

**UNANIMOUS WRITTEN CONSENT OF
THE VILLAS AT ANDOVER HOMEOWNERS ASSOCIATION, INC.**

Dated October 29, 2017

Pursuant to KRS Chapter 273, the undersigned, being all of the directors of the Board of Directors of The Villas at Andover Homeowners Association, Inc., a Kentucky non-profit, non-stock corporation (hereinafter referred to as "**Association**"), and pursuant to its Articles of Incorporation, Bylaws, and other Governing Documents, as hereinafter defined, consent to the following Preamble and Resolutions and the actions authorized pursuant to these Preamble and Resolutions:

WHEREAS, the Association's membership is comprised of all of the owners of Lots within The Villas at Andover Homeowners Association, Inc. (the "**Community**") as same is reflected in plats and restrictive covenants of record in the Fayette County Clerk's Office, and the Association was created to was created to manage the property and affairs of the Community and to represent the interests of its Members;

WHEREAS, the Community, together with other similarly situated common interest communities (the "**Adjoining Communities**"), is located next to the Andover Golf Course in Lexington, Fayette County, Kentucky and the existence of the Andover Golf Course and its continued maintenance as a golf course is part of the "general plan" of restrictive covenants and "common scheme of development" of the Community;

WHEREAS, the Association has a duty to protect the interests of its Members and to enforce the "general plan" of restrictive covenants and "common scheme of development" of the Community;

WHEREAS, the property comprising the Andover Golf Course and Country Club (the "**Golf Course and Country Club Property**") has been foreclosed upon by Whitaker Bank, a Kentucky banking corporation whose principal office is located in Lexington, Fayette County, Kentucky, and was purchased by AGCC, LLC, a Kentucky limited liability company and wholly owned subsidiary of Whitaker Bank, and together with Whitaker Bank collectively referred to as the "**Bank**", herein;

WHEREAS, the Bank has argued that it may sell the Golf Course and Country Club Property free and clear of the “general plan” of restrictive covenants and “common scheme of development” and requirement that the Andover Golf Course be maintained as a golf course;

WHEREAS, if the Golf Course and Country Club Property is sold free and clear of the “general plan” of restrictive covenants and “common scheme of development” and requirement that the Andover Golf Course be operated as a golf course, the Golf Course and Country Club Property could be developed in a manner that would have a significant and deleterious effect on the property values of the Lots in the Community¹ and would fundamentally change the general plan and common scheme of development of the Community, which would damage the Members of the Association;

WHEREAS, in addition to the powers granted by statute; the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Lochmere, Unit Four, Sections One and Two (The Villas at Andover), of record at Deed Book 2627, Page 667, in the Fayette County Clerk’s Office at Deed; its Articles of Incorporation filed with the Secretary of State’s Office on May 23, 1995; and its duly adopted Bylaws dated February 23, 206 (collectively the “**Governing Documents**”); and Kentucky common law and the Restatement (Third) of Property (Servitudes), including without limitation §§ 6.4, 6.5, 6.6, and 6.12, the Association has the powers reasonably necessary to acquire and manage common property, raise funds, administer the servitude regime, and carry out its other functions;

WHEREAS, Kentucky’s Courts have acknowledged the key role that common-interest community associations, such as the Association, play in managing their communities, enforcing various covenants, and protecting the general scheme and plan of development for the community. *See, e.g., Colliver v. Stonewall Equestrian Estates Ass’n. Inc.*, 139 S.W.3d 521 (Ky. App. 2003); *Canewood Homeowners Ass’n, Inc. v. Wilshire Investment Properties, LLC*, 515 S.W.3d 212 (Ky. App. 2017);

¹ The Board is aware of academic and professional literature, including: “Adjusting the Value of Houses Located on a Golf Course”, Grudnitski, G. and Quang Do, A.; “The Effect of Golf Course Location on Housing Value”, Pompe, J. and Rinehart, J.; “Golf Course Communities: The Effect of Course Type on Housing Prices”, Grudnitski, G.; “Golf Courses and Residential House Prices: An Empirical Examination”, Quang Do, A. and Grudnitski, G.; “Private-Equity Golf/Country Club Communities: Issues and Answers”, Hirsh, L.

