstanding anything to the contrary contained herein, the Association, through the Board, shall have the right to enter into a declaration of easements and covenant to share costs or similar arrangement whereby the Association assumes maintenance responsibility for property which it does not own, or grants easements to individuals who are not Members, in consideration for payment by the owner(s) of such property or such non-members of all or a portion of the costs associated with such maintenance or use. The Board shall have all powers and duties set forth in the Articles of Incorporation, the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board.

16. Implied Rights. The Association may exercise any other right or privilege given to it expressly by the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board, or which may be reasonably implied from or reasonably necessary to effectuate any such right or privilege.

17. Rules, Regulations and Policies. The Association, through the Board or by majority vote of Members present at any annual, regular, or special meeting duly noticed and held as set forth herein, may make, modify, and enforce reasonable rules, regulations and policies (i) governing the use, maintenance, and upkeep of the Property, the Common Areas and all Lots; and (ii) prescribing the policies and procedures for levying Assessments, levying fines or other sanctions, and enforcing violations of the Declaration, the Restrictions, these By-Laws, and any Rules, Regulations or Policies issued by the Board (the “Rules, Regulations and Policies”), consistent with the rights and duties established in the Declaration, the Restrictions, these By-Laws and the law. Such Rules, Regulations and Policies shall be binding upon all Members, lessees, occupants or users of the Property, the tenants, guests, licensees, invitees, agents and servants of them, and any person or persons that shall be permitted to use the Property.

18. Dues and Assessments, and Due Date. Each year, the Board shall set and assess Annual Assessments for each Lot in an amount equal to the budget for that year divided equally by the number of lots that are required to pay such charges as set forth in the Declaration and Restrictions (the “Dues and Assessments”). If the Board fails to specifically set the Dues and Assessments for any given year, the Dues and Assessments from the prior year shall carry over as the Dues and Assessments for the year in question. Any Dues and Assessments levied by the Association shall be used only for purposes generally benefitting the Association.

The Board shall set the date by which all such Dues and Assessments shall be due and payable. The Board may establish that the Dues and Assessments are payable in a lump sum by a date certain, or in partial amounts on a periodic basis during said year. If the Board fails to set a specific due date for the Dues and Assessments, such Dues and Assessments will accrue and will be due and payable on or before January 1st of each year. Dues and Assessments shall be deemed delinquent without notice or demand.

If the Board elects to allow partial payments on a periodic basis during said year, the Board may accelerate payment of the entire Dues and Assessments for said year for any member who becomes delinquent in the payment of any such partial payment.

Further, if the annual Dues and Assessments are not paid when due, the Member of such Lot(s) or unit(s) shall incur a late fee, finance charge, and/or interest for each Lot or unit for which the Dues and Assessments, or any partial payment thereof, is untimely paid. The amount of this late fee, finance charge or interest may be changed from time to time by majority vote of the Board of Directors. As set forth herein, the Dues and Assessments and assessed late fee, finance charge or interest, plus all costs and expenses incurred, shall constitute a continuing lien on the lot or unit owned by said Member.

Any Common Areas or real property owned or leased by the Association shall be exempt from payment of Dues and Assessments.

(a) Enforcement. The Board shall have the power to impose fines or other sanctions upon any Member, lessee, occupant or user of the Property, the tenant, guest, licensee, invitee, agent and servant of them, and any person or persons that shall be permitted to use the Property, and to suspend a Member's right to serve as a Director, to vote or to use any Common Areas or any Association property or equipment for the violation of any duty imposed under the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies; provided, however, nothing herein shall authorize the Association or the Board limit ingress and/or egress to or from any Lot. The Board shall give notice of such fine, sanction or enforcement to the person or entity subject thereto by mailing notice of same to the address of the Member as it appears on the books of the Association, and, in addition, if to a non-Member, to the last known address of such non-Member.

In the event that a fine is imposed by the Board as set forth herein, the fine may be assessed against the occupant or the Member owing said lot(s) or unit(s), or both the occupant and the Member owing such lot(s) or unit(s), in the Board's discretion; provided, however, if a fine is first assessed against a non-Member occupant and is not paid within the time period set by the Board, the Member shall pay the fine upon notice from the Association within the time period set by the Board. The failure of the Board to enforce any provision of the Declaration, the Restrictions, these By-Laws, or the Rules, Regulations and Policies shall not be deemed a waiver of the right of the Board to do so thereafter.

If a fine assessed hereunder is not paid when due, the occupant and/or Member so fined shall incur a late fee, finance charge or interest as set by the Board, and shall be deemed delinquent without further notice or demand. As set forth herein, any fine and assessed late fee, finance charge or interest, as well as all costs and expenses incurred, shall constitute a continuing lien on the lot or unit.

(i) Notice. Prior to imposition of any sanction hereunder against a Member, except the suspension of voting rights for nonpayment of Dues and Assessments, the assessment of any late fee, finance charge or interest for the nonpayment of Dues and Assessments, and/or fines for a violation of the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies, the Board shall serve said Member with written notice at the Member's address as it appears on the books of the Association. Such notice shall describe (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, (c) a period of not less than ten (10) days to cure the alleged violation or present a written request to the Board for a hearing; and (d) a statement that the proposed fine, sanction and/or enforcement mechanism provided for herein shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If the violation is not cured in the time allotted or if a challenge is not made within ten (10) days, the action stated in the notice shall be imposed.

