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DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, EASEMENTS AND LIENS

FOR

SADDLEBROOK FARMS

See 11th Supplement Declaration See misc BK 520 pg 300
12th 520 301
Assignment of Rights 520 301

See 13th Supplement See misc BK 644 pg 312

See 14th Suppl. See Misc BK 801 pg. 85

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SADDLEBROOK FARMS

DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND LIENS

AND RESERVATION OF EASEMENTS

THIS DECLARATION, made by Saddlebrook Partners, an Ohio General Partnership hereinafter called "Declarant",

WITNESSETH:

WHEREAS, the Declarant is the owner of the real property described in Exhibit "A" hereof and desires to create thereon a residential community with permanent community facilities and easements for the benefit of said community; and

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said community facilities and landscaping easements within said community; and to this end, desires to subject the real property described in Exhibit "A" hereof to the covenants, restrictions, charges and liens, and reservation of easements hereinafter set forth, including a Design Review Board and Maintenance Standards each and all of which is and are for the benefit of said property and any other property subsequently annexed as provided for herein, and the subsequent owners thereof; and

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

WHEREAS, the Declarant has formed Saddlebrook Farms Homeowners' Association, as a non-profit Kentucky Corporation for the purpose of carrying out the powers and duties aforesaid;

NOW, THEREFORE, the Declarant hereby declares that all of the property described in Exhibit "A" and Exhibit "A-1", and such other property as may be subjected to the provisions hereof pursuant to Article II, shall be held, sold and conveyed subject to the easements, restrictions, covenants, conditions and liens and reservation of easements set forth in this Declaration and any subdivision plat which includes the property, which are for the purpose of protecting the value and desirability of, and which shall run with, the property and be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. The property described in Exhibit A-1 is subjected to the provisions of this Declaration only to the extent as described in Section 2.3 of Article II hereof.

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. The following terms when used in this Declaration have the following meanings:

A. "Articles" and "Articles of Incorporation" shall mean those articles, filed with the Secretary of State of Kentucky, incorporating Saddlebrook Farms

Homeowners' Association, as a non-stock corporation not-for-profit under the provisions of Chapter 273 of the Kentucky Revised Statutes, as the same may be amended from time to time. A true copy of the Articles as shown in Exhibit "D" is attached hereto and made a part hereof.

B. "Association" shall mean and refer to Saddlebrook Farms Homeowners' Association, Inc. and its successors and assigns.

C. "Board" and "Board of Directors" mean the Board of Directors of the Association as provided in the Articles of Incorporation and By-Laws of the Association.

D. "By-Laws" means the By-Laws and Regulations or Code of Regulations of the Association, as the same may be amended from time to time, pursuant to Section 273.191 of the Kentucky Revised Statutes. A true copy of the By-Laws as shown in Exhibit "C" is attached hereto and made a part hereof.

E. "Community Facilities" shall mean and refer to all real and personal property, including structures thereon, owned by or leased to the Association including easements and licenses for the benefit, use and enjoyment of its Members including, without limitation all recreational facilities, club houses, open spaces and landscaping easements.

F. "Declarant" shall mean and refer to Saddlebrook Partners, an Ohio General Partnership, its successors and assigns.

G. "Developer" shall mean and refer to Saddlebrook Partners, an Ohio General Partnership, and such other persons and entities as may acquire one or more lots or parcels from the Declarant for the purpose of constructing improvements thereon for resale, but only to the extent of such lots or parcels acquired.

H. "Eligible Mortgage Holders" shall mean those holders of a first mortgage on a Lot who have requested the Association to notify them on any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

I. "Living Unit" shall mean and refer to any building or portion of a building situated upon the Property designed and intended for use and occupancy as a residence by a single person, a family or a family-sized group of persons, along with any land appurtenant to the building, if applicable.

J. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Property or recorded re-subdivision thereof with the exception of land designated by Declarant to be conveyed to the Association as part of the Community Facilities.

K. "Member" shall mean any one of those Owners who are members of the Association as provided in its Articles of Incorporation.

L. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Living Unit which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

M. "Property" shall mean and refer to the property described in Exhibit A and such additions thereto as may hereafter be annexed pursuant to Article II.

N. "Section" shall mean and refer to all of the land area encompassing a group of lots as designated on a recorded subdivision plat.

ARTICLE II
ANNEXATION AND RESERVATION OF EASEMENTS

Section 2.1. Annexation of Additional Property. The Declarant may annex to this Declaration the real property, or any part thereof, described in Exhibit "B" attached hereto, without the assent of the members of the Association, within ten (10) years after the date this Declaration is filed for record. However, the Declarant is not bound to annex any of said property to this Declaration, and until such time as any of said property is annexed, the same shall not be subject to the provisions of this Declaration. The maximum number of Living Units shall be 299.

