

**MASTER DEED
OF CONDOMINIUM REGIME OF VALENCIA AT SPRINGHURST
CONDOMINIUM BOOK 102, PAGE 67
JEFFERSON COUNTY, KENTUCKY**

THIS MASTER DEED OF CONDOMINIUM REGIME FOR VALENCIA AT SPRINGHURST, is made this 23rd day of March, 2004, by Stephen T. Cox Builder, Inc., a Kentucky corporation, with principal office located at P.O. Box 436027, Louisville, Kentucky 40253 ("Developer"). The purpose of this Master Deed is to submit the real property described herein to the condominium form of ownership and use in the manner provided by Kentucky Horizontal Property Regime Law.

Whereas, the Developer has acquired a certain tract of land in Jefferson County, Kentucky which is to be developed into a residential subdivision known as VALENCIA AT SPRINGHURST and:

Whereas, the Developer is recording this date the record plat of Section One of said subdivision and desires to enter into a Master Deed as would affect Section One VALENCIA AT SPRINGHURST with the understanding and reservation that this Master Deed may be amended by the Developer.

NOW, THEREFORE, Developer does hereby declare that all property described in this instrument, and any property which the Developer may develop may be made subject to the provisions hereof or any portion thereof with the Developer's right to modify these restrictions as they may apply to other properties, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of the real property. The easements, restrictions, covenants and conditions shall run with the real property and shall be binding on all parties having any right, title or interest in it, their heirs, successors and assigns, and shall inure to the benefit of each owner.

Definitions. Certain terms as used in this Declaration shall be defined as follows:

1. "Common Elements" means and includes, as provided in KRS 381.810(7):
 - (a). The land in fee simple described herein;
 - (b). The foundations, main wall, roofs, and entrances and exits or communication ways;
 - (c). The grounds, landscaping, roadways, parking areas, and walkways;
 - (d). The compartments and installations for central services;
 - (e). All other devices or installations existing for common use; and all other elements of the buildings of common use or necessary to their existence, upkeep, and safety.

- 2). "Limited Common Elements" means and includes pursuant to KRS 381.810(8), those Common Elements which are agreed upon by all of the Co-Owners to be reserved for the use of a particular Unit or number of Units to the exclusion of other Units such as special corridors, patios, driveways, utilities common to the unit of a particular building and the like.
- 3). "Unit" or "Condominium Unit" means the enclosed space in a building having direct access to the Common Elements. The location and extent of each Unit are as shown on the plans of the Regime recorded herewith or to be recorded under Section B of this declaration. Notwithstanding that some of the following might be located in the Common Elements, or Limited Common Elements, the plumbing, heating and air conditioning equipment (including all ducts and pipes), electrical wiring and equipment hot water heater, telephone, window panes, garbage disposal, storm and screen doors and windows, if any, and other equipment located within or connected to said Unit; the maintenance, repair, and replacement of same being the responsibility of the Unit owner.
- 4). "Common Expenses" means and includes all charges, costs and expenses incurred by the Council for and in connection with the administration of the Regime including, without limitation thereof, operation of the Regime; maintenance repair, replacement and restoration (to the extent not covered by insurance) of the Common Elements; any additions and alterations thereto; all labor, services, common utilities, materials, supplies, equipment therefore; all liability for loss of damage arising out of or in connection with Common Elements and their use; all premiums for hazard, liability, and other insurance with respect to the Regime; all liabilities incurred in acquiring a Unit pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. Also, "Common Expenses" shall include the cost of operation, maintenance, improvement, and replacement of any recreational facilities and equipment, and shall include amounts incurred in replacing or substantially repairing major capital improvements of the Regime including, but not limited to, roof replacement and road, driveway and parking resurfacing. All of the above shall constitute Common Expenses of the Regime for which the Unit owners shall be severally liable for their respective proportionate shares in accordance with their percentage of common interest. A reserve shall be included in the Regime's Common Expense budget for such capital expenditures.

I. REAL PROPERTY SUBJECT TO THIS DECLARATION; ADDITIONS

Section 1. Property.

The real property which is subject to this Declaration is located in Jefferson County, Kentucky, and is more particularly described as follows:

SEE ATTACHED EXHIBIT "A"

Section 2. Additions to Existing Property.

Additional lands may become subject to this Declaration in the following manner:

- (a) Developer intends to make this Section a part of a larger community to be known generally as **VALENCIA AT SPRINGHURST**, which will generally consist of Section One and

subsequent additional sections, plats of which will be recorded in the Office of the Jefferson County Clerk. Developer reserves the right to create cross easements and to restrict all of the properties according to the terms of this Declaration. The common area initially covered by this Declaration shall inure to the benefit of the owners of any new units which may become subjected to this Declaration and the common area allocable to the owners of any new units shall inure to the benefit of the owners of units recorded earlier, each to enjoy the common area of the other and to have and to hold the same as if each new unit had been developed and subjected to this Declaration simultaneously.

