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DECLARATION OF HORIZONTAL PROPERTY REGIME

AND

MASTER DEED ESTABLISHING

SIGNATURE POINT CONDOMINIUMS

February 18, 2008

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**DECLARATION OF HORIZONTAL PROPERTY REGIME
AND
MASTER DEED ESTABLISHING
SIGNATURE POINT CONDOMINIUMS**

THIS DECLARATION OF HORIZONTAL PROPERTY REGIME AND MASTER DEED ESTABLISHING SIGNATURE POINT CONDOMINIUMS (the "Declaration") is made, entered into and effective as of the 18th day of February, 2008, by SIGNATURE POINT CONDOMINIUMS LLC, a Kentucky limited liability company, SIGNATURE POINT APARTMENTS LLC, a Kentucky limited liability company, SIGNATURE POINT KTC LLC, a Kentucky limited liability company, all having their principal office and place of business at 12975 Shelbyville Road, Suite 100, Louisville, Jefferson County, Kentucky 40243 (hereinafter collectively referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property (the "Land") described on Exhibit A attached hereto and by this reference made a part hereof; and

WHEREAS, Declarant wishes to create a residential condominium project (the "Condominium Project") by submitting the Land, together with the improvements and structures now existing and hereafter erected thereon, and all easements, rights and appurtenances thereunto belonging or in any way appertaining (the Land, improvements, structures, easements, rights and appurtenances hereinafter being collectively referred to as the "Property") to the provisions of the Horizontal Property Law of Kentucky, KRS 381.805 through 381.910, as amended from time to time (the "Act").

NOW, THEREFORE, Declarant hereby submits said Property to the provisions of the Act and declares that the Property shall be a condominium project as the same is defined in the Act, and pursuant to the provisions contained herein.

ARTICLE I

DEFINITIONS

The following words and phrases shall have the following meanings in this Declaration:

1.1 "Articles of Incorporation" means the articles of incorporation of the Council.

1.2 "Board of Directors" means the board of directors of the Council who shall be elected and serve and shall have the powers and duties provided herein and in the articles of incorporation and the bylaws.

1.3 "Buildings" mean, collectively, all of the buildings to be constructed on the Land, containing all of the Units in the Condominium Project.

1.4 "Bylaws" means the bylaws of the Council.

1.5 "Common Expenses" means and includes all charges, costs and expenses incurred by the Council for and in connection with the administration, maintenance, repair, replacement and operation of the Condominium Project (but specifically excluding expenses attributable solely to a Unit, such as ad valorem real estate taxes, insurance, and utility charges attributable to a Unit, which shall be payable by the Unit Owner), including, without limitation, all of the following: taxes, utilities, maintenance (including landscaping, cleaning, painting, decorating, and lighting), repair, replacement and restoration (to the extent not covered by insurance) of the General Common Elements, including the clubhouse and all common areas, and including snow removal for the roadways contained in the Condominium Project and sidewalks parallel to roadways which are parallel to the face(s) of the Buildings; any additions and alterations thereto; all labor, services, materials, supplies and equipment therefore; all liability for loss or damage arising out of or in connection with the General Common Elements and their uses; all premiums for hazard, liability and other insurance with respect to the Condominium Project; all liabilities incurred in acquiring a Unit pursuant to judicial sale; all administrative, accounting, legal and managerial expenses; amounts incurred in replacing or substantially repairing capital improvements of the Condominium Project, including, but not limited to, roof repair and replacement, and road, driveway and parking area resurfacing; all reserve funds established by the Council; all charges for utilities not separately metered (including all utilities for the clubhouse and other amenities, and irrigation expenses), and garbage collection; constructing, maintaining, and repairing on-site traffic controls; fire protection; installing, renting and maintaining signs; termite and pest extermination services; personnel (including payroll taxes, workmen's compensation insurance, unemployment insurance, health insurance and disability insurance); administrative and overhead costs; water and sewage charges; installing, renting and maintaining signs; maintenance, repair and replacement of utility systems serving the Common Areas, including without limitation, water, sanitary sewer and storm water lines and other utility lines, pipes and conduits; termite and pest extermination services; cleaning cost for the exterior portion of all windows, doors and other glass, if Landlord determines, in its sole discretion, to institute such a cleaning program from time to time; seasonal decorations and installation thereof; and maintenance, repair and replacement of heating, ventilating and air conditioning systems located in the clubhouse and other common areas; provided, however, if the rate for any of the common utilities or garbage collection service is increased as a result of a particular Unit Owner's excessive use, the Council may collect such increase from the Unit Owner.

1.6 "Common Surplus" means the excess of all receipts of the Council collected by or on behalf of the Council, including, but not limited to, assessments, rents, profits, reserves for payment of taxes and other expenses, and revenues on account of the General Common Elements, over and above the amount of the Common Expenses.

1.7 "Co-Owner" or "Owner" or "Unit Owner" means the record owner, whether one or more persons or other legal entity, of a title to any Unit, but excluding those having an interest in the Unit as security for the performance of an obligation.

1.8 "Council of Co-Owners" or "Council" means the nonprofit corporation created by the filing of Articles of Incorporation in the form of Exhibit B attached hereto, and is a council of the Unit Owners acting as a group in accordance with this Declaration, any amendments thereto, the Bylaws in the form of Exhibit C attached hereto, rules and regulations, and any other governing documents (collectively, the "Condominium Documents"). The Council of Co-

Owners has been, or will be, incorporated as the Signature Point Condominium Council, Inc., a Kentucky non-profit corporation, and its successors and assigns, and means the "council of co-owners" as defined in Section 381.810(5) of the Act.

1.9 "Declarant" means, collectively, Signature Point Condominiums LLC, a Kentucky limited liability company, Signature Point Apartments LLC, a Kentucky limited liability company, and Signature Point KTC LLC, a Kentucky limited liability company.

1.10 "General Common Elements" means all of the Condominium Project except those portions described in this Declaration as constituting a Unit or Condominium Unit, and except the Limited Common Elements. The clubhouse and all allied buildings on the Property shall be included within the definition of "General Common Elements".

1.11 "Limited Common Elements" means and includes those common elements serving exclusively one Unit or more than one but less than all Units, the enjoyment, benefit or use of which are reserved to the lawful occupants of that Unit or Units either in this Declaration, or by the Board of Directors, and is that portion of the Condominium Property constituting "limited common elements" of the Condominium under the Act (specifically including, but not limited to, the interior and exterior surfaces of all windows, light and porch fixtures, and exterior shutters and roof gardens). Pursuant to Article III hereof, different classes of Limited Common Elements have been established, and the expenses of such Limited Common Elements are shared by only the owners of the Units that benefit by the same.

1.12 "Plans" means the as-built plans and specifications for each Unit in the Condominium Project, consisting of certified drawings showing the layout, location, unit numbers and dimensions of the Units, to be recorded in the Condominium and Apartment Ownership Book in the Office of the Clerk of Jefferson County, Kentucky.

1.13 "Rules and Regulations" means the rules and regulations promulgated by the Board of Directors, as may be amended from time to time, and governing, in part, the use and occupancy of the Units.

1.14 "Unit" or "Condominium Unit" means that portion of the Condominium Project constituting a "unit" under the provisions of the Act, the enclosed space consisting of one or more rooms as measured from interior unfinished surfaces, having direct access to the General Common Elements. Each Unit shall include the interior unfinished surface of any doors, windows, vents and other structural elements as ordinarily are regarded as enclosures of space and any wallpaper, paint, carpet, tile and all other decorating or finishing materials affixed to or installed as part of the physical structure of the Unit, and all closets, cabinets, storage areas and visible fixtures, mechanical systems and equipment installed in and for the sole and exclusive use of an individual Unit; provided, however, that neither pipes, wires, conduits or other public utility lines or installations constituting part of the overall systems designed for the general service of an entire Building, nor property of any kind which is not removable without jeopardizing the soundness and safety of the remainder of the entire Building, shall be deemed to be included within any Unit.

ARTICLE II**DESCRIPTION OF CONDOMINIUM**

2.1 Types of Units. Declarant intends to construct at least the following three (3) different types of Buildings which will contain the Units, as follows:

(i) **Butterfly Buildings:** four (4)-story, stacked flats with at -grade parking on the first level of the building, elevators, common hallways and lobbies;

(ii) **Manor Homes:** two (2)-story stacked flats with at-grade parking in individual attached garages and common hallways and lobbies; and

(iii) **Brownstones:** two (2)-story, two and one-half (2-1/2) story and three (3)-story townhouses with at-grade parking in individual attached garages, and without any common hallways or lobbies.

2.2 Composition of Units. Each Unit constitutes a single freehold estate, and includes, without limiting the generality of the foregoing:

(i) interior walls and partitions;

(ii) all space within these structures themselves, space occupied by interior walls, partitions, and any other improvements situated within the dimensions of the Unit;

(iii) all decorated surfaces of these structures and each interior and exterior part thereof, including paint, lacquer, varnish, wall covering, tile and other finishing material applied to floors, ceilings, and interior and perimeter walls, carpeting, if any, and also the floors and ceilings themselves, and the drywall, paneling and other finishing wall material;

(iv) the interior of all windows, skylights, if any, and screens and doors, including storm doors and windows, if any, and the frames, sashes and jambs, and the hardware therefor;

(v) all fixtures and appliances installed for the exclusive use of these structures, including, without limiting the generality hereof, built-in cabinets, dishwashers, garbage disposal units, refrigerators, stoves and hoods, television antennas and cables, furnaces, hot water heaters, heat pumps, air conditioning units, and components of the foregoing, if any;

(vi) all plumbing, electric, heating, cooling and other utility or service lines, pipes, wires, ducts, conduits and apparatus, wherever located;

(vii) all control knobs, switches, thermostats and electrical outlets and connections affixed to or projecting from the walls, floors and ceilings; and

(viii) fireplaces, if any, and all components thereof.

2.3 Amendment for Creation of Individual Units; Modifications. This Declaration is being executed and recorded in the Jefferson County Clerk's office prior to the construction of the actual Units. Following the completion of construction of the various Units, as construction of the Buildings (or portions thereof) is completed, Declarant will record various Amendments to this Declaration for the purpose of placing of record the Plans for each Unit and a verified statement of a registered architect or professional engineer regarding each Unit, as required by KRS 381.835. Notwithstanding anything contained in this Declaration, the Condominium Project shall be subject to such modifications and alterations as may be desired by Declarant, including, but not limited to, a change in the type and density of the Units, increases or decreases in the number of Units, and increase or decrease in the total acreage of the Land. Unit Owners shall all be deemed to have acknowledged and to have waived any and all claims regarding the presence of noise and intrusion of light at the Condominium Project resulting from various activities at adjacent highways and ballfields and any other activities at the adjacent Christian Academy property, and Unit Owners shall also be deemed to have waived all claims regarding the land uses which may be constructed by Declarant's affiliate on real estate situated adjacent to the Condominium Project. Unit Owners shall have no right to object to any future changes to the Condominium Project or the adjacent land uses, nor shall Unit Owners have any right to object to any plans or binding elements with respect to the Condominium Project or the adjacent land uses.

