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DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONSFORBEECH FORK ESTATES

THIS DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS FOR BEECH FORK ESTATES ("Declaration") is made and imposed this 25 day of February, 2005, by HURST V, LLC, a Kentucky limited liability company maintaining its mailing address at 520 Lyvers Road, Bardstown, Kentucky 40004 ("Developer"); and, BEECH FORK ESTATES HOMEOWNERS' ASSOCIATION, INC., a non-profit corporation organized and existing under the laws of the Commonwealth of Kentucky, ("Homeowners' Association").

WHEREAS, Hurst V, LLC, is the owner of that certain real property and subdivision known and identified as Beech Fork Estates, Lots 1 through Lot 105, inclusive, as shown upon the plat thereof ("Plat") appearing of record in Plat Cabinet 9, Slot 144, in the Office of the Clerk of Nelson County, Kentucky (hereinafter referred to as the "Subdivision"); and

WHEREAS, the Developer desires to subject and impose upon said Subdivision certain covenants, conditions, restrictions, easements, assessments, rights and privileges, all to protect and enhance the development, use, desirability and value of said real estate and all improvements thereon.

NOW, THEREFORE, the Developer does hereby declare that the real estate and Subdivision comprising Beech Fork Estates, shall be owned, held, used, sold, leased, conveyed and occupied subject to the rights, privileges, covenants, conditions, restrictions, easements, assessments, liens and other provisions set forth as follows:

ARTICLE I - PROPERTY SUBJECT TO THIS DECLARATION

Section 1.1 Subject Property. The real estate to which this Declaration shall apply is that certain Subdivision known and identified as Beech Fork Estates, Lots 1 through Lot 105, inclusive (collectively referred to as the "Lots", and individually as a "Lot") as shown upon the Plat thereof appearing of record in Plat Cabinet 9, Slot 144, in the Office of the Clerk of Nelson County, Kentucky; together with such additional property as may hereafter be made subject to this Declaration in accordance with the provisions of Section 1.2 of this instrument below.

ARTICLE II - USE RESTRICTIONS

Section 2.1 Primary Use Restrictions. Except as otherwise expressly provided in this Declaration, no Lot within the Subdivision shall be used except for private single-family residential purposes, without the prior written approval of Developer. No structure shall be erected, placed, altered or permitted to remain on any Lot except one single-family residential dwelling designed for occupancy by one family (including a domestic servant living on the premises), not to exceed three (3) stories in height, unless approved otherwise by Developer, in its sole discretion, and permitted by applicable law. Provided further, however, that the Developer may permit the construction, placement, and maintenance of an outbuilding or outbuildings on any one lot within the Subdivision, in the exercise of Developer's absolute and unfettered discretion. All proposals for the construction, placement and/or maintenance of an outbuilding upon a lot within the Subdivision shall be in writing conforming to the requirements of Article III and Section 3.1 of this Declaration below, and shall require the prior written approval of the Developer as to the location, size, design, roof pitch, exterior material, and other criteria deemed appropriate by Developer.

Section 2.2 Further Subdivision Restricted. No Lot within the Subdivision shall be further subdivided, or its boundary lines changed, without the prior written approval of the Developer, in its sole discretion, in addition to any approvals required by applicable governmental authorities. All Lot owners are hereby informed that Developer has the express right, in its sole discretion, to subdivide, re-plat and/or alter the boundary line of any Lot owned by Developer, provided that any such division, boundary line change, or re-platting shall not be in violation of applicable subdivision and zoning regulations.

Section 2.3 Nuisances. No noxious or offensive trade or activity shall be conducted, carried on, or permitted to exist upon any Lot; nor shall anything be done on any Lot, or otherwise within the Subdivision, which may be or may become an annoyance or nuisance to the residents of the Subdivision or to Developer.

Section 2.4 Restrictions On Vehicles And Parking.

(a) No trailer, large truck (excluding private, non-commercial pick up trucks and sport utility vehicles), commercial vehicle, camper, camping vehicle, recreational vehicle, construction equipment, bus, motor home, boat or inoperable vehicle shall be parked or kept on any Lot at any time unless housed in an enclosed garage or basement, except as may otherwise be acceptable to Developer in its sole discretion.

(b) No vehicle or other object may be parked on Subdivision streets for any continuous period in excess of ten (10) hours during any one calendar day, or for an aggregate period in excess of twenty-four (24) hours in any one calendar year.

(c) Vehicle maintenance within the Subdivision shall be limited to routine maintenance, care and upkeep and shall be conducted within a garage or on a driveway immediately adjacent to the garage.

(d) No vehicle or other similarly mobile object (i.e., sport utility vehicle, recreational vehicle, camper, boat, trailer, etc.), as determined by Developer in its discretion, may be parked on any lot in the Subdivision, other than on a paved driveway or within a garage, for any continuous period in excess of ten (10) hours during any one calendar day, or for an aggregate period in excess of twenty four (24) hours in any one calendar year, unless otherwise approved in writing by Developer, in its sole discretion.

