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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS FOR
MEADOW GLEN**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR MEADOW GLEN ("Declaration") is made this 7th day of February 2005 by HASEKOESTER-REESE, LLC, a Kentucky limited liability company ("Hasekoester") and WOLSING DEVELOPMENT COMPANY, LLC, a Kentucky limited liability company ("Wolsing") (Hasekoester and Wolsing are collectively hereinafter referred to as "Declarant"), under the following circumstances:

A. Hasekoester is the owner in fee simple of certain real property located in the City of Independence, Kenton County, Kentucky, more particularly described in Exhibit A attached hereto (the "Property") and desires to create a residential community consisting of single family detached homes with permanent Common Elements (as hereinafter defined) for the benefit of said community; and

B. Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said Common Elements, including the Recreational Facilities (as hereinafter defined); and to this end, desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said Property and the subsequent Owners thereof; and

C. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an Association to which should be delegated and assigned the powers and duties of maintaining and administering the Common Elements and administering and enforcing the within covenants and restrictions and disbursing the charges and assessments hereinafter created; and

D. Declarant has formed or will form the Meadow Glen Homeowners' Association, Inc., as an Kentucky not-for-profit corporation (the "Association"), which shall be responsible for the maintenance, management and control of the Common Elements on the Property.

NOW, THEREFORE, Declarant hereby declares that all of the Property described in Exhibit A and such Additional Property as may be subjected to the provisions hereof, shall be held, sold and conveyed, subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, and any subdivision plat which includes the Property, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title, or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

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[Handwritten signature]

GROUP NO.: IND,
PIDN: 032-00-00-008-01

ADDRESS: 459 Independence Station Road, Independence 41051

Lying in the City of Independence, Kenton County, Kentucky on the south side of Independence Station Road approximately 1,000 feet west of its intersection with Webster Road, more particularly described as follows:

Commencing at a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663" at the east corner of Robert L. and Mary F. Hasekoester (D.B. 293 P. G. 193), in the south right of way of Independence Station Road (25.00 feet south of the center line as it now exists);

Thence along the south right of way of said Independence Station Road, North $86^{\circ} 53' 25''$ East a distance of 76.59 feet to a set $\frac{1}{4}$ " steel rebar with plastic cap stamped "J.G.K. KY 3663", said point being South $12^{\circ} 45' 54''$ East a distance of 35.86 feet from the centerline of Independence Station Road as it now exists and the Point of Beginning of this description;

Thence leaving said south right of way and through the lands of the grantor along a new division line for three (3) calls:

South $12^{\circ} 30' 56''$ West a distance of 198.50 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663";

South $48^{\circ} 57' 38''$ West a distance of 511.34 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663";

North $41^{\circ} 02' 22''$ West a distance of 311.79 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K. KY 3663" in the northwest line of the grantor.

Thence with the northwest line of the grantor, South $48^{\circ} 46' 39''$ West a distance of 1530.82 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K. KY 3663" at a corner to George, Jr. and Rose Laverne Wolsing (D.B. 352 P.G. 253);

Thence with said Wolsing (D.B. 352 P.G. 253 & D.B. 352 P.G.262) for two (2) calls:

South $40^{\circ} 14' 21''$ East a distance of 650.50 feet to recovered one-inch steel pipe;
North $48^{\circ} 59' 39''$ East a distance of 1404.29 feet to a recovered 1" steel pipe at the corner of David Arlinghaus (I-461 P. G. 223);

Thence with said Arlinghaus North $48^{\circ} 59' 39''$ East a distance of 1052.49 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663" at the south corner of Barton & Margaret Dahl (D.B. 314 P.G.272) from which a recovered nail bears South $26^{\circ} 33' 38''$ East a distance of 1.38 feet.

Exhibit A- continued

Thence with aid Dahl North $26^{\circ} 33' 38''$ West a distance of 18.64 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663";

Thence leaving said line of Dahl and through the lands of the grantor along a new division line for four (4) calls:

North $82^{\circ} 02' 33''$ West a distance of 265.23 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663";

Along a curve to the left with a radius of 325.00 feet ($\Delta = 20^{\circ} 36' 57''$, Chord Bearing of North $02^{\circ} 21' 02''$ West a chord distance of 116.31 feet) an arc distance of 116.94 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663";

North $12^{\circ} 39' 30''$ West a distance of 44.75 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K.KY 3663";

Along a curve to the right with a radius of 20.00 feet ($\Delta = 89^{\circ} 53' 36''$, Chord bearing = North $32^{\circ} 17' 18''$ East a chord distance of 28.26 feet) an arc distance of 31.38 feet to a set $\frac{1}{2}$ " steel rebar with plastic cap stamped "J.G.K. KY 3663" in the south right of way of Independence Station Road, thirty-six feet south of the existing centerline.

Thence along the south right of way of Independence Station Road, South $77^{\circ} 16' 18''$ West a distance of 224.40 feet to the POINT OF BEGINNING.

Said parcel contains 30.0686 Acres.

ARTICLE 1
DEFINITIONS

The words in this Declaration which begin with capital letters, other than words which would be normally capitalized, unless the context otherwise requires, shall have the meanings set forth in this Article 1.

1.1 Additional Property. "Additional Property" means other real property in the vicinity of the Property which is owned and/or acquired by Declarant, which may be annexed to the Property in accordance with Article 10 below.