2.4 Easements. The following easements are hereby created (in addition to any easements created under the Act and any easements, restrictions and reservations affecting the Condominium Property and recorded in the Jefferson County Clerk's office):

(a) Utility and Other Services; Drainage. Easements are reserved under, through and over the Condominium Property as may be required from time to time for utility, cable television, communications and monitoring systems, drainage and other services in order to serve the Condominium and/or Unit Owners. A Unit Owner shall do nothing within or outside his Unit that interferes with or impairs, or may interfere with or impair, the provision of such utility, cable television, communications and security systems, drainage or other facilities or the use of these easements; if a Unit Owner does take any such actions, such Unit Owner shall be responsible for the costs of repair or restoration of such system or facility. The Council shall have the right of access to each Unit to maintain, repair or replace any General Common Element contained in the Unit or elsewhere in or around the Condominium Property, and to remove any improvements interfering with or impairing such facilities or easements herein reserved; provided, however, that such right of access, except in the event of an emergency, shall not unreasonably interfere with the Unit Owner's permitted use of the Unit and, except in the event of an emergency, entry shall not be made on not less than one (1) day's notice (which notice shall not, however, be required if the Unit Owner is absent when the giving of the notice is attempted).

(b) Encroachments. If (i) any portion of the General Common Elements encroaches upon any Unit; (ii) any Unit encroaches upon any other Unit or upon any portion of the General Common Elements; or (iii) any encroachment shall hereafter occur as a result of (1) construction of the Buildings; (2) settling or shifting of the Buildings; (3) any alteration or repair to the Common Elements made by or with the consent of the Council or Declarant; or (4) any repair or restoration of the Buildings (or any portion thereof) or any Unit after damage by fire or

other casualty; or (5) any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the General Common Elements; then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Buildings shall stand.

(c) Ingress and Egress. A non-exclusive easement in favor of each Unit Owner, their guests and invitees and for each member of the Council (and its and their guests, tenants and invitees) shall exist for pedestrian traffic over, through and across such portions of the Condominium Project as are designated in the Plans as General Common Elements and certain Limited Common Elements and intended to provide direct pedestrian access to and from the applicable Condominium Unit and the public right-of-way adjacent to the Condominium Property.

(d) Construction; Maintenance. Declarant (including its designees, contractors, successors and assigns) shall have the right, in its sole discretion from time to time, to enter the Condominium Property and take all other action necessary or convenient for the purpose of completing the construction of any and all improvements upon any portion of the Condominium Property, or any part thereof, and for repair, replacement and maintenance or warranty purposes where Declarant, in its sole discretion, determines that it needs to do so.

(e) Sales Activity. For as long as there are any Units owned by Declarant, Declarant, its designees, successors and assigns, shall have the right to use any such Units and part of the General Common Elements for guest accommodations, leasing, sales models and construction offices related to the Condominium Project, to show model Units and the General Common Elements to prospective purchasers and/or tenants of the Condominium Units, and to erect on the Condominium Property, signs and other promotional material to advertise or otherwise market the Units, and/or any facilities built or to be constructed upon any portion of the Condominium Property for sale, lease or occupancy.

(f) Maintenance Easement. An easement is hereby reserved over and across each Unit and the General Common Elements for the Council (and the personnel, employees, and/or contractors of the Council) to stage and perform exterior painting of the Building, maintenance, repair, replacement or alteration of any mechanical equipment located or accessible from the roof of any Building, and/or exterior repairs, replacements, alterations and/or maintenance (preventative or otherwise) of the roof of any Building.

(g) Warranty. For as long as Declarant remains liable under any warranty, whether statutory, express or implied, for any act or omission of Declarant in the development, construction, sale and/or marketing of the Condominium Project, then Declarant and its contractors, agents and designees shall have the right, in Declarant's sole discretion and from time to time, to enter the General Common Elements and the Limited Common Elements for the purpose of making any necessary inspections, tests, repairs, improvements, and/or replacements required for Declarant to fulfill any of its warranty obligations. Failure of the Council or any Unit Owner to grant such access may result in the appropriate warranty being nullified and of no further force or effect. Nothing herein shall be deemed or construed as Declarant making or offering any warranty, all of which are disclaimed.

(h) Additional Easements. The Council, through its Board of Directors, on behalf of the Council and on behalf of all Unit Owners (each of whom hereby appoints the Council as its attorney-in-fact for this purpose), shall have the right to grant such additional general or "blanket" easements and specific easements for electric, gas or other utility, cable television, security systems, communications or service easements (and appropriate bills of sale for equipment, conduits, pipes, lines and similar installations pertaining thereto), modify or relocate any such existing easements or drainage facilities, in any portion of the Condominium Project, and to grant access easements or relocate any existing access easements in any portion of the Condominium Project, as the Board of Directors shall deem necessary or desirable for the proper operation and maintenance of the improvements, or any portion thereof, or for the general health or welfare of the Unit Owner and/or members of the Council, or for the purpose of carrying out any provisions of this Declaration, provided that such easements or the relocation of existing easements will not prevent or unreasonably interfere with the use of the Units for their intended purposes.

(i) Easement for Services. Non-exclusive easements are hereby granted to all police, firemen, ambulance operators, mailmen, delivery men, garbage and trash removal personnel, and all similar persons, and to the local governmental authorities and the Council, but not to the public in general, to enter upon the General Common Elements and certain of the Limited Common Elements in the performance of their duties, subject to such reasonable rules and regulations as the Board may establish, from time to time.

ARTICLE III

COMMON AND LIMITED COMMON ELEMENTS

3.1 Common Elements - Description. All of the Condominium Property, including all of the Land and the Buildings and all improvements thereon and appurtenances thereto, except those portions labeled or described herein or on the drawings pertaining to the Units as a part of a Unit, are Common Elements.

3.2 Limited Common Elements, Class I - Description. Those portions of the Common Elements that are labeled or designated "Limited Common Elements" or "Limited Common Areas" on the drawings pertaining to the Units are Class I Limited Common Elements. The Class I Limited Common Elements consist of the following:

(i) for the Butterfly Buildings, all lobbies and hallways of the Butterfly Buildings, and all improvements within those areas, including elevators; and

(ii) for the Manor Homes, all hallways and internal stairs leading to the Units.

There are no Class I Limited Common Elements pertaining to the Brownstones.

Each such Class I Limited Common Element is reserved for the exclusive use of the owners and occupants of the Units located in the above category to which such Unit pertains.

3.3 Limited Common Elements, Class II - Description. Those portions of the Common Elements that are areas reserved for the exclusive use of only the Unit Owner to which such areas pertain, such as any porches or patios appurtenant to a particular Unit.

3.4 Provisions Pertaining To All. The undivided share in the General Common Elements and Limited Common Elements which is appurtenant to a Unit shall not be separated therefrom and shall pass with the title to the Unit, whether or not separately described. The appurtenant share in the General Common Elements and Limited Common Elements, except as elsewhere herein provided to the contrary, cannot be conveyed or encumbered except together with the Unit. The respective shares in the General Common Elements appurtenant to Units shall remain undivided; and no action for partition of the General Common Elements, the Condominium Project, or any part thereof, shall lie, except as provided herein, with respect to termination of the Condominium Project.

ARTICLE IV

OWNERSHIP OF GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS AND SHARE OF COMMON EXPENSES; VOTING RIGHTS

4.1 Ownership Shares. The undivided interest in the General Common Elements and Limited Common Elements appurtenant to each Unit, as well as the undivided share of the Common Expenses to be paid with respect to each Unit, shall be as shown on the various Amendments to this Declaration as described in Section 2.3 above, and, in each case, is based on the total square footage contained in each Unit.

4.2 Voting. Each Unit Owner shall be a member of the Council. Until such time as Declarant is no longer the owner of any of the Units and the Condominium Project has been fully developed, Declarant shall possess all voting rights with respect to the Council. After such time, each Unit shall be entitled to one (1) vote per Unit to be cast by its Owner in accordance with the provisions of the Bylaws and Articles of Incorporation of the Council. The total number of votes shall at all times equal the total number of Units submitted to the condominium form of ownership under this Declaration actually completed at any given time. Membership in the Council shall automatically terminate upon the termination of ownership of a Condominium Unit, and the subsequent owners taking title shall automatically become members of the Council.

ARTICLE V

AMENDMENTS

5.1 Amendment by Unit Owners. Except as otherwise provided in this Declaration or the schedules attached hereto, after Declarant is no longer the owner of any of the Units and the Condominium Project has been fully developed, or if Declarant voluntarily surrenders control of the Council and turns over control to the Council, this Declaration may be amended by an affirmative vote of the Unit Owners holding at least seventy-five percent (75%) of the outstanding voting interest of the Condominium Project. All amendments under this Section 5.1 shall be recorded and certified as required by the Act.

5.2 Amendment by Declarant.

(a) Amendment to Declaration. Declarant reserves the exclusive right to make whatever changes it may deem necessary to this Declaration until such time as Declarant is no longer the owner of any of the Units and until such time as the Condominium Project has been fully developed and all contemplated Buildings have been constructed thereon.

(b) Special Amendment. Declarant reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends the Declaration and any provision therein (i) to comply with requirements of Fannie Mae, FHLMC, the Government National Mortgage Council, the Department of Housing and Urban Development, the Federal Housing Administration, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities; (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Units; and (iii) to bring this Declaration into compliance with applicable laws, ordinances or governmental regulations. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make or consent to a Special Amendment on behalf of each Unit Owner and the Council. Each deed, mortgage, other evidence of obligation, or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power of Declarant to make, execute and record Special Amendments. The right and power to make Special Amendments by Declarant hereunder shall terminate upon turnover of control of the Council by Declarant to the Unit Owners.

(c) Scrivener's Errors. This Declaration, and all exhibits hereto, where applicable, may be amended unilaterally by Declarant for purposes of correcting any scrivener's errors.

5.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice abridge or otherwise adversely affect the rights, benefits, privileges or priorities granted or reserved to mortgagees of Units without the consent of said mortgagees in each instance; nor shall an amendment make any change in the article or section hereof entitled "Insurance", unless the Primary Institutional First Mortgagee shall join in the amendment. Except as specifically provided herein or if required by FNMA or FHLMC, the consent and/or joinder of any lien or mortgage holder on a Unit shall not be required for the adoption of any amendment to this Declaration, and, whenever the consent or joinder of a lien or mortgage holder is required, such consent or joinder shall not be unreasonably withheld. The provisions of this Section may not be amended in any way.

ARTICLE VI

ASSESSMENTS

6.1 Types of Assessments. Each Unit Owner by acceptance of a deed to a Unit (whether or not it shall be so expressed in such deed) is deemed to covenant and agree, to pay to the Council: (a) operating assessments for the Common Expenses for the General Common

Elements, and for such portions of the Limited Common Elements as pertain to a particular Unit, (b) special assessments for capital improvements, and (c) special individual unit assessments, all of such assessments to be established and collected as hereinafter provided.

6.2 Purpose of Assessments. The assessments levied by the Board shall be used exclusively to promote and provide for the health, safety and welfare of Unit Owners and occupants and the best interests of the Condominium Project, and to maintain the Common Areas in first class condition.

6.3 Operating Assessments. The maximum regular assessment to cover each Unit's share of the Common Expenses of the Condominium Project, and to cover each Unit's share of the Limited Common Elements that benefit only such Unit, shall be assessed against all Unit Owners on a prorata basis based on the percentages established as described in Section 4.1 above. Notwithstanding the foregoing, the Board may establish a flat fee per Unit per annum, subject to increase as determined by the Board. All assessments must be paid by means of automatic withdrawal (debit) from the Unit Owner's bank account (or by such successor method of automatic withdrawal as may be adopted by the Council), and each Unit Owner shall provide such information and establish such automatic withdrawal at the closing of the purchase of a Unit and expeditiously update such information. The governing body of the Council shall determine when the assessments shall be paid, and in what method and manner. Each Unit Owner shall be personally liable for the payment of regular assessments. No Unit Owner shall be exempt from payment of the regular assessment by waiver of the use or enjoyment of the General Common Elements or the Limited Common Elements or by abandonment of the Unit owned by such Unit Owner or by claiming that the quantity or quality of services does not warrant such payment or is not as contemplated by such Unit Owner as of the time of purchase.