(b) All additions shall be made by filing with the Office of the Clerk of Jefferson County, Kentucky, a Supplementary Declaration of Covenants, Conditions and Restrictions with respect to the additional property which shall extend the scheme of the covenants and restrictions of this Declaration to such property. The Supplementary Declaration may contain additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Declaration.

(c) Each Unit shall have appurtenant thereto an undivided percentage of common interest in the Common Elements; shall have the same percentage share in all common profit and Common Expenses; and shall have this percentage interest for all purposes except voting. The undivided percentage of common interest for each Unit shall be determined at such time as each unit is completed.

Recognizing that additional Units will be built, Developer hereby reserves the right to adjust the percentage of common interest of all Units so that each Unit's percentage is based on its actual square footage as related to the total square footage of all Units as built.

(d) Notwithstanding anything to the contrary contained herein, any proposal or plan subjecting the condominium project to phasing or add-ons must comply with the following limitations:

(i) A condominium unit owner's undivided interest in the common elements must be stated in this Master Deed and any change to the percentage of ownership may only occur as set forth above and must be recited in the amendment which makes an addition;

(ii) Any amendment which adds additional real property to the condominium project must contain a full and accurate description of the real property to be added which description shall be in a form that complies with the requirements for deeds of conveyance in the Commonwealth of Kentucky

(iii) No change in the percentage interest in the common elements may be effective pursuant an add-on which occurs more than seven (7) years from the date of the recording of the Master Deed.

Section 3. Abandonment or Termination of Condominium Project.

Except or unless at least two thirds (2/3) of the first mortgagees or unit owners provide otherwise in writing, the Council of Co-owners shall not:

- (a) By act or omission seek to abandon or terminate the condominium project;
- (b) Change the prorata interest or obligations of any condominium unit in order to levy assessments or changes, allocate distribution of hazard insurance proceeds or condominium awards or determine the prorata share of ownership of each condominium unit in the common elements (provided however that nothing contained herein shall prohibit or interfere with the developer's rights to add additional buildings from time to time or make expansions to the regime);
- (c) Partition or subdivide any condominium unit;
- (d) Seek to abandon, partition, subdivide, encumber, sell or transfer the common elements by act or omission. The granting of easements for public utilities or other public purposes consistent with the intended use of the common elements by the condominium project is not a transfer within the meaning of this clause (provided however that nothing contained herein shall prohibit or interfere with the developer's rights to add additional buildings from time to time or make expansions to the regime);
- (e) Use hazard insurance proceeds for losses to any condominium property (whether units or common elements) for other than the repair, replacement or reconstruction of the condominium property.

II. HOMEOWNERS ASSOCIATION; ASSESSMENTS**Section 1.**

The Developer has filed Articles of Incorporation of the VALENCIA AT SPRINGHURST HOMEOWNERS ASSOCIATION, INC. ("Association") which, when filed, may then be amended from time to time, and when filed and recorded with the Office of the Jefferson County Court Clerk will be so reflected by an amendment to the Master Deed. Every owner of a unit in Section One of VALENCIA AT SPRINGHURST (and such other sections which Developer shall in the future by deed restrictions so provided) shall be a member of the Association, and by acceptance of a deed for any unit, agrees to accept membership in, and does thereby become a member of, the Association. Such owner and member shall abide by the Association's by laws, rules and regulations, shall pay the assessments provided for, when due, and shall comply with decisions of the Association's Board of Directors.

Section 2. Purpose of Association.

The objects and purposes of the Association shall be set forth in its Articles of Incorporation and shall be to serve the common good and general welfare of its members, and shall include, unless such obligations are otherwise assumed by any municipal or governmental agency having jurisdiction thereof, the maintenance and repair of the streets, median, open spaces and common

areas, crosswalks, gatehouses, irrigation systems, storm drains, retention and other basins, lakes, streams, fences, street lights and entrances as may be shown on the aforesaid plat, and acceptance of common area for purposes of operation, maintenance and repair. The objects and purposes shall include the absolute and mandatory responsibility to maintain the units of said plat designated as open space in such fashion as not to create a potential or actual health or safety hazard. Failure of the Association to maintain open space shall authorize any governmental authority concerned with maintenance of such areas to perform the required maintenance and have a claim upon said property for the reasonable expenses thereof, together with the right of such authority to enforce the restrictions herein relating to open space obligations.

Section 3. Assessment Uses and Collection.

Any assessments levied by the Association shall be used only for purposes generally benefiting the Association, and shall constitute a lien upon the unit and improvements against which each such assessment is made. This lien shall be subordinate only to the lien of any first mortgage or vendor's lien on the unit and shall be enforceable against the real estate by foreclosure or otherwise. Any first mortgagee who obtains title to a Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six months of the Unit's unpaid maintenance fees or charges that accrued before the acquisition of title to the unit by the first mortgagee. In no event will the first mortgagee be required to reimburse the Association for attorney's fees, court costs or other costs of collection.