(ii) Hearing. If a hearing is requested by the Member in violation in a timely manner, the hearing shall be held in executive session by the Board affording the owner a reasonable opportunity to be heard. Prior to the effectiveness of any fine, sanction and/or enforcement mechanism provided for herein, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(iii) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provision of the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies, by self-help (specifically including without limitation entering into said lot to remedy an uncured violation following notice provided for herein), or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth herein.

In any such action, to the maximum extent permissible, the Member who owned the Lot at the time of the violation of which abatement was or is sought shall be liable for all costs and expenses incurred in engaging in such self-help and/or remedying said violation, including without limitation administrative fees, costs and expenses of such self-help which shall be considered a fine hereunder, and late fees, finance charges and/or interest, and attorneys' and professional fees incurred in pursuing in any rights or remedies available under the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies, and said amounts shall constitute a continuing lien on the lot or unit as stated herein.

(b) Liens. All Dues and Assessments, fines, late fees, finance charges, interest, and administrative fees, as provided for herein, as well as the costs and expenses incurred in collecting said amounts and/or in enforcing a violation of the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies, including without limitation attorney's and professional fees, shall be the personal obligation of the Member who owned the lot in question at the time such amounts were incurred and/or at the time of such violation. Said owner's grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except to the extent the lien securing same may have been extinguished by judicial proceedings.

The Dues and Assessments, fines, late fees, finance charges, accrued interest, and administrative fees, as provided for herein, as well as the costs and expenses incurred in collecting said amounts and/or in enforcing a violation of the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies, including without limitation attorneys' and professional fees, shall be secured by a continuing lien on such lot in favor of the Association, which lien shall not be diminished, terminated or satisfied in any way by a sale, transfer, subdivision and/or consolidation of the lot. Such lien shall be prior and superior to all other liens

and encumbrances upon said lot, except as set forth in the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies.

Any lien incurred as set forth herein may be enforced by suit, judgment, and foreclosure on behalf of the Association upon majority vote of the Board. The Association, acting on behalf of the Members, shall have the power to bid for the lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey same. During the period of time which a Lot is owned by the Association following foreclosure:

- (i) No right to vote shall be exercised on its behalf;
- (ii) No Dues or Assessments or fines shall be levied on it; and
- (iii) Each other Lot shall be charged, in addition to its usual Dues and Assessments, its equal pro-rata share of the Dues and Assessments that would have been charged such lot had it not been acquired by the Association as a result of foreclosure.

All payments received by the Association with respect to the continuing lien created hereunder for Dues and Assessments and any fines, together with all late fees, interest, costs and expenses incurred, including without limitation attorney's fees, professional fees, and filing fees, and penalties, in collecting said amounts and/or in enforcing a violation of the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies, including without limitation attorney's and professional fees, shall be applied first to expenses and costs incurred, including without limitation, attorney's and professional fees, then to late fees, finance charges and accrued interest, then to administrative charges, and then to delinquent Dues and Assessments and/or delinquent fines, in order of coming due.

19. Enforcement. The Board shall have all rights, authority and powers allowed or permitted by law to enforce the Declaration, the Restrictions, these By-Laws, and the Rules, Regulations and Policies.

ARTICLE IX **Miscellaneous**

20. Parliamentary Rules. *Robert's Rules of Order* (latest edition) shall govern the conduct of Association Membership or Board meetings when not in conflict with the Declaration, the Restrictions, or these By-Laws.

21. Indemnification of Officers and Directors. The Association shall indemnify every Director or Officer, his or her Heirs, executors, and administrators, against all losses, costs, and expenses, including counsel fees, reasonably incurred by him or her in connection with any action, suit, or proceeding to which he or she may have been a party by reason of his or her being or having been a Director or officer of the Association, excepting in matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence, or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel

that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duties as such Director or Officer in relation to the matter involved. The foregoing right shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, costs, and expenses incurred or suffered by the Association by reason of or arising out of or in connection with this indemnification provision shall be treated and handled by the Association as common expense; provided, however, that nothing in this section shall be deemed to obligate the Association to indemnify any member or owner of a lot who is or has been a Director or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the Declaration or as a Member or owner of a Lot covered by the Declaration and any amendments thereto, these By-Laws and any amendments hereto, or any Rules or Regulations issued by the Board.

22. Information and Lender's Notices. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances the books and records of the Association, these By-Laws, and the Rules, Regulations and Policies, to all Members.

23. Amendment of the By-Laws. These By-Laws may be amended in the following manner:

(a) 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) A resolution adopting the proposed amendment may be proposed and adopted by either the majority of the Board or by the Members at a duly noticed and held meeting of either the Directors or the Association, as the case may be.

(c) No amendment shall discriminate against any Member or lot, unless the Lot owners so affected shall consent in writing.

(d) A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective immediately upon adoption.

IN WITNESS WHEREOF, the Board of Directors of Serenity Equine Estates Homeowners Association, Inc. has adopted the foregoing to be the By-Laws for the Serenity Equine Estates Homeowners Association, Inc. by written Resolution.

Effective, this 19th day of October, 2018.

/s/ John N. Billings
JOHN N. BILLINGS, Secretary