Sanctuary at Mallard Lake
PHASE ONE

DECLARATION OF REGULATIONS, COVENANTS, CONDITIONS, AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SANCTUARY AT MALLARD LAKE, PHASE ONE, Open Spaces 99 and 100, LOTS 101 – 135 and 201 – 230, INCLUSIVE (the "Declaration") is made and entered into on this ___ day of October 2021 by SANCTUARY AT MALLARD LAKE LLC, a Kentucky limited liability company, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, the Declarant is the Owner and developer of certain property in Bullitt County, Kentucky, known as Sanctuary at Mallard Lake, Phase One, Open Spaces 99 and 100, Lots 101 – 135 and 201 – 230, inclusive, a plat of which is recorded in Plat Book Cabinet 4, Page 280 in the office of the Bullitt County Clerk, and FURTHER BEING a part of the same land conveyed to Sanctuary at Mallard Lake LLC, a Kentucky limited liability company, by Deeds of record in Deed Book 988, Page 802, Deed Book 988, Page 805, and Deed Book 988, Page 807 ("collectively, the "Property").

WHEREAS, the Declarant will convey the Property subject to certain protective regulations, covenants, conditions, restrictions, and reservations as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following restrictions, regulations, covenants and conditions, which are for the purpose of enhancing and protecting the value and desirability of the real estate. The restrictions, regulations, covenants and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in described properties, or any part thereof, and shall inure to the benefit of each Owner thereof ("Owner").

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 Section.

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 9 below.

1.2 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

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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.

1.3 Articles and Articles of Incorporation. "Articles" and "Articles of Incorporation" mean those articles, filed with the Secretary of the Commonwealth of Kentucky, incorporating Mallard Lake Homeowners Association, Inc., as a non-profit corporation under the provisions of Chapter 273B of the Kentucky Revised Statute, as the same may be amended from time to time.

1.4 Assessments. "Assessments" means Base Assessment, Special Assessment, Neighborhood Assessment, Recreational Facilities Assessment, Individual Assessment, Neighborhood Capital Contribution Assessment, and Recreational Facilities Capital Contribution Assessment, or any other assessments required by the Declaration or any Supplemental Declaration.

1.5 Association. "Association" means Mallard Lake Homeowners Association, Inc., a Kentucky non-profit corporation, which owns, operates and maintains the Common Elements, and any successor organization which owns, operates and maintains the Common Elements,

1.6 Base Assessment. "Base Assessment" shall mean as defined in Section 3.2 of this Declaration.

1.7 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.

1.8 Builder(s). "Builder(s)" means Fischer Homes Louisville, LLC, a Kentucky limited liability company, its 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.

1.9 Bylaws. "Bylaws" means the Bylaws of the Association, as the same may be amended from time to time, pursuant to the Bylaws and Chapter 273 of the Kentucky Revised Statute.

1.10 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 Development Period, Declarant.

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

1.12 Common Elements. "Common Elements" shall mean as described in Section 5.1 of this Declaration.

1.13 Common Expenses. "Common Expenses" shall mean as defined in Section 3.2 of this Declaration.

1.14 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 Trustees and Declarant.

1.15 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.

1.16 Declarant. "Declarant" means Sanctuary at Mallard Lake LLC, a Kentucky limited liability company, its successors and assigns.

1.17 Declaration. "Declaration" means this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Sanctuary at Mallard Lake, as the same may from time to time be amended in the manner prescribed herein.

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

1.19 Development Period. "Development Period" means the period commencing on March 8, 2007 and terminating on the earlier to occur of (i) within thirty (30) days following the date when one hundred percent (100%) of the Lots which may be built in each Section of the Subdivisions (the "Property") have been deeded by either Developer and/or any builder to a third party purchaser; or (ii) thirty (30) years from the date of recording of the first Declaration which is subject to the Bylaws.

1.20 "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, which residence may either be attached or detached.

1.21 Individual Assessment. "Individual Assessment" means the charge established in 3.3 of this Declaration.

1.1 Lot(s). "Lots" means each of the parcels of land shown as such upon the Record Plats of the Property and may be one of the following described Lots:

(a) Single Family Lot is a Lot upon which a single Dwelling Unit is situated, typically with minimal or no maintenance services but specifically as described herein. All Single Family Lots shall be designated as Neighborhood "A".

(b) Paired Lot (whether Paired Patio or Paired Townhome) is a Lot upon which attached Dwelling Units that share a common wall each of which is situated on its own fee simple property with maintenance services as described herein. The Dwelling

Units may be more than one story. The Dwelling Units may not be severed from one another. All Paired Patio Lots shall be designated as Neighborhood "B".

1.22 Members. "Members" means all Class A Members and the Class B Member.

1.23 "Neighborhood" means and refers to each separately developed residential area comprised of one (1) or more housing/building types subject to this Declaration, whether or not governed by an additional owners association, in which owners may have common interests other than those common to all Association Members, such as a common theme, entry feature, development name, and/or Common Elements and facilities which are not available for use by all Association Members.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Association (as defined in Article 7 hereof) having jurisdiction over the property within the Neighborhood. It shall not be necessary for any Neighborhood to be governed by a Neighborhood Association except in the case of a condominium or otherwise as required by law.

1.24 "Neighborhood Assessment" means assessments levied against the Dwelling Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Section 3.4 of this Declaration.

1.25 Neighborhood Capital Contribution Assessment. "Neighborhood Capital Contribution Assessment" means as defined in Section 3.8 of this Declaration.

1.26 "Neighborhood Expenses" means and includes the actual and estimated expenses incurred by the Association for the benefit of Owners of Dwelling Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein.

1.27 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.

1.28 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 of the Property.

1.29 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.

1.30 "Paired Home" means any portion of a building situated upon a Paired Lot designated and intended for use and occupancy as a residence by a single family located within the Subdivision.

1.31 "Paired Lot Owner" means and refers to the record owner whether one or more persons or entities of any Paired Lot which is a part of the Property, including contract sellers, but excluding those having such interest in the Paired Lot solely as security for the performance of an obligation.

1.32 Property. "Property" means that certain land in Bullitt 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 9 herein, those portions shall then be deemed part of the Property.

1.33 Record Plat. "Record Plat" means a plat of Sanctuary at Mallard Lake as recorded in the Bullitt County, Kentucky Clerk's records, including any subsequent plats or replats.

1.34 Recreational Facilities. "Recreational Facilities" shall mean that certain pool, clubhouse and playground located on a portion of the Common Elements of the Association, and any other recreational facilities which Declarant may construct on any portion of the Common Elements.

1.35 Recreational Facilities Assessment. "Recreational Facilities Assessment" means as defined in Section 3.5 of this Declaration.

1.36 Recreational Facilities Capital Contribution Assessment. "Recreational Facilities Capital Contribution Assessment" means as defined in Section 3.9 of this Declaration.

1.37 Recreational Facilities Expenses. "Recreational Facilities Expenses" means shall mean and include the actual and estimated expenses incurred by the Association in the maintenance and upkeep of Recreational Facilities and any other recreational facilities which Declarant may construct on the Property in the future, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein.

1.38 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.

1.39 Rules and Regulations. "Rules and Regulations" means those certain rules and regulations which are adopted by the Board of Directors from time to time.

1.40 Special Assessment. "Special Assessment" means the charge established by 3.7 of this Declaration.

1.41 Structure. "Structure" means:

(a) anything 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, deck, shed, barn, storage facility, play Structure, 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.

1.42 Subdivision. "Subdivision" means all phases or sections of the Record Plat for Sanctuary at Mallard Lake, a subdivision in Bullitt County, Kentucky, and consisting of all the Property from time to time made subject to the provisions of this Declaration.

1.43 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.

1.44 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.

1.45 "Working Capital Assessment" means as defined in Section 3.8 of this Declaration.

ARTICLE 2
ASSOCIATION MEMBERSHIP; MEETINGS AND BOARD

2.1 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 Mallard Lake 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.

2.2 Board of Directors. The initial Board shall consist of three (3) persons appointed by the Class B Member who 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.

2.3 Within ninety (90) days after the expiration of the Development Period, the President of the Association shall call a special membership meeting ("Development Period Special Meeting"). At the Development Period Special Meeting, all Developer appointed Directors shall be deemed removed from office, and the Class A Members, including the Developer if it is then an Owner, shall elect a Director to fill each vacancy on the Board. Further, at the Development Period Special Meeting the Class A Members (including the Developer) shall elect a new Board consisting of three (3) or five (5) Directors who all shall be Class A Members or who shall otherwise be qualified as provided above. The persons so elected shall take office at the end of the meeting during which they are elected.