Section 4. Assessment Period and Amount.

The Board of Directors of the Association shall determine the amount of the fee and fix the due date of each assessment. Developer and any unit builders shall not be subject to any assessments for any units in Developer's name or the unit builders' name. The unit owners (excluding the builder) shall pay a prorated portion of the assessment at the time of the purchase of the unit by the owner. The assessment period shall run from January 1 until December 31. See section 13(b) for additional assessments for units with privacy fences.

Any first mortgagee who obtains title to a Unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six months of the Unit's unpaid maintenance fees or charges that accrued before the acquisition of title to the unit by the first mortgagee. In no event will the first mortgagee be required to reimburse the Association for attorney's fees, court costs or other costs of collection.

Section 5. Membership.

Until Class B membership ceases and is converted to Class A membership pursuant to Section 6 of this Article II, Developer or its nominee shall administer the assessments and receipts therefrom, which may only be used for purposes generally benefiting VALENCIA AT SPRINGHURST, as permitted in this Declaration.

Section 6. Classes of Membership.

The Community Association shall have two classes of voting membership:

(a) Class A. Class A members shall be all unit owners, with the exception of Developer, shall be entitled to one vote for each unit owned.

(b) Class B. The Class B member shall be Developer. Developer shall be entitled to ten votes for each unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) Transfer of control by Developer no later than 20 years from the date of the first unit to a unit owner other than Developer; or

(ii) When ninety percent of the units which may be developed on the property described in Article I have been sold by Developer.

Section 7. Homeowners Association's Right of Entry.

The Authorized representative of the Homeowners Association or the Board shall be entitled to reasonable access to the individual units as may be required in connection with the preservation of property on an individual unit or in the event of any emergency or in connection with the maintenance of, repairs or replacements within the common area, or any equipment, facilities or fixtures affecting or serving other units or the common area or to make any alteration required by any governmental authority, including the right to enter upon or through any unit for access to any common area for the maintenance and improvements thereof. No unit owner shall damage or change in any way common area or the landscaping thereon, without developers approval.

Section 8. Owners' Easements of Enjoyment.

Every owner shall have a right and easement of enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every unit. The common area means and refers to all non-residential units and areas which are shown on any recorded final subdivision plat within any portion of VALENCLIA AT SPRINGHURST is made subject to the Homeowners Association.

The right of the Homeowners Association to dedicate or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Homeowners Association. Developer may dedicate utility or service easements at its sole discretion.

Common areas, open space, private roads, islands of right of way, and signature entrances shall not be dedicated to a unit of local government without the acceptance of the unit of the local government involved and the approval of the Louisville and Jefferson County Planning Commission. The Homeowners Association cannot amend this restriction without approval from the Louisville and Jefferson County Planning Commission.

Anything to the contrary herein notwithstanding, the Homeowners Association (and the unit owners) shall be responsible for the maintenance of all common open space, private roads, islands in the right of way, and signature entrances, so long as the subdivision is used as a

residential subdivision or until properly dedicated to a unit of local government. This provision shall not be amended.

Section 9. Insurance.

The Board of Administration shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, in a minimum amount of \$1,000,000 for each occurrence, and if required by law, Workers' Compensation insurance (hereinafter referred to as "Master Policy") with respect to the Regime and the Council's administration thereof in accordance with the following provisions.

- 1). The Master Policy shall be purchased by the Homeowners Association for the benefit of the Council, the Unit owners, and their mortgagees as their interest may appear, subject to the provisions of this Declaration and the By-Laws (and provisions shall be made for the issuance of appropriate mortgage endorsements to the mortgagees of the Unit owners.) The Unit owners shall obtain insurance coverage at their own expense upon their Unit interiors and equipment and personal property including, but not limited to, floor coverings, cabinets, appliances, wall treatments, etc.; and, in addition, shall obtain comprehensive personal liability insurance covering liability for damage to person or property of others located within such Unit owner's Unit or in another Unit in the Regime or upon the Common Elements resulting from the negligence of the insured Unit owner, in such amounts as shall from time to time be determined by the Homeowners Association, but in no case less than One Hundred Thousand Dollars (\$100,000.00) for each occurrence. The Homeowners Association and the Unit owners shall use their best efforts to see that all property and liability insurance carried by a Unit owner or by the Council shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Unit owners or the Council and the respective employees, agents, and guest of the Unit owners or the Council as the case may be.
- 2). All buildings, improvement, personal property, and other Common Elements of the Regime shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value thereof, or at least eighty percent (80%) thereof, as determined from time to time by the Homeowners Association. The Council, acting through the Homeowners Association may elect to carry insurance to cover such other perils and from time to time shall be similar in construction, location, and use.
- 3). The Homeowners Association shall use its best efforts to see that the liability insurance carried by the Council shall contain cross-liability endorsements or appropriate provisions to cover liability of the Units' owners, individually and as a group (arising out of their ownership interests in the Common Elements), to another Unit owner.
- 4). All premiums upon insurance purchased by the Council shall be Common Expenses.
- 5). Proceeds of all insurance policies owned by the Council shall be received by the Homeowners Association and in the event that the proceeds were paid as the result of property damage, the proceeds shall be used solely for the repair and reconstruction of the damaged

property unless at least two-thirds (2/3) of the first mortgagees or owners provide otherwise in writing.