Section 2.5 Animals. No animals, including, without limitation, reptiles, livestock or poultry of any kind, shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets (meaning those domestic pets traditionally recognized as household pets in the geographic area encompassed within Nelson County, Kentucky) may be kept in the residence on a Lot, provided that they are not kept, bred or maintained for any commercial or breeding purposes. In the case of dogs, cats and other household pets, no more than two (2) of each may be maintained on any Lot without the prior written approval of the Developer, in the exercise of its sole discretion. All such pets shall always be kept under the control of the owner of same, and shall not be allowed to roam free and/or unrestrained off of or outside of the owner's Lot. No dog pens, dog houses, kennels or other outdoor animal shelters or containment areas shall be permitted on any Lot within the Subdivision without the prior written approval of Developer, including approval of the type, quality, design, exterior treatment, location and character of such animal shelters or containment areas, in Developer's sole discretion. Provided further, however, that notwithstanding any other provision of this Declaration to the contrary, after the completion of the primary residential dwelling upon a lot, the owner of the lot shall be permitted to keep, maintain and raise upon such lot, within a fenced area located to the rear of the residential structure, cows, horses, lamas, goats, sheep and other similar livestock approved by Developer in writing, at the rate of one (1) animal per each one (1) acre of fenced property in excess of two (2) acres.

Section 2.6 Clothes Lines & Weed Gardens. No outside clothes lines or weed gardens shall be erected, placed or permitted to remain upon any Lot.

Section 2.7 Fences & Walls. In addition to the requirements of Section 3.1 of this Declaration pertaining to the approval of structures, all fences, walls and other enclosures shall be subject to the following restrictions:

(a) No fences, walls, hedge rows or other enclosures of any type shall be erected, placed, altered or permitted to remain on any Lot nearer to any street than the rear wall(s) of the residence located thereon without the prior written approval of the Developer as to design, height, materials, location, and other factors deemed appropriate by Developer, in its sole discretion. As a general rule, fences or other enclosures in excess of four (4) feet in height will not be permitted, except upon written approval of the Developer, in its sole discretion.

(b) All fencing materials, designs and location must be approved by the Developer prior to the construction of same upon any Lot. No wire or chain link fences are permitted on any Lot without the prior written approval of the Developer, in its sole discretion.

(c) All fences and walls shall be constructed so that the finished side thereof, as determined by Developer, shall face away from the Lot upon which the same is constructed.

(d) Developer reserves the right (but without obligation to do so) unto its self and its successors and assigns to place a fence on the outer perimeter of the Subdivision, or to replace existing fences, all of which fences shall thereafter be maintained and repaired by the adjacent Lot owners or Homeowners' Association, as applicable.

Section 2.8 Swimming Pools. No above ground swimming pools shall be constructed, placed or permitted to remain on any Lot within the Subdivision. No in-ground swimming pools shall be constructed, placed or permitted to remain on any Lot within the Subdivision until construction plans and specifications, including plans detailing proposed fencing, placement, landscaping and lighting of the pool area, and otherwise conforming to the requirements of Article III of this Declaration, have been submitted to and approved by the Developer in the exercise of its sole discretion.

Section 2.9 Satellite Dishes & Antennae. No satellite dishes, television or radio antennae, microwave or other receivers and/or transmitters, or any similar devices shall be erected, placed or permitted to remain on any Lot within the Subdivision unless written plans indicating the design, placement, size, materials and screening of the same are approved in writing by Developer, in its sole and absolute discretion. Exterior "satellite dishes" exceeding two (2) feet in diameter will not normally be permitted on any Lot. Upon being given notice by the Developer that any improvement described in this paragraph is objectionable, the owner of the Lot upon which the same is located shall immediately remove the same, or have the same modified in such a manner that it is no longer objectionable to Developer.

Section 2.10 Exterior Lighting. No exterior lighting, including recreational, landscape and/or security lighting, which is determined to be a nuisance or objectionable by Developer, shall be installed, maintained or permitted to remain on any Lot. Upon being given notice by the Developer that any exterior lighting is objectionable, the owner of the Lot upon which the same is located shall immediately remove said light, or have the same shielded in such a way that it is no longer objectionable to Developer.

Section 2.11 Yard Ornaments. No yard ornaments, decorations or other similar objects which are determined to be unsightly, a nuisance, or otherwise objectionable by Developer shall be installed, maintained or permitted to remain on any Lot.

Section 2.12 Basketball Courts, Tennis Courts, Etc. No basketball courts, goals, tennis courts, or other recreational devices or facilities of any nature shall be erected, placed or permitted to remain on any Lot within the Subdivision without the prior written approval of the Developer as to the design, material, landscaping, location and/or orientation on a Lot, drainage plans, fencing, lighting and other criteria determined appropriate by Developer, in its sole discretion. Upon being given notice by the Developer that any improvement described in this paragraph is objectionable, the owner of the Lot upon which the same is located shall immediately remove the same, or have the same modified in such a manner that it is no longer objectionable to Developer.

Section 2.13 Building & Lot Maintenance. All Lots, buildings and other improvements thereon shall be kept in a clean, safe and orderly manner, free from weeds and trash, and shall be maintained in good condition and repair. Individual Lots, and all vegetation and landscaping thereon, shall be mowed, trimmed and maintained with sufficient regularity so as to keep them neat, clean and attractive in appearance and compatible with a well-groomed residential area. Should any Lot owner fail to maintain a Lot in the manner provided in this paragraph above, the Developer may take such action as it deems appropriate, including, without limitation, mowing the Lot and removing any rubbish or debris located thereon, in order to make the Lot neat and attractive, and the Lot owner shall immediately upon demand reimburse Developer or other entity performing such work for all expenses incurred in doing so, together with interest at the rate of twelve percent (12%) per annum, or such lower rate as may constitute the maximum then permitted by applicable law, and Developer shall have a lien on that Lot and the improvements thereon to secure the repayment of such amounts, of equal priority to the lien for assessments provided elsewhere in this Declaration.