2.4 Because the terms of not less than one-third of the Directors must expire annually, the Directors elected by the Class A Members at the Development Period Special Meeting shall be elected to staggered terms of the following lengths: one (1) or two (2) of the Directors shall be elected to a one-year term and two (2) or three (3) of the Directors shall be elected to a two-year term. The two (2) or three (3) Directors with the most votes shall be the Directors who shall serve the two-year term. A Director elected by the Class A Members at the Development Period Special Meeting shall serve for the term which he/she has been elected and shall remain a Director until the earlier of: (a) the Annual Meeting of Class A Members following the expiration of his/her respective term and until a successor is elected, or (b) until the Director's earlier resignation, removal from office or death.

2.5 Except for the election of the Board of Directors at the Development Period Special Meeting in which the three (3) or five (5) Directors are elected to staggered terms of one or two years, as provided in the preceding sentence, each Director elected thereafter by the Class A Members shall serve for a two-year term and shall remain a Director until the earlier of (a) the Annual Meeting of Class A Members following the expiration of his/her respective term and until a successor is elected; or (b) until the Director's earlier resignation, removal from office, or death.

2.6 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.

2.7 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.

2.8 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.

ARTICLE 3
ASSESSMENTS

3.1 Purpose of the 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.

3.2 Base 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 Base Assessment ("Base Assessment"), which shall be used in covering all of the cost of the Association's operation, insurance, maintenance, repair and replacement obligations including, without limitation thereto (collectively, the "Common Expenses"):

(i) landscaping, trees, shrubs and other flora, parks, ponds, lakes, fountains, waterfalls, signage, fences, structures, and improvements, including any pedestrian pathways/trails situated upon the Common Elements;

(ii) mowing, edging and fertilization of all grass located on the Common Elements; the cost of spring time mulching of landscape beds;

(iii) reasonable reserves for contingencies, replacements and working capital;

(iv) all premiums for hazard, liability and other insurance with respect to the Property; and

(v) management fees, organizational 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.

The Base Assessment shall be estimated initially in accordance with Section 3.5 of this Declaration. The obligation to pay the Base 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 Base Assessment.

Notwithstanding any provision of this Declaration, the Articles of Incorporation or Bylaws to the contrary, Declarant and Builder, until the expiration of the Development Period, shall not be required to pay any Assessments for any recorded, "unoccupied" Lot in which they have the interest otherwise required for Class A Membership.

3.3 Computation and Payment of Base Assessment. The Base Assessment shall be computed and levied in accordance with the budget adopted by the Board pursuant to the Bylaws. The Base Assessment shall be effective as to each Lot or Dwelling Unit on the first day of conveyance of a Lot or Dwelling Unit from Declarant or Builder to a third party purchaser. Therefore, at the time of closing, each purchaser of a Lot or Dwelling Unit shall be required to pay a prorata share of the Base Assessment for the balance of the then current calendar year in

which he/she closes. So long as there has been no Default in payment of the Base Assessment, it shall be payable in annual installments due in advance on or before March 15th of each calendar year. The Board shall have the power from time to time to adopt such billing, collection and payment procedures, late charges and other payment time schedules as it deems appropriate.

3.4 Computation of Neighborhood Assessments. It shall be the duty of the Board, prior to the beginning of each fiscal year, to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Any Neighborhood may require that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to such replacement of capital items within the Neighborhood, as appropriate. Neighborhood Expenses shall be allocated equally among all Dwelling Units within the Neighborhood benefited thereby and levied as a Neighborhood Assessment.

The Board shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Dwelling Unit in the Neighborhood for the coming year to be delivered to each Owner of a Dwelling Unit in the Neighborhood at least fifteen (15) days prior to the beginning of the fiscal year. In the event that the Board fails for any reason so to determine the budget for any Neighborhood for any year, then and until such time as a budget shall have determined by the Board, the budget in effect for the immediately preceding year shall continue.

3.5 Recreational Facilities Assessment. It shall be the duty of the Board, prior to the beginning of each fiscal year, to prepare a separate budget covering the estimated Recreational Facilities Expenses to be incurred by the Association for the Recreational Facilities. The Recreational Facilities Assessment for the Recreational Facilities shall be assessed to each Owner of a Dwelling Unit. The Board shall cause a copy of such budget and notice of the amount of the Recreational Facilities Assessment to be levied on each Owner of a Dwelling Unit for the coming year to be delivered to each Owner at least fifteen (15) days prior to the beginning of the fiscal year. In the event that the Board fails for any reason so to determine the budget for the Recreational Facilities for any year, then and until such time as a budget shall have determined by the Board, the budget in effect for the immediately preceding year shall continue.

3.6 Individual Assessment. The Association after approval by a majority of the members of the Board shall have the right to assess an individual Lot or Dwelling Unit for any of the following ("Individual Assessment"):

(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; and/or

(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 attorney's fees, witness fees and costs, and court costs.

3.7 Special Assessments. In addition to the other Assessments authorized herein, and to the extent that the reserve fund is insufficient, the Association may levy special assessments for the following reason ("Special Assessments"):

(a) The amount of any operating deficit incurred in any calendar year may be paid by means of a Special Assessment sufficient in an amount so as to allow the Association to satisfy such deficit in part or in whole, provided that any such Special Assessment shall have been approved in accordance with this Section 3.7.

(b) To the extent that the capital budget is insufficient, the Association may levy Special Assessments to construct, structurally alter, or replace capital improvements which are a part of the Common Elements in any fiscal year.

So long as the total amount of Special Assessments allocable to each Lot or Dwelling Unit does not exceed One Hundred Twenty Percent (120%) of the Base 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 or Dwelling Unit 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 Assessment is imposed.

3.8 Neighborhood Capital Contribution Assessment. At the time of closing on the sale of each Lot located in a Neighborhood from Builder or Declarant to a third party purchaser, the purchaser shall be required to pay a capital contribution to the working capital of the Association for the respective Neighborhood ("Neighborhood Capital Contribution Assessment"). This Neighborhood Capital Contribution Assessment shall be used by the Association for the operating expenses of the respective Neighborhood. Such Neighborhood Capital Contribution Assessment is not an advance payment of the respective Neighborhood Assessment or any other Assessment established herein, and will not be held in any sort of trust or reserve account.

3.9 Recreational Facilities Capital Contribution 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 a capital contribution to the working capital of the Association for the Recreational Facilities ("Recreational Facilities Capital Contribution Assessment"). This Recreational Facilities Capital Contribution Assessment shall be used by the Association for the operating expenses of the respective Recreational Facilities. Such Recreational Facilities Capital Contribution Assessment is not an advance payment of the Recreational Facilities Assessment or any other Assessment established herein, and will not be held in any sort of trust or reserve account.

3.10 Common Surplus. If the Base 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 Base Assessment or Neighborhood Assessment for

the following year; (c) apply the Common Surplus to the reserve; or (d) repay any loan obtained by the Board, on behalf of the Association, used to fund any prior years' operating deficit as provided for in Section 3.12 below.

3.11 Payment. Unless otherwise established by the Board, the Base Assessment and Neighborhood Assessment shall be paid in advance in quarterly installments not more than ten (10) days after the due dates 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 the notice to the Owner by United States mail. **At the time of closing on a Lot or Unit from either Declarant or Builder to a third party purchaser, each third party purchaser of a Lot or Unit shall be required to pay the Neighborhood Capital Contribution Assessment as provided in Section 3.8 above (if applicable), the Recreational Facilities Capital Contribution Assessment as provided in Section 3.9 above, and a prorate share of the Base Assessment, Neighborhood Assessment, if applicable, and Recreational Facilities Assessment for the balance of the billing period in which the closing takes place. Further, at the time of a resale closing of a Dwelling Unit or Lot to a subsequent purchaser, such subsequent purchaser shall be required to pay the Neighborhood Capital Contribution Assessment (if applicable), the Recreational Facilities Capital Contribution Assessment, and a prorated share of the Base Assessment and Neighborhood Assessment, if applicable, for the balance of the billing period in which the closing takes place.**

3.12 Operating Deficit. 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 B** 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.

3.13 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.

3.14 Penalty for Late Payment. For each Lot as to which any installment of any Assessments are not paid within a period of ten (10) days from its due date, unless otherwise modified by the Board, there shall be added to the installment a penalty of ten percent (10%) thereof, and interest at the rate of twelve percent (12%) 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.

3.15 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 3.16 below, and shall also be the personal obligation of the Owner of each Lot against which they are made.

3.16 Liens. If any Assessment on a Lot is not paid within the period established by the Board pursuant to Section 3.11 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 Bullitt County, Kentucky Clerk's Office, 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.

3.17 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.

3.18 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 the Commonwealth 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.

3.19 Subordination of Lien to First Mortgage. The mortgagee of a first mortgage of record on a Lot shall have no obligation hereunder to collect any Assessments chargeable to such Lot. Failure of a Lot Owner to pay any Assessments imposed in this Declaration shall not

automatically be deemed a default under the first mortgage of record on that respective Lot. In addition, 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 4
COVENANTS AND RESTRICTIONS OF USE AND OCCUPANCY

The Declarant, intending to establish a general plan for the use, occupancy and enjoyment of said Subdivision, hereby declares that for the mutual benefit of its present and future Owners, all Lots therein shall be subject to the following Restrictions.