6) Each Unit owner shall be deemed to appoint the Homeowners Association as his true and lawful attorney in fact to act in connection with all matters concerning the maintenance of the Master Policy. Without limitation on the generality of the foregoing, the Homeowners Association as said attorney, shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefore, to collect proceeds and to distribute the same to the Council, the Unit owners and their respective mortgagees, as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Unit owners and the Regime as shall be necessary and convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Homeowners Association in regard to such matters. The Homeowners Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit nor the liability of any Unit owner for injuries therein, not caused by or connected with the Council's operation, maintenance or use of the Regime.

Section 10. Notification of Default of First Mortgagees.

A first mortgagee, upon request, shall be entitled to written notification from the Homeowners Association of any default in the performance by the Unit owner of any obligation under the Master Deed, Bylaws or Project Rules and Regulations which is not cured within sixty (60) days after the default.

Section 11. First Mortgagee's Rights Confirmed.

No provision of this Master Deed, the Bylaws, Project Rules and Regulations or an amendment thereto or any other condominium constituent document shall give a condominium unit owner or any other party priority over any rights of a first mortgagee of a condominium unit pursuant to its mortgage in the case of payment to the unit owner of insurance proceeds or condominium awards for losses to or a taking of condominium units and/or common elements.

Section 12. Professional Management.

Developer may prior to its relinquishment of the administration of the regime and thereafter, the Homeowners Association (council of co-owners) acting by and through the Board may employ a professional manager to handle the operation of the regime under the direction of and subject to the approval of the Board (or developer) provided the management agreement be terminable for cause upon 30 days notice and run for a reasonable period of time from one (1) to three (3) years and provided further that any management contract negotiated by Developer prior to its relinquishment of control shall not exceed one (1) year. Any management contracts negotiated by the Board may be renewable by consent of the Board.

III. SPRINGHURST COMMUNITY ASSOCIATION

Section 1. Community Association

The Springhurst Community Association, Inc. ("Community Association") has been created to maintain common areas (which includes open spaces, lakes and certain other recreational and

community facilities) and to provide other functions set forth herein. Every owner of a Lot in this Phase of Springhurst Subdivision (and such other sections which have been made the subject of previous deed restrictions so provided or shall by future deed restrictions so provide) shall be a member of the Community Association and subject to the membership obligations established in this instrument, including association rules adopted by its Board of Directors.

Section 2. Lot Owners' Easements of Enjoyment.

Every Lot Owner shall have a right and easement of enjoyment in and to the common areas which shall be appurtenant to and shall pass with the title to every Lot. "Common area(s)" means and refers to all non-residential Lots and areas, which are shown on any recorded final subdivision plat within any portion of Springhurst made subject to the Community Association, together with all other improvements owned or to be owned by the Community Association. The right of enjoyment is subject to the following provisions:

- (a) The right of the Community Association to borrow money for the purpose of improving the common areas or for constructing, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or a part of the common areas;
- (b) The right of the Community Association to suspend the voting rights and the right to use common areas for any period during which any assessment against a Lot remains unpaid, and for a period of time for any infraction of its published rules and regulations; and
- (c) The right of the Community Association to dedicate or transfer all or any part of the common areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Community Association and such agency, authority or utility.
- (d) The right of the Community Association to permit the use of and to charge an initiation fee and reasonable admission and other fees for the use of the clubhouse and any recreational facilities situated in Springhurst. The Board of Directors of the Community Association may, as part of the operation of the clubhouse and recreational facilities, permit nonresidents of Springhurst to use the clubhouse and recreational facilities for a reasonable annual fee, payable to the Community Association. Such users shall not be members of the Community Association.

Section 3. Delegation of Use.

Lot Owners may delegate, in accordance with the Bylaws, their right of enjoyment to the common areas to the members of their families or to their tenants or contract purchasers who reside on the property. Membership in the Community Association may not be conveyed separately from ownership in the Lot.

Section 4. Community Association's Right of Entry.

The authorized representative of the Community Association or the Board shall be entitled to reasonable access to the individual Lots as may be required in connection with the preservation of property on an individual Lot or in the event of an emergency or in connection with the maintenance of, repairs or replacements within the common areas, or any equipment, facilities or

fixtures affecting or serving other Lots or the common areas or to make any alteration required by any governmental authority.

Section 5. Assessments: Creation of the Lien and Personal Obligation.