1.2 Architectural Guidelines. "Architectural Guidelines" as defined in Section 5.3 of this Declaration.

1.3 Areas of Common Responsibility. "Areas of Common Responsibility" shall mean and refer to the Common Elements, together with those areas, if any, which by the terms of this Declaration or by contract or agreement become the responsibility of the Association. The office of any property manager employed by or contracting with the Association, if located on the Property, or any public rights-of-way within or adjacent to the Property or regional detention basins adjacent to the Property, may be part of the Areas of Common Responsibility.

1.4 Articles and Articles of Incorporation. "Articles" and "Articles of Incorporation" mean those articles, filed with the Secretary of State of Kentucky, incorporating the Meadow Glen Homeowners' Association, Inc., as a nonprofit corporation under the provisions of Chapter 273B of the Kentucky Revised Statute, as the same may be amended from time to time.

1.5 Assessments. "Assessments" means Annual Assessment, Special Assessment, Individual Assessment and Working Capital Assessment.

1.6 Association. "Association" means Meadow Glen Homeowners' Association, Inc., an Kentucky not-for-profit corporation, which owns, operates and maintains the Common Elements, and any successor organization which owns, operates and maintains the Common Elements.

1.7 Annual Assessment. "Annual Assessment" means the charge established by Section 4.2 of this Declaration.

1.8 Board of Directors. "Board of Directors" means the Board of Directors of the Association established pursuant to its Articles of Incorporation, Bylaws and this Declaration.

1.9 Builder(s). "Builder(s)" means Fischer Single Family Homes II, LLC, a Kentucky limited liability company and Maple Street Homes, LLC, a Kentucky limited liability company, their successors and assigns, and such other persons and entities as may acquire one or more Lots from Declarant for the purpose of constructing improvements thereon for resale, but only to the extent of such Lots acquired.

1.10 Bylaws. "Bylaws" means the Bylaws of the Association, a copy of which is attached hereto as Exhibit B and made a part hereof, as the same may be amended from time to time, pursuant to the Bylaws and Kentucky Revised Statute.

1.11 Class A Members or Class A Membership. "Class A Members" or "Class A Membership" means those members of the Association consisting of all Owners except, during the Control Period, Declarant.

1.12 Class B Member or Class B Membership. "Class B Member" or "Class B Membership" means, during the Control Period, Declarant, as a member of the Association.

1.13 Common Elements. "Common Elements" shall mean and refer to all real property, or any interest therein, together with improvements located thereon, owned by, leased to the Association or granted as an easement to the Association, for the benefit, use and enjoyment of its Members.

1.14 Common Element Lakes. "Common Element Lakes" shall mean any and all lakes and other water facilities located on the Common Elements.

1.15 Common Element Lake Restrictions. "Common Element Lake Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in Section 6.3 of this Declaration.

1.16 Common Expenses. "Common Expenses" shall mean as defined in Section 4.2 of this Declaration.

1.17 Common Private Driveway. "Common Private Driveway" shall mean and refer to any private road or driveway which is built or installed as part of the original construction or improvement of the Property by the Declarant and/or the Builder to serve more than one (1) Lot; and which is situated on a dividing line between Lots or partly on one (1) Lot and partly on another Lot, together with any road or driveway which may be specifically designated by Declarant and/or Builder within a Common Driveway Easement, Private Driveway Easement, or a record plat and/or other recorded instrument.

1.18 Common Private Driveway Easement. "Common Private Driveway Easement" shall mean and refer to all private driveway easement(s) located on the Property as shown on any Record Plat. The areas within the easement(s) are sometimes referred to as the Common Private Driveway(s).

1.19 Community-Wide Standard. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Property. Such standard may be more specifically determined by the Board of Directors and Declarant.

1.20 Constituent Documents. "Constituent Documents" mean the Declaration, the Record Plat, the Bylaws, the Articles of Incorporation, the rules and regulations, if any, the management agreement, if any, entered into between the Association and any professional manager of the Property, and any other basic documents used to create and govern the Property.

1.21 Control Period. "Control Period" means the period commencing on the date on which this Declaration is recorded in the Kenton County, Kentucky Clerk's Office and terminating on the earlier to occur of (i) within thirty (30) days following the date when seventy-five percent (75%) of the Dwelling Units which may be built on the Property have been deeded by either Declarant and/or any Builder to a third party purchaser; or (ii) thirty (30) years from the date of recording of the Declaration.

1.22 Declarant. "Declarant" means Hasekoester-Reese, LLC, a Kentucky limited liability company and Wolsing Development Company, LLC, a Kentucky limited liability company, their successors and assigns.

1.23 Declaration. "Declaration" means this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Meadow Glen, as the same may from time to time be amended in the manner prescribed herein.

1.24 Default. "Default" means any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

1.25 Development Period. "Development Period" means the period commencing on the date on which this Declaration is recorded in the Kenton County, Kentucky Clerk's Office and terminating on the earlier to occur of (i) within thirty (30) days following the date when one hundred percent (100%) of the Dwelling Units which may be built on the Property have been deeded by either Declarant and/or any Builder to a third party purchaser; or (ii) thirty (30) years from the date of recording of the Declaration.

1.26 Dwelling Unit. "Dwelling Unit" means any building or portion of a building situated upon the Property designed and intended for use and occupancy as a residence by a single person, a family or family-sized group of persons.

1.27 Individual Assessment. "Individual Assessment" means the charge established in Section 4.5 of this Declaration.

1.28 Landscape Easements. "Landscape Easements" shall mean as defined in Section 8.8 of this Declaration. The areas within the easements are sometimes referred to as Landscape Easement Areas.