4.1 Primary Use Restrictions.

(a) 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. 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 respective 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., including, but not limited to, model homes), and as offices to meet with prospective purchasers of Dwelling Units. In addition, during the Development Period, Declarant and/or any Builder has the right to use a portion of a Dwelling Unit for sales and marketing purposes in order to meet with prospective purchasers of homes in the Subdivision.

(b) Garages shall be used only for the parking of vehicles and other customary uses and shall not be used for or converted into living area, e.g., family room(s), bedroom(s), office(s), recreational room(s), etc., without the express written approval of the Declarant or such entity, person or association to whom it may assign such right as set forth herein, in its sole discretion. Except in the case of temporary loading or unloading, no parking spaces, streets or driveways nor any other part of the Common Elements (as hereinafter defined) and/or Lots shall be used for parking of any trailer, truck, boat, or anything other than operative automobiles, motorcycles or scooters. 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 pick-up truck, sports utility vehicle or van which is used as a principal vehicle by an Owner of a Dwelling Unit or his/her family. Vehicles parked in violation of any part of these Restriction or in violation of any Rules or Regulations promulgated by the Declarant and/or the Board, shall be towed away and stored at the Owner's risk and expense. 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.

4.2 Obligation to Keep Dwelling Unit and Lot in Good Condition. Each Lot Owner or Occupant shall keep his/her Dwelling Unit, Lot and all Structures located on his/her Lot in good order, condition and repair, unless such maintenance and/or repair is an obligation of the Association as specifically described in **Exhibit C** attached hereto and made a part hereof. Such maintenance, repair, appearance and condition shall comply with the provisions of this Declaration and applicable laws and ordinances. Should any Lot Owner fail to do so, the Declarant, or entity, person, or association to whom it may assign the right, may take such action as it deems appropriate, including mowing, in order to make the Lot neat and attractive. The Lot Owner shall immediately upon demand, reimburse Declarant or other performing party for all expenses incurred in so doing, together with interest at fifteen percent (15%) per annum thereon, in addition to a late fee penalty as determined by the Declarant, after demand has been made, and the Declarant or other such entity, person, or association to whom it may assign such right, shall have a lien on that Lot and the improvement thereon to secure the repayment of such amounts. Such lien may be enforced by foreclosure against that Lot and the improvements thereon, but such lien shall be subordinate to any first mortgage (but not to any other mortgage) thereon. Declarant may perform all mowing if not done by Owner.

4.3 Subdivision of Lots, Easements, Extensions and Approval of Construction and Landscape Plans.

(a) Lots may not be further subdivided from that configuration set forth in the plat of record in Plat Book Cabinet 4 Page 280 in the office aforesaid. However, the Declarant reserves the right to further subdivide any Lot so long as the divided Lots are consolidated with the adjacent Lots, with such division and consolidation approved by the Bullitt County Planning Commission.

(b) No easements, extensions, or utility services including water, sewer, electric, or roadway shall be extended unless approved in writing by the Declarant.

(c) No Structure may be erected, placed, or altered on any Lot until the construction plans and building specifications and a plat survey have been approved in writing by the Declarant. The construction plan, building specifications, and plat survey shall show at a minimum the following: (a) location of improvements on the Lot; (b) the grade elevation of the proposed top of foundation, wall, basement, and top of curb; (c) the type of exterior material; (d)

the square footage of the improvements; (e) the roof pitch; and (f) the location and size of the driveway. All driveways must be composed of asphalt, concrete, or another product that is approved by the Declarant.

(d) In addition to the plans referred to in the previous paragraph, a landscape plan shall be submitted to the Declarant for its approval in writing, which approval shall not be unreasonably withheld or delayed. Such plan shall show the location and identification of all trees, shrubs, and other plantings.

4.4 Building Materials, Roof and Builder.

4.5 The exterior building material of all Structures shall be subject to the prior approval of Declarant.

(a) The roof pitch of any residential Structure shall be subject to the prior approval of Declarant.

(b) Any flue, chimney, or chase is to be constructed of the same material as a majority of the house's exterior product. An alternative material may be approved by the Declarant.

(c) The construction work on any building shall be completed within one (1) year from the initial start. Such work shall not be considered complete until and unless the building is finished in every respect in its interior and exterior including garage, driveway, sidewalks, landscaping, etc.

4.6 Architectural Control.

(a) No house, building, drive, garage, landscaping, or improvements shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the Structure have been approved in writing by the Declarant. The builder shall re-grade all drainage ditches and swales that have washed prior to the rough and finish grading of the Lot. All grading shall be subject to the supervision and approval of Declarant and shall conform to the approved construction plans of the Subdivision. Silt control is required at all times during construction. Drainage of each Lot shall conform to the general drainage plans of Declarant for the Subdivision. No storm drains, roof down spouts, or ground water shall be introduced into the sanitary sewage system. Connections on each Lot shall be made with watertight joints in accordance with all applicable plumbing code requirements.

(b) Each Lot Owner and/or Builder shall construct, or cause to be constructed, and maintain a swale between each side and rear property line.

(c) No fence, building, fill dirt, or any obstruction may be erected within any drainage swales or drainage easements, without the prior written approval of the Declarant. The Declarant or government authority shall have the right to remove any obstruction that impedes

drainage flow. All cost for said removal of obstruction shall be chargeable to and reimbursable from the Lot Owner.

4.7 Setbacks. No Structure shall be located on any Lot nearer to the front Lot line or side street line than the minimum building setback lines shown on the Recorded Plat of Sanctuary at Mallard Lake. Declarant shall have the right, power, and authority to vary the established building lines, in its sole discretion, when not in conflict with applicable zoning regulations or the recorded plat.

4.8 Minimum Dwelling Size.

(a) Finished basement areas, garages, attics, and open or closed porches shall not be included in computing the floor area of any Dwelling Unit.

(b) The total above ground floor area (not including basements, attics, porches, etc.) of each Dwelling Unit erected or placed on a Lot shall not be less than 1,200 square feet.

4.9 Approval of Additional Garage or Storage Building Required. No detached garages will be allowed in the Sanctuary at Mallard Lake. Only one storage building may be erected on a Single Family Lot, the size and location of which shall be approved by Declarant during the Development Period and the Board after the Development Period. No storage building or unit is permitted on a Paired Lot. No living quarters shall be allowed in or above storage buildings. The exterior material of all storage buildings must be approved prior to construction. The roofing materials shall be of matching color and material as is on the house. All exterior materials must be approved by the Declarant and/or its designee during the Development Period, and the Board after the Development Period.

4.10 Builder's Responsibility for Inspection of Roadway. Before commencing construction of a dwelling on any Lot, the Builder shall inspect the roadway and if any defect is found, immediately notify the Declarant in writing of such defect. The Builder shall be responsible for damages done to the roadway by tractors, trucks, equipment, & etc., in his employ and shall make repairs at its expense within thirty (30) days after completion of the Dwelling Unit. The Builder shall insure that all cuts made by the utility companies in the roadway in from of the Lot are properly repaired to the road specifications of the City of Mt Washington.

4.11 Use of Other Structure.

(a) No Structure of a temporary character shall be permitted on any Lot, except temporary tool sheds or field offices used by the Builder or Declarant, which shall be removed when the construction or development is complete.

(b) No outbuilding, trailer, basement, tent, shack, garage, barn, or Structure other than the completed main residence erected on a Lot shall at any time be used as residences, temporarily or permanently.

4.12 Nuisance and Animals.

(a) No noxious or offensive trade or activity shall be conducted on any Lot, nor shall anything be done which may be or become an annoyance or nuisance to the Subdivision.

(b) No animals, including reptiles, livestock, or poultry of any kind shall be raised, bred, or kept in the Subdivision, except that dogs, cats, or other household pets may be kept in a Dwelling Unit provided that (1) they shall not be permitted to run loose; and (2) they are not kept, bred, or maintained for any commercial purpose nor for breeding purposes. All household pets, including dogs and cats, shall at all times be confined to the Lot occupied by the Owner of such per and/or controlled by the pet Owner when not confined to the Lot. Barking dogs or pets may be a nuisance. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Subdivision upon seven (7) days written notice from the Declarant. Pets permitted as above shall be leashed or restrained during walking or exercise within the common area. An Owner shall be responsible from cleaning up after his/her pet, failing which he/she will be charged a fee as determined by the Board.

4.13 Landscaping; Sidewalks; Driveways; Trees.

(a) No portion of the within-described premises nearer to any highway than the building lines, as hereinabove fixed, shall be used for any purpose other than that of a lawn. Nothing herein contained, however, shall be construed as preventing the use of such portion of said premises for walks and drives, the planting of trees or shrubbery, the growing of flowers or ornamental plants, or for statuary and similar ornamentation for the purpose of beautifying said premises. Vegetables, or underbrush, or other unsightly growths shall be permitted to grow or remain anywhere upon said premises and no unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon.