Each Lot Owner, by acceptance of a deed for a Lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Community Association: (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as provided in this Article III. The annual and special assessments, together with interest, costs and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 6. Purpose of Assessments.

a) The assessments levied by the Community Association shall be used exclusively to promote the health, safety and welfare of the residents and in particular for the acquisition, improvement and maintenance of properties and services devoted to this purpose, or for the use and enjoyment of the common areas, including but not limited to, the cost of labor, equipment, materials, management and supervision, payment of taxes assessed against the common areas, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Community Association when necessary and such other needs as may arise. The Community Association shall maintain, operate and repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the common areas, open spaces, gatehouse, entranceways, streets, crosswalks, medians, berms, storm drains, basins, lakes and other improvements.

b) In addition to the above obligations, the Community Association shall be responsible for the maintenance of the landscape easement along Hurstbourne Parkway shown on the plat of Springhurst Subdivision, Phase I of record in Plat and Subdivision Book 37, Pages 83 and 84 in the office of the Clerk of Jefferson County, Kentucky. The landscaping shall include shrubs, trees, flowers and ground cover which shall be regularly maintained by the cutting of grass, trimming and where necessary, replacement of shrubs and trees. The Kentucky Department of Highways and the Jefferson County Public Works and Transportation Department shall have the right to make changes in the maintenance or in the embankment and slopes where necessary to maintain the integrity of the Hurstbourne Parkway right-of-way.

c) The Community Association may construct certain recreational facilities in Springhurst as a part of the common area owned or to be owned by the Community Association. In order to finance this construction, the Community Association reserves the right to subject that particular common area and the improvements thereon to a mortgage which, for the initial construction, furnishings and similar improvements, shall not exceed \$600,000.00. If the mortgage is made after transfer of ownership of that particular common area to the Community Association, the

Community Association shall be the mortgagor. If the mortgage is made before transfer of ownership of that particular common area, the Community Association shall assume the mortgage upon the transfer of ownership. In either event, the loan secured by the mortgage shall be used solely for the purpose of constructing, furnishing and improving the recreational facilities. The assessments described in the Article III shall be used in part to make principal and interest payments on the mortgage.

Section 7. Annual Assessment.

a) The annual assessment shall be \$460.00 per Lot for the year of 2004. Thereafter, the Community Association's Board of Directors may increase the annual assessment by not more than 20% above the assessment for the previous year without a vote of two-thirds of the members pursuant to the Bylaws.

b) The Community Association's Board of Directors may fix the annual assessment at an amount not in excess of the maximum provided above. The Board of Directors shall determine when the assessments shall be paid.

Section 8. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Community Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon a common area, including fixtures and personal property related thereto. Any such assessment shall have the assent of the members of the Community Association in accordance with the Bylaws.

Section 9. Uniform Rate of Assessment: Exception.

Except as otherwise provided herein, both annual and special assessments shall be fixed at a uniform rate for all Lots except those unimproved and unoccupied Lots owned by a developer or a builder. The Board of Directors may, at its sole discretion, waive the assessment for any year or part of a year for any Lot not occupied as a residence.

Section 10. Date of Commencement of Annual Assessments: Due Dates.

The annual assessments provided for herein shall begin as to any Lot subject to the assessment at the time the Lot is occupied as a residence. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year when the Lot is first occupied as a residence.

Section 11. Effect of Nonpayment of Assessments: Remedies of the Community Association.

Any assessment not paid by the due date shall bear interest from the due date at the rate of 10% per annum or the maximum rate of interest then allowable by Kentucky law, whichever is greater. The Community Association may bring an action at law against the Lot Owner personally obligated to pay the assessment, or foreclose the lien against the property, and interest, costs and reasonable attorney fees of such action or foreclosure shall be added to the

amount of such assessments. No Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common areas or abandonment of a Lot.

Section 12. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any then existing first mortgage. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding sections. However, the sale or transfer of any Lot pursuant to a first mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve either such Lot or the prior owner from liability for any assessments thereafter becoming due or from the lien.

Section 13. Membership.

Every owner of a Lot which is subject to an assessment shall be a member of the Community Association. Such owner and member shall abide by the Community Association's Bylaws, Articles of Incorporation as originally recorded in Corporation Book _____, Page _____ in the Office of the Clerk of Jefferson County, Kentucky, rules and regulations, and shall pay the assessments provided for in this Declaration, when due, and shall comply with decisions of the Community Association's Board of Directors. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

IV. GENERAL PROVISIONS

Section 1. Primary Use Restrictions.

No patio home shall be used except for private single-family residential purposes. No structure shall be erected, placed or altered or permitted to remain on any lot except one single family dwelling. Said single family dwelling shall be attached to and separated from adjoining residences by party walls on two sides of the structure. The structures are designed for the occupancy of one family (including a domestic servant living on the premises). Not to exceed one and one-half stories in height and shall have a single kitchen. All residents of the dwelling, except on resident, must be related by blood, marriage or adoption; it being provided however, that nothing herein contained shall prevent two persons from joining together to purchase and share a dwelling unit.