6.4 Special Assessments for Capital Improvements.

(a) In addition to the operating assessments, the Board may levy, at any time, special assessments to construct, reconstruct or replace capital improvements on the Common Elements to the extent that reserves therefor are insufficient, including a special reserve fund to be used only for maintenance, repair and replacement of the private roads included within the Common Areas.

(b) Any such assessment shall be prorated among all Units on a prorata basis based on the percentages established as described in Section 4.1 above, and shall become due and payable on such date or dates as the Board determines following written notice to the Unit Owners.

6.5 Special Individual Unit Assessments. The Board (i) shall levy assessments against an individual Unit, or Units, and the owner or owners thereof, to reimburse the Council for those costs incurred in connection with that Unit or Units properly chargeable by the terms hereof to a particular Unit; (ii) shall levy assessments for the particular class(es) of Limited Common Elements pertaining to a Unit; and (iii) may, if its Board so determines from time to time, and so agrees with authorized representatives of the Council, levy such assessments for obligations with respect to any individual Unit or its owner or owners for charges made with respect thereto by the Council pursuant to the provisions of its governing documents. Any such

assessment shall become due and payable on such date as the Board determines, and gives written notice to the Unit Owners subject thereto. The calculation by the Council of the Units' shares of assessments shall be binding upon all Unit Owners.

6.6 Effect of Nonpayment of Assessment; Remedies of the Council.

(a) If any installment or portion of any installment of an assessment is not paid within at least ten (10) days after the same is due, the entire unpaid balance of the assessment shall immediately become due and payable, without demand or notice, unless the Board, in its sole discretion, determines not to accelerate the installments.

(b) If any installment or portion of any installment of an assessment is not paid within at least five (5) days after the same is due, the Board, at its option, and without demand or notice, may (i) charge interest on the entire unpaid balance (including the accelerated portion thereof) at such rate as the Board, from time to time, establishes by rule; or if the Board fails to establish a rate by rule, at the rate of ten percent (10%) per annum, and (ii) charge the cost of collection, including attorney fees and other out-of-pocket expenses. All payments upon account shall be first applied to the interest and then to the assessment payment first due.

(c) Assessments pursuant to this Article VI, together with interest, late fees, and costs, including attorney fees, shall be a charge in favor of the Council upon the Unit against which each such assessment is made.

(d) At any time after any assessment or any installment of an assessment, or any portion of any installment of an assessment levied pursuant hereto remains unpaid for thirty (30) or more days after the same has become due and payable, a certificate of lien for the unpaid balance of that assessment, including all future installments thereof, interest, late fees, and costs, including attorney fees, may be filed with the Jefferson County Clerk, pursuant to authorization given by the Board. The certificate shall contain a description or other sufficient legal identification of the Unit against which the lien exists, the name or names of the record owner or owners thereof, and the amount of the unpaid portion of the assessments and charges, and shall be signed by the president or other chief officer of the Council.

(e) The lien provided for herein shall become effective from the time a certificate of lien or renewal certificate was duly filed therefor, and shall continue for a period of five (5) years unless sooner released or satisfied in the same manner provided by law in the Commonwealth of Kentucky for the release and satisfaction of mortgages on real property, or discharged by the final judgment or order of a court in an action brought to discharge the lien.

(f) Any Unit Owner who believes that an assessment chargeable to his, her or its Unit (for which a certificate of lien has been filed by the Council) has been improperly charged against that Unit, may bring an action in the District Court of Jefferson County for the discharge of that lien. In any such action, if it is finally determined that all or a portion of the assessment has been improperly charged to that Unit, the court shall make such order as is just, which may provide for a discharge of record of all or a portion of that lien.

(g) Each such assessment together with interest, late fees, and costs, including attorney fees, shall also be the joint and several personal obligation of the Unit Owners who

owned the Unit at the time when the assessment fell due. The obligation for delinquent assessments, interest, late charges and costs shall not be the personal obligation of that owner or owners' successors in title unless expressly assumed by the successors, or required by applicable law, provided, however, that the right of the Council to a lien against that Unit, or to foreclose any lien thereon for these delinquent assessments, interest, late charges and costs, shall not be impaired or abridged by reason of the transfer, but shall continue unaffected thereby, except as provided in Section 16.6.

(h) The Council, as authorized by the Board, may file a lien or liens to secure payment of delinquent assessments, interest, late fees, and costs, including attorney fees, bring or join in an action at law against the owner or owners personally obligated to pay the same, and an action to foreclose a lien, or any one or more of these. In any foreclosure action, the owner or owners affected shall be required to pay a reasonable rental for that Unit during the pendency of such action. The Council in any foreclosure action involving a Unit or Units shall be entitled to become a purchaser at the foreclosure sale. In any such foreclosure action, interest and costs of such action (including attorneys' fees) shall be added to the amount of any such assessment, to the extent permitted by Kentucky law.

(i) No claim of the Council for assessments and charges shall be subject to setoffs, off sets, or counterclaims.

(j) Assessments shall run with the Land, are necessary to continue the care, repair and maintenance of Units and their undivided interests in the Condominium Project, and to continue to provide utility and security service, and, accordingly, assessments accruing or becoming due during the pendency of bankruptcy proceedings shall constitute administrative expenses of the bankrupt estate.

6.7 Subordination of the Lien to First Mortgages. The lien of the assessments and charges provided for herein shall be subject and subordinate to the lien of any duly executed first mortgage on a Unit recorded prior to the date on which such lien of the Council arises, and any holder of such first mortgage which comes into possession of a Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed or assignment in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid installments of assessments and charges against the mortgaged Unit which became due and payable prior, in the case of foreclosure, to the date of the sale, and, in all other cases, to the date legal title vested in the successor owner. The foregoing will not relieve any successor owner from the obligation for assessments accruing thereafter.

(a) Certificate Regarding Assessments. The Board shall, upon demand, for a reasonable charge, furnish a certificate signed by the president, treasurer, secretary or other designated representative of the Council, setting forth whether the assessments on a specified Unit have been paid. This certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

6.8 Rental Pending Foreclosure. In any foreclosure of a lien for assessments, the Unit Owner of the Unit subject to the lien shall be required to pay a reasonable rental for the Unit, and the Council shall be entitled to the appointment of a receiver to collect the same.

6.9 Declarant Not Liable. Anything to the contrary contained in this Declaration or in the Bylaws of the Council notwithstanding, until such time as Declarant is no longer the owner of any of the Units and until such time as the Condominium Project has been fully developed and all contemplated Buildings have been constructed thereon, Declarant shall not be liable for the payment of any assessment, monthly or otherwise, for Common Expenses or for reserve or contingency accounts, and the Units owned by Declarant, prior to Declarant transferring control to the Council, shall not be subject to any lien therefore or obligation to pay any fees, and Declarant shall have no liabilities as a Unit Owner. However, until Declarant transfers control to the Council, Declarant shall be responsible for the maintenance costs of the Condominium Project incurred over and above the assessments or amounts paid by the Unit Owners for Common Expenses and other appropriate charges.

ARTICLE VII

COUNCIL OF CO-OWNERS

7.1 Powers and Duties. The Board of Directors of Council of Co-Owners shall be the entity responsible for operation of the Condominium and the General Common Elements and certain of the Limited Common Elements, as described herein. The powers and duties of the Board and the Council shall include those set forth in the Bylaws and Articles of Incorporation, as may be amended from time to time. In addition, the Board and the Council shall have all the powers and duties set forth in the Act, as well as all powers and duties granted to or imposed upon it by this Declaration, including, without limitation:

(a) The irrevocable right to have access to each Unit, and the Limited Common Elements appurtenant thereto, from time to time during reasonable hours for any and all reasonable purposes, including, but not limited to, pest control purposes and for the maintenance, repair and replacement of any General Common Elements or any portion of a Unit, if any, to be maintained by the Council, or at any time and by force, if necessary, to prevent damage to the General Common Elements or to a Unit or Units.

(b) The power to make and collect assessments and other charges against Unit Owners and to lease, maintain, repair and replace General Common Elements and certain of the Limited Common Elements as described herein.

(c) The duty to maintain accounting records of the Council according to good accounting practices, which shall be open to inspection by Unit Owners or their authorized representatives at reasonable times upon prior written request.

(d) The power to borrow money, execute promissory notes and other evidences of indebtedness, and to grant security for mortgages and security interests in property owned by the Council, if any, provided that such actions are approved by a majority of voting interests of the Units represented at a meeting at which a quorum has been attained, or by such greater percentage of the Board or Unit Owners as may be specified in the Bylaws with respect to certain borrowing.

(e) The power to acquire, convey, lease and encumber real and personal property. Personal property shall be acquired, conveyed, leased or encumbered upon a majority vote of the Board of Directors, unless the cost thereof exceeds \$50,000.00, in which event the acquisition shall require an affirmative vote of not less than two-thirds (2/3) of the voting interests; provided, however, that the acquisition of any Unit as a result of a foreclosure of the lien for assessments (or by deed in lieu of foreclosure) shall be made upon the majority vote of the Board, regardless of the price for the same, and the Council, through its Board, has the power to hold, lease, mortgage or convey the acquired Unit(s) without requiring the consent of the Unit Owners. The expenses of ownership (including the expense of making and carrying any mortgage related to such ownership), rental, membership fees, taxes, assessments, operation, replacements and other expenses and undertakings in connection therewith shall be Common Expenses.

(f) The power to execute all documents or consents, on behalf of the Unit Owners (and their mortgagees) required by all governmental and/or quasi-governmental agencies in connection with land use and development matters (including, without limitation, plats, waivers of plat, unities of title, covenants in lieu thereof, etc.), and in that regard, each Owner of a Unit, by acceptance of a deed to such Unit, and each mortgagee of a Unit, by acceptance of a lien on said Unit, appoints and designates the President of the Council as such Owner's agent and attorney-in-fact to execute any and all such documents or consents.

In the event of conflict among the powers and duties of the Council or the terms and provisions of this Declaration, Exhibits attached hereto or otherwise, this Declaration shall take precedence over the Articles of Incorporation, Bylaws and applicable Rules and Regulations; the Articles of Incorporation shall take precedence over the Bylaws and applicable Rules and Regulations; and the Bylaws shall take precedence over the applicable Rules and Regulations, all as amended from time to time.

7.2 Management of Condominium Project. The management and operation of the Condominium Project (including the employment of a professional management firm, which the Board of Directors may do in its discretion) shall be the responsibility of the Council, acting through its Board of Directors and the elected officials thereof, and the Council shall fulfill its functions pursuant to the provisions of the Condominium Documents.

7.3 Bylaws. The Bylaws adopted by the Council from time to time shall be the Bylaws of the Condominium Project.

7.4 Rules and Regulations. Each Unit Owner's ownership and use of the Unit(s) owned by such Unit Owner shall be subject to the Rules and Regulations promulgated by the Board of Directors from time to time and applicable to all Unit Owners, including Declarant. Such Rules and Regulations shall have the same force and effect as, and shall be enforceable in the same manner as, the provisions of this Declaration. A copy of the Rules and Regulations, including any amendments thereto, shall be furnished by the Council to all Unit Owners and residents of the Condominium Project upon request.