(b) Builder shall cause a sidewalk to be constructed on each Lot on or before completion of their house, at the Builder's expense. Said sidewalk is to be constructed on the street side(s) of the Lot before occupying the house. The sidewalk shall be 48 inches wide, a minimum of 4 inches thick.

(c) After the construction of a Dwelling Unit, the Lot Owner shall either sod or seed and straw rear yards.

4.14 Mail and Paper Boxes. All mailboxes will be cluster mailboxes to be installed by Builder. The Association shall be responsible for the maintenance and upkeep of said mailboxes, the cost of which shall be part of the Base Assessment.

4.15 Clotheslines; Fences; Walls; and Pools.

(a) No permanent outside clotheslines shall be erected or placed on any Lot.

(b) All fencing and walls for fencing must be approved by Declarant and/or its designee during the Development Period, and the Board after the Development Period. Plans must be submitted to the Declarant or Board of Directors showing type, size, and location of proposed fence. (See Section 4.6 above)

(c) No swimming pools shall be erected or placed on any Lot, unless its design and placement, including fencing and landscaping, are first approved in writing by the Declarant and/or its designee during the Development Period, and the Board after the Development Period.

(d) Unless otherwise approved by Declarant, during the Development Period, and the Board after the Development Period, all windows shall receive window treatments so as not to be unsightly from the street.

(e) No docks, piers, or permanent rafts shall be installed on any of the lakes. A deck may be built near the water on an individual's Lot so long as it is approved by Declarant, during the Development Period, and the Board after the Development Period, and does not have any flotation in the water and does not have any piers or footings in the water.

(f) No person, water craft or vehicles of any description shall be permitted in or upon any of the lakes, except for maintenance and safety purposes, as determined by the Declarant, during the Development Period, and the Board after the Development Period.

(g) All lakes shall be private property of those owning property that backs up to the lakes. The only public access shall be from Mallard Lake Park, that is owned by the Association. The Declaration and the Board are not responsible for any accidents or injuries.

(h) Ice skating or walking on the frozen surface of the lake is not permitted. Feeding the waterfall is not permitted.

4.16 Signs. No permanent sign shall be permitted on any Lot or building in the Subdivision. In addition, no permanent or temporary sign shall be permitted to be placed on any surface that is visible within the Subdivision. An Owner of a Dwelling Unit is permitted to place and maintain a standard "For Sale" sign on his/her 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" 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 is selling Dwelling Units in the Subdivision, or to traffic, street names, Common Elements or subdivision identification sign.

4.17 Disposal of Trash. No Lot shall be used or maintained as a dumping ground for rubbish, trash, or garbage. Trash or garbage or other waste shall not be kept except in sanitary containers. The Subdivision shall be kept free and clear of rubbish, debris, and other unsightly materials. Trash and garbage containers shall not be permitted to remain outside any Dwelling Unit except on days of trash collection or after 6:00 p.m. on the days prior to the day of trash collection.

4.18 Obligation to Construct. Construction is expected to start within 24 months after date of conveyance. Declarant may give an extension on the start date, if buyer has adequately maintained the Lot.

4.19 Duty to Repair and Rebuild. Each Owner of a Lot shall, at his/her sole cost and expense, repair his/her residence, keeping the same in condition comparable to the condition of such residence at the time of its initial construction excepting only normal wear and tear.

If all or any portion of a Dwelling Unit is damaged or destroyed by fire or other casualty, then the Owner shall, with all due diligence, promptly repair, rebuild, or reconstruct, such Dwelling Unit in a manner which will substantially restore it to its apparent condition immediately prior to the casualty. Alternatively, the Owner shall completely raze the Dwelling Unit and sod the entire Lot until such time as construction of a new dwelling is begun.

4.20 Antennas. 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.

4.21 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 Dwelling 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 six (6) months, or (ii) any rental if the occupants of the Dwelling Unit 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.

ARTICLE 5
COMMON ELEMENTS AND EASEMENTS

5.1 Description of Common Elements. The Common Elements shall include, but not be limited to: the Open Spaces; and any other easements for open space, landscaping areas and mounding, water retention/detention basins, common area utility easements, storm sewer and surface water drainage easements, water main easements, sanitary sewer easements, preservation areas, and private drainage easements, all as are or may be located, described and shown on the record plats (collectively, the "Common Elements"). Declarant and/or Builder may also create other Common Elements not now in existence but that might in the future be added, located and shown on any subsequent record plat to be recorded and creating additional Lots to be subjected to this Declaration.

5.2 Rights of Enjoyment in Common Elements. Except as herein otherwise provided, each Owner shall have a right and nonexclusive easement for use and enjoyment of the Common Elements, and such right and easement shall be appurtenant to, and shall pass with the title to his/her Lot. Each Tenant shall have a nontransferable right to use and enjoy the Common Elements, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

(a) Except for the Promissory Note of Declarant as provided in Section 3.12 above, the right of the Board, with the approval of sixty-seven percent (67%) of the Class A Members, and the Class B Member, to borrow money for the purpose of constructing, equipping, improving, operating, and maintaining the Common Elements and in aid thereof to mortgage the Common Elements.

(b) The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Elements, including regulations limiting guests of Owners and Tenants who may use the Common Elements at any one time.

(c) The right of the Board to suspend the right of any Owner or the privilege of any Occupant to use such of the Common Elements that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Elements for a period not to exceed sixty (60) days for each such infraction, or for nonpayment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such nonpayment or delinquency.

(d) Such rights as the Board may have to grant easements or rights of way to any public utility corporation or public agency.

(e) All applicable provisions of valid agreements of the Association relating to the Common Elements.

(f) Such rights as the Board may have under the Declaration to convey or lease all or any part of the Common Elements.

(g) All other easements, restrictions and rights to which the Property is subject.

(h) The right of the Association to grant permits, licenses, and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property.

5.3 Subordination to Mortgage or Other Lien. The rights and privileges provided in this Section shall be subordinate to any mortgage or other lien given by the Association for the purposes of acquiring, improving or maintaining the Common Elements.

5.4 Additional Common Elements. Declarant, its successors and assigns and/or any Builder may from time to time, during the Development Period, convey to the Association for nominal or other appropriate consideration and the Association may accept conveyance of any land owned by Declarant and/or Builder along with any structure, improvement or other facility including related fixtures, equipment and furnishings located thereon.

5.5 Conveyance or Lease of Common Elements. Upon authorization by the Board and upon the approval of sixty-seven percent (67%) of Class A Members and the Class B Member, the Association may at any time convey or lease all or a part of the Common Elements to any public agency, authority, or utility or to any private entity, upon such terms and conditions as shall be agreed upon by the other party and Board, including, without limitation, terms and conditions providing for the use of such Common Elements by the public in general and terms and conditions pertaining to the maintenance and repair of such Common Elements and the assessments of Owners and/or Tenants for the costs of such maintenance and repair.

5.6 Use of Common Elements by Declarant and Builder. Declarant and Builder and its affiliates and associates shall have the same rights of use and enjoyment of the Common Elements as the Class A Members during the Development Period, and shall have the right to use the Common Elements for promotional, sales and similar purposes until all of the Dwelling Units have been sold.

5.7 Easements.

(a) In the event that, by reason of the construction, settlement or shifting of any of the Dwelling Unit or other Structures located on Lots or by reason of the partial or total destruction and rebuilding of the buildings, any part of the Common Elements presently encroach or shall hereafter encroach upon any part of a Lot; or any part of a Dwelling Unit presently encroaches on or shall hereafter encroach upon any part of the Common Elements or any other Lot; or, if by reason of the design or construction of utility systems, any main pipes, ducts or conduits serving more than one Dwelling Unit presently encroach or shall hereafter encroach upon any part of any Dwelling Unit or Lot, valid easements for the maintenance of each encroachment and for the use of such adjoining space are hereby established. These easements shall exist during the term of this Declaration for the benefit of such Lot, Dwelling Unit and the Common Elements, as the case may be. However, in no event shall a valid easement for any encroachment be created in favor of any Owner if such encroachment occurred due to the willful conduct of said Owner.

(b) The Association may hereafter grant easements for utility purposes for the benefit of the Property, including the right to install, lay, use, maintain, repair and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, and electrical conduits and wires over, under, along and on any portion of the Common Elements, and each Owner hereby grants the Association an irrevocable power of attorney to execute, acknowledge, deliver and record, for and in the name of such Owner, such instruments as may be necessary to effectuate the foregoing.