WHEREAS, the Association has authority through its Governing Documents, Kentucky law and implied powers to acquire an interest in and manage common property for the benefit of its Members, Restatement (Third) of Property (Servitudes) § 6.6;

WHEREAS, the Association has authority through its Governing Documents, Kentucky law and implied powers to raise funds and borrow money for the purpose of acquiring an interest in and managing common property for the benefit of its Members, Restatement (Third) of Property (Servitudes) § 6.5, and to the extent that its Governing Documents may unreasonably interfere with its ability to raise funds to acquire and manage common property, administer the servitude regime, or carry out any other function, then it may petition a Court to waive or modify any such restriction Restatement (Third) of Property (Servitudes) § 6.12(1);

WHEREAS, Association has entered into discussions with the proper directors and officers of the homeowners' associations governing the Adjoining Communities (the "**Association Consortium**") to understand the potential effects of a sale of the Golf Course and Country Club Property that is not restricted by the "general plan" of restrictive covenants and "common scheme of development" of the Community and potential resolutions to protect the property values of the Lots and the general plan and common scheme of development within each such Adjoining Community;

WHEREAS, the Association Consortium has been approached by a third-party with an offer to lend the Association Consortium funds to purchase all or a substantial portion of the Golf Course and Country Club Property (said property being hereinafter referred to as the "**Golf Course Property**") and said offer being hereinafter referred to as the "**Third Party Offer**";

WHEREAS, to effectuate the Third Party Offer, the Association Consortium contemplates forming a Kentucky non-stock, non-profit corporation, with the Association and the association of each Adjoining Community being its sole members, for the purpose of acquiring and owning the Golf Course Property for the benefit of the Association Consortium and all of the respective Association Consortium's Members; and

WHEREAS, the Board of Directors of the Association finds it is in the best interest of the Association, the Community and its Members, to join the Association Consortium for the purpose of evaluating and negotiating the Third Party Offer, exploring other

alternatives concerning the future of the Golf Course Property, and reporting to the Association the status of same.

NOW THEREFORE, BE RESOLVED, that the President and other proper Officers of the Association are and hereby are directed and authorized to join the Association Consortium, to participate in the evaluation and negotiation of the Third Party Offer, to explore other alternatives concerning the future of the Golf Course Property, to report back the status of same to the Association, and to take any and all necessary action to do same; and

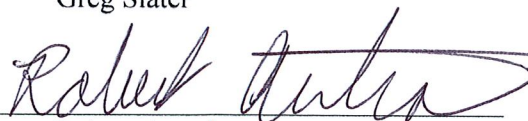
FURTHER RESOLVED, that the President and other proper Officers of the Association is and hereby are directed to, together with the Association Consortium, to organize a Kentucky non-stock, non-profit corporation with the Association and the association of each Adjoining Community being its sole members, for the purpose of acquiring and owning the Golf Course Property (the "*Andover Golf Course Common Property NFP*"), **PROVIDED HOWEVER, THAT THE OFFICERS SHALL NOT** have the authority to (i) adopt Bylaws of the Andover Golf Course Common Property NFP; (ii) agree to the terms of the Third Party Offer, (iii) purchase of the Golf Course Property, or (iv) otherwise bind the Association in any manner related thereto, without the approval of the majority of the directors of the Board of Directors of the Association.

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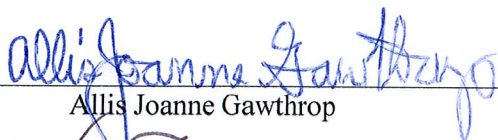
WITNESS THE SIGNATURES of the undersigned, being all of the members of the Board of Directors of The Villas at Andover Homeowners Association, Inc., a Kentucky non-profit, non-stock corporation.



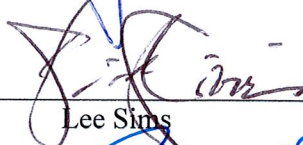
Greg Slater



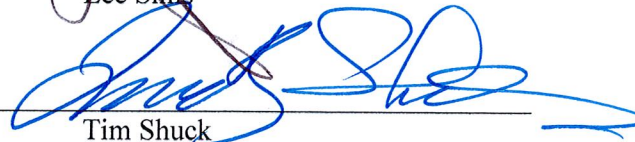
Robert Antrobus



Allis Joanne Gawthrop



Lee Sims



Tim Shuck