7.5 Limitation Upon Liability of Council. Notwithstanding the duty of the Council to manage, operate, maintain and repair the Condominium Project, subject to and in accordance

with the provisions of the Condominium Documents, the Council shall not be liable to Unit Owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the Condominium Project required to be maintained and repaired by the Council, or caused by the weather or other element, or by other Unit Owners or persons, including, but not limited to, defects which are the result of characteristics common to the materials used, damage due to ordinary wear and tear and normal use, and damage due to wind, rain, snow, hail, and condensation on or expansion or contraction of materials due to weather.

7.6 Board of Directors. The members of the Board of Directors shall be elected and serve and shall have the duties and powers as provided in the Articles of Incorporation and Bylaws. The Board of Directors shall have the right to delegate its duties to a management agent. The Board shall be the final arbiter of any dispute concerning the operation of the Condominium Project and the interpretation and effect of the Condominium Documents.

7.7 Declarant's Written Consent Necessary for Certain Actions. Anything to the contrary contained in any of the Condominium Documents notwithstanding, during the interval (the "Declarant's Marketing Interval") from the date of recordation of this Declaration until such time as Declarant is no longer the owner of any of the Units and until such time as the Condominium Project has been fully developed and all contemplated Buildings have been constructed thereon, the Board of Directors may not, without Declarant's prior written consent: (i) amend any of the Condominium Documents; (ii) make any addition, alteration or improvement to the General Common Elements, to Class I Limited Common Elements, or to any Unit; (iii) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund if the effect of such assessment would be to increase the amount of such reserve, contingency, or surplus fund in excess of an amount equal to that proportion of the then existing budget which the amount of reserves in the initial budget of estimated expenses for the Condominium Project bears to the total amount of such initial budget of estimated expenses; (iv) hire any employee in addition to the employees, if any, provided for in the initial budget; (v) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a Unit; (vi) borrow money on behalf of the Condominium Project; or (vii) reduce the quantity or quality of service to or maintenance of the Condominium Project. During Declarant's Marketing Interval, an irrevocable power of attorney coupled with an interest is hereby granted and reserved unto Declarant, its successors and assigns (however, individual Unit Owners are not included within the meaning of successors and assigns as used in this paragraph) to amend any Condominium Document, and Declarant shall have the right to take any of the actions specified in the first sentence of this Section 0. This Section 0 shall be null and void at such time as Declarant is no longer the owner of any of the Units and the Condominium Project has been fully developed.

ARTICLE VIII

MAINTENANCE, REPAIRS, AND REPLACEMENT

Responsibility for the maintenance, repair and replacement of the Condominium Property is as follows:

8.1 Units.

(a) It shall be the responsibility of each Unit Owner with respect to the Unit owned by such Unit Owner:

1. To maintain, repair and replace, at the expense of such Unit Owner, all portions of the Unit except the portions to be maintained, repaired, and replaced by the Council, including all decorating, redecorating, painting (interior and exterior, provided that Declarant and the Council (after the Declarant has sold the last Unit) shall have the right to approve materials and the color thereof, all paint colors to be applied to the exterior of any Unit), tiling, carpeting, waxing, papering, plastering or varnishing which may be necessary to maintain the good appearance and condition of the Unit. Such maintenance, repair and replacement shall not change the appearance of any portion of the exterior of the Building(s) or Unit without the prior written approval of the Board of Directors.

2. To maintain, repair, and replace, at the expense of each Unit Owner, the interior space of each Unit Owner's garage appliances and fixtures located within the Unit, or located in the Limited Common Elements appurtenant to the Unit, or located in the General Common Elements but benefiting the Unit to the exclusion of any other Unit, including, but not limited to, any plumbing fixtures, water heaters, heating and air conditioning equipment, interior and exterior lighting fixtures, refrigerators, dishwashers, disposals, ranges, hoods and fans, sinks, lamps, interior doors, garage door openers, telephones or any electric, gas or water pipes or lines or wires or conduits or ducts serving any such appliances and fixtures, and all roof gardens, screened porches, decks, patios and all fences around any portion of a Unit, including, but not limited to, fencing around any and all patios.

3. To report promptly to the Council any defect or need for repairs for which the Council is responsible.

4. To maintain, repair or replace, at the expense of the Unit Owner, all portions of the Unit which may cause injury or damage to the other Units or to the General Common Elements.

5. To perform the responsibilities of such Unit Owner in such a manner and at such reasonable hours so as not to unreasonably disturb other Unit Owners in the Building(s).

(b) All of the foregoing maintenance by each Unit Owner shall be in accordance with the policies and procedures set forth in the maintenance manual provided by the architect for the Condominium Project, and the Council shall take such actions as are necessary to cause all such Owners to comply with the same. Declarant shall cause maintenance to be performed to the Units owned by Declarant in accordance with such maintenance manual until such time as Declarant turns over control of the Condominium Project to the Council. In the event the Council, or any Unit Owner, fails to follow the maintenance schedule prescribed by

such maintenance manual, the Council or the Unit Owner, as the case may be, release and waive any and all rights against Declarant and Declarant's architect with respect to the construction of the Unit, and any and all warranties made by Declarant with respect to the Unit shall be null and void.

(c) A Unit Owner shall be liable for the entire expense of any maintenance, repair or replacement of any part of the Condominium Project, whether part of a Unit or part of the General Common Elements or Limited Common Elements, if such maintenance, repair or replacement is rendered necessary by any negligent act or omission of the Unit Owner, or any member of the family, guests, employees, invitees, licensees, agents or lessees of such Unit Owner. If any Unit Owner fails to undertake any such maintenance, repair, or replacement within ten (10) days after the Board of Directors notifies such Unit Owner in writing that the Board of Directors has determined that such maintenance, repair or replacement is the responsibility of such Unit Owner under this section, the Board of Directors may undertake such maintenance, repair or replacement and the cost thereof and all accrued interest thereon as provided in the Bylaws shall be a lien upon the Unit owned by such Unit Owner until paid by the Unit Owner, and such lien shall be subject to the same remedies as are provided in this Declaration for nonpayment by a Unit Owner of common charges and assessments.

(d) Notwithstanding anything contained herein to the contrary, the Council shall perform all upkeep and maintenance to all portions of the Unit that are visible from the exterior. The Unit Owner shall be responsible for reimbursement to the Council for the cost of such upkeep and maintenance performed by the Council on the Unit owned by the Unit Owner, and such amounts shall be included in the assessments described in Article VI.

8.2 General Common Elements. Except to the extent (i) expressly provided to the contrary herein, or (ii) proceeds of insurance are made available therefor, all maintenance, repairs and replacements in or to the General Common Elements shall be performed by the Council and the cost and expense thereof shall be charged to all Unit Owners as a Common Expense, except to the extent arising from or necessitated by the negligence, misuse or neglect of specific Unit Owners, in which case such cost and expense shall be paid solely by such Unit Owners. Without limiting the generality of the foregoing, it shall be the responsibility of the Council to maintain, repair or replace (as necessary):

(a) The Buildings (except to the extent of the Units comprising a part of the same), including the roofs, the grounds and parking lots.

(b) All portions of any Unit which contribute to the support of any Building, including main bearing walls (but excluding painting, wallpapering, decorating, or other work on the interior surfaces of walls, ceilings, doors, and floors within the Unit, which shall be the Unit Owner's responsibility).

(c) All portions of what would appear to be the Unit but which really constitute a part of the exterior of any Building and, therefore, in actuality are General Common Elements, including, but not limited to, all exterior doors (including overhead garage doors) and windows (except all interior painting, interior caulking and interior repair of the same, which shall be the responsibility of the Unit Owner).

- (d) All General Common Elements not heretofore mentioned.
- (e) All incidental damage caused by work done at the direction of the Board of Directors.

8.3 Common Elements. The Council, to the extent and at such times as the Board, in its exercise of business judgment, determines to allocate funds therefor, shall maintain, repair and replace all improvements constituting a part of the Common Elements (exclusive of Limited Common Elements), including, but not limited to, the entryway features, the private drives and alleys, general landscaping outside of Limited Common Elements, and utility lines serving more than one Unit. The Council shall maintain an adequate reserve fund for the periodic maintenance, repair and replacement of these improvements.

8.4 Specific Unit Owner Responsibility. The obligation to maintain and repair any air conditioning equipment, plumbing or electrical fixtures or other items of property which service a particular Unit and not any other Unit shall, to the extent not otherwise part of the Condominium, shall be the responsibility of the applicable Unit Owner, individually, without regard to whether such items are included within the boundaries of the Units.

8.5 Rights of Council. The Council reserves the right to enter any Unit when necessary in the case of an emergency, and in order to make repairs necessary to maintain the integrity of the Unit in the event the Unit Owner is absent from the Unit.

ARTICLE IX

ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY UNIT OWNER

9.1 Consent of the Board of Directors. The interior portions of each Unit which are not visible from the exterior shall not be subject to approval of Declarant or the Council. No Unit Owner (other than Declarant) shall make any addition, alteration or improvement in or to the General Common Elements, the Condominium Property, or his or her Unit (including the Limited Common Elements pertaining to such Unit that are visible from the exterior, but excluding the furniture, fixtures and equipment contained therein) without the prior written consent of the Board of Directors. The Board shall have the obligation to answer, in writing, any written request by a Unit Owner for approval of such an addition, alteration or improvement within thirty (30) days after such request and all additional information requested is received. The Board may condition the approval in any manner, including, without limitation, retaining approval rights of the contractor to perform the work. The proposed additions, alterations and improvements by the Unit Owners shall be made in compliance with all laws, rules, ordinances and regulations of all governmental authorities having jurisdiction, and with any conditions imposed by the Council with respect to design, structural integrity, aesthetic appeal, construction details, lien protection or otherwise. Once approved by the Board of Directors, such approval may not be revoked. A Unit Owner making or causing to be made any such additions or improvements agrees, and shall be deemed to have agreed, for such Owner and such Owner's heirs, personal representatives, successors and assigns, as appropriate, to hold the Council, Declarant and all other Unit Owners harmless from and to indemnify them for any liability or

damage to the Condominium Project, and shall be solely responsible for the maintenance, repair, replacement and insurance thereof from and after the date and installation or construction thereof. The Council's rights of review and approval of plans and other submissions under this Declaration are intended solely for the benefit of the Council. Neither Declarant, the Council, nor any of its officers, directors, employees, agents, contractors, consultants or attorneys shall be liable to any Unit Owner or any other person by reason of mistake in judgment, failure to point out or correct deficiencies in any plans or other submissions, negligence, or any other misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval of any plans or submissions. Anyone submitting plans hereunder, by the submission of same, and any Owner, by acquiring title to the same, agrees not to seek damages from Declarant, and/or the Council arising out of the Council's review of any plans hereunder. Without limiting the generality of the foregoing, the Council shall not be responsible for reviewing, nor shall its review of any plans be deemed approval of, any plans from the standpoint of structural safety, soundness, workmanship, materials, usefulness, conformity with building or other code or industry standards, or compliance with governmental requirements. Further, each Owner (including the successors and assigns) agrees to indemnify and hold Declarant and the Council harmless from and against any and all costs, claims (whether rightfully or wrongfully asserted), damages, expenses or liabilities whatsoever (including, without limitation, reasonable attorneys' fees and court costs at all trial and appellate levels), arising out of any review of plans hereunder. The foregoing provisions requiring approval shall not be applicable to any Unit owned by Declarant. The provisions of this section shall not be amended without an affirmative vote of 75% of the total voting interests in the Condominium or those in attendance.