1.29 Landscaping, Signage and Maintenance Easement. "Landscaping, Signage and Maintenance Easement" shall mean as defined in Section 8.9 of this Declaration. The area within the easement is sometimes referred to as Landscaping, Signage and Maintenance Easement Area.

1.30 Lot(s). "Lot(s)" means each of the parcels of land shown as such upon the Record Plats of the Property.

1.31 Maintenance Standards. "Maintenance Standards" mean those standards adopted by Declarant and/or the Board pursuant to Article 7 of the Declaration as the same may from time to time be amended.

- 1.32 Members. "Members" means all Class A Members and the Class B Member.
- 1.33 Occupant. "Occupant" means any person in possession of a Lot or Dwelling Unit whether or not such possession is lawful and shall include but not be limited to, an Owner's family members, guests, invitees, Tenants and lessees.
- 1.34 Open Spaces. "Open Spaces" shall mean and refer to all open spaces located on the Property as shown on any Record Plat, which are for the benefit of the Owners in the Subdivision.
- 1.35 Owner. "Owner" means, with respect to any Lot, the owner of record from time to time, whether one or more persons or entities, of an interest in fee simple, reversion, remainder or leasehold estate of 99 years or more, but shall not include the Association. Such term shall include contract sellers except those having an interest merely as security for the performance of an obligation.
- 1.36 Private Driveway Easement. "Private Driveway Easement" shall mean and refer to all private driveway easement(s) located on the Property as shown on any Record Plat. The areas within the easement(s) are sometimes referred to as the Common Private Driveway(s).
- 1.37 Private Storm Sewer Easements. "Private Storm Sewer Easements" shall mean and refer to any easements shown on any Record Plat to provide surface drainage. These areas are for the benefit of all Lot Owners and any agency of the City of Independence, Kenton County, Kentucky having jurisdiction over drainage control.
- 1.38 Property. "Property" means that certain land in City of Independence, Kenton County, Kentucky, more particularly described in Exhibit A to this Declaration. When portions of the Additional Property are subjected to this Declaration pursuant to Article 10 herein, those portions shall then be deemed part of the Property.
- 1.39 Record Plat. "Record Plat" means a plat of Meadow Glen as recorded in the Kenton County, Kentucky Clerk's records, including any subsequent plats or replats.
- 1.40 Recreational Facilities. "Recreational Facilities" shall mean any facilities now or hereafter installed on the Property for the benefit of Owners and Occupants, which may include, but not be limited to, gazebo, swimming pool, walking trail, cabana and playground and any portions of the Common Elements on which recreation activity is permitted.
- 1.41 Restrictions. "Restrictions" means all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, the Maintenance Standards and all notices, rules and regulations issued in accordance with this Declaration.
- 1.42 Retention and Detention Areas. "Retention and Detention Areas" shall mean and refer to any area designated on any Record Plat as such, which shall be used or designated to retain or temporarily detain surface drainage which Declarant, its successors and assigns have been required to construct or make use of in connection with surface drainage by any official

agency of the City of Independence, Kenton County, Kentucky in connection with the development of the Property and the Additional Property.

1.43 Rules and Regulations. "Rules and Regulations" means all rules and regulations adopted by the Board regarding the administration, interpretation and enforcement of the Restrictions. Each such Rule and Regulation shall be consistent with and designed to further the purposes outlined in this Declaration.

1.44 Shoreline Easements. "Shoreline Easements" shall mean as defined in Section 8.10 below. The areas within the easements are sometimes referred to as Shoreline Easement Areas.

1.45 Special Assessment. "Special Assessment" means the charge established by Section 4.3 of this Declaration.

1.46 Structure. "Structure" means:

(a) any thing or object (other than trees, shrubbery, landscaping and hedges which are less than two feet high) the placement of which upon any part of the Property may affect the appearance of the Property, including, without limitation, porch, shed, barn, storage facility, covered or uncovered patio, fence, curbing, paving, wall, signboard or any other temporary or permanent improvement; and

(b) any excavation, fill, ditch, dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any part of the Property, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any part of the Property.

1.47 Subdivision. "Subdivision" means all phases or sections of the Record Plat for Meadow Glen, a subdivision in the City of Independence, Kenton County, Kentucky, and consisting of all the Property from time to time made subject to the provisions of this Declaration.

1.48 Supplemental Declaration. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration executed by or consented to by Declarant which subjects all or any portion of the Additional Property to this Declaration; imposes, expressly or by reference, additional restrictions and obligations on the land subject to this Declaration.

1.49 Tenant. "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

1.50 Working Capital Assessment. "Working Capital Assessment" as defined in Section 4.4 of this Declaration.

ARTICLE 2
PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling Units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE 3
ASSOCIATION MEMBERSHIP, MEETINGS AND BOARD

3.1 Formation of the Association. The Declarant has caused or will cause to be chartered in accordance with Chapter 273 of the Kentucky Revised Statute, a nonprofit corporation to be known as Meadow Glen Homeowners' Association, Inc., an Kentucky not-for-profit corporation. The purpose of the Association is to provide for the administrative governance, maintenance, management and upkeep of the Property and to promote the general health and welfare of the Owners and Occupants of the Property.