(c) Declarant hereby reserves easements and the right to grant easements on, over and across certain Lots for open space, landscaping mounding and monument areas and for the installation, maintenance, use, repair and replacement of underground utilities, public utilities, water detention basins, storm sewer, sanitary sewer and surface water drainage easements, water mains, preservation areas and private drainage easements, and building setbacks, specifically as shown on the Record Plats now or hereinafter recorded for the Subdivision, and to cut and grade slopes in and along Lot boundaries at streets and drives built within the Property. The foregoing easements shall not be used for recreations purposes but are reserved for such aesthetic or utility purposes as indicated by the nature of the easement.

(d) A non-exclusive ingress and egress easement hereby created, for the benefit of all Owners of the Property, on, over and across any and all private roadways now or in the future located on the Property, which roadways shall be part of the Common Elements of the Association.

(e) All Lots shall be subject to and benefited by a maintenance easement in favor of the Association, the Declarant, the Builder and the adjoining Lot Owner(s) for the purposes of maintaining, cleaning, repairing, improving, replacing and otherwise dealing with the Dwelling Unit situated on a Lot ("Maintenance Easement"). Such Maintenance Easement shall encompass the side yard building set back area along all common Lot lines. Said Maintenance Easement shall specifically permit an Owner to temporarily place a ladder or scaffolding within the easement area of the neighboring Lot in order to perform maintenance and repairs on the Owners' Dwelling Unit.

(f) All easements and rights described in the Declaration are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on Declarant, its successors and assigns, and any Owner, purchaser, mortgagee and other party now or hereafter having an interest in the Property, or any part or portion thereof. After the Development Period, the Association shall be deemed to be the successor of Declarant and, as such, shall be deemed to be the grantee of said easements provided in this Section, and shall hold such easements for the use, benefit and enjoyment of all Lot Owners in the Subdivision. All notes on the Record Plat that are pertinent to the specific easements set forth herein are incorporated herein by reference.

(g) Easements to Other Residents. Declarant may designate that certain owners of real property outside of the Property and such other persons as Declarant may designate, shall have an easement of enjoyment in and over the Common Elements or specific Common Elements, and the facilities located thereon, to the same extent as any Owner, subject to the provisions of Section 5.2. Such individuals shall be subject to the Rules and Regulations of the Association concerning the use of said Common Elements, but shall not be subject to Assessments by the Association. The Association may, if appropriate, and at the sole discretion of the Board of Trustees, charge a fee to such individuals for the use of such Common Elements, including the Recreational Facilities.

ARTICLE 6
PARTY WALLS

6.1 Party Walls. Each wall which is built as part of the original construction of a Dwelling Unit and is placed on the dividing line between Lots or dwellings shall constitute a party wall, and to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

6.2 Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared 50/50 by the Owners who make use of the wall.

6.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damages by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution for the others under any rule of law regarding liability for negligent or willful acts or omissions. Unless otherwise agreed by the Association and the Owners of all Dwelling Units damaged or destroyed by fire or other casualty, such structure shall be rebuilt and all proceeds of insurance available therefor shall be used to restore the structure.

6.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

6.5 Right of Entry. For purposes of making inspections and repairs under this Article 6, an Owner, his/her agents or contractors shall have the right to enter upon the premises of the other Owners of a party wall upon the giving of notice.

6.6 Easements. In the event that a Dwelling Unit is erected on more than one Lot, each such Lot shall have the benefit of mutual easements across the other Lots upon which said structure is located and through the structure, and each such Lot shall be subject to easements across it and through the structure erected thereon for the benefit of the other Lots upon which said structure is located, for the maintenance, continuation and upkeep of utility wires and lines serving the individual Lots and Dwelling Units located thereon. The Owner of each Lot shall maintain, repair and replace all wires and lines serving such Lots and Dwelling Units, and for such purpose may enter upon the other Lots or Dwelling Units, but shall at all times be responsible for repairing and restoring to its former condition any Lot or Dwelling Unit which is damaged or disturbed by reason of the performance of any maintenance, repair or replacement of such wires and lines, or by reason of the exercise of any right of easement, ingress and egress herein provided. The cost of repair and maintenance of wires and lines used jointly for the benefit of two or more Lots shall be shared by the Owners who make use of the same in equal amounts, unless such repair and maintenance is provided by the Association through Assessment. "Wires" and "Lines" shall be construed broadly to include energy, communications, water and or sanitary sewer wires and lines.

6.7 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

6.8 Control of Utility Lines. Notwithstanding provisions otherwise contained herein, all of the following utility lines designed to serve a Dwelling Unit shall be under the exclusive control of and shall be maintained by the Association (subject to the rights and duties of the utility company providing the service):

(a) Electric supply lines extending from the service of supply delivered by the utility company to the meter base located for the Dwelling Unit.

(b) Sanitary sewer lines extending from the sewer easement granted to the utility company to the point at or near the Dwelling Unit where common usage by more than one Dwelling Unit stops.

(c) Water service lines extending from the utility easement for the water main to the meter pit.

6.9 Rights Not Subject to Suspension. The rights and easements created in Section 9 shall not be suspended by the Association for any reason.

THIS FOREGOING ARTICLE 6 IS ONLY APPLICABLE TO THE PAIRED HOMES.

ARTICLE 7
NEIGHBORHOODS

Every Dwelling Unit shall be located within a Neighborhood. The Dwelling Units within a particular Neighborhood may be subject to additional covenants.

7.1 The Declarant hereby establishes the following Neighborhoods:

(a) Neighborhood "A" consisting of all the Single Family Lots.

(b) Neighborhood "B" consisting of all Paired Lots.

7.2 During the Development Period, Declarant reserves the right to add and/or establish additional Neighborhoods as Declarant so requires in the marketing of the Property during the Development Period. Declarant further reserves the right to add, subtract or otherwise reclassify Lots and/or Neighborhoods provided such revisions are made by Supplemental Declaration during the Development Period.

7.3 Dwelling Units or Lots within specific Neighborhoods may be subject to additional covenants, rules and regulations established by Declarant at such time as such Dwelling Units or Lots are annexed to the Property. Such covenants, rules and regulations may

require the Association to provide for higher levels of service and special services for the benefit of Dwelling Units in such Neighborhood. In such event, the Association shall provide such services and the costs of such services shall be assessed against the Dwelling Units within such Neighborhood as a Neighborhood Assessment pursuant to Section 3.3 hereof.

7.4 After the Development Period, each Neighborhood, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may require that the Association provide a higher level of service or special services for the benefit of Dwelling Units in such Neighborhood. In such event, the Association shall provide such services and the costs of such services shall be assessed against the Dwelling Units within such Neighborhood as a Neighborhood Assessment pursuant to Section 3.3 hereof.

ARTICLE 8
ASSOCIATION AND OWNER MAINTENANCE RESPONSIBILITY

8.1 Association's Responsibility. The Association shall maintain and keep in good repair the Areas of Common Responsibility, such maintenance to be funded as hereinafter provided. The Areas of Common Responsibility shall include, but need not be limited to, entry landscaping, fencing, and signage easements; water retention/detention basins; Common Element utility easements, storm sewer and surface water drainage easements; preservation areas; all landscaping and other flora, Structures, and Improvements, including any private streets, situated upon the Common Elements; landscaped medians within public right-of-way throughout the Property; the Recreational Facilities; and such portions of any Additional Property included within the Areas of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or by a contract or agreement for maintenance thereof by the Association. The Association may maintain other property which it does not own or share in the maintenance of Property it does not own, including, without limitation, property dedicated to the public or property owned by another homeowners' association, individual, or entity, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

(a) There are hereby reserved to the Association blanket easements over the Property as necessary to enable the Association to fulfill responsibilities under Article 9.

(b) Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Areas of Common Responsibility shall be a Common Expense to be allocated among all Units as part of the Base Assessment, subject to the right of the Association to seek reimbursement from the Owner(s) of, or other persons responsible for, certain portions of the Areas of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the Owner(s) thereof; provided, however, in the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the Occupants, family, guests, lessees or invitees of an Owner, then the Association may perform such maintenance, repair or replacement and all costs thereof, not paid for by insurance, shall be assessed against the Lot of such Owner as an Individual Assessment. All

costs associated with maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed as Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder. All maintenance by the Association shall be performed consistent with the Community-Wide Standard.