Section 2. Approval of Construction, Landscaping and Elevation Plans.

No building, fence, wall, structure, or other improvement shall be erected, placed or altered on any Lot until the construction plans, specifications and a plot plan showing the grade elevation (including front, rear and side elevations) and location of the structure, fence, wall or improvement, the type of exterior material and the driveway (which shall be of concrete) shall have been approved in writing by Developer or by any person or association to whom it may assign the right. Developer may vary the established building lines, in its sole discretion, where not in conflict with applicable zoning regulations.

Section 3. Setbacks.

No structure shall be located on any Lot nearer to the front Lot line or the side street line than set back of 20 feet as shown on the recorded plat of VALENCIA AT SPRINGHURST Subdivision, Section One. Side yard set backs shall total 10 feet, that is to be common area.

Section 4. Minimum Floor Areas.

(a) The ground floor area of a one story house shall be a minimum of 1700 square feet, exclusive of the garage.

(b) The total floor area of a one and one-half story house shall be a minimum of 1850 square feet, with the ground floor area a minimum of 1000 square feet, exclusive of garage.

(c) The ground floor area of a two story house shall be a minimum of 1000 square feet, exclusive of the garage, provided further, the minimum total for such house shall be 2000 square feet.

(d) No carport shall be constructed on any Unit in VALENCIA AT SPRINGHURST Subdivision, Section One.

Section 5. Roof Pitch.

The roof pitch of any residential structure shall not be less than a plane of 8 inches vertical for every 12 inches horizontal for structures with more than one story, provided, however, the dormers on one and one-half story houses may have a roof pitch of less than 8/12 with the prior written consent of the Developer in its sole discretion. One-story structures shall have a minimum plane of 8/12. Developer may require a higher pitch solely for aesthetic reasons.

Section 6. Nuisances. No noxious or offensive trade or activity shall be conducted on any Unit, nor shall anything be done which may be or become an annoyance or nuisance to the neighborhood.

Section 7. Use of Other Structures and Vehicles.

(a) No structure of a permanent or temporary character shall be permitted on any Unit except temporary tool sheds or field offices used by a builder or Developer, which shall be removed when construction or development is completed.

(b) No outbuilding, trailer, basement, tent shack, garage, storage building, barn or structure other than the main residence erected on a Unit shall at any time be used as a residence, temporarily or permanently.

(c) No trailer, commercial vehicle, truck, camper, trailer, camping vehicle or boat shall be parked or kept on any Unit at any time unless housed in a garage or basement. No automobile which is inoperable shall be parked on any street in the subdivision for a period in excess of twenty-four (24) hours in any one calendar year.

(d) No automobile shall be continuously or habitually parked on any street or public right-of-way in VALENCIA AT SPRINGHURST Subdivision, Section One.

(e) All garage doors shall remain closed at all times except when required to be open for the entrance or exit of a vehicle housed therein.

Section 8. Animals.

No animals, including reptiles, livestock or poultry of any kind shall be raised, bred or kept on any Unit, except that dogs, cats or other household pets (meaning domestic pets traditionally recognized as such in this geographic area), not exceeding two (2) in number per species, may be kept provided that they are not kept, bred or maintained for any commercial or breeding purposes. All household pets, including dogs and cats, shall at all times be confined to the Unit occupied by the Owner of such pet, provided, however, that pets not exceeding two (2) at any given time may leave the unit if they are restrained by a leash. However, if the backyard is fenced, the pet(s) not exceeding two (2) at any given time may stay in the backyard so long as the pet(s) remain quiet and do not become a nuisance. The Owner of such pet shall be responsible for the immediate disposal of all pet feces and waste from their Unit and any common areas.

Section 9. Landscaping.

All landscaping for the Units and the common areas shall be provided by the Developer. If any Unit Owner desires to add additional landscaping to his/her Unit, the Owner must obtain approval in writing prior to adding the landscaping by Developer or by any person or association to whom it may assign the right.

- a) No garden of any nature shall be planted, grown, maintained, placed or allowed to remain on any lot except that small flower gardens may be permitted provided the size, placement and design are approved in writing by Developer or by any person or association to whom it may assign the right.
- b) No ornamental garden material or decoration of non-growing variety shall be permitted unless its design and placement are approved in writing by the Developer or by any person or association to whom it may assign the right.