Section 2.14 Access Limitations. No path, passage, road or other way of ingress or egress shall be constructed or permitted to or from any real estate included in the Subdivision, except those entrances, roads and rights-of-way created or approved in writing by the Developer as streets, and those driveways to individual residences as are approved by the Developer.

Section 2.15 Temporary Structures; Underground Houses. No mobile home, house trailer, trailer, tent, shack, storage shed, modular structure or other temporary structure, and no underground houses, shall be erected, altered, placed or permitted to remain on any of the Lots comprising said Subdivision, nor shall any such structure be used as a temporary or permanent residence within said Subdivision. Notwithstanding the preceding, the Developer and such other developers, contractors and builders as Developer may grant written permission, shall be permitted to maintain such temporary tool sheds, field offices and sales offices within the Subdivision as may be reasonably required for development and construction, any and all of which shall be removed within thirty (30) days of receipt of written notice by Developer.

Section 2.16 Commercial Activities. No trade, business or commercial activity shall be conducted upon any Lot other than those activities of the Developer and any builders and contractors associated with the development, construction, maintenance and sale of the properties, the residences

to be located thereon and related activities, unless otherwise approved in writing by the Developer. Notwithstanding the provisions hereof or of Section 2.1 of this Declaration, a new residence may be used by the builder thereof as a model home for display of the builder's work within the Subdivision or for the builder's own office or, with Developer's approval, a realtor's office, provided said use terminates within thirty-six (36) months from completion of such house by the builder, or at such other time as may be determined by Developer, and provided further that such use otherwise conforms to this Declaration and/or such rules as Developer may from time to time issue.

Section 2.17 Signs. No signs of any kind may be displayed on any Lot except one neat and attractive sign advertising the property for sale or lease, which sign shall not be greater in area than five (5) square feet, and which shall be acceptable in condition, format, appearance and content to Developer. Signs used by the Developer to advertise the property during the construction and sales period or to advertise the Subdivision; Developer signs designating the Lot number and indicating the name of a purchaser of a Lot and/or the fact that it has been sold; and, Developer approved numbering and lettering indicating the street address and occupant of a residence, shall be exempt from the provisions of this Paragraph.

Section 2.18 Drilling & Mining Operations. No oil, gas, or other mineral drilling, development, refining, exploration, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil or gas wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot.

Section 2.19 Waste Removal. No junk vehicles, vehicles undergoing repair or maintenance, garbage, trash or other waste shall be kept or permitted to remain on the premises, with the exception of that trash and garbage generated by normal residential use which shall be kept in clean, well-maintained sanitary containers, subject to all laws and regulations applicable to the same, prior to regularly scheduled removal.

Section 2.20 Drains. No storm water drains, roof downspouts or ground water shall be introduced into the sanitary sewer system within the Subdivision. Connections to the sanitary sewer system from any Lot within the Subdivision shall be made with watertight joints in accordance with all applicable plumbing code requirements.

Section 2.21 Greenspace Areas; Restrictions On Use; Maintenance Requirements. Notwithstanding any other provision of this declaration to the contrary, the use, maintenance, improvement and management of all "Greenspace Areas" (as defined below), shall at all times be subject to and governed by the specific additional covenants, conditions, restrictions and other provisions identified as follows:

- (a) Improvements. No structure, building, or other improvement shall be permitted within the Greenspace Areas without the prior written approval of the Developer, within its sole and absolute discretion. As a general rule, improvements of any type other than the primary residential structure and one (1) outbuilding will be discouraged. All such permitted improvements shall conform in all respects to all other requirements of this Declaration.
- (b) Clearing. The cutting of trees, clearing of vegetation, and changes to the topography of the land within all Greenspace Areas shall be restricted as follows:
 - (i) Trees. The cutting of trees shall be limited to that area on which an approved residence or outbuilding is to be located, and a further distance of forty (40) feet from the exterior of such structure, together with those areas on which an approved driveway or other means of ingress and egress to the same is to be constructed.
 - (ii) Other Vegetation. The clearing of all other vegetation within the Greenspace Areas shall be minimized so as to prevent erosion or runoff, and to preserve the natural beauty and habitat of such areas. Adequate ground cover shall be maintained at all times within the greenspace areas.
 - (iii) Excavation. Excavation upon and changes to the topography of the land within the Greenspace Areas shall be kept to a minimum, and shall be restricted to that necessary for the construction of a properly approved residence, outbuilding, driveway and other similar approved improvements.

Variance from the provisions set forth in this Section 2.21, and any proposed improvement within the Greenspace Areas, shall require the prior written approval of the Developer, in its sole and absolute discretion. For purposes of this Section 2.21 and elsewhere in this Declaration, the term "Greenspace Areas" shall mean and include all areas shown and designated on the Plat for the Subdivision, or on any amendment thereto or additional property incorporated into the Subdivision, as "Greenspace Area", "greenspace area", or the like, specifically including, without limitation, the cross-hatched "Greenspace Area" depicted upon the plat.

ARTICLE III - ARCHITECTURAL CONTROL

Section 3.1 Approval of Construction & Landscape Plans.