3.2 Board of Directors. Until the third Annual Meeting, the initial Board shall consist of three (3) persons, one (1) of which shall be appointed by Hasekoester and the other two (2) shall be appointed by Wolsing, each of which shall serve until their respective successors are elected and qualified. Directors appointed by the Declarant need not be Members of the Association. However, a Director elected by Class A Members shall be a Lot Owner or a spouse of a Lot Owner, except that if a Lot Owner is a corporation, partnership, joint venturer, or other entity, the Lot Owner may elect as a Director an officer, partner, joint venturer, or like individual affiliated with this Lot Owner.

At the third Annual Meeting, the Board of Directors shall expand from three (3) to five (5) Directors. At such meeting, Hasekoester shall appoint one (1) Director and Wolsing shall appoint two (2) Directors, each of which shall be appointed for a three (3) year term. Thereafter, at each tri-annual meeting Hasekoester shall appoint one (1) Director and Wolsing shall appoint two (2) Directors, each for a three (3) year term, until the Control Period Special Meeting (as defined below).

At the third Annual Meeting, the Class A Members shall elect two (2) Directors. One of the Directors shall be elected for a three (3) year term and one (1) of the Directors shall be elected for a two (2) year term. At the expiration of the terms of such Directors, until such time as the Declarant shall transfer control of the Board to the Class A Members, the Class A Members shall, at the respective Annual Meeting, elect successor Directors for a three (3) year term.

Within ninety (90) days after the expiration of the Control Period, the President of the Association shall call a special membership meeting ("Control Period Special Meeting"). At the Control Period Special Meeting, all Declarant appointed Directors shall be deemed removed from office, and the Class A Members, including the Declarant if it is then an Owner, shall elect a Director to fill each vacancy on the Board. The terms of said elected Directors shall be from one (1) to three (3) years, so that in any one (1) year thereafter, the terms of no more than three (3) nor less than two (2) Directors shall expire. The three (3) Directors with the most votes shall

be the Directors who shall serve the three-year term. Additionally, after the Control Period Special Meeting, all Directors, and their successors, shall be elected by Class A Members and shall be elected for a three (3) year term.

Notwithstanding anything above to the contrary, the Class B Member may, by written notice to the Board, at or before any Annual Meeting, relinquish to the Class A Members, the Class B Member's right to elect one or more Directors at such Annual Meeting pursuant to this Section. However, if either Hasekoester or Wolsing desire to give up its right to appoint Directors, such right shall first be offered to the other Class B Member before such right is relinquished to the Class A Members.

3.3 Membership. The membership of the Association shall at all times consist exclusively of Owners. All Owners shall be Members. Membership shall be appurtenant to and may not be separated from such ownership.

3.4 Members Rights and Duties. Each Member shall have the rights, duties and obligations set forth in this Declaration and all amendments duly made hereto in accordance with the terms herein.

3.5 Professional Management Contracts. The Association may delegate all or any portion of its authority to discharge its responsibilities herein to a manager or managing agent. Any management agreement shall not exceed three (3) years and shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

ARTICLE 4 **ASSESSMENTS**

4.1 Purpose Of Assessments. The Assessments are established for the benefit and use of the Association and shall be used in covering the costs of its Common Expenses and for such other purposes as hereinafter set forth. The amount of any operating deficit incurred in any calendar year may, at the Board's discretion, be paid by means of a Special Assessment sufficient in an amount so as to allow the Association to satisfy such deficit in full, such Special Assessment to be announced by the Board as soon as possible after the completion of a final accounting for the year during which the deficit occurred and to be paid within thirty (30) days after the mailing of the notice to all Owners of such Special Assessment, provided that any such Special Assessment shall have been approved in accordance with Section 4.3 below.

4.2 Annual Assessment. There are hereby established for the benefit of the Association, its successors and assigns, and all Owners on the Property, as a charge on each Lot or Dwelling Unit, a general annual assessment ("Annual Assessment"), which shall be used in covering all of the cost of the Association's operation, insurance, maintenance and repair obligations including, without limitation thereto, the cost of repairing and maintaining the entrance way and improvements thereon; the cost of maintaining and replacing the landscaping in the Common Elements; Open Spaces; Common Element Lakes; Retention and Detention Areas; Shoreline Easement Areas; Landscape Easement Areas; Signage and Maintenance Easement Areas; real estate taxes and assessments on the Common Elements; the cost of

operation, maintenance and repair of Common Elements; the cost of supplying water to the Common Elements; the cost of reasonable reserves for contingencies, replacements and working capital; management fees; organization costs; legal costs for the enforcement of liens and covenants in this Declaration and all other costs incurred by Declarant or the Board in the exercise of its powers and duties pursuant to this Declaration (collectively "Common Expenses"). The Annual Assessment shall be estimated initially in accordance with Section 4.6 of this Declaration. The obligation to pay the Annual Assessment shall not in any manner be dependent on or discharged, or otherwise affected by the use or non-use of the Common Elements or the actual occupancy of any Lot or Dwelling Unit of the Property. Each Owner, by acceptance of a deed, covenants and agrees to pay such Annual Assessment, except the Declarant and/or Builder shall have no obligation to pay the Annual Assessment unless the Dwelling Unit is occupied.

4.3 Special Assessment: In addition to the other Assessments authorized herein, the Association may levy Special Assessments in any fiscal year. So long as the total amount of Special Assessments allocable to each Lot does not exceed One Hundred Percent (100%) of the Annual Assessment for that fiscal year, the Board may impose the Special Assessment. Any Special Assessments which would cause the amount of Special Assessments allocable to any Lot to exceed this limitation shall be effective only if approved by a majority vote of the Members present and voting at a meeting duly called for such purpose. Special Assessments shall be paid as determined by the Board, and the Board may permit Special Assessments to be paid in installments extending beyond the fiscal year in which the Special Assessments is imposed.