The Association shall also be responsible for maintenance, repair and replacement of property within any Neighborhood to the extent designated in any Supplemental Declaration affecting the Neighborhood. The Association may also assume maintenance responsibilities with respect to any Neighborhood in addition to those that may be designated by any Supplemental Declaration. This assumption of responsibility may take place either where, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Properties. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

8.2 Neighborhood Responsibility. Upon resolution of the Board of Directors, the Owners of Dwelling Units within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, costs of maintenance of certain portions of the Areas of Common Responsibility within or adjacent to such Neighborhood, which may include, without limitation, the costs of maintenance of any right-of-way and green space between the Neighborhood and adjacent public roads, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

8.3 Owner's Responsibility. Each Owner shall maintain his or her Dwelling Unit and all Structures, and other Improvements comprising the Dwelling Unit. Owners of Dwelling Units adjacent to any roadway within the Property shall maintain driveways serving their respective Dwelling Units including that portion lying outside the Owner's Lot boundaries. Owners shall maintain and irrigate landscaping on that portion of the Common Element or right-of-way, if any, commonly referred to as the curb strip or road verge which lies between the sidewalk and the adjacent street. All maintenance required by this Declaration shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. In addition to any other enforcement rights available to the Association, if any Owner fails properly to perform his or her maintenance responsibility, the Association may enter such Owner's property and perform the required maintenance. The costs and expense of such maintenance shall be charged to the Owner thereof as an Individual Assessment in accordance with Section 3.5 above; provided, however, when entry is required other than due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

ARTICLE 9
COVENANT FOR STAGED DEVELOPMENT

9.1 Staged Development. Declarant reserves the right at any time within the Development Period to remove any portion of the Property, annexed to the Property by Declarant, from the scope of the Declaration or to make subject to or annex any portion of the Additional Property to this Declaration without the consent of the Members of the Association. However, Declarant is not bound to annex any of the Additional Property to this Declaration, and until such time as any of the Additional Property is annexed, the same shall not be subject to the provisions of this Declaration.

9.2 Total Dwelling Units. The total number of Dwelling Units or Lots for the Property and the Additional Property shall not exceed the total number of Dwelling Units and Lots authorized by the zoning authority having jurisdiction over the development of the Property.

9.3 Supplemental Declaration for Staged Development. Any annexations made pursuant to this Article 9, or otherwise, shall be made by recording a supplement to this Declaration with the Bullitt County, Kentucky Clerk's Office, which supplementary Declaration shall extend this Declaration to such annexed property. The supplementary Declaration may either waive some of the existing covenants, conditions and restrictions or contain additional covenants, conditions, restrictions, easements and liens with respect to that Additional Property being annexed therein as either Declarant shall deem appropriate for the purpose of completing the development of the Property. Owners of Lots subject to such supplemental Declaration shall be Owners as defined by this Declaration.

ARTICLE 10
ENFORCEMENT

10.1 Curing Defaults; Lien. In the event of any Default with respect to any Lot under this Declaration, the Board shall give written notice to the Owner thereof, with a copy of such notice to each Tenant in Default and a copy to any first mortgagee of the Lot who has requested to receive such notices, setting forth with reasonable particularity the nature of such Default, and the specific action or actions required to remedy the Default. If the Owner or Tenant shall fail to take the specific action or actions within thirty (30) days after the mailing of the notice, the Board may, but shall not be required to exercise any or all of its rights hereunder. The Board may exercise without notice any of its rights hereunder with respect to any Default if it determines that an emergency exists requiring immediate action.

Costs incurred by the Association in exercising any of its rights with respect to any Lot shall be a binding personal obligation of the Owner thereof which shall be payable on demand. If the Owner fails to pay such costs within thirty (30) days after demand, the Association shall enter the amount of the obligation, the name of the Owner as it appears on its records and the description of the Lot in a lien record book to be maintained by the Board at its main office, together with the date of such entry. The Association shall have a prior lien on such Lot for such amount until paid and such lien shall have priority from the date of such entry over all other liens and encumbrances thereon whatsoever, excepting real estate taxes and assessments, liens of

record as of the date of such entry and liens 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, all bona fide recorded first mortgages and the lien of any first mortgagee who comes into possession of a Lot pursuant to mortgage foreclosure or by deed in lieu thereof. The lien provided in this Section shall be recordable and shall be enforceable as provided in Article 3 hereof.

10.2 Remedies. Nothing contained in this Article 10 shall be deemed to affect or limit the rights of Declarant, Builder, the Association, any Owner, Occupant, or their legal representatives, heirs, devisees, successors or assigns, by appropriate judicial proceedings, to enforce the restrictions, or recover damages for any Default. It is hereby declared that irreparable harm will result to beneficiaries of this Declaration by reason of a Default, and, therefore, each beneficiary shall be entitled to relief by way of injunction or specific performance to enforce the provisions of this Declaration, as well as any other relief available at law or in equity.

10.3 Right and Easement of Entry. The Association, through its authorized officers, employees, and agents, shall have the right and easement to enter upon any Lot at all reasonable times and to do anything thereon necessary to perform the action or actions specified in the notice to the Owner to abate, remedy, extinguish, remove or repair a Default, without the Association or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of each entry or such action or actions as are carried out in accordance with the provisions of this Article 10, provided that no summary abatement or similar procedure may be utilized through non-judicial means to alter or demolish items of construction.

10.4 No Waiver. The failure of Declarant, Builder, the Association, any Owner, Tenant, or their legal representatives, heirs, devisees, successors or assigns, in any one or more instances, to insist upon compliance with any of the Restrictions, or to exercise any right or privilege conferred in this Declaration, shall not constitute or be construed as the waiver of such or any similar restriction, right or privilege, including the right to cure Default, but the same shall continue and remain in full force and effect as if no such forbearance had occurred.

10.5 Rules and Regulations. The Board may adopt and enforce, and from time to time amend, reasonable rules and regulations regarding the administration, interpretation and enforcement of the Restrictions (the "Rules and Regulations"). Each such rule and regulation shall be consistent with and designed to further the purposes outlined in this Declaration.

ARTICLE 11
REAL ESTATE TAXES AND ASSESSMENTS

11.1 Real Estate Taxes. The Owner of a Lot shall be responsible for and shall pay all taxes and assessments, general and special, levied or imposed upon the Lot and its improvements.

11.2 Common Elements. Taxes and assessments, general and special, charged against the Common Elements which are owned in fee simple by the Association shall be deemed a

Common Expense. Assessments, charged against the Subdivision shall be paid by the Owners as set forth in Article 3 hereof.

ARTICLE 12
INSURANCE

12.1 Fire, Extended Coverage and Standard "All Risks" Insurance. The Association shall insure all buildings which are part of the Recreation Facilities and any other Common Elements, and may maintain insurance for all other Structures and Improvements now or hereinafter constructed on the Common Elements against any loss or damage by such hazards as are ordinarily insured by a comprehensive, extended coverage and "all-risks" policies issued in the amounts at all times sufficient to prevent the Association from becoming co-insurers under the terms of any applicable coinsurance clause or provision and in no event less than the actual replacement cost of such Improvements, as determined from time to time by the insurer.

Any such insurance shall be obtained from a fire and casualty insurance company authorized to write such insurance in the Commonwealth of Kentucky which has a general policy holder rating of no less than A, as determined by the then latest edition of the Best's Insurance Reports or its successor guide, and shall be written in the name of the Association for the use and benefit of the Lot Owners and their mortgagees as their interests may appear. The Board of Directors and/or its authorized representatives shall have the exclusive right to negotiate and adjust all loss claims. Unless the Board of Directors determines otherwise, all such insurance shall contain a waiver of subrogation of rights by the carrier as to the Association, its officers or Directors, and all Lot Owners and occupants.

12.2 Use of Fire Insurance Proceeds. Unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote for each first mortgage owned) or Owners (other than Declarant or Builder) of the individual lots have given their prior written approval, the Association shall not be entitled to use hazard insurance proceeds for losses to the Common Elements for other than the repair, replacement, improvement or reconstruction of such Common Elements.

12.3 Liability Insurance. The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all Common Elements, and other areas for which the Association is responsible, and insuring the Association, the Directors, and the Lot Owners and members of their respective families, tenants and occupants, in an amount of not less than One Million Dollars ($1,000,000.00) per occurrence for personal injury and/or property. This insurance shall include protection against liability for risks arising out of the maintenance of the Areas of Common Responsibility and such other risks as are customarily covered with respect to developments similar in construction, location and use, as determined by the Board. This insurance shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim for a Lot Owner, tenant or occupant because of negligent acts of the Association, the Board, or other Lot Owners, tenants, or occupants.

12.4 Other Insurance. In addition, the Board may purchase and maintain contractual liability insurance, directors and officers ("D&O") liability insurance, and such other insurance as the Board may deem desirable from time to time.

12.5 Insufficient Insurance. In the event the improvements forming a part of the Common Elements or any other area for which the Association is responsible, or any portion thereof, shall suffer damage or destruction from any cause or peril which is not insured against, or, if insured against, the insurance proceeds from which shall not be sufficient to pay the cost of repair, restoration or reconstruction, then, the Association shall advance such costs in excess of available insurance proceeds. The amount so advanced by the Association shall become a Special Assessment against all of the Lots, and such Assessments shall have the same force and effect, and, if not paid, may be enforced in the same manner as herein provided for the nonpayment of Assessments. The action required to be taken by the Association under Article 12 shall not require any vote of the Members of the Association.