9.2 Improvements, Additions or Alterations by Declarant. Anything to the contrary notwithstanding, the foregoing restrictions of this Section shall not apply to Declarant-owned Units. Declarant shall have the additional right, without the consent or approval of the Board of Directors or other Unit Owners, but without obligation, to (a) make alterations, additions or improvements, structural and non-structural, interior and exterior, ordinary and extraordinary, in to and upon any Unit owned by them (including, without limitation, the removal of walls, floors, ceilings and other structural portions of the improvements), and (b) expand, alter or add to all or any part of the recreational facilities, so as to result in the imposition of additional Common Expenses or costs to the individual Unit Owners.

Without limiting the generality of provisions of this Section, and anything to the contrary notwithstanding, Declarant shall have the right, without the vote or consent of the Council or Unit Owners, to (i) make alterations, additions or improvements in, to and upon Units owned by Declarant, whether structural or non-structural, interior or exterior, ordinary or extraordinary; (ii) change the layout (width, height, façade, frontage, etc.) or number of rooms in any Declarant-owned Units; (iii) change the size of Declarant-owned Units by combining separate Declarant-owned Units into a single Unit (although reserving the right to be kept as two separate legal Units), or otherwise; and (iv) reapportion among Declarant-owned Units affected by such change in size pursuant to the preceding clause, their appurtenant interests in the General Common Elements and share of the Common Surplus and Common Expenses; provided, however, that the percentage interest in the General Common Elements and share of the Common Surplus and Common Expenses of any Units (other than the affected Declarant-owned Units) shall not be changed by reason thereof unless the Owners of such units shall consent thereto and, provided

further, that Declarant shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction in so doing. Any amendments to this Declaration required by changes of Declarant made pursuant to this Section 9.2 shall be effected by Declarant alone without the vote consent of the Council or Unit Owners (or their mortgagees) required. The provisions of this Section shall not be added to, amended or deleted without the prior written consent of Declarant.

ARTICLE X

INSURANCE

The Council shall maintain insurance coverage upon the Condominium Project in accordance with the provisions of this Article.

10.1 Authority to Purchase; Named Insured. All insurance policies upon the Condominium Project shall be purchased by the Council. The additional named insureds shall be Declarant and its affiliates (including Declarant's construction company), and the Council individually and as agent for the Unit Owners, without naming them, and as agent for the mortgagee of the Unit Owners. Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of Unit Owners. Such policies shall provide that payments by the insurer for losses shall be made to the insurance trustee designated below, and all policies and their endorsements shall be deposited with the insurance trustee. Unit Owners may obtain coverage at their own expense for their own Units, their own personal property, and other risks.

10.2 Coverage.

(a) All Buildings, General Common Elements, and other improvements upon the Land shall be insured in an amount equal to the reasonable insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors on behalf of the Council; provided, however, the Council shall not be required to insure any part of the Condominium Project within the boundaries of individual Units except structural columns, load-bearing walls and pipes, conduits, wires or other installations for the provision of services to the entire Building. All personal property included in the General Common Elements shall be insured for its value, as determined annually by the Board of Directors of the Council. Such coverage shall afford protection against:

1. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and
2. Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the land, including, but not limited to, vandalism and malicious mischief, earthquake, and plate glass insurance.
3. Public liability insurance coverage shall be provided in such amounts and with such coverage as shall be required by the Board of Directors

and with cross liability endorsement to cover liabilities of the Unit Owners jointly and severally, and of the Council and Declarant.

4. Worker's compensation insurance to meet the requirements of Kentucky law.

5. Insurance with respect to litigation against Declarant regarding excess noise, mold, construction defects, moisture, and pest infestation, to the extent available (provided, that each Unit Owner shall be deemed to have waived the right to assert any claim for loss or damage resulting from sound or impact noise transmission, as described in Section 13.5).

6. Such other insurance as the Board of Directors from time to time shall determine is desirable.

10.3 Premiums. Premiums upon insurance policies purchased by the Council shall be paid by the Council as a Common Expense, provided, however that should the amount of any insurance premium be affected by a particular use of a Unit or Units, the Owner or Owners of such Unit or Units shall be required to pay any increase in premium resulting from such use.

10.4 Insurance Trustee. All insurance policies purchased by the Council shall be for the benefit of the Council and the Unit Owners and mortgagees of Units and Declarant as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to PBI Bank, Inc., as trustee, or to such other bank in Kentucky with trust powers as may be designated as insurance trustee by the Board of Directors, which trust is referred to in this instrument as "Insurance Trustee." Payment of premiums, renewal and sufficiency of policies, settlement of claims with insurers, and collection of insurance proceeds shall be the responsibility of the Board of Directors, and the sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this Article.

10.5 Shares of the Proceeds; Mortgagees. The Insurance Trustee shall hold all insurance proceeds covering property losses in shares, which shares need not be set forth on the records of the Insurance Trustee, as follows: each Unit Owner shall have an undivided share in the proceeds, such share being the same as the undivided share in the General Common Elements appurtenant to the Unit(s) owned by such Unit Owner. In the event a mortgagee endorsement has been issued with respect to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to apply or have applied to the reduction of the mortgage debt any insurance proceeds which, pursuant to the provisions of this Article, are to be held by the Insurance Trustee, except distributions of such proceeds made pursuant to this Article.

10.6 Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expense of the Trust. All expenses of the Insurance Trustee shall be paid first or provision made for such payment.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed substantially in accordance with the original plans for the Buildings, the remaining proceeds shall be paid to defray the cost of such reconstruction. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them. All mortgages and other liens existing against any Units(s) at the time of damage shall attach to such repaired or reconstructed Unit(s) in the same priority as existed prior to such damage. All such repaired or reconstructed Units shall bear the same Unit numbers as those of the original Units (subject to "as built" adjustment as may be required by statute). If the damage for which the proceeds are paid is not to be repaired or reconstructed in accordance with the original plans for the Buildings, the mortgagees of Units in that Building may demand that the remaining proceeds be applied to reduction of the mortgage debt on such Units up to the total amount of the mortgage debt then due. Any proceeds remaining after such application to reduction of the mortgage debt shall be paid to defray the costs of repair and reconstruction as provided in the Article of this Declaration entitled "Reconstruction or Repair after Casualty." This section is a covenant for the benefit of any mortgagee of any Unit and may be enforced by such mortgagee.

(c) Failure to Reconstruct or Repair. If it is determined in the manner provided in Article XI of this Declaration that the damage for which proceeds are paid shall not be reconstructed or repaired, the net proceeds remaining after all mortgages on the damaged or destroyed Buildings have been paid shall be distributed in the manner determined by all of the Unit Owners at the special meeting of the Council provided by Article XI.

(d) Certificate. In making distribution to Unit Owners and/or the mortgagees of the Units, the Insurance Trustee may rely upon a certificate of the Council made by its president and secretary as to the names of the Unit Owners and their respective shares of the distribution, and the Insurance Trustee shall have no liability to the Council or to any Unit Owner for any distribution made in reliance upon such a certificate.

(e) Council as Agent. The Council is irrevocably appointed agent and attorney in fact for each Unit Owner and for each holder of a mortgage or other lien upon a Unit to adjust all claims arising under insurance policies purchased by the Council and to execute and deliver releases upon the payment of claims.

10.7 Unit Owner's Insurance; Indemnity.

(a) The risk of loss of the interior of each Unit, and all components thereof and personal property contained therein, is solely that of the Unit Owner. Any Unit Owner or Occupant may carry such insurance with respect to the interior of a Unit as that Unit Owner may determine. All such insurance separately carried shall contain a waiver of subrogation rights by the carrier as to the Council, its officers and Directors, and all other Unit Owners and occupants.

(b) Unit Owner shall indemnify and save harmless Declarant and Council, and their respective agents, servants and employees, and at Declarant's and/or Council's option, defend it from and against any and all claims, actions, losses, demands and expenses, including, without limitation, reasonable attorney's fees, legal costs, and other professional fees, judgments, settlements and fines, whether for injuries to persons or loss of life, or damage to property of the

environment, related to or arising in any manner whatsoever out of (a) the use and occupancy of the Unit, (b) any other area of the Condominium Project which may be occupied exclusively or non-exclusively by Unit Owner, (c) arising wholly or in part, by any act or omission of Unit Owner, its agents, contractors, employees, servants, lessees, concessionaires, invitees, and licensees, or (d) the failure by Unit Owner to perform any of its obligations contained in this Declaration.

ARTICLE XI

RECONSTRUCTION OR REPAIR AFTER CASUALTY

11.1 Determination to Reconstruct or Repair. If any part of the Condominium Project shall be damaged or destroyed by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) General Common Element. If the damaged or destroyed improvement is a General Common Element (other than portions of any of the Buildings), the damaged or destroyed property shall be reconstructed or repaired.

(b) Buildings. If the damaged or destroyed improvements is one or more of the Buildings, such Building or Buildings shall be reconstructed or repaired except that, as to each Building (if any) as to which more than two-thirds (2/3) of such Building has been destroyed, such Building shall not be reconstructed or repaired if (and only if) (i) all of the Unit Owners in such Building shall agree in writing within thirty (30) days after the date of the occurrence of such destruction that they desire that such Building not be repaired or reconstructed and request that the secretary of the Council in writing call a special meeting of the Unit Owners for purposes of deciding whether such building shall be repaired or reconstructed, and (ii) Unit Owners of Units in the entire Condominium Project to which greater than 75% of the General Common Elements are appurtenant shall vote not to repair or reconstruct such Building at the meeting of all the Unit Owners, which shall be duly called by the secretary of the Council within ten (10) days after the receipt by the secretary of the written request from the Unit Owners of the affected Building. In the event the Building is not reconstructed or repaired, following the payment of such amounts as are required to pay for the cost of scraping the site clean and removing all debris therefrom, the Unit Owners of such Building (and their mortgagees) shall be entitled to receive their proportionate share of the insurance proceeds payable as a result of such destruction and the Board of Directors shall cause the Declaration to be amended to revise the allocation of the General Common Elements allocated to the Unit located in the remaining Buildings according to the proportion which the floor area of each such Unit bears, respectively, to the sum of the floor area for all of the remaining Units.

(c) Manner of Reconstruction. Upon completion of the entire Condominium Project by Developer, a copy of the construction plans for the Condominium Project shall be kept by the Board of Directors in a fire-proof safe or safe deposit box. Any reconstruction or repair must be substantially in accordance with the original plans (subject to the rights of Declarant's architect in such plans), or if not, then according to plans and specifications approved by the Board of Directors and, if the damaged property is all or part of any Building, by all mortgagees of Units in the damaged or destroyed Building(s), and by all of the Unit

Owners of Units in that Building. Any reconstruction or repair must also be performed in compliance with the manual referred to in Section 8.1(b).

(d) Responsibility. If the damage is only to those parts of the Unit for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty, which reconstruction and repair must be completed within one hundred twenty (120) days following the date of such casualty. The Council shall prescribe permitted hours for construction activities, and Unit Owner shall not be permitted to maintain a dumpster or any construction vehicles at the Condominium Project. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Council.

(e) Estimate of Costs. Immediately after determination is made to rebuild or repair damage to property for which the Council has the responsibility of reconstruction or repair, the Council shall obtain reliable and detailed estimates of the cost to rebuild or repair.

(f) Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Council, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the proceeds are determined to be insufficient, assessments shall be made against the Unit Owners in amounts sufficient to provide funds for the payment of such costs. Such assessments against Unit Owners for damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units. Such assessments on account of damage to General Common Elements shall be in proportion to the share of General Common Elements appurtenant to the Unit Owned by such Unit Owner.