4.4 Working Capital Assessment. At the time of closing on the sale of each Lot from Builder or Declarant to a third party purchaser, the purchaser shall be required to pay to the Association a sum equal to a sixty percent (60%) of the total amount of the Annual Assessment applicable for the purchaser's Lot as such purchaser's initial capital contribution to the working capital of the Association (the "Working Capital Assessment"). This Working Capital Assessment shall be used by the Association for its operating expenses. Such Working Capital Assessment is not an advance payment of the Annual Assessment or any other Assessment established herein, and it will not be held in any sort of trust or reserve account. Additionally, at the time of such closing, each purchaser of a Lot shall be required to pay a prorata share of the Annual Assessment for the balance of the current year to the extent that such Assessments have not otherwise been collected by the Association. Declarant and Builder shall be exempt from the Assessments collected pursuant to this Section.

4.5 Individual Assessment. The Association shall have the right, after approval by two-thirds (2/3) vote of all members of the Board, to assess an individual Lot or Dwelling Unit for any of the following:

- (a) any costs incurred for maintenance or repair caused through the willful or negligent act of an Owner or Occupant or their family, tenants, guests or invitees, including attorney fees, court costs and other expenses incurred;

(b) any costs associated with the enforcement of this Declaration or the Rules and Regulations, if any, of the Association, including, but not limited to attorneys fees, witness fees and costs, and court costs; and

(c) any fines levied on the Owner by the board for violations of this Declaration or the Rules and Regulations, if any, of the Association.

4.6 Association Budget; Amount of Assessment. Declarant or the Association shall budget for the current year's projected costs for the Common Expenses. In addition, Declarant or the Association shall build up and maintain a reasonable reserve for contingencies and for the periodic maintenance, repair and replacement of the Common Elements. The amount of the Assessment shall be determined from year to year in accordance with the following:

(a) The Annual Assessment shall be determined by the Board in an amount which the Board estimates will be adequate to pay the Common Expenses for the current year and any unpaid deficits for prior years, plus an adequate capital reserve account for the capital replacement as needed.

(b) The Board shall determine the Association's budget and the amount of the Annual Assessment for the immediately following year on or before December 1 of each year, taking into account the proportion of development Lots to undeveloped Lots subject to a reduced portion of the Annual Assessment, and shall give written notice to all Lot Owners of the Annual Assessment applicable to their Lot not later than January 1 of the following year.

(c) The Annual Assessment chargeable to each Lot Owner shall be the proportion of one to the total number of Lots then subject to this Declaration and each Lot Owner shall be charged with the payment of that portion of the total Annual Assessment except as provided in the following sentence. The Lots shall be assessed on an equal basis regardless of any variations in the sizes or values of the Lots, except that for the period of time during which Declarant and/or Builder owns a Lot, Declarant and/or Builder shall have no obligation to pay the Annual Assessment unless the Dwelling Unit is occupied. At the closing on the purchase of a Lot from Declarant or Builder, the purchaser of such Lot shall pay a pro-rata share of the Annual Assessment due on the Lot for such calendar year.

(d) So long as the Declarant has the right unilaterally to annex Additional Property pursuant to Section 10.1 below, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting Annual Assessments for any fiscal year by payment of a subsidy provided, any such subsidy shall be conspicuously disclosed as a line item in the income portion of the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years.

(e) If during the Development Period the Association incurs an operating deficit, Declarant, Builder or any other affiliated entity of Declarant ("Affiliated Entity") may, at its option, loan funds to the Association to fund the deficit. In the event that

Declarant, Builder and/or Affiliated Entity elects to fund the deficit, the Association shall execute a loan agreement and promissory note for the benefit of Declarant, Builder and/or Affiliated Entity, as the case may be, the form of which shall comply with the terms and conditions set forth in Exhibit C attached hereto and made a part hereof. The Association shall be obligated to repay to the Declarant, Builder and/or Affiliated Entity, as the case may be, any and all monies lent by such entity to the Association in accordance with this Section in order to fund any deficit. Such repayment of monies shall be in accordance with the terms and conditions of said loan agreement and promissory note.

(f) The failure of the Board to meet the time deadlines imposed herein shall have no effect on the obligation of the Lot Owners to pay their proportionate share of the Annual Assessment when determined. If, during the course of the year, the Board determines that the amount of the Annual Assessment is or will be inadequate to cover any and all such costs described below, the Board may adjust the amount of the Annual Assessment by giving written notice to Lot Owners not less than twenty (20) days before the effective date of the adjustment.

4.7 Common Surplus. If the Annual Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion: (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Annual Assessment for the following year; or (c) apply the Common Surplus to the reserve.

4.8 Payment. Unless otherwise established by the Board, the Annual Assessment shall be paid in advance in annual installments not more than ten (10) days after the due date established by the Board. The Board shall have the power at any time to adopt such billing, collection and payment procedures and payment time schedules as it shall deem appropriate. Additionally, any Special Assessment or Individual Assessment imposed by the Board shall become due upon the date designated in the notice, but not less than thirty (30) days after the mailing of notice to the Owner by United States mail. Notwithstanding the foregoing, Declarant and any Builder shall have no obligations to pay any Assessment unless the Dwelling Unit is occupied.