12.6 Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall (i) during any period in which construction activity is underway on any Lot, carry or cause its Builder to carry builder's risk insurance for the full value of any improvements and other liabilities associated with the ongoing construction activity on the Lot, and (ii) at all other times, carry blanket all-risk casualty insurance on the Lot(s) and any Dwelling and/or other structures constructed thereon. The Board may require all Owners to furnish copies or certificates thereof to the Association. Each Owner further covenants and agrees that in the event of a partial loss or damage resulting in less than total destruction of any Dwelling or other structure, the Owner shall proceed promptly to repair or to reconstruct the damaged parts of the Dwelling or other structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Section of this Declaration and all applicable zoning, building and other governmental regulations. The Owner shall pay any costs of repair or reconstruction, which are not covered by insurance proceeds. In the event that the Dwelling or other structure is totally destroyed, the Owner may decide not to rebuild or to reconstruct, in which case the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter the Owner shall continue to maintain the Lot in a neat, safe, and attractive condition consistent with the Community-Wide Standard.

12.7 Fidelity Bonds. The Board may obtain as a Common Expense to the Association fidelity bond coverage with respect to any person who either handles or is responsible for funds held or administered by the Association, in an amount no less than the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force; provided, however, the fidelity bond coverage must at least equal the sum of three months' Assessments on all Dwelling Units on the Property, plus the Association's reserve funds. A management agent handling funds for the Association shall also be covered by its own fidelity bond, naming the Association as an additional obligee, at the sole cost of said agent.

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ARTICLE 13
DURATION, AMENDMENT AND TERMINATION

13.1 Duration. The Restrictions shall be covenants running with the land and shall bind the Property and every part thereof, and shall (regardless of whether any such beneficiary owns an interest in any Lot) inure to the benefit of and be enforceable by, the Board and each Owner and Tenant and their legal representatives, heirs, devisees, successors and assigns, and shall continue in full force and effect for twenty (20) years from the date on which this Declaration is recorded in the Bullitt County, Kentucky Clerk's Office. Thereafter the Restrictions shall be automatically renewed for successive ten-year periods unless amended or terminated as provided in this Article 13.

13.2 Amendment or Termination. Prior to the end of the Development Period, any provision of this Declaration may be amended in whole or in part or terminated by a recorded instrument executed by Declarant and approved by the Owners of at least sixty-seven percent (67%) of all Lots located in the Property. After the end of the Development Period, any provision of this Declaration may be amended in whole or in part or terminated by a recorded instrument approved by the Owners of at least sixty-seven percent (67%) of all Lots located in the Property.

The President of the Board shall determine whether the persons who have approved of any amendments or termination of this Declaration constitute Owners of at least sixty-seven percent (67%) of all Lots. Promptly after the approval of any amendment or termination of any part of this Declaration, the President of the Board shall cause to be recorded the written instrument of amendment or termination executed in properly recordable form by the President of the Association and Declarant, if during the Development Period, and the certificate of the President of the Association that the Owners of at least sixty-seven percent (67%) of all Lots have approved such instrument.

The Board shall maintain such copies filed with it by the President as a permanent record and shall make copies thereof available to any Owner at a reasonable cost.

Notwithstanding anything above to the contrary, this Declaration may be amended at any time during the Development Period without the vote of Owners by a written instrument executed by Declarant for the purpose of eliminating or correcting any typographical or other inadvertent error herein; eliminating or resolving any ambiguity herein; making nominal changes; clarifying Declarant's original intent; making any changes necessary or desirable to meet the requirements of any institutional lender, Federal National Mortgage Association, or other agency which may insure loans on a Lot; provided, however, that no such amendment shall materially affect any Owner's interest in the Association or right, if any, to use the Common Elements. Each Owner and his or her mortgagees, by acceptance of a deed to a Lot or a mortgage encumbering such Lot, shall be deemed to have consented to and approved of the provisions of this paragraph and the amendment of this Declaration by Declarant as provided in the immediately preceding sentence. All such Owners and their mortgagees, upon request of Declarant, shall execute and deliver from time to time all such instruments and perform all such

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acts as may be deemed by Declarant to be necessary or proper to effectuate the provisions of this paragraph.

ARTICLE 14
MISCELLANEOUS

14.1 No Reverter. No covenant, condition, restriction or reservation or easement contained in this Declaration is intended to create, or shall be construed as creating, a condition subsequent or a possibility of reverter.

14.2 Notices. Any notice required or permitted to be given to an Owner or Tenant by the Board pursuant to the provisions of this Declaration shall be deemed given when mailed by United States mail, postage prepaid, addressed to his or her last address as it appears on the records of the Association.

14.3 Construction. The Board shall have the right to construe the provisions of this Declaration, and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, such construction shall be final and binding as to all persons and entities benefited or bound by the provisions of this Declaration.

14.4 Invalidity. The determination by a court of competent jurisdiction that any provision of this Declaration is invalid for any reason shall not affect the validity of any other provision hereof.

14.5 Headings. The headings of the Sections are for convenience only and shall not affect the meaning or construction of the contents of this Declaration.

14.6 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular the plural, and vice versa.

14.7 Conflict. If there are conflicts or inconsistencies between the provisions of the laws of the Commonwealth of Kentucky, the Articles of Incorporation, this Declaration, the Bylaws, and the Rules and Regulations, it shall be agreed that the provisions of the laws of the Commonwealth of Kentucky, this Declaration, the Articles of Incorporation, the Bylaws and the Rules and Regulations (in that order) shall prevail.

14.8 Covenants Running with Land. This Declaration and all amendments hereto shall be, and shall be construed as, covenants running with the land, shall be binding upon Declarant, Builder, any mortgagee, the Association, its Members, each Owner, each Occupant and all claiming under each Owner or Occupant, and shall (regardless of whether or not any such beneficiary owns an interest in any Lot) inure to the benefit of and be enforceable by: (i) Declarant, (ii) Builder, (iii) the Association, and (iv) each Owner and all claiming under each Owner.

14.9 Availability of Documents. The Association shall make available to Members, Owners, and lenders, and to holders, insurers, or guarantors of any first mortgage, current copies

of the Declaration, rules and regulations, if any, and other rules concerning the Property. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

14.10 Right of Entry. The Association shall have a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance or operation of the Property.

14.11 Condemnation. In the event any Lot or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the net proceeds of any award or settlement shall be the property of the Owner and the holder of the first mortgage, to the extent of their respective interests. Each Owner shall give the holder of a first mortgage on the Owner's Lot timely written notice of such proceeding or proposed acquisition.

In the event the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceedings or other sought to be acquired by a condemning authority, the proceeds of any award or settlement shall be distributed to the Association for the common benefit of the Owners and their mortgagees, as their interests appear.

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IN WITNESS WHEREOF, Declarant has caused this Declaration of Regulations, Covenants, Conditions and Restrictions for Sanctuary at Mallard Lake to be executed by its duly authorized officer as of the day and year first above written.

SANCTUARY AT MALLARD LAKE LLC, a Kentucky limited liability company

By: _____
Name: Richard Miles
Title: Managing Member

COMMONWEALTH OF KENTUCKY)
: SS
COUNTY OF Bullitt)

The foregoing was sworn to and acknowledged before me this 28 day of 28 Oct., 2021 by Richard Miles as Managing Member of **SANCTUARY AT MALLARD LAKE LLC**, a Kentucky limited liability company, on behalf of the limited liability company.

_____ #KYNP36967
Notary Public

KEITH A. MAYES
NOTARY PUBLIC STATE A LARGE
NO. KYNP36967
COMMONWEALTH OF KENTUCKY
My Commission Expires 10-22-25

This instrument prepared by:

Jody T. Klekamp, Esq.
Keating, Muething & Klekamp, PLL
1400 Provident Tower
One East Fourth Street
Cincinnati, Ohio 45202
(513) 579-6400

EXHIBIT A

Legal Description of the Property

Sanctuary at Mallard Lake, Section 1, Open Spaces 99 and 100, Lots 101 – 135, 201 – 230, INCLUSIVE, a plat of which is recorded in Plat Book Cabinet 4, Page 280 in the office of the Bullitt County Clerk, and FURTHER BEING a part of the same land conveyed to Sanctuary at Mallard Lake LLC, a Kentucky limited liability company, by Deeds of record in Deed Book 988, Page 802, Deed Book 988, Page 805, and Deed Book 988, Page 807.

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EXHIBIT B

Loan Agreement(s) and Promissory Note(s) to fund Operating Deficit(s) pursuant to Section 3.12 of Declaration of Regulations, Covenants, Conditions and Restrictions for Sanctuary at Mallard Lake shall conform with the following provisions which shall govern the terms and conditions of said Agreement(s) and Notes(s):

1. Type of Note:

The Note(s) may be issued in any of the following forms:

(a) Demand Note:

This type of Note shall be payable on the date of demand by Lender; or

(b) Open-end Note:

This type of Note shall permit additional borrowing and prepayment of principal, without penalty; or

(c) Closed-end Note:

This type of Note shall not permit additional borrowing against this note; but prepayment of principal, without penalty, shall be permitted.