(g) Construction Funds. The funds for payment of reconstruction or repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the Council from assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

1. Council. If the total of the assessments made by the Council in order to provide funds for payments of costs of reconstruction and repair that is the responsibility of the Council is more than \$10,000.00, then the sums paid upon such assessments shall be deposited by the Council with the Insurance Trustee. In all other areas the Council shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

2. Insurance Trustee; Construction Fund. The proceeds of insurance collected on account of casualty, and the sums deposited with the Insurance Trustee by the Council from the collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

a. Council—Lesser damage: If the amount of estimated cost of the reconstruction and repair that is the responsibility of the Council is less than \$10,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Council; provided, however, that upon request to the Insurance Trustee by a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction or repair of major damage.

b. Council—Major damage: If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Council is more than \$10,000.00, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors and upon approval of an architect licensed to practice in Kentucky and employed by the Council to supervise the work.

c. Unit Owner. The portion of insurance proceeds representing damage for which the responsibility of reconstruction or repair lies with a Unit Owner shall be paid by the Insurance Trustee to the Unit Owner, or if there is a mortgagee endorsement as to the Unit, then the Unit Owner and the mortgagee, jointly, who may use such proceeds as they determine.

d. Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated, provided, however, that the part of the distribution to a beneficial owner that represents assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

e. Certificate. Any provisions of this Declaration to the contrary notwithstanding, the Insurance Trustee shall not be required to determine whether or not sums paid by the Unit Owners upon assessments shall be deposited by the Council with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Council or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine the payee nor the amount paid. Instead, the Insurance Trustee may rely upon a certificate of the Council made by its president and secretary as to any and all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid, provided that when a mortgagee is required in this instrument to be named as payee, the Insurance Trustee shall also name the mortgagee as a payee of any distribution of insurance proceeds to a Unit Owner, and further provided that when the Council, or a mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund, so requires, the approval of an architect named by the Council shall be first obtained

by the Council upon disbursement in payment of costs of reconstruction and repair.

ARTICLE XII

CONDEMNATION

12.1 Deposit of Awards. The taking of portions of the Condominium by the exercise of the power of eminent domain shall be deemed to be a casualty, and the awards for that taking shall be deemed to be proceeds from insurance on account of the casualty and shall be deposited with the Insurance Trustee. Even though the awards may be payable to Unit Owners, the Unit Owners shall deposit the awards with the Insurance Trustee; and in the event of failure to do so, in the discretion of the Council, a charge shall be made against a defaulting Unit Owner in the amount of his award, or the amount of that award shall be set off against the sums hereafter made payable to that Owner.

12.2 Determination Whether to Continue Condominium. Whether the Condominium will be continued after condemnation will be determined in the manner provided for determining whether damaged property will be reconstructed and repaired after casualty. For this purpose, the taking by eminent domain also shall be deemed to be a casualty.

12.3 Disbursement of Funds. If the Condominium is terminated after condemnation, the proceeds of the awards and special assessments will be deemed to be insurance proceeds and shall be owned and distributed in the manner provided with respect to the ownership and distribution of insurance proceeds if the Condominium is terminated after a casualty.

ARTICLE XIII

OCCUPANCY AND USE RESTRICTIONS

In order to provide for congenial occupancy of the Condominium, and for the protection of the values of the Units, the use of the Condominium Project shall be restricted to and in accordance with the following provisions:

13.1 Use; Occupancy. Each Condominium Unit shall be used as a residence only, except as otherwise provided herein.

13.2 Entity Ownership. If the purchaser or lessee of a Unit is a corporation, trust or entity other than an individual person, the person who executes the lease or contract to purchase shall be deemed to be the primary occupant of the Unit, unless the purchaser or lessee designates otherwise and the approval of such purchase or lease shall be conditioned upon the approval by the Council of the primary occupant and of all other occupants of the Condominium Unit. Such designated primary occupant shall not be changed more often than once per year. The one-year period shall begin on the date of the written approval of the primary occupant and shall end one year from and after such date. All other occupants shall be considered as either guests or lessees, as may be appropriate, who shall be subject to all use and occupancy restrictions provided herein and as provided in the Rules and Regulations of the Council. All such approvals shall be made on forms supplied by the Council, as applicable.

13.3 Unit Alterations and Repairs.

(a) No Unit Owner shall make, or cause to be made, any alteration, decoration, repair, replacement or change of the General Common Elements or interior if visible from the exterior to any outside or exterior portion of the building without the prior written consent of the Council.

(b) No Unit Owner shall make or cause to be made, any repairs to any plumbing, air conditioning systems or electrical wiring within a Unit except by plumber, repairman or electrician authorized to do such work by the management of the Council. Plumbing, air conditioning and electrical repairs within a Unit and/or exclusively serving a Unit shall be paid for and be the financial obligation of the Owner of the Unit. The Council shall pay for and be responsible for plumbing, air conditioning repairs and electrical wiring within the General Common Elements. The Council shall have the right to exclude any authorized repairmen from the Condominium.

(c) No Unit Owner shall replace and/or remove, or cause to be replaced and/or removed, any screens, jalousies or other enclosures on balconies, patios or terraces or on other parts of the buildings, even though such areas may be a part of the Unit, without the prior written approval of the Council. Curtains, blinds, shutters, plantation shutters, or draperies (or the linings thereof) which face the exterior windows or glass doors of Units shall be white in color unless otherwise approved by the Council and shall be subject to disapproval by the Council, in which case they shall be removed and replaced by the Unit Owner with items acceptable to the Council.

(d) All furnishings placed on outdoor patios/terraces/decks must be of a type that are intended as 'outdoor' furnishings. Any potted plant material must be contained on the Unit Owner's patio/balcony/deck, and may not extend past the bottom step of such patio, balcony or deck, as the case may be. Any and all decorative items and furniture visible from the exterior may be subject to Rules and Regulations of the Council.

(e) Other than Declarant and as otherwise provided herein, Owners may not do any construction or renovation without written notification to the Council at least seventy-two (72) hours in advance. The Council may reasonably restrict the time and manner of construction, except as it relates to Declarant. Other than Declarant, Unit Owners must provide the Council with a \$500.00 security deposit prior to commencing construction or renovation. Owners other than Declarant must provide copies of proper permits, licenses, insurance certificates and plans and specifications to the Council before commencing with work. Owners must use properly licensed workers only. All construction and renovation in Units done by Owners other than Declarant may be done only Monday through Friday during the hours of 8:00 a.m. to 6:00 p.m. Additionally, while Declarant maintains a construction dumpster onsite, all Unit Owners constructing or renovating their Units must pay to Declarant a nonrefundable fee of up to \$200.00 for use of such dumpster.

(f) Except as otherwise provided herein, no Unit Owner shall divide or subdivide, or cause to be divided or subdivided, a Unit for purpose of sale or lease. Notwithstanding the foregoing, a Unit may be combined with a contiguous Unit and occupied as

one dwelling Unit. Such a combination shall be for occupancy only and shall not be deemed an amendment to this Declaration. Further, any such combination shall not materially alter the configuration of a Unit.

(g) In addition to the foregoing, all Unit Owners shall comply with the provisions of Section 9 contained herein, as well as all other provisions contained in this Declaration, the Bylaws and the Rules and Regulations of the Council regarding the maintenance and repair of the Units, General Common Elements and Limited Common Elements.

13.4 Antennas, Satellite Dishes. Unit Owners may install an antenna, satellite dish or other transmitting, receiving or telecommunications apparatus in or upon his or her rear porch or rear balcony, provided that the placement, height, location, and visibility from the street of such device has been approved in writing by the Council with respect to the location, manner of installation, maintenance and proper screening (which screening may include painting and the use of artificial plants so as to make such device as inconspicuous as possible) of the device, all in accordance with the Telecommunications Act of 1996, as the same may be amended from time to time.

13.5 Common Elements. The General Common Elements and Limited Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of Units. No Unit Owner shall allow any rubbish, refuse, garbage or trash to accumulate in places other than the receptacles provided therefor, so that each Unit, the General Common Elements and Limited Common Elements shall at all times remain in a clean and sanitary condition. In addition, no Unit Owner shall place or allow to be placed, or leave or allow to be left, any garbage cans, supplies or other articles in the halls, on the balconies or on the staircase landings, nor shall any linens, cloths, clothing, curtains, rags, mops or laundry of any kind, or other articles, be shaken or hung from any of the windows, doors or balconies or exposed on any part of the General Common Elements. Fire exits shall not be obstructed in any manner, and the General Common Elements shall be kept free and clear of rubbish, debris and other unsightly material.

13.6 Sound Transmission. Subject to the exceptions below, all Units contained in the Butterfly Buildings shall have the floors covered with wall-to-wall carpeting installed over padding, except that carpeting is not required in the entryways, kitchens, bathrooms, family rooms or laundry rooms. A Unit Owner, other than Declarant, who desires to install in place of carpeting any hard-surface floor covering (e.g., marble, ceramic tile, slate, wood) shall also install a sound absorbent underlayment beneath it, if applicable, as determined by the Board in its absolute discretion. In the event said absorption underlayment is required by the Board, the types of materials required may include padding or a resilient sound absorbing underlayment of fiber board, cork or other acceptable material, in accordance with the Rules and Regulations promulgated by the Council, as amended from time to time. The Unit Owner, other than Declarant, shall obtain written approval of the Board prior to any such installation. If the installation is made without such prior written approval, the Board may, in addition to exercising all the other remedies provided in this Declaration, require the offending Unit Owner to cover all such hard-surface flooring with carpeting or require the removal of such hard-surface flooring at the expense of the offending Unit Owner. Each Unit Owner, by acceptance of a deed or other conveyance of their Unit, hereby acknowledges and agrees that sound and impact noise

transmission in a building such as within the Condominium Project is very difficult to control and that noises from adjoining or nearby Units and/or mechanical equipment can be heard in another Unit. Declarant does not make any representation or warranty as to the level of sound or impact noise transmission between, among and within the Units and the other portion of the Condominium Project, and each Unit Owner hereby waives and expressly releases, to the extent not prohibited by applicable law as of the date of the recording of this Declaration, any such warranty and claims for loss or damages resulting from sound or impact noise transmission.

13.7 Nuisances. No noxious, offensive or unlawful activity shall be carried on within the Condominium Project, nor shall anything be done therein or thereon which may be or become an annoyance to Unit Owners, their guests or invitees (including, but not limited to, barking dogs of any Unit Owner). No nuisance shall be permitted within the Condominium Project nor shall any use or practice be permitted which is or becomes a source of annoyance to Unit Owners or which interferes with the peaceful use and possession thereof by the Unit Owners. Additionally, nothing shall be done or maintained on or in any Unit, or the General Common Elements or Limited Common Elements, which will increase the rate of insurance on any Unit, or the General Common Elements, Limited Common Elements or other portions of the Condominium Project, or result in the cancellation thereof. Nothing shall be done or maintained in any Unit, upon the General Common Elements or Limited Common Elements, which will be in violation of any law, ordinance, statute, regulation or rule of any governmental authority having jurisdiction over the Condominium Project or portion thereof or in violation of any provision of the Declaration, the Articles of Incorporation of the Council, or the Bylaws of the Council, as they may be amended from time to time, or in violation of any Rules and Regulations which may be promulgated by the Board of Directors of the Council from time to time, as elsewhere provided herein. No waste shall be committed in any Unit, the General Common Elements, the Limited Common Elements, or any other portion of the Condominium Project. Storage of dangerous items and flammable materials is prohibited.