(a) Grading & Construction Plans. No clearing or grading of any Lot shall be permitted, and no building, fence, wall, structure or other improvement shall be erected, placed, altered or permitted to remain on any Lot within the Subdivision, until the Lot owner has submitted, and the Developer has approved, in writing, in the exercise of its sole and absolute discretion, the following: (i) a Lot grading plan showing proposed clearing limits, grading and house location and orientation, and the location and size of the proposed driveway, sidewalks, pools and any other proposed improvements or structures; (ii) construction plans, drawings, specifications and other detailed plans as may be required by Developer showing the design of the structure or other improvement, the grade elevations, including the front, rear and side elevations, and location of the structure, fence, wall or improvement; (iii) the type of exterior material for all structures, specifically including, without limitation, the type, size, color and specifications for all brick, stone, siding and roof shingles; and, (iv) the type of material to be used for construction of the driveway which shall be of asphalt, brick, concrete or such other material as may be approved by Developer. Developer may vary the established building lines, in its sole discretion, where not in conflict with applicable zoning regulations.

(b) Landscape Plans: General Requirements. In addition to the plans and specifications referred to in the preceding paragraph, a landscape plan shall be submitted by the Lot owner to Developer for its approval in writing, which plan shall show the trees, shrubs and other plantings then existing and/or to be planted on the Lot, and specify the time frame within which such landscaping shall be completed (the "Landscape Plan"). Each Landscape Plan for any Lot within the Subdivision shall show that such Lot has or will have prior to occupancy a minimum of two (2) hardwood trees (at least one (1) inch in diameter), and a minimum of six (6) shrubs, in the front yard of the Lot. Corner lots shall have a minimum of three (3) hardwood trees (at least one (1) inch in diameter), with at least two of the same placed in the front yard of the lot, and at least one of the same placed in the side yard of the lot adjoining the street, all unless otherwise directed in writing by Developer. Landscaping in accordance with an approved Landscape Plan shall be completed within six (6) months after occupancy of the residence, or within six (6) months from the time planting operations can be feasibly undertaken as determined by Developer, unless otherwise approved by Developer. No existing living tree shall be cut or removed from any Lot within the Subdivision without the prior written approval from the Developer, and the Lot owner shall maintain all required landscaping in good health at all times after installation.

Section 3.2 Building Materials. The exterior building materials of all structures shall be either brick, stone, brick veneer or stone veneer, or a combination of the same, and shall extend to finished grade level. The Developer recognizes, however, that the appearance of alternative exterior building materials (such as vinyl, wood siding, stucco, drivet, cedar or, split-face or decorative block (from the top of the building foundation to finish grade), or the like may be attractive and/or innovative, and reserves the right to approve, in its sole and absolute discretion, the use of alternative building materials. Any and all retaining walls extending beyond the exterior residential structure walls shall generally be the same material as the exterior residential structure walls, and extended to finish grade level, unless otherwise approved in writing by Developer. All roof shingles, including variation in the minimum specifications set forth herein, shall be approved by the Developer in writing. Chimneys shall be of masonry construction, unless otherwise approved in writing by Developer.

Section 3.3 Dwelling Size. The required minimum square footage of finished living area for the primary permanent residential structure to be located on any Lot within the Subdivision, measured from outside of the exterior walls, shall be as follows:

- (a) All single story dwellings must have a minimum of 1,400 square feet.
- (b) All single story dwellings having a drive-in basement must have a minimum of 1,600 square feet.
- (c) All tri-level dwellings must have a minimum of 1,600 square feet.
- (d) All mid-entry dwellings must have a minimum of 1,200 square feet on the ground floor.

(e) All one and one-half and two story dwellings must have a minimum of 1,400 square feet, with a minimum of 500 square feet on the second floor.

(f) All two and three story dwellings must have a minimum of 1,350 square feet on the first floor, and 800 square feet on the second floor.

The minimum area requirements set forth in this Section above shall be exclusive of garages, basements, attics, carports, breezeways, porches and patios, and shall be subject to variance only upon the receipt of written approval from the Developer, in its sole and absolute discretion.

Section 3.4 Common Area Building Setbacks. No building shall be located on any Lot bordering the common areas identified on the Plat nearer than 25 feet to common boundary line between such Lot and the common areas, unless otherwise approved in writing by Developer.

Section 3.5 Roof Pitch. The roof pitch of any residential structure shall not be less than a plane of six (6) inches vertical for every plane of twelve (12) inches horizontal for structures with more than one story; and a plane of six (6) inches vertical for every plane of twelve (12) inches horizontal for any one story structure; or such other planes and/or pitches as shall otherwise be approved by Developer, in its sole and absolute discretion. Provided, however, that the dormers on one and one-half (1½) story houses may have a roof pitch of less than five (5) inches vertical for every twelve (12) inches horizontal with the prior written consent of Developer.

Section 3.6 Garages: Carports. All dwellings constructed within the Subdivision shall have a rear entry or side entry garage which is attached to, or otherwise incorporated within, the residential dwelling. All garages must provide storage space for a minimum of two passenger automobiles; must include one sixteen foot (16') wide door or two eight foot (8') wide doors; and, shall be given the same architectural treatment, and be constructed of the same materials, as the main structure. Notwithstanding any other provision of this Section to the contrary, at the discretion of, and upon written approval by, the Developer, detached garages may be permitted in lieu of, or in addition to, the attached garage provided for in this Section above, subject to such conditions and requirements as the Developer may choose to impose, in the exercise of its sole and absolute discretion.

Section 3.7 Retaining Walls. All retaining walls upon any Lot shall be faced with brick or stone or other materials, as approved by Developer in accordance with Section 3.1 of this Declaration.