All improvements on said annexed property shall be compatible with the improvements on the property submitted with this Declaration in terms of quality of construction.

Section 2.2. Attached and Clustered. It is possible that some of the Land included herein or subsequently annexed pursuant to this Article may be designated by Declarant at this time or at the time of annexation as being subject to subsequent re-subdivision and/or development as attached and/or clustered Living Units under the Kentucky Horizontal Property Law or otherwise, but any common areas added as part of said development for the sole use of owners' of that development shall be maintained and provided for by a separate Homeowners' Association to be established in connection with said development. Separate restrictions may be established for said Property in addition to the restrictions established herein. Owners of Living Units within any such development lot will remain liable for their share of Assessments for care and maintenance of the Community Facilities and other uses as provided for in this Declaration.

Section 2.3. Multi-Family Property described in Exhibit A-1. The Declarant's real property described in Exhibit A-1 of this Declaration is planned to be developed separately from the property described in Exhibits A and B, as a multi-family project. That property described in Exhibit A-1 (hereinafter referred to as the "A-1 Property") is hereby subjected to the terms of this Declaration solely for the purpose of making that property and the future owners thereof, their successors, heirs or assigns subject to the assessments set forth in Article VIII of this Declaration, but only to the extent required to share in the expenses enumerated as items (a) and (b) of Section 8.3 of Article VIII hereof, including any reasonable reserves therefor. The A-1 Property, or any portion thereof in the event ownership is divided, and its Owners from time to time, shall share in said expenses on a pro-rata basis with the other property now or thereafter submitted to this Declaration based on the number of Living Units existing in each project as compared to the total Living Units including those submitted to this Declaration. The A-1 Property and any applicable portion thereof shall be subject to assessments and liens as described in Article VIII hereof but shall not have any other rights (including voting rights) or obligations in connection with this Declaration or in the property subjected hereto or the use thereof.

Section 2.4. Reservation of Easements for Roadways and Utilities. In the event that any parcel of land annexed to this Declaration in accordance with the provisions of this Article II is developed without dedicated streets passing through such parcel, there is hereby established and reserved an easement in favor of Declarant, any Developer, and all now or hereafter Lot or Living Unit Owners, their successors, assigns, guests, invitees and licensees for roadway purposes and utilities passing through said parcel to the next parcel the same as if said roadways in such parcel had been dedicated to public use. Any Developer developing said parcels shall include such easements within its recorded development documents

but failure to do so shall not diminish in any way the easement reserved hereby. The maintenance of such undedicated roadways shall be sole responsibility of the Owners of Living Units constructed on the real property so developed and the Developer of the property shall establish a homeowner's association to administer such responsibilities.

Section 2.5. Procedure. Any annexations made pursuant to this Article II, or otherwise, shall be made by recording a supplement to this Declaration with the Clerk of Boone County, Kentucky, which Supplementary Declaration shall extend this Declaration to such annexed property. Such Supplementary Declaration may contain such additional covenants, conditions, restrictions, easements and liens as the Declarant shall deem appropriate for the purpose of completing the development of the Property.

ARTICLE III
DESIGN REVIEW BOARD

Section 3.1. Composition and Appointment. A Review Board is hereby established which shall consist of not less than five members. The Members shall be appointed by the Board of Directors and the Association shall pay all costs of the Review Board. The initial Members shall be appointed promptly after the effective date of this Declaration for terms determined by the Board. The Review Board may appoint such committees for such purposes, and may delegate to them such powers and duties, as it shall deem appropriate. Notwithstanding anything in this Section to the contrary, if prior to the termination of the Development Period, the Developer shall relinquish or otherwise cease to possess the power to elect a majority of the Members of the Board, the Developer shall, until the end of the Development Period, have the right to unilaterally elect a majority of the Members of the Review Board.

Section 3.2. Vacancies. If any vacancy shall occur in the membership of the Review board by reason of Death, resignation, removal or otherwise, the remaining Members shall continue to act and shall within 30 days after such vacancy occurs appoint a successor Member. Any Member may resign at any time by written notice to the chairman of the Review Board and such resignation shall take effect on receipt thereof by the chairman. Any Member may be removed with or without cause by the Board, except that if prior to the termination of the Development Period, the Developer shall relinquish or otherwise cease to possess the power to elect a majority of the members of the Board, then, until the end of the Development Period, the consent of the Developer shall be required with regard to the removal or appointment of any Member by the Board.