13.8 Parking.

(a) Parking areas are solely for those vehicles owned by the Unit Owners, permitted occupants of the Unit, their family, guests and invitees and those other individuals authorized by the Council Rules and Regulations, which Rules and Regulations may limit or restrict visitor parking. No vehicle which cannot operate on its own power or which vehicle has been abandoned shall be permitted to remain on the Condominium Project for more than twenty-four (24) hours.

(b) No vehicle maintenance or repairs, except for emergency repairs, shall be performed on the Condominium Project.

13.9 Rules and Regulations. Reasonable rules and regulations concerning the use of the Condominium Project shall be made and may be amended from time to time by a majority of the Board. The Board shall have the power to grant variances to the rules and regulations, in its sole discretion, from time to time. Copies of the rules and regulations and amendments thereto shall be furnished by the Council, upon request, to all Unit Owners and residents of the Condominium Project. Every Unit Owner and occupant shall conform to the rules and

regulations promulgated by the Council and shall see that all persons using the Owner's Unit by, through or under him do likewise.

13.10 No Interference; Signage. Until Declarant has completed or sold all of the Condominium Units, neither Unit Owners nor the Council, nor the use of the Condominium Project shall interfere with the completion of the proposed improvements and the sale of the Units. Declarant and/or entities in which Declarant has an ownership interest may make such use of the unsold Units and General Common Elements as may facilitate such completion and sale, including, but not limited to, displaying signs and other marketing activities on the Condominium Project.

13.11 Effect on Declarant. Declarant shall be exempt from all provisions herein requiring the consent of the Council. Notwithstanding anything contained herein to the contrary, Declarant shall not be exempt from the following: (i) requirements that leases or lessees be approved by the Council; (ii) restrictions on the presence of pets; (iii) restrictions on occupancy of Units based on age; and (iv) restrictions on the type of vehicles allowed to park on the Condominium Project; however, Declarant and its designees shall have the right to be exempt from any such parking restriction if the vehicle is engaged in any activity relating to construction, maintenance or marketing of Units.

13.12 Relief by Council. The Council shall have the power, but not the obligation, to grant relief in particular circumstances from the provisions of specific provisions contained within this Article 13 for good cause shown, as determined by the Board in its sole discretion.

13.13 Modifications. Upon the purchase of a Unit, Unit Owners acknowledge and agree that the Condominium Project, as well as the entire development of which the Condominium Project is a part, are subject to modification by Declarant (including, but not limited to, an increase in the density of Units per-acre, the addition of underground parking, and/or increased height of buildings), and Unit Owners agree not to oppose any such modifications or binding elements pertaining thereto as described in Section 2.2 hereof.

ARTICLE XIV

SELLING, LEASING AND MORTGAGING OF UNIT

Units may be made subject to mortgages without restrictions, but sales and leases thereof shall be subject to the provisions of this Article XIV:

14.1 Sales. No conveyance of a Unit, by parties other than Declarant or an Institutional First Mortgagee, shall be valid unless a certificate executed and acknowledged by an officer of the Council stating that all assessments levied against such Unit have been paid in full is recorded together with the instrument of conveyance. The Board of Directors shall furnish such certificate within two (2) business days following receipt from the Unit Owner of a request form (which will be prepared by the Council) setting forth the proposed purchaser's name, notice address and date of closing. Each new Unit Owner receiving a conveyance from any party except Declarant shall notify the Council promptly after becoming a new Unit Owner by delivering a copy of said new Unit Owner's deed to the Unit to the Council. Any deed or

conveyance to a new Unit Owner shall automatically be deemed to provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the Bylaws, the Articles of Incorporation, the Rules and Regulations, and all other agreements, documents or instruments affecting the Condominium Project, as the same may be amended from time to time. All Units shall be occupied by either the owner of such Unit or an approved tenant, as hereinafter provided. Any and all "contracts for deed" with respect to the sale of a Unit are expressly prohibited. In the event any Unit Owner enters into a contract for deed for the sale of one or more Units, such contract for deed shall be null and void, and Declarant shall have the right to purchase such Unit(s) from the Unit Owner for the lesser of the purchase price originally paid by the Unit Owner for such Unit(s), or the then-current fair market value of such Unit.

14.2 Right of First Refusal. If at any time prior to such date as is five (5) years following the date of the closing of the initial sale of a Unit, the owner of a Unit desires to sell a Unit to a third party not affiliated with the Owner of such Unit pursuant to a bona fide offer received from such third party, the Unit Owner must provide a copy of the actual offer to Declarant, and Declarant shall have the prior right to purchase the Unit in question, upon the terms contained in this Section. The owner of the Unit shall first be obligated to give Declarant notice of its intention to sell such Unit, and of the terms and conditions of the offer pursuant to which it proposes to make such sale. Declarant shall then have a period of fifteen (15) days following receipt of written notice within which to elect to purchase the Unit on the same terms and conditions as set forth in such notice. If Declarant does not elect to purchase the Unit as set forth above, the owner of the Unit shall be free to proceed with the sale of the Unit; provided, however, that if such sale of the Unit to a third party is not consummated for any reason, the foregoing right of first refusal to purchase the Unit shall continue and be binding on future proposed transactions.

In addition to the foregoing, in the event a Unit Owner institutes litigation against Declarant regarding any dispute involving a Unit, Declarant shall have the right to purchase such Unit from the Unit Owner for the then fair market value of such Unit as determined by an appraisal of the Unit, and thereafter such litigation shall be dismissed by such Unit Owner, with prejudice.

14.3 Leasing. The Board shall have the power to make and enforce reasonable rules and regulations and to levy fines in accordance with the Declaration and Bylaws in order to enforce the provisions of this Section and of the rules and/or regulations issued pursuant to this Section (which rules and regulations may include a prohibition against leasing of any Unit to an individual who is a convicted sex offender). In order to preserve the character and public image of the Condominium as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Condominium Units shall be governed by the restrictions imposed by this Section. Except as provided herein, the leasing of Condominium Units shall be prohibited. "Leasing," for the purposes of this Declaration, is defined as regular, exclusive occupancy of a Condominium Unit by any Person other than the Unit Owner, regardless of the duration of the exclusive occupancy. For purposes hereof, occupancy by a roommate of an Owner who occupies the Condominium Unit as such Owner's primary residence shall not constitute Leasing hereunder.

(a) General. Unit Owners desiring to lease their Condominium Units may do so only if they have applied for and received from the Board of Directors either a "Leasing Permit" or a "Hardship Leasing Permit." Such a permit, upon its issuance, will allow Unit Owner(s) to lease Condominium Unit(s) provided that such Leasing is in strict accordance with the terms of the permit and this Section. The Board of Directors shall have the authority to establish conditions as to the duration, percentage and use of such permits consistent with this Section. All Leasing Permits and Hardship Leasing Permits shall be valid only as to a specific Unit Owner and Condominium Unit and shall not be transferable between either Condominium Units or Unit Owners.

(b) Leasing Permits. A Unit Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than ten percent (10%) of the total number of Condominium Units that are ready and available for occupancy (excluding Condominium Units owned by Declarant) in the Condominium Project. A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (1) the sale or transfer of the Condominium Unit to a third party (excluding sales or transfers to (a) an Owner's spouse, (b) a person cohabitating with the Owner as the partner of the Owner, and (c) a corporation, partnership, company, or legal entity in which the Owner is a principal); (2) the failure of a Unit Owner to lease his or her Condominium Unit within one hundred eighty (180) days of the Leasing Permit having been issued; or (3) the failure of a Unit Owner to have his or her Condominium Unit leased for any consecutive one hundred eighty (180) day period thereafter. If current Leasing Permits have been issued for more than ten percent (10%) of the total number of Condominium Units (excluding Condominium Units owned by Declarant); no additional Leasing Permits shall be issued (except for Hardship Leasing Permits) until the number of outstanding current Leasing Permits falls below ten percent (10%) of the total number of Condominium Units (excluding Condominium Units owned by Declarant) in the Condominium. Unit Owners who have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit and shall be issued the same if they so desire when the number of current outstanding Leasing Permits issued falls to ten percent (10%) or less of the total number of Condominium Units (excluding Condominium Units owned by Declarant) in the Condominium Project. The issuance of a Hardship Leasing Permit to a Unit Owner shall not cause the Unit Owner to be removed from the waiting list for a Leasing Permit.

(c) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Unit Owner may seek to lease his or her Condominium Unit on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit. The Board of Directors shall have the authority to issue or deny requests for Hardship Leasing Permits in its sole discretion after considering the following factors: (1) the nature, degree, and likely duration of the hardship; (2) the harm, if any, which will result to the Condominium Project if the permit is approved; (3) the number of Hardship Leasing Permits which have been issued to other Unit Owners; (4) the Unit Owner's ability to cure the hardship; and (5) whether previous Hardship Leasing Permits have been issued to the Unit Owner. A "hardship" as described herein shall include, but not be limited to the following situations: (1) a Unit Owner must relocate his or her residence outside the greater Louisville metropolitan area and cannot, within six months from the date that the Condominium Unit was placed on the market, sell the Condominium Unit except at a price below the current appraised market value, after having made reasonable efforts to do so; (2) where the Unit Owner dies and the Condominium Unit is being administered by his or her estate;

and (3) the Unit Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Condominium Unit. Hardship Leasing Permits shall be valid for a term not to exceed one (1) year. Unit Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Unit Owner is approved for and receives a Leasing Permit.

(d) Deposit. If so required by the Council, any tenant wishing to lease a Unit may be required to place in escrow with the Council a reasonable sum, not to exceed the equivalent of one (1) month's rental payment but in no event no less than \$2,000, which may be used by the Council to repair any damage to the General Common Elements resulting from acts or omissions of the tenant (as may be determined by the Council in its sole discretion). Payment of interest, claims against the deposit, refunds and disputes regarding the disposition of the deposit shall be handled in the same fashion as provided in KRS 383.580.

(e) Lease Provisions. Condominium Units may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and shall be on a lease form prescribed and approved by the Board. There shall be no subleasing of Condominium Units or assignment of leases without prior written Board approval. All leases must be for an initial term of not less than seven (7) months and not more than twelve (12) months, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship; provided that no Condominium Unit shall be leased more than twice in a calendar year (renewals of a prior tenant's lease excepted). Within ten (10) days after executing a lease agreement for the lease of a Condominium Unit, the Unit Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Condominium Unit. The Unit Owner must provide the lessee copies of the Declaration, Bylaws, and the Council Rules and Regulations. The Council shall have the right to approve or disapprove a proposed lessee in its sole discretion; provided, that such approval or disapproval by the Board shall be given within thirty (30) days after the Board's receipt of the proposed lease. Notwithstanding the above, this sub-Section shall not apply to the leasing of Condominium Units owned by the Council.

A tenant of a Unit shall have all of the use rights in the General Common Elements otherwise readily available for use generally by Unit Owners and the Unit Owner of the leased Unit shall not have such rights, except as a guest. This shall not, however, interfere with access rights of a Unit Owner as landlord pursuant to applicable law.

14.4 Continuing Liability. The liability of the Unit Owner under this Declaration shall continue, notwithstanding the fact that the Unit Owner may have leased, rented or subject said interest as provided herein. Every purchaser, tenant or lessee shall take subject to this Declaration, the Articles of Incorporation, the Bylaws, as well as the provisions of the Act.