Section 3.8 Mailboxes. All mailboxes and/or paper holders shall be constructed of either brick, stone, or some other material acceptable to Developer, and shall be subject to the prior written approval of the Developer as to the design, material, construction and location of the same.

Section 3.9 Utilities: Screening of HVAC Units & Utility Areas. All utility lines, conduit, pipes and wires for the transmission of utility services, of every kind and character, including but not limited to, electric, telephone, cable television, gas, water and sewer, to any structure within the Subdivision shall be constructed, placed and maintained underground by the Lot owner and/or the company providing utility services, at a location and such manner as determined by Developer and the applicable utility provider. All heating, ventilation and air conditioning equipment, utility equipment and utility meters shall be completely screened from public view in a manner and at a location approved in writing by the Developer, in its sole discretion, in the manner provided by Article III of this Declaration.

Section 3.10 Driveways & Culverts. All Lots in the Subdivision shall have a paved entryway, constructed of asphalt, brick or concrete, from the public access road/street to the residential dwelling prior to occupancy of the premises, or as soon thereafter as weather permits construction of same. All driveways shall be a minimum of twenty (20) feet in width, for a minimum length of twenty (20) feet, for that portion of the driveway next to the residence constructed upon a lot, unless otherwise approved in writing by Developer, in its sole discretion. In the event a road culvert is to be constructed upon a Lot, the design of the same must be submitted to Developer for review and written approval. All such roadway culverts shall be constructed with suitable material as may be approved by Developer.

Section 3.11 Sidewalks. In the event that sidewalks are mandated by appropriate governmental authority, each Lot owner shall cause a concrete sidewalk (or sidewalk of such other material as may be approved by Developer in its sole discretion) to be constructed on the Lot at the location and elevation, and pursuant to specifications, approved by Developer and otherwise in accordance with all applicable governmental requirements, specifically including, without limitation, the installation of required curb cuts and extensions to paved streets adjacent to the Lot, which sidewalk shall be completed within thirty (30) days from the date that construction of a residence upon the Lot is completed, or as soon thereafter as weather conditions permit, as determined by Developer. Any such sidewalk shall thereafter be maintained in good condition and repair by the

Lot owner, regardless of whether the sidewalk is located on the Lot or within a right-of-way and/or easement adjacent to the Lot.

Section 3.12 Construction Completion. Construction of all houses upon Lots in the Subdivision, including driveways, must be completed within twelve (12) months of plan approval by the Developer, unless otherwise approved in writing signed by Developer.

Section 3.13 Duty to Repair or Rebuild. Each Lot owner, at its sole cost and expense, shall maintain any residence and other structure located upon any Lot in good condition and repair, comparable to the condition of such residence or structure at the time of its initial construction. In the event that all or any portion of a residence is damaged or destroyed by fire or other casualty, the Lot owner shall, with reasonable diligence, promptly repair, rebuild or reconstruct such residence to its condition immediately prior to the casualty, or in such other manner as may be approved in writing by Developer.

Section 3.14 Subdivision Easements. All Lots located within the Subdivision are subject to all easements for roads, streets, utilities and drainage as indicated upon the recorded plat of the Subdivision or of record, and each owner grants to the respective utility companies rights of ingress and egress over said easements, at any and all reasonable times, for purposes of the construction, maintenance, repair and replacement of all such utilities.

Section 3.15 Construction Activities. During the construction of any permitted structure upon or other improvement to a Lot, the lot owner and contractor responsible for such construction shall be fully responsible for the following:

- (a) All debris including, but not limited to, trees, branches, trimmings, clippings, rock, organic material and excess soils not to be incorporated into finished construction shall be promptly removed from the Lot and Subdivision.
- (b) All construction activities shall be confined to the Lot upon which such improvement is being made, and shall not encroach for any reason upon any other Lot within the Subdivision.
- (c) Drainage, runoff and erosion shall be controlled within the confines of the Lot upon which such improvements are being constructed.
- (d) All disturbed areas must be seeded or sodded within ninety (90) days of occupancy of the residence, and adequate ground cover established and thereafter maintained, unless otherwise approved in writing by the Developer, in its sole discretion.

ARTICLE IV - HOMEOWNERS ASSOCIATION; GREENSPACE AREAS; ASSESSMENTS

Section 4.1 Easements of Enjoyment.

(a) Common Area.

(i) Every Lot owner shall have a right and easement of enjoyment in and to the Common Areas (as defined below) if any, designated upon the Plat, which shall be appurtenant to and shall pass with the title to every Lot, subject to the easements and other reservations set forth in this Declaration. Further, Developer and its successors and assigns shall have a superior right and easement in gross for ingress, egress and access on and over, and use of, the Common Areas for so long as Developer or the Homeowners Association own any Lot or any portion of the Subdivision. The term "Common Areas" as used in this Declaration means and refers to all of the following, and all facilities and amenities thereon designated by Developer in writing as a part of the "Common Areas":

- (1) All areas shown and designated on the Plat for the Subdivision, or on any additional phase of the Subdivision, or on any other subdivision plat for any additional portion of the Subdivision filed of public record by Developer, as "Common Area", "common area" or the like, or as otherwise may be made subject to the control and/or jurisdiction of the Homeowners Association;
- (2) All areas encumbered by easements reserved in favor of Developer or the Homeowners Association on any Plat, in any Supplemental Declaration or otherwise on any other subdivision plat for, or any easement leasehold or license in favor of the Homeowners Association applicable to any portion of the Subdivision, or any other real property annexed

to the Subdivision, filed of public record by Developer or with the express written consent of Developer, subject to the terms thereof;

(3) All roads, streets and public rights-of-way within the Subdivision subject to this Declaration, and all other streets, roads and public rights-of-way within the Subdivision designated by Developer, regardless of whether any of the same are dedicated to public use, and all street lights thereon, until such time as the same are accepted for maintenance by an applicable governmental authority to the satisfaction of Developer.