4.9 Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners and the holders of all first mortgages on Lots, current copies of the books, records and financial statements of the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners.

4.10 Penalty for Late Payment. For each Lot as to which any installment of any Assessments are not paid within the period provided by the Board, there shall be added to the installment a penalty of ten percent (10%) thereof, and interest at the rate of fifteen percent (15%) per annum, or such other amount established by the Board (or, if less, the maximum rate allowable by law) from the due date on the amount of such installment plus penalty until paid.

4.11 Creation of Lien and Personal Obligation of Assessment. All Assessments shall be a charge and lien on each Lot to the extent and for the period provided in Section 4.12 below, and shall also be the personal obligation of the Owner of each Lot against which they are made.

4.12 Liens. If any Assessment on a Lot is not paid within the period established by the Board pursuant to Section 4.8 herein, the amount thereof together with any interest, costs, penalties and reasonable attorneys' fees thereon shall constitute a lien on such Lot in favor of the Association prior to all other liens and encumbrances whatsoever, excepting real estate taxes and assessments and liens of record in favor of the United States of America, the Commonwealth of Kentucky, and all other political subdivisions or governmental instrumentalities of the Commonwealth of Kentucky to the extent made superior by applicable law, and all bona fide recorded first mortgages and the rights of any first mortgagee who comes into possession of a Lot pursuant to mortgage foreclosure or by deed in lieu thereof. Assessments shall become a lien on a Lot on the date the Board mails written notice of any such Assessment to the Owners of any Lot subject thereto. The Association may perfect the lien by recording a notice of lien with the Clerk of Kenton County, Kentucky in any legally recordable form. Nonpayment of any Assessment on a Lot shall be deemed and is hereby declared to be the happening of a condition or event that creates an interest in real estate.

4.13 Evidence of Payment. Upon the request of the Owner or any mortgagee or Tenant of any Lot or any prospective purchaser, mortgagee, or Tenant thereof, the Board or its designated representative shall furnish written evidence of the amount of the Assessments with respect to such Lot for the current year and the amount of any unpaid Assessments, penalty and interest, if any. Such evidence may be conclusively relied upon by any such party and by anyone furnishing any title evidence or opinion with respect to such Lot. The Board may impose a reasonable charge for furnishing such written evidence.

4.14 Enforcement of Lien. Any lien established under this Declaration may be enforced by the Association in the same manner and to the same extent (including appointment of a receiver, foreclosure sale and deficiency judgment) and subject to the same procedures as in the case of foreclosure of a real property mortgage under the laws of Kentucky. In any such enforcement proceeding, the amount which may be recovered by the Association shall include all costs of such proceeding, including reasonable attorneys' fees. In any such foreclosure sale, the Association may become the purchaser.

4.15 Subordination of Lien to First Mortgage. When the mortgagee of a first mortgage of record, or other purchaser of a Lot as a result of judicial execution, acquires title to the Lot as a result of foreclosure of the first mortgage or by deed in lieu of foreclosure, such acquirer of title, his, her or its heirs, successors and assigns, shall not be solely liable for the share of the Assessments chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Any lien against such Lot shall be canceled and voided, and shall become unenforceable. Such unpaid share of Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his her or its heirs, successors or assigns.

ARTICLE 5
ARCHITECTURAL REVIEW

5.1 Alteration of Dwelling Unit and Structures. Except for initial construction of Dwelling Units, accessory Structures and Common Elements by either Declarant and/or Builder, no building, fence, wall, deck or other Structure shall be commenced, constructed, erected, placed, moved onto or permitted to remain on any Lot, nor shall any Dwelling Unit and/or Structure on any Lot be remodeled, painted or altered or expanded in any way which changes the exterior appearance thereof, unless detailed plans and specifications therefor shall have been submitted to and approved in writing by the Board. Such plans and specifications shall be in such form and shall contain such information as the Board may reasonably require, including but not limited to any or all of the following: a site plan; patio and walkway locations; description of materials; location of lighting; architectural plans including cross-sections, floor plans and elevations; and evidence of conformity with building codes. The Board shall either approve the plans and specifications, disapprove them, or approve them with conditions or qualifications.

5.2 Approval of Plans and Specifications. The Board shall approve plans and specifications submitted to it with respect to any Lot (or subdivision of Lots) if it finds that they comply with the requirements of Section 5.1 above, will further the purposes outlined in this Declaration and meets Architectural Guidelines adopted by the Board. Upon final approval thereof, a certified copy of the detailed plans and specifications shall be deposited for permanent record with the Board and a copy bearing the written approval of the Board shall be returned to the applicant. Approval by the Board of plans and specifications with respect to any Lot shall not impair the Board's right subsequently to approve a requested amendment of such plans and specifications relating to such Lot (subject to the requirements of this Section). The Board's approval of any plans and specifications shall not constitute a representation or warranty as to the quality of the plans and specifications or their compliance with applicable laws and codes.

5.3 Architectural Guidelines. The Board may adopt reasonable architectural guidelines and rules relating to the construction, erection and placement of buildings, fences, walls and structures in order to fulfill its obligations under Article 5. Such guidelines and specifications may include but not be limited to building materials, minimum or maximum sizes, dimensions or heights, color schemes, material finishes, locations, setbacks or other reasonable requirements.