Section 10. Mail and Paper Boxes; Fences; Antennae.

a) A mailbox and paper holder selected by the Developer will be placed on each Unit at Homeowner's expense.

b) Owners may erect a fence around the perimeter of the back yard only, of the Owner's unit. The fence design, height and placement must be approved in writing prior to construction by the Developer or by any person or association to whom it may assign the right. All fences shall be gated to allow access for lawn maintenance, repairs, etc. The addition of a fence may increase the amount of the assessment charged to the Unit Owner pursuant to Section 4, above. Fence material to be of the pre-approved aluminum wrought iron look.

c) Developer reserves the right to place a fence on the outer perimeter of the subdivision or to replace existing wire or wood fences. Fences placed will be the responsibility of the Home Owners Association for maintenance and repairs.

d) No antennae (except for standard small television antennae) or microwave and other receivers and transmitters (including "satellite dishes" and the like) shall be erected or placed on any Unit unless its design and placement are approved in writing by Developer or any person or association to whom it may assign the right, which approval shall be within the sole and absolute discretion of the Developer (or its assignee) and may be arbitrarily and unreasonably withheld.

Section 11. Clothes Lines.

No outside clotheslines shall be erected or placed on the Unit.

Section 12. Business; Home Occupations.

No trade or business of any kind shall be conducted on any Unit which may become an annoyance or nuisance to the neighborhood. Notwithstanding this provision, a new house may be used by the builder thereof as a model home for display or for the builder's own office.

Section 13. Window Treatments

No drapes, blinds or window treatment shall be placed on or at any window unless such drapes, blinds or window treatments are white or lined in such a manner so that the window treatments appear to be white from the exterior of the dwelling.

Section 14. Exterior Lighting.

Any exterior lighting installed on any unit shall be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby units as determined by the Developer.

Section 15. Signs.

No sign for advertising or for any other purpose shall be displayed on any Unit or on a building or a structure on any Unit, except one sign for advertising the sale or rent thereof, which sign shall not be greater in area than nine (9) square feet; except Developer shall have the right to erect larger signs when advertising the subdivision. This restriction shall not prohibit placement of occupant's name signs, street numbers and Unit number as allowed by applicable zoning regulations.

Section 16. Underground Utility Services.

a) Each property owner's electric utility service lines shall be underground throughout the length of service line from Louisville Gas & Electric (LG&E) point of delivery to owner's building; and title to the service lines shall remain in and the cost of the installation and maintenance thereof shall be borne by the respective Unit Owner upon which said service line is located.

Appropriate easements are hereby dedicated and reserved to each Owner, together with the right of ingress and egress over abutting Units or properties to install, operate and maintain electric service lines to LG&E's termination points. Electrical service lines, as installed, shall determine the exact location of said easements.

The electric and telephone easements shown on the plat shall be maintained and preserved in their present condition and no encroachment therein and no change in the grade or elevation thereof shall be made by any person or Unit Owner without the express written consent of LG&E and South Central Bell Telephone Company and their respective successors and assigns.

b) Easements for overhead transmission and distribution feeder lines, poles and equipment appropriate in connection therewith are reserved over, across and under all spaces (including open and drainage space areas) outlined by dash lines and designated for underground and overhead facilities.

Aboveground electric transformers and pedestals may be installed at appropriate points in any electric easement. In consideration of bringing service to the property shown on this plat, LG&E is granted the right to make further extensions of its lines from all overhead and underground distribution lines.

c) The electric and telephone easements hereby dedicated and reserved to each Unit Owner, as shown on the recorded plat of VALENCIA AT SPRINGHURST Subdivision, Section One, shall include easements for the installation, operation and maintenance of cable television service to the Unit Owners, including the overhead and/or underground installation and service of coaxial cables, cable drop wires, converters, home terminal units and other necessary or appropriate equipment, as well as easements for the installation, operation and maintenance of future communication, telecommunication and energy transmission mediums.

Section 17. Disposal of Trash.

No Unit shall be used or maintained as a dumping ground for rubbish, trash or garbage. Trash or garbage or other waste shall not be kept except in sanitary containers. If trash is placed on the Unit, Owner must remove it within thirty (30) days. The cost of ordinary garbage disposal shall be paid by the Association.

Section 18. Drains.

No storm water drains, roof downspout or ground water shall be introduced into the sanitary sewer system. Connections on each Unit shall be made with watertight joints in accordance with all applicable plumbing code requirements.

Section 19. Obligation to Construct or Reconvey.

Within twelve (12) months after the date of conveyance of a Unit without a dwelling thereon, if the Unit Owner has not begun in good faith the construction of a single family dwelling approved as per above, Developer may elect to repurchase any and all Units on which construction has not commenced for the original purchase price in the deed of said Unit or Units hereunder, in which event the Unit Owner shall immediately reconvey and deliver possession of said Unit or Units to Developer by deed of Special Warranty. The obligations, duties and requirements of this Section shall run to and benefit the Developer only, and may be waived or extended by Developer and shall not pass to or extend to the Homeowners Association.

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

If all or any portion of a residence is damaged or destroyed by fire, or other casualty, then Owner shall, with all due diligence, promptly rebuild, repair, or reconstruct such residence in a manner which will substantially restore it to its apparent condition immediately prior to the casualty.

Section 20. Rental of Units.