(4) All areas designated in any Supplemental Declaration or on any Plat as a part of the "Common Area"; and

(5) Such other areas of the Subdivision subject to this Declaration, and facilities thereon, as Developer shall designate from time to time as a part of the "Common Areas".

(ii) Any entrance ways, gate houses, signature entrances, and other similar structures, and attendant lighting fixtures and landscaping, to or within the Subdivision, and landscaped medians although constructed and/or located in areas intended for or dedicated to public use, are also part of the Common Areas subject to maintenance by the Homeowners Association.

(iii) Developer and/or its successors and assigns, shall have the unfettered and unencumbered right to from time to time convey all or any portion of the Common Areas, and any of the respective facilities and amenities located thereon, in the then existing condition thereof, to the Homeowners Association, as may be determined by Developer in its sole discretion, and which conveyance(s) the Homeowners Association shall be obligated and hereby agrees to accept. Any such portion or portions of the Common Areas to be conveyed in fee shall be conveyed by quitclaim deed from Developer to the Homeowners Association, and any such portion or portions of the properties so conveyed shall be quitclaimed subject to the lien of ad valorem taxes not yet due and payable, for such liens as are contemplated by this Declaration or as may be determined appropriate by Developer, and shall further be subject to all other matters, claims and encumbrances of record.

(b) Greenspace Areas: Use, Maintenance & Management. Notwithstanding any other provision of this Declaration to the contrary, the use, maintenance and management of all Greenspace Areas, if any, shall at all times conform to the specific requirements of applicable Zoning Regulations of the Joint City-County Planning Commission for Nelson County, Kentucky, as the same are in effect on and as of the date hereof, and subject to such future modifications and amendments as may be acceptable to and approved by the Homeowners Association.

(c) Reservations. The rights and easements of enjoyment granted pursuant to this Article IV above are further subject to the following:

(i) The right of the Homeowners' Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility, or conservancy trust or other similar entity, for such purposes and subject to such conditions as may be agreed to by the Homeowners' Association, and to grant permits and licenses as well as easements for access, utilities, drainage, water facilities and other matters, in, on, over, across or under the Common Areas, as may be deemed necessary or useful by the Homeowners' Association. Developer may dedicate access, utility, drainage, water facility, service and other easements, rights and licenses on or over the Common Areas, and any recreational facilities and other amenities thereon, owned by the Homeowners' Association at Developer's sole discretion for so long as Developer, or its successors or assigns, owns any Lot or any portion of the Subdivision.

(ii) An easement in gross on and over the Common Areas in favor of Developer, its successors and assigns, for so long as Developer, its successors or assigns, as applicable, owns any Lot or portion of the Subdivision.

(iii) Developer shall be entitled to modify, restrict, and/or confirm any of the foregoing rights and easements provided for in this Section, and/or grant additional rights and easements on or over the Common Areas in favor of Developer, its successors and assigns, by separate written instrument executed by Developer and hereafter recorded in the aforesaid Clerk's Office.

Section 4.2 Right of Entry. The officers, employees, agents and authorized representatives of Developer, the Homeowners' Association and the Board shall be entitled to reasonable access to the individual Lots as may be required (a) in connection with the preservation of property on an individual Lot or in the event of an emergency or in connection with maintenance, repairs or replacements within the Common Areas of any equipment, facilities or fixtures affecting or serving other Lots and/or the Common Areas, or to make any alteration required by any governmental authority, and (b) in connection with and reasonably related to the exercise and performance by Developer, the Homeowners' Association or the Board of their respective rights and responsibilities pursuant to this Declaration, including, without limitation, the right of access to each

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Lot at reasonable times and intervals and in a manner which does not unreasonably interfere with the use thereof to inspect the Lot for purpose of verifying conformance with this Declaration.

Section 4.3 Assessments; Lien and Personal Obligation.

(a) Payment. Each Lot owner, except Developer and its affiliated entities as determined by Developer, by acceptance of a deed for a Lot, whether or not it shall be so expressed in such deed, covenants and agrees to observe and conform to, and to cause the occupants of the Lot to observe and conform to, the provisions of this Declaration, and such Lot owner further covenants and agrees, and incurs an obligation, to pay to the Homeowners' Association, except as otherwise provided in this Declaration, (i) annual assessments or charges ("Annual Assessments"), and (ii) special assessments for capital improvements ("Special Assessments"), such assessments to be established and collected as provided in this Article IV. At the sole discretion and direction of Developer, however, the Homeowners' Association may waive and not levy any assessment against any Lot conveyed to a builder (other than assessments with respect to such builder's personal residence) until the first anniversary of such conveyance or upon the conveyance of the Lot by the builder, whichever first occurs, or until such other time as Developer may elect. Developer shall be responsible for the maintenance costs of the Homeowners' Association with respect to the Subdivision, incurred over and above assessed amounts payable to the Homeowners' Association by the Lot owners until Developer transfers control of the Homeowners' Association and the Class B membership therein ceases, and Developer shall be entitled to recoup any such accumulated funded deficit of the Homeowners' Association, now or hereafter existing, and whether funded in cash or in kind, from any excess funds generated prior to such transfer of control.