5.4 Disapproval of Plans and Specifications. If plans and specifications (whether schematic, preliminary or detailed) submitted to the Board with respect to any Lot do not comply with the Architectural Guidelines, if any, and the requirements of Section 5.1 as to the information required to be included in the plans and specifications, the Board shall either disapprove such plans and specifications or approve them subject to such conditions and qualifications as the Board may deem necessary to achieve compliance.

5.5 Failure of the Board to Act. If the Board shall fail to act upon any plans and specifications submitted to it within ninety (90) days after submission thereof, such plans and specifications shall be deemed to have been approved as submitted, and no further action by the Board shall be required. If construction of a Structure is not commenced on a Lot on or before

six (6) months from the date of submission of plans and specifications, then such "deemed approval" shall be automatically canceled and a new submission shall be required.

5.6 Violations. If any Dwelling Unit and/or Structure situated upon any Lot shall have been constructed, erected, placed, remodeled or altered other than in accordance with the approved plans and specifications, the Board shall give notice of a Default to the Owner of the Lot involved, provided, however, that the Board may, upon such conditions as it may determine, waive any such Default if it finds that such Default does not substantially conflict with the policies of the Board.

5.7 Enforcement. In the event of a violation of the provisions of this Article 5, the Association shall have the right to enforce this Section by any proceedings authorized in this Declaration, Bylaws or rules and regulations, if any, as well as any other relief available at law or in equity.

5.8 Right of Entry. The Board through its authorized officers, employees, and agents, shall have the right to enter upon any Lot at all reasonable times for the purpose of ascertaining whether such Lot or the construction, erection, placement, remodeling, or alteration of any Dwelling Unit and/or Structure thereon is in compliance with the provisions of this Section, without the Board or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of such action or actions.

5.9 Fees. The Board may charge reasonable fees for the processing of plans and specifications. Such fees may cover the cost of such processing, including inspection costs. Such fees shall be payable at the time of submission of the respective item for approval and shall be paid to the Association.

5.10 Approval of Plans by Declarant. Notwithstanding anything to the contrary in this Article 5, during the Development Period, the plans and specifications for the initial construction of a Dwelling Unit shall be subject only to Declarant's approval and do not need to be approved by the Board.

ARTICLE 6

COVENANTS AND RESTRICTIONS OF USE AND OCCUPANCY

6.1 Purposes. In order to promote the health, safety and welfare of all Owners, Members and Occupants, and to preserve, beautify and maintain the Property and all Structures thereon as a subdivision of high quality and to preserve and promote a good environmental quality, the following covenants, restrictions and limitations as to use and occupancy are hereby adopted, declared and established. These covenants and restrictions shall hereinafter burden and benefit all Lots on the Property, shall run with the land, be binding on current and successor Lot Owners, for the benefit of all Lot Owners and all Lots on the Property.

6.2 Covenants and Restrictions. The following are the covenants and restrictions and limitations as to use and occupancy to which the Property is hereby subjected:

(a) Land Use. Except as otherwise provided in this Declaration, no part of the Property other than Common Elements shall be used for other than residential housing and any Dwelling Unit constructed on a Lot shall be used only as a residence for a single family not to exceed thirty-five feet (35') in height. To the extent permitted by law, an Owner of a Lot may use a portion of a Dwelling Unit located thereon for his/her office or studio provided that the activities therein shall not interfere with the quiet enjoyment or comfort of any other Owner or Occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Property or in and out of said Owner's Lot. The foregoing notwithstanding, Declarant, its successors, assigns and affiliates, and any Builder may use Lots and Dwelling Units for construction offices, sales purposes (i.e. model homes), and as offices to meet with prospective purchasers of Dwelling Units.

(b) Other Structures. No structures of a temporary character, trailer, shack, garage, barn or other temporary outbuilding shall be used or erected on any Lot after the permanent residence on each Lot has been completed. Notwithstanding the foregoing to the contrary, no Structures may be placed on any Lot without the Board's prior written approval, as provided in Section 5.2 above.

(c) Outdoor Storage Structure. Owner may construct one (1) outdoor storage structure not exceeding eight (8) feet in width, eight (8) feet in height, and eight (8) feet in depth. The construction, specifications, colors, and placement of the structure shall be in accordance with the Architectural Guidelines adopted by the Board.

(d) Parking. Each Dwelling Unit shall be provided with a minimum of two (2) off-street parking spaces. No parking spaces, streets or driveways nor any other part of the Common Elements nor any Lot upon which a Dwelling Unit is constructed shall be used for parking of any trailer, truck, boat, or anything other than operative automobiles, motorcycles or scooters, except while loading, unloading or cleaning which shall not exceed twenty four (24) hours. Any of such vehicles may, however, be stored or parked in an enclosed garage provided such garage door is completely closed at all times when such a vehicle is parked therein. The word "trailer" shall include trailer coach, RV, recreational vehicle, house trailer, mobile home, automobile trailer, boat trailer, campcar, camper or any other vehicle, whether or not self-propelled, constructed or existing in such a manner as would permit the use and occupancy thereof for human habitation, for storage, or the conveyance of machinery, tools or equipment, whether resting on wheels, jacks, tires or other foundation. The word "truck" shall include and mean every type of motor vehicle other than passenger cars and other than any non-commercial pick-up truck (no ladder racks, advertising, etc.), sports utility vehicle or van which is used as a principal vehicle by an Owner of a Dwelling Unit or his/her family. Notwithstanding the restrictions in this Section, vehicles being used for the purpose of construction, delivery or repair work to or upon any Lot or Dwelling Unit may be permitted to be parked on any Lot and street in the Subdivision. The restriction in this Paragraph shall not be applicable to Declarant, its successors, assigns and affiliates, and any Builder during the Development Period.