No Unit may be used as a rental unit without the prior written consent of the Developer or any other person or association to whom it may assign the right.

Section 21. Enforcement.

Enforcement of these restrictions shall be by proceeding of law or in equity, brought by any owner or by Developer against any party violating or attempting to violate any covenant or restriction, either to restrain violation, to direct restoration and/or to recover damages. Failure of any owner or Developer to demand or insist upon observance of any of these restrictions, or to proceed for restraint of violations, shall not be deemed a waiver of the violation, or the right to seek enforcement of these restrictions.

Section 22. Severability.

Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

Section 23. Restrictions Run With Land.

Unless canceled, altered or amended under the provisions of Article 1 hereof, these covenants and restrictions are to run with the land and shall be binding on all parties claiming under them for a period of fifteen years from the date this document is recorded. After this time they shall be extended automatically for successive periods of ten years, unless an instrument, signed by a majority of the then owners or the front footage of all units subject to these restrictions and covenants in whole or in part, is executed and filed of record indicating a shorter extension term of the restrictions. These restrictions may be canceled, altered or amended at any time by the affirmative action of the owners of 75 percent of the units subject to these restrictions.

Section 24. Amendments to Articles and Bylaws.

Nothing in this Declaration shall limit the right of the Homeowners Association to amend, from time to time, its Articles of Incorporation and Bylaws.

Section 25. Non-Liability of the Directors and Officers.

Neither Developer nor the directors and officers of the Homeowners Association shall be personally liable to the owners of the units for any mistake of judgment or for any other acts or omissions of any nature whatsoever while acting in their official capacity, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The owners shall indemnify and hold harmless each of the directors and officers and their respective heirs,

executors, administrators, successors and assigns in accordance with the Bylaws of the Homeowners Association.

Section 26. Board's Determination Binding.

In the event of any dispute or disagreement between any owners relating to the property subject to this Declaration, or any questions of interpretation or application of the provisions of this Declaration or the Bylaws, the determination thereof by the Board shall be final and binding on each and all such owners.

Section 27. Common Areas, etc.

(a) Common areas, open space, private roads, islands in the right-of-way, and signature entrances shall not be dedicated to a unit of local government without the acceptance of the unit of local government involved and the approval of the Louisville and Jefferson County Planning Commission. The Homeowners Association cannot amend this restriction without approval from the Louisville and Jefferson County Planning Commission.

(b) Anything to the contrary contained herein notwithstanding, the Homeowners Association and the unit owners shall be responsible for the maintenance of all common area open space, private roadways, islands in the right-of-way, and signature entrances, so long as the subdivision is used as a residential subdivision or until properly dedicated to a unit of local government. This provision shall not be amended.

Section 28. Amendment to Declaration.

This Declaration may be amended at any time by the Developer so long as the Developer owns any lots in the development. After all lots have been transferred by the Developer, any amendment to this Declaration shall require the consent of 75% of the Unit Owners.

WITNESS the signature of Developer by its duly acting Authorized Agent this 23rd day of March, 2004.

STEPHEN T. COX BUILDER, INC.

BY: _____

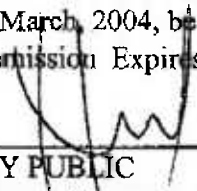

Stephen T. Cox, President

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STATE OF KENTUCKY
COUNTY OF JEFFERSON

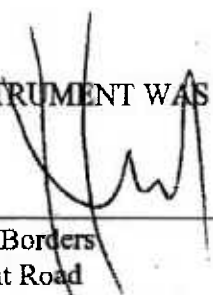
I, a Notary Public, in and for the State and County aforesaid, do hereby certify that the foregoing Master Deed was acknowledged and sworn to before me by Stephen T. Cox as Member of Stephen T. Cox Builder, Inc. , this 23rd day of March, 2004, be its act and deed.

My Commission Expires: 2/5/07



NOTARY PUBLIC
STATE AT LARGE, KENTUCKY

THIS INSTRUMENT WAS PREPARED BY:



Borders & Borders
920 DuPont Road
Louisville, Kentucky 40207
(502) 894-9200

Exhibit "A"

Being Tract 1 of Valencia at Springhurst formerly know as Valencia at the Summit as shown on the Plat of record in Plat and Subdivision Book 49, Page 86, in the Office of the Clerk of the County Court of Jefferson County, Kentucky.

Being a part of the same property conveyed to Steven T. Cox Builder, Inc. by deed dated 4/16/64 of record in Deed Book 8392, Page 30, in the office aforesaid.

Recorded in Code Book
No. 102 Page 67
Part No. 1809

Document No.: DM2004103614
Loaded By: BORDERS AND BORDERS
Recorded On: 06/18/2004 10:11:09
Total Fees: 46.00
Transfer Tax: .00
County Clerk: BOBBIE HOLSCLAW-JEFF CO KY
Deputy Clerk: CAROL

END OF DOCUMENT