(b) Charge and Lien. The Annual Assessments and any Special Assessments, together with interest at the same rate prescribed or permitted under Section 2.13 hereof, or such other rate of interest as shall from time to time be determined by the Board not in excess of the maximum rate permitted by applicable law, and the costs of collection, including reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person or entity which was the owner of said Lot at the time when the assessment fell due, and the personal obligation for delinquent assessments shall pass jointly and severally on to such Lot owner's successor(s) in title, regardless of whether expressly assumed by such successor(s), and such delinquent assessments shall remain a charge on and continuing lien against the Lot, which may be foreclosed by the Developer or the Homeowners' Association.

Section 4.4 Purpose of Assessments.

(a) Use. The assessments levied by the Homeowners' Association shall be used as provided in this Declaration and otherwise to promote the recreation, health, safety and welfare of the residents and Lot owners in the Subdivision, and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, and for the improvement, maintenance, use and enjoyment of the Common Areas and the Subdivision, including but not limited to, the cost of repairs, replacements and additions, the cost of utilities, labor, equipment, materials, management, supervision and other services, payment of taxes assessed against the Common Areas and the Subdivision, the procurement and maintenance of insurance in accordance with the Articles and/or Bylaws of the Homeowners' Association, the employment of attorneys to represent the Homeowners' Association when necessary and such other needs as may arise. The Homeowners' Association shall maintain, operate and repair, unless such obligations are assumed to the satisfaction of the Developer by any municipal or governmental authority or agency having jurisdiction thereof and are relinquished by the Homeowners' Association, the Common Areas, including all open spaces, gatehouses, entranceways, streets, roadways, crosswalks, medians, storm drains, basins, lakes, recreational areas and facilities and amenities therein.

(b) Administration. Until the Class B membership in the Homeowners' Association ceases and is converted to Class A membership pursuant to the Articles of the Homeowners' Association, Developer or its nominee shall administer the assessments and receipts therefrom, which may only be used for purposes permitted in this Declaration and/or the Articles and Bylaws of the Homeowners' Association.

Section 4.5 Initial Annual Assessment.

(a) Initial. For calendar year 2005, the initial Annual Assessment shall be set at a rate not to exceed One Hundred Dollars (\$100.00) per year per Lot, and shall be thereafter increased or reduced for each year as shall be determined by the Board.

(b) Payment. The Board may fix the amount of the Annual Assessment as provided above, and shall determine when the Annual Assessments shall be paid.

Section 4.6 Special Assessments for Capital Improvements. In addition to the Annual Assessments, the Homeowners' Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas or the Subdivision, including fixtures and personal property related thereto. Any such assessment shall have the assent of the members of the Homeowners' Association in accordance with the Articles of the Homeowners' Association.

Section 4.7 Uniform Rate of Assessment Among Phases. Subject to Section 4.4 above, both Annual Assessments and Special Assessments shall be fixed at a uniform rate for all Lots within a particular phase or section of the Subdivision, except that Lots owned by Developer, or any of its affiliated entities as determined by Developer, shall be exempt from all such assessments. The Developer may at its discretion waive any assessment in whole or in part for any year or part of a year for any Lot not occupied as a residence.

Section 4.8 Date of Commencement of Annual Assessments: Due Dates. The Annual Assessments shall begin as to any Lot at the time the Lot is initially conveyed by Developer to a person or entity other than any of Developer's affiliated entities as determined by Developer, unless otherwise provided in the deed for such Lot. The first Annual Assessment for a Lot shall be adjusted according to the number of months remaining in the assessment year when the Lot is so first conveyed.

Section 4.9 Effect of Nonpayment of Assessments: Remedies of the Homeowners' Association. Any Annual Assessment or Special Assessment not paid by the due date shall bear interest from the due date at the same rate prescribed or permitted by Section 2.13 hereof. The Homeowners' Association or Developer may bring an action against the Lot owner(s) and/or persons personally obligated to pay such assessment, and/or may foreclose the lien against the Lot, and such interest, and costs and reasonable attorneys' fees of such action and/or foreclosure shall be added to the amount of such assessments. No Lot owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of a Lot, or by claim of set-off.

Section 4.10 Subordination of the Lien to First Mortgage. Annual Assessments and Special Assessments shall constitute a charge upon each Lot, and the lien of such assessments shall be subordinate to the lien of any first mortgage encumbering a Lot in favor of a bona fide institutional lender, which mortgage encumbered the Lot prior to the due dates of any such assessments. Sale or transfer of any Lot shall not affect the assessment lien or other liens provided for in this Declaration.

Section 4.11 Membership. Developer and every Lot owner of a Lot which is subject to an assessment shall be a member of the Homeowners' Association, as provided herein and in the Articles and Bylaws of the Homeowners' Association. Each such Lot owner and member shall abide by the Homeowners' Association's Articles of Incorporation, Bylaws, and rules and regulations, shall pay the assessments provided for in this Declaration when due, and shall comply with decisions of the Board of the Homeowners' Association. Membership in the Homeowners' Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4.12 Classes of Membership. The Homeowners' Association shall have two classes of voting membership as provided in the Articles: Class A membership and Class B membership. Class A members are all Lot owners other than Developer, and the Class B membership shall be Developer. The Class B membership shall cease and be converted to Class A membership as provided in the Articles and/or Bylaws of the Homeowners' Association.