(e) Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No Lot Owner shall permit anything to be done or kept in a Dwelling Unit or other approved Structure on any Lot that would be in violation of any law. No waste shall be committed in or to any of the Common Elements. The restriction in this Paragraph shall not be applicable to Declarant, its successors, assigns and affiliates, and any Builder during the Development Period.

(f) Oil and Mining Operations. No oil drilling, quarrying, or mining operations shall be permitted on any Lot.

(g) Garbage and Refuse Disposal. All trash, garbage or other rubbish shall be kept at all times in each Owner's garage, except on the days which the trash, garbage or other rubbish is collected by the local waste removal authorities or as otherwise directed and instructed by the Association. Any trash containers placed outside by the Dwelling Unit Owners to be collected by the local waste removal authorities shall only remain outside for a period not to exceed twenty-four (24) hours and may not be placed at the curb any earlier than 6:00 p.m. the day before the trash is scheduled to be removed.

(h) Antennas. No apparatus, free standing antennas or satellite dishes shall be constructed or used on any Lot; provided, however, that a satellite dish not exceeding eighteen inches (18") in diameter may be placed on a roof top of a Dwelling Unit if not visible from the street in front of the Dwelling Unit. All television and radio antennae, including CB radio antennae, must be enclosed within the Dwelling Unit located on the Lot. All telephone, electric and other wires of all kinds must be underground.

(i) Signs. No permanent sign shall be permitted on any Lot, building, Common Element or public street in the Subdivision. An Owner of a Dwelling Unit is permitted to place and maintain a standard "For Sale" or "For Rent" sign on his Lot; provided, however it is of a typical size within the industry. An Owner must obtain the prior written consent of the Board in the event said Owner desires to maintain a "For Sale" or "For Rent" sign which is not of a typical size within the industry. This sign restriction shall not apply to signs used by Declarant and/or Builder or their assigns, while Declarant and/or Builder are selling Dwelling Units in the Subdivision, or to traffic, street names, Common Elements or subdivision identification signs.

(j) Animals. No animals of any kind shall be raised, bred, or kept on any Lot including the Common Elements, except that dogs or other household pets not totaling more than three (3) in number, may be kept on a Lot, subject to the Restrictions, provided that it is not kept, bred or maintained for any commercial purpose, and provided that it is kept subject to the rules and regulations, if any, of the Association, including, but not limited to, rules regarding weight limitations for certain types of pets. Any such pet or pets causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon seven (7) days written notice from the Board. No such pets may be allowed to run unattended. Dogs, cats, or other household pets must be kept within the confines of the Owner's Lot except when being held on hand leash by the

person attending the animal. A Lot Owner shall be responsible for cleaning up after his/her household pet. Notwithstanding the foregoing, the Association shall have the right to promulgate rules and regulations pertaining to size, number and type of such household pets and the right to levy fines and enforcement charges against persons who do not clean up after their pet.

(k) Laundry or Rubbish. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Property. No clotheslines shall be located on any Lot. The Property shall be kept free and clear of rubbish, debris and other unsightly materials.

(l) Rental of Dwelling Units. The Owners of the respective Dwelling Units or any first mortgagees in possession thereof shall have the right to lease the same subject to the covenants and restrictions in the Declaration and the Bylaws and rules and regulations, if any. However, neither a Unit Owner nor any first mortgagee in possession shall lease less than an entire Dwelling Unit nor shall any Dwelling Unit be leased for a term of less than six (6) months. The respective Dwelling Unit shall not be rented for transient or hotel purposes, which shall be defined as (i) rental for any period less than ninety (90), or (ii) any rental if the occupants of the Dwelling Units are provided customary hotel service such as room service or food and beverage, maid service and furnishing of laundry and linen. All leases of any Dwelling Unit shall be in writing. All such leases shall provide that they are subject to all the provisions of the Declaration, the Bylaws and the rules and regulations, if any, and that any failure of the lessee to comply with any such provision shall constitute a default under the lease. A copy of each such lease shall be given to the Association immediately after it is executed.

(m) Swimming Pools, Hot Tubs and Spas. No above-ground swimming pools shall be constructed, erected, placed or permitted to remain upon any Lot. Portable wading pools used by small children are permitted but may not be more than eighteen (18) inches in height and shall be placed in the rear yard only. In-ground swimming pools are permitted provided it is approved by the Board in accordance with Article 5 above. This Section shall not prohibit the construction, erection or placement of a diving board, slide or other equipment appurtenant to an otherwise conforming swimming pool. Hot tubs and spas shall be permitted on any Lot but must be in-ground or if above ground be incorporated into a deck and shall not be visible from the street or any neighboring Lot.

(n) Fencing. No fences shall be erected or built on any part of any Lot between the rear of the building constructed thereon and the street in front of the building. Fences erected on said Lot from the rear of the building and the back property line shall not be in excess of four (4) feet in height and shall be rustic rail, split rail, decorative PVC, ornamental iron, decorative wood, decorative metal or hedge, provided however, that all fences constructed of the aforesaid materials shall be at least fifty percent (50%) open. Non-reflective metal fence may be installed as an integral part of a fence constructed of the aforesaid materials in order to provide a secure enclosure. Barbed wire, chain link or similar fences shall be prohibited. On a corner Lot, the section