Section 3.3. Officers or Appointment. The Members shall appoint a chairman from among their number and may appoint from among their number such other officers as they shall from time to time determine. The Review Board may delegate such powers and duties to such officers as it shall deem appropriate.

Section 3.4. Conflicts of Interests. No Member may participate in any decision of the Review Board on a matter in which he has a financial interest, or with respect to which he or his firm has a financial interest, or with respect to which he or his firm has provided professional services; provided, however, that during the Development Period, this Section shall not apply to any financial interest of, or any professional services provided by, any officer or employee of the Developer or an affiliate or associate of the Developer in his capacity as such officer or employee.

Section 3.5. Meetings. The Review Board shall hold regular meetings at least once every year, and more frequently if necessary. Special meetings of the Review Board may be called by the chairman of the Review Board and shall be called by the chairman upon the written request of a majority of the Members. Meetings of the Review Board shall be held at such time and at such place as the Members shall specify. At least three days prior notice of each meeting shall be mailed to each member and representative at his residence or usual place of business. Such notices need not specify the purpose of purposes for which the meeting is called, but a majority of the Members shall be necessary to constitute a quorum for the transaction of business. Except as otherwise provided in this Article, any action taken by a majority of the Members present at any meeting at which a quorum is present shall constitute the action of the Review Board. In the absence of a quorum, a majority of the Members present may adjourn the meeting from time to time until a quorum shall be present. The Review Board shall maintain minutes of its meetings and a record of the votes taken thereat, and shall make such minutes and

records available at reasonable places and times for inspection by Owners and Residents.

Section 3.6. Submission of Planning Brief. Prior to the commencement of construction of any Structure on any Parcel and prior to the sale, conveyance or lease of any Parcel by the Declarant to any person or entity, including the Association, the Developer shall submit a Planning Brief to the Review Board for approval. Such Planning Brief shall contain the Developer's plans for the development of the Parcel, and shall include those requirements of the Design and Use Standards specially applicable to the Parcel, such as permitted uses of the Parcel and the Structures thereon, density of and/or approximate placement of Structures on the Parcel, subdivision of the Parcel and reservation of easements with respect to the Parcel. The Planning Brief shall be in such form and contain such detailed information as the Review Board may reasonably require.

Prior to the submission of a detailed Planning Brief, any applicant may submit for tentative approval by the Review Board schematic of preliminary plans for any part of the Planning Brief. The Review Board shall either (i) give its final approval to the Planning Brief, (ii) disapprove it, or (iii) approve it with conditions or qualifications.

Section 3.7. Approval of Planning Brief. If the Review Board finds that the Planning Brief complies with the requirements of (a) Section 3.6, (b) the plans for such Parcel submitted to and approved by the appropriate governmental planning record(s), and (c) the Design and Use Standards, and that the Planning Brief will further the purposes outlined in Section 4.1 it shall approve the same in writing. Otherwise it shall disapprove the Planning Brief or approve it conditioned on such changes as will reasonably assure such compliance and the adequate furtherance of such purposes. No construction of any structure shall be commenced upon any Parcel nor shall the Declarant sell, convey or lease any Parcel unless and until the Review Board has issued its approval of a Planning Brief with respect to such Parcel.

Final approval of Planning Brief shall not impair the right of the Review Board to subsequently approve a requested amendment to such Planning Brief (subject to the requirements of this Article) or to amend the Design Standards. After giving final approval of a Planning Brief or an amendment thereto, the Review Board shall not revoke such approval.

Upon application of the Owner of a Parcel and after notice to all Owners whose land is included in the Planning Brief with respect to such Parcel, the Review Board may amend an approved Planning Brief if it finds that the Planning Brief as amended will (a) conform to the plans for such Parcel submitted to and approved by the appropriate governmental planning authorities (b) comply with the Design Standards, and (c) further the purposes outlined in Section 4.1.

Upon giving final approval to a Planning Brief or an amendment thereto, the Review Board shall endorse such approval on two copies thereof and shall file one copy with the Association and shall deliver the other copy to the Developer. The Association shall maintain its copies of such Planning Briefs and amendments thereto as permanent records and shall make copies thereof available to any Owner at a reasonable cost.

Section 3.8. Submission of Plans and Specifications. No Structure shall be commenced, constructed, erected, placed, moved onto or permitted to remain on any Parcel, nor shall any Structure on any Parcel be remodeled or altered in any way which materially changes the exterior appearance thereof, unless detailed plans and

specifications therefor shall have been submitted to and approved in writing by the Review Board. Such plans and specifications shall be in such form and shall contain such information as the Review Board may reasonably require but shall in all cases include:

- (a) a site plan showing the location of all proposed and existing Structures on the Parcel and all existing Structures on adjoining Parcels;
- (b) exterior elevations for the proposed buildings;
- (c) specifications of materials, color scheme and other details affecting the exterior appearance of the proposed buildings; and
- (d) description of the plans or provisions for landscaping or grading.