2. Method of Payment:

Repayment of the loan(s) may be by any of the following methods:

(a) Installment Plan:

This method of payment shall require payments, of both principal and interest, at regular intervals over the term of the loan; or

(b) Lump Sum Payment:

This method of payment shall require Periodic payments, of both principal and interest, for a specified time and a lump sum payment at maturity to discharge the outstanding balance of the loan; or

(c) Balloon Payment:

This method of payment shall require periodic interest payments for a specified time and a lump sum payment at maturity to discharge the outstanding balance of the loan.

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3. Interest:

The Interest Rate established by Lender shall be reasonable, but no greater than two (2) percentages points over the "prime rate" as published in the Wall Street Journal and shall be designated by lender to be either:

(a) Fixed:

The Lender shall establish a rate of interest at the time of the making of the Note and this rate of interest shall remain constant over the term of the Note; or

(b) Variable:

The Lender can periodically adjust the interest rate in accordance with fluctuations in the "prime rate" as published in the Wall Street Journal.

Furthermore, Interest shall be designated by Lender to be either:

(c) Compound:

Interest shall be paid on both the principal and the previously accumulated interest; or

(d) Simple:

Interest shall be paid on the principal only and not on accumulated interest.

4. Limit on Term:

The Note(s) may be issued for a term up to, but not to exceed, ten (10) years.

5. Waiver of Defenses:

Borrower shall waive presentment, demand, protest, and notice of demand, protest, non-payment and dishonor. Borrower shall also waive all defenses based on surety ship or impairment of collateral.

6. Agreement(s) and Note(s) shall contain clauses addressing the following issues:

(a) Order of payment
(b) Default
(c) Expenses
(d) Omission or waiver by Lender
(e) Severability
(f) Choice of law

EXHIBIT E

THE FOLLOWING ADDITIONAL COVENANTS, CONDITIONS AND RESTRICTIONS, AND RESERVATION OF EASEMENTS SHALL APPLY TO ALL PAIRED LOTS.

ARTICLE 4
COVENANTS AND RESTRICTIONS OF USE AND OCCUPANCY

4.21 Swimming Pools. No in-ground swimming pools or above-ground swimming pools shall be erected, constructed or permitted to remain on any Paired Lot.

4.22 Basketball Goals, Play Areas, etc. No permanent or portable basketball goals shall be erected, constructed, or permitted to remain on any Paired Lot. No playground equipment, play apparatuses, swing sets, tree houses, trampolines, playhouses, or other similar structures or apparatuses shall be erected, constructed, or permitted to remain on any Paired Lot.

4.23 Fences. No fences shall be erected or built on any part of a Paired Lot except that an invisible fence shall be permitted. In no case shall the installation of an invisible fence destroy or otherwise disturb any landscaping area on any Paired Lot.

ARTICLE 5
COMMON ELEMENTS AND EASEMENTS

5.7 Easements.

(h) There is hereby established and reserved by the Declarant a blanket easement over all of each and every Paired Lot for the benefit of the Association for express purpose of providing landscaping maintenance services, snow pushing services, and any other services or special services established by the Board or set forth in the Declaration as amended. The Declarant reserves the right within said easement to establish common landscape areas or common streetscape areas for the benefit of Paired Lot Owners. The Association shall be responsible for the maintenance of any such common landscape areas or common streetscape areas so established.

ARTICLE 8
ASSOCIATION AND OWNER MAINTENANCE RESPONSIBILITY

8.4 Additional Association Responsibilities. It is the intention of the Declarant and Builder that the Paired Lots be provided with the following additional maintenance services and insurance:

(a) Required Lawn and Landscape Maintenance Services. The Association shall manage and provide lawn and landscaping maintenance services for each Paired Lot and all Common Elements located on the Property. Such services may include but shall not be limited to: mowing, fertilizing and treatments of all established turf areas; pruning and treatment of shrubs and trees located in the front and side yards that face a street; weeding, trimming, edging, and annual mulching of landscape beds and located in the

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front and side yards that face a street; and leaf removal within the front and side yards that face a street. The Declarant and/or Builder may install additional landscaping on a Paired Lot outside of the front and side yard perimeter which the Association is responsible for maintaining, provided such additional landscaping is noted on the Record Plat as a "Landscape Easement Area". Any Landscape Easement Area located on a Paired Lot shall be maintained by the Association. The delineation of areas to be mowed and otherwise maintained and areas to be left in a natural state shall be at the discretion of the Board.

Each Owner of a Paired Lot shall remain responsible for the remaining lawn and/or landscaping services including the establishment of all turf areas and the irrigation or watering of all turf and landscaping areas located in the front, side and rear yards.

As determined by the Board, the Association will replace dead or dying landscaping and turf, which are under maintenance of the Association, unless the Owner of the Paired Lot, through action or inaction, causes the death or damage of plant material and/or turf, (e.g. does not adequately water the landscaping). Owner damaged landscaping and turf will be replaced at the expense of the respective Owner and may be assessed as an Individual Assessment under Section 3.5 of the Declaration.

(b) Required Snow Pushing Services. The Association shall manage and provide snow pushing services for driveways and sidewalks for Paired Lots. Such snow pushing services for sidewalks shall be limited to the private streets, if any, and the sidewalk leading from the driveway to the front door of the Dwelling Unit and shall not include sidewalks along streets. Snow pushing shall be provided in accordance with requirements and rules established by the Board of Directors. Deicers and deicing service is not part of this service. Paired Lot Owners bear all risks and are responsible for any damage to pavement surfaces caused by their use of deicers on their own driveways and sidewalks.

(c) Discontinuance of Required Services. During the Development Period, the required services set forth in Paragraphs 8.4(a) and 8.4(b) shall be mandatory and shall be provided by the Association unless the Declarant consents to the discontinuance of any such service and seventy-five percent (75%) of all Paired Lot Owners vote to discontinue any such service. After the termination of the Development Period, the aforesaid required services may be discontinued as set forth above, but without requiring the consent or the Declarant. Furthermore, after termination of the Development Period, additional services may be added if seventy-five percent (75%) of all Paired Lot Owners vote to add such services.

(d) Exterior Maintenance shall include the following: paint, caulk, repair and replace roofs, roof vents, chimneys, gutters, downspouts, and exterior wall surfaces; paint and make surface repairs on the exterior surfaces of the doors; repair and replace common area sidewalks; general treatment for pest control; perform other exterior maintenance as from time to time is determined by the Board of Directors of the Association to be reasonably necessary to maintain such Paired Homes consistent with

the funds available to the Association, such additional maintenance to be exercised uniformly for the benefit of all such Paired Homes.

Unless otherwise determined by the Board of Directors, exterior maintenance shall NOT include structural and/or waterproofing, repair, replacement or care of foundations, basement walls and floors; repair, replacement or care of wood balconies, decks, railings and patios; repair, replacement or care of mechanical equipment and/or its pads and foundations, light bulbs, exterior light fixtures attached to such Paired Homes, electric outlets, water sillcock, window and/or door glass or screen; repair, replacement or care of doorjambs, thresholds, window frames or operating parts of doors and windows; maintenance, repair and replacement of driveways, lead-walks and door stoops; cleaning, weather stripping or replacement of doors and windows; general cleaning or debris removal; and any care whatsoever to improvements to additions made other than by the original Builder in constructing the respective Paired Lots.

ARTICLE 12
INSURANCE

12.1 Fire, Extended Coverage and Standard "All Risks" Insurance. Notwithstanding anything contained to the contrary in Section 12.1 of the Declaration, the Association shall insure all buildings (excluding insurance on Improvements as that term is defined in Section 12.6 below), structures and all the Common Elements which are located on the Property against any loss or damage by such hazards as are ordinarily insured by a comprehensive, extended coverage and "all-risks" policies issued in the amounts at all times sufficient to prevent the Association from becoming co-insurers under the terms of any applicable coinsurance clause or provision and in no event less than the actual replacement cost of such improvements, as determined from time to time by the insurer.

12.6 Individual Insurance. Notwithstanding anything contained to the contrary in Section 12.6 of the Declaration, the Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Dwelling Unit nor the liability of any Paired Lot Owner for injuries therein not caused by or connected with the Association's operation, maintenance or use of the Common Elements or other property located in the Subdivision. Each Paired Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his or her Dwelling Unit or on his or her Lot. In addition, each Paired Lot Owner shall maintain fire and extended coverage insurance on the contents of his/her Dwelling Unit, including any partitions, trim, drywall, flooring, built-in fixtures, equipment and appliances, and on the improvements and betterments which are located in his/her Dwelling Unit (collectively, the "Improvements"). The Association may request the Paired Lot Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time.

Each Paired Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Subdivision which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of: (a) the insurance deductible due under the Association's insurance policy; or (b) the cost to repair and/or replace any damage to a building

or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Paired Lot Owner(s) or twenty (20) days after mailing of such notice by certified mail, whichever occurs first. In the event a Paired Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment.

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