14.5 No Severance of Ownership. No part of the General Common Elements may be sold, conveyed or otherwise disposed of, except as an appurtenance to the Condominium Unit in connection with a sale, conveyance or other disposition of the Condominium Unit to which such interest is appurtenant, and any sale, conveyance or other disposition of a Condominium Unit shall be deemed to include that Condominium Unit's appurtenant interest in the General Common Elements.

14.6 Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer such Owner's Unit by gift, to devise such Owner's Unit by will, or to have such Owner's Unit pass by intestacy, without restriction; provided, however, that each succeeding Unit Owner shall be bound by, and such Owner's Unit subject to, the provisions of this Section.

14.7 Affidavit Regarding Ownership. If requested by Declarant, any Unit Owner shall execute and deliver an affidavit certifying the name(s) and identity of any and all affiliates of such Unit Owners.

ARTICLE XV

OBLIGATIONS OF UNIT OWNERS AND REMEDIES UPON DEFAULT

15.1 All Unit Owners and Tenants Subject to Condominium Documents Which Run With the Land. All present and future Unit Owners, tenants, occupants, or any other person that might use the Condominium Project in any manner other than Declarant are subject to the terms and provisions of the Condominium documents, as they may be amended from time to time, and the decisions of the Council acting through the Board of Directors acting, in turn, through its resolutions, the officers of the Council. The acceptance of a deed of conveyance or the entering into a lease, or the entering into occupancy of any Unit shall signify that the provisions of the Condominium documents and the decisions of the Board of Directors are accepted and ratified by such Unit Owner, tenant or occupant, and all of such provisions shall be deemed taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Units, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease of the Unit.

15.2 Remedies Upon Default. Failure of a Unit Owner (or other person subject to the Condominium documents) to comply with the provisions of the Condominium Documents shall entitle the Council (and Declarant, in the proper case) to the following remedies provided by the Act and by any other provisions of the Condominium Documents.

(a) The right to enter any Unit or any portion of the Condominium Project upon which, or as to which, such violation or breach exists which requires emergency attention or emergency repairs, and on any emergency basis to abate and remove, at the expense of the defaulting Unit Owner, any structure or thing or condition that may exist in violation of the Condominium documents, and the Council, or its employees or agents, shall not thereby be deemed guilty of trespass.

(b) The right to enjoin, abate or remedy by appropriate legal proceedings, at law or in equity, the continuance of any breach, and, pursuant to the appropriate court action, the right, if any Unit Owner or any occupant of his Unit shall continue to be in violation of the aforesaid documents and Rules and Regulations for 30 days after notice in writing from the Council, to issue to the defaulting Unit Owner a 10-day notice in writing to terminate the rights of said Unit Owner to continue as a Unit Owner, to promulgate regulations, and to continue to occupy, use or control his Unit and to file a suit in equity against the defaulting Unit Owner for a mandatory injunction against the Unit Owner or occupants or, in the alternative, a decree

declaring the termination of the defaulting Unit Owner's right to occupy, use or control the Unit and ordering that the Unit shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the defaulting Unit Owner shall not be entitled to reacquire the Unit at such sale or by virtue of right of redemption.

(c) Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of a Unit Owner or the Council to comply with the terms of the Condominium documents, as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be rewarded by the court.

(d) No Waiver of Rights. The failure of the Council or any Unit Owner to enforce any covenant, restriction or other provision of the Act or the Condominium documents shall not constitute a waiver of the right to do so thereafter.

(e) Rights Are Cumulative. All rights, remedies, and privileges granted to the Council, Declarant, the Board of Directors, its designated agent(s), or a Unit Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such party hereunder, under the other Condominium documents, or at law or in equity.

ARTICLE XVI

GENERAL

16.1 Severability. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this Declaration, and in such event, all other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

16.2 Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce same, irrespective of the number of violations or breaches which may occur.

16.3 Captions. The captions herein contained are for convenience only and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

16.4 Gender. The use of the masculine shall be deemed to include the feminine and neuter, and vice versa, whenever the context so requires.

16.5 Construction Defects. In the event that any Unit Owner desires to assert a claim against Declarant based on an alleged construction defect, the parties shall first select an impartial expert witness who will assess whether a construction defect actually exists, and if so, will recommend an acceptable remedy. If either party refuses to accept such recommendation, the parties shall proceed to binding arbitration pursuant to Section 16.6.

16.6 Arbitration. If any dispute involving Declarant, a Unit, or this Declaration arises and the parties are unable to resolve such dispute, the unresolved matter shall be resolved by arbitration if a party requests binding arbitration by making a written demand for arbitration to the other parties. The arbitration proceedings shall be conducted in accordance with the American Arbitration Association (the "AAA"), or if the parties so agree, the relevant rules of another arbitration organization. In any case, regardless of any rules of the selected arbitration organization to the contrary, only one arbitrator shall be used to decide the outcome of the arbitration, which arbitrator shall be a member of the AAA. The parties agree that the qualified arbitrator who is able to proceed with the arbitration as soon as possible, as determined by the AAA, shall be deemed acceptable to the parties. Such arbitration shall be held in Louisville, Kentucky, or if the parties agree upon another location, that other location. The parties shall have the right of discovery in accordance with the Federal Rules of Civil Procedure except that discovery may commence immediately upon the service of the demand for arbitration. A party's unreasonable refusal to cooperate in discovery shall be deemed to be refusal to proceed with arbitration and, until an arbitrator has been designated, the parties may enforce their rights (including the right of discovery) in the courts. Such enforcement in the courts shall not constitute a waiver of a party's right to arbitration. Upon his or her appointment, the arbitrator shall have the power to enforce the parties' discovery rights. The parties shall be bound by the decision of the arbitrator and accept his or her decision as the final determination of the matter in dispute. The prevailing party shall be entitled to enter a judgment in any court upon any arbitration award made pursuant to this Section 16.6. The arbitrator or arbitrators shall award the costs and expenses of the arbitration, including reasonable attorneys' fees, disbursements, arbitration expenses, arbitrators' fees and the administrative fee of the arbitration organization, to the prevailing party as shall be determined by the arbitrator, and the arbitrator shall take into account the respective contributory negligence of the parties and shall issue an award proportionately.

16.7 Litigation; Waiver of Jury Trial. The affirmative vote of at least ninety percent (90%) of the voting power of the Council shall be required to initiate any litigation for or in the name of the Council. The Unit Owners shall be deemed to have waived any right to a jury trial in any litigation involving a Unit or the Condominium Project. In the event that the Council incurs legal fees in connection with a claim or action against a Unit Owner for a violation of this Declaration, such Unit Owner shall be required to reimburse the Council for such legal fees, and if not paid such amounts shall constitute a lien against the Unit as described in Article VI hereof.

16.8 Definition of Declarant and/or Council. "Declarant" and/or "Council" shall mean only the owner or mortgagee in possession of the Condominium Project or the owner of a leasehold interest in the building of the Condominium Project and/or the land thereunder. So hat in the event of sale of the building of the Condominium Project or leasehold interest or an assignment of this Lease, Declarant and/or Council shall be entirely relieved of all obligations of Declarant and/or Council hereunder.

16.9 Exculpation. Declarant shall have no personal liability in respect to any of the terms, covenants or conditions of this Declarant. In the event that any party shall have a claim, suit or judgment against Declarant, its agents, contractors or employees arising out of this Declarant, any party shall look solely to the equity of Declarant in the Land for the satisfaction of any action against Declarant.

16.10 Time of Essence. Time is of the essence with respect to the performance of each and every term, covenant, condition and provision of this Declaration.

16.11 Choice of Law. This Declaration is being executed and delivered in the Commonwealth of Kentucky and shall be governed, construed and enforced in accordance with the laws of that Commonwealth.

16.12 Consent of Lienholder. PBI Bank, Inc., holder of a mortgage on the property described herein, said mortgage being secured by a lien appearing of record in Mortgage Book 10578, Page 799, in the Office of the Clerk of Jefferson County, Kentucky, and being dated as of March 8, 2007, joins herein only for the purpose of consenting and does hereby consent to the submission of the property to a Condominium Property Regime under the Kentucky Horizontal Property Law and to the provisions of this Declaration.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed actually on the date indicated in the notarial certificate affixed hereto, but shall be deemed effective the 18th day of February, 2008.

SIGNATURE POINT CONDOMINIUMS LLC,
a Kentucky limited liability company

By: SIGNATURE POINT MANAGER, INC.,
a Kentucky corporation, Manager

By: J. Scott Hagan
J. Scott Hagan, President

SIGNATURE POINT APARTMENTS LLC,
a Kentucky limited liability company

By: MAIN & MAIN LTD., a Kentucky
limited partnership, Member

By: JHS #2, INC., a Kentucky
corporation, General Partner

By: J. Scott Hagan
J. Scott Hagan, President

SIGNATURE POINT KTC LLC,
a Kentucky limited liability company

By: SIGNATURE POINT MANAGER, INC.,
a Kentucky corporation, Manager

By: J. Scott Hagan
J. Scott Hagan, President

PBI BANK, INC.

By: Amy Radin

Title: Senior Vice President

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF KENTUCKY)

The foregoing instrument was acknowledged before me this 22 day of February, 2008, by J. SCOTT HAGAN, President of Signature Point Manager, Inc., a Kentucky corporation, Manager of SIGNATURE POINT CONDOMINIUMS LLC, a Kentucky limited liability company, on behalf of the limited liability company.

Amy N. Pruitt
Notary Public, State at Large
My commission expires: August 14, 2010

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF KENTUCKY)

The foregoing instrument was acknowledged before me this 22 day of February, 2008, by J. SCOTT HAGAN, President of JSH #2, Inc., a Kentucky corporation, General Partner of Main & Main LTD., a Kentucky limited partnership, Member of SIGNATURE POINT APARTMENTS LLC, a Kentucky limited liability company, on behalf of the limited liability company.

Amy N. Pruitt
Notary Public, State at Large
My commission expires: August 14, 2010

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF KENTUCKY)

The foregoing instrument was acknowledged before me this ___ day of February, 2008, by J. SCOTT HAGAN, President of Signature Point Manager, Inc., a Kentucky corporation, Manager of SIGNATURE POINT KTC LLC, a Kentucky limited liability company, on behalf of the limited liability company.

Amy N. Pruitt
Notary Public, State at Large
My commission expires: August 14, 2010

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF KENTUCKY)

The foregoing instrument was acknowledged before me this 21st day of February, 2008,
by Cliff Radin, Senior Vice President of PBI Bank, Inc., a
Kentucky banking corporation, on behalf of the corporation.

Cheryl Jafford
Notary Public, State at Large
My commission expires: 5-17-08

This instrument prepared By:

Tandy C. Patrick
Tandy C. Patrick, Esq.
GREENEBAUM DOLL & MCDONALD PLLC
3500 National City Tower
Louisville, KY 40202
502.587.3512

EXHIBIT A

Tract 1

Being Lot 1 as shown on a Minor Subdivision Plat prepared by BTM Engineering, Inc., dated August 10, 2005, and approved by the Louisville Metro Planning Commission on December 2, 2005, as Docket Number 253-05, recorded in Plat and Subdivision Book 51, Page 37, in the Office of the Clerk of Jefferson County, Kentucky.

Being a portion of the same property acquired by Signature Point Condominiums LLC, a Kentucky limited liability company, as to an undivided 61.649% interest; Signature Point Apartments LLC, a Kentucky limited liability company, as to an undivided 31.692% interest; and Signature Point KTC LLC, a Kentucky limited liability company, as to an undivided 6.659% interest, by a Deed dated as of May 13, 2004, recorded in Deed Book 8409, Page 29, in the Office of the Clerk of Jefferson County, Kentucky.