Section 4.13 Exempt Property. In addition to that property exempted above, the following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) All properties to the extent of any easement or other interests therein dedicated and accepted by any applicable governmental authority or agency and devoted to public use; and
- (b) All of the Common Areas.

Section 4.14 Lot Owner's Negligence. In the event that the need for maintenance, repair, or replacement of the Common Areas, or any portion thereof, is caused through or by the negligent or willful act or omission of any Lot owner, or by any member of a Lot owner's family, or by a Lot owner's tenants, guests or invitees, then the expenses, costs and fees incurred by the Homeowners' Association for such maintenance, repair, or replacement, in the amount for which the Lot owner or the Lot owner's family members, tenants, guests, or invitees are liable under Kentucky law, shall be a personal obligation of such Lot owner; and, if not repaid to the Homeowners' Association within thirty (30) days after the Homeowners' Association gives notice to the Lot owner of the total amount or amounts due from time to time, then the sums due shall become a charge upon and lien against

the Lot owner's Lot of equal priority to the lien for assessments provided for in this Article IV, and may be enforced in accordance with applicable law.

Section 4.15 Recorded Easements. The Common Area, and all portions thereof, shall be subject to all easements shown on any recorded Plat affecting the Common Areas, or any portion thereof, and to any other easements of record, which shall include without limitation, use for construction, installation and repair of utilities, maintenance, encroachment, drainage, and ingress and egress as of the date of recordation hereof.

ARTICLE V - GENERAL PROVISIONS

Section 5.1 Legal Compliance. Notwithstanding any of the covenants, conditions and restrictions contained herein, or the prior approval of the Developer, all buildings, structures and other improvements erected upon any Lot within the Subdivision, and all matters related to the use, maintenance, management, location and alteration of the Greenspace Areas described in this Declaration, shall conform in all respects to the rules and regulations of the planning and zoning commission of Nelson County, Kentucky, and all other applicable laws, ordinances, building codes, rules and regulations.

Section 5.2 Amendment of Declaration. Subject to the provisions of Section 5.1 above and other applicable law, Developer may from time to time elect in its discretion, and without need for the consent of any other person or entity, to record with respect to the Subdivision an Amended Declaration of Covenants, Conditions and Restrictions ("Amended Declaration") in the aforesaid Clerk's Office, pursuant to which Amended Declarations the Developer may impose upon the Subdivision, or portions made subject thereto, additional rights, privileges, covenants, conditions, restrictions, limitations, reservations, exceptions, easements, assessments, charges, liens, and provisions other than those set forth in this Declaration, which may be more or less restrictive than those set forth in this Declaration, as Developer may elect in its sole discretion and which shall control over the provisions of this Declaration. Provided, however, that any amendments or other provisions imposed by any such Amended Declaration shall not materially adversely affect the existing single-family residential nature of the Subdivision.

Section 5.3 Assignment of Developer Rights and Authority. Developer may from time to time assign all or any portion of its rights or obligations under this Declaration, including rights of approval, whether on a permanent or temporary basis. Developer, its successors and assigns shall have the further right to so assign any and all such rights and obligations to the Homeowners' Association, which assignment the Homeowners' Association hereby irrevocably agrees to accept when executed by Developer.

Section 5.4 Restrictions Run With Land. These covenants, conditions and restrictions are to run with the land and shall be binding on all parties and all persons or other entities claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each unless and until an instrument signed by the then owners of a majority of the Lots in the Subdivision has been recorded, agreeing to change this Declaration in whole or in part. The failure of Developer or any Lot owner to demand or insist upon the observance of any of the restrictions, covenants and conditions set forth herein shall not be deemed a waiver of past or future violations or the right to seek enforcement of the terms hereof.

Section 5.5 Enforcement; Enforcement For Greenspace Areas. Enforcement of these restrictions may be had by proceedings at law or in equity against any person or entity violating or attempting to violate any covenant, condition or restriction, either to restrain violation or to recover damages, or both, and may be maintained by the Developer, by the Homeowner's Association, or by the owner of any Lot within said Subdivision. In the event of any violation of the restrictions, covenants and conditions set forth herein, the Developer, the Homeowners' Association or a Lot owner may notify the offending Lot owner of the violation and demand correction thereof. In the event that the Lot owner fails to comply with the provisions hereof within thirty (30) days after receipt of notice, the Developer and/or the Homeowner's Association (but not an individual Lot owner) shall have the right to re-enter and correct the violation and the cost of correcting such violation shall be paid by the Lot owner to the Developer or Homeowner's Association, as applicable, upon demand. In the event a Lot owner shall fail to remedy any violation of the restrictions, covenants and conditions set forth herein within the time period specified above, or shall fail to reimburse the Developer or Homeowner's Association, as applicable, the costs of correcting any violation, then the Developer, Homeowners' Association or owner of any other Lot within the Subdivision, as the case may be, shall be further entitled to recover all reasonable costs and expenses, including reasonable attorneys fees, incurred in the enforcement of the terms hereof or collecting any amounts past due. Further, any provisions of this Declaration relating to the use and maintenance of Greenspace Areas, including the provisions of Section 2.21 hereof, shall be specifically enforceable by and in favor of the Joint City-County Planning Commission for Nelson County, Kentucky, and any other governmental agency of appropriate jurisdiction.