Prior to the submission of detailed plans and specifications for any Structure proposed for any Parcel, the Review Board may require, and any appointment may submit for tentative approval by the Review Board schematic or preliminary plans and specifications for any phase or stage thereof. The Review Board shall either (i) approve the plans and specifications, (ii) disapprove them or (iii) approve them with conditions or qualifications.

Notwithstanding the above to the contrary, the Review Board may approve several alternative plans and specifications for Structures to be built within a subdivision consisting of several Parcels, and, with regard to any Parcel contained in such subdivision, the Review Board may allow the developer of such subdivision to construct thereon a structure consistent with such of the approved plans and specifications as the developer, in his discretion, shall deem appropriate without the necessity of further prior approval by the Review Board of the plans and specifications for such Parcel.

Section 3.9. Approval of Plans and Specifications. The Review Board shall approve plans and specifications (whether schematic, preliminary, or detailed) submitted to it with respect to any Parcel (or subdivision of Parcels) if it finds that they (a) comply with the requirements of Section 3.8, (b) conform to the approved Planning Brief for such Parcel and (c) conform to the Design of Use Standards, and will further the purposes outlined in Section 4.1. Upon final approval thereof, a certified copy of the detailed plans and specifications shall be deposited for permanent record with the Association and a copy bearing the written approval of the Review Board shall be returned to the applicant. After the receipt of such final approval by the application, the Review Board shall not revoke such approval. Approval by the Review Board of detailed plans or specifications with respect to any Parcel shall not impair the Review Boards right subsequently to approve a requested amendment of such plans and specifications or the Planning Brief relating to such Parcel (subject to the requirements of this Article) or to amend the Design and Use Standards.

Section 3.10. Disapproval of Plans and Specifications. If plans and specifications (whether schematic, preliminary or detailed) submitted to the Review Board with respect to any Parcel do not comply with (a) the Design and Use Standards (and/or will not further the purpose outlined in Section 4.1) or (b) the approved Planning Brief relating to such Parcel, or (c) the requirements of Section 3.8 as to the information required to be included in the plans and specifications, the Review Board shall either disapprove such plans and specifications or approve them subject to such conditions and qualifications as the Review Board may deem necessary to achieve compliance.

Section 3.11. Failure of Review Board to Act. If the Review Board shall fail to act upon any Planning Brief or plans and specifications submitted to it within thirty days after submission thereof, such Planning Brief or plans and specifications shall be deemed to have been approved as submitted, and no further action by the Review Board shall be required.

Section 3.12. Rules Regulations, and Policy Statements. The Review Board may adopt, from time to time amend, and enforce reasonable rules and regulations pertaining to its authorized duties and activities under this Declaration, and may from time to time issue statements of policy with respect to Planning Briefs, plans and specifications (whether schematic, preliminary or detailed) and such other matters as it is authorized to act on. Upon the adoption of any such rule, regulation or policy statement, or any amendment thereof, the Review Board shall file with the Association a copy thereof, certified by the chairman of the Review Board to be a true and complete copy, and the same shall become effective on the date of such filing. No such rule, regulation or policy statement or any amendment thereof, shall operate to revoke any Planning Brief or detailed plans and specifications theretofore approved by the Review Board.

The Association shall maintain the copy of the rules, regulations and policy statements and each amendment thereof filed with it by the Review Board as a permanent public record and shall make copies thereof available to any interested person at a reasonable cost.

Section 3.13. Certificate of Compliance. Upon completion of the construction, erection, placement, remodeling or alteration of any Structure, and prior to the use and occupancy thereof, the applicant to whom approval as to such Structure was issued by the Review Board shall furnish written notice to the Review Board that he work thereon is completed along with an affidavit containing the information hereinafter set forth, and shall request that a certificate of compliance be issued with respect thereto. The affidavit shall (a) identify the Structure, (b) identify the Parcel upon which it is located (c) identify the use or uses approved for such Structure, and (d) state that the construction, erection, placement, remodeling or alteration of such Structure complies with the Planning Brief and the plans and specifications. If compliance with the Planning Brief and the plans and specifications for the Parcel exists, based upon the affidavit and such other investigation or inquiry, if any, as the Review Board shall choose to make, the Review Board shall issue a written certificate of compliance to such applicant, together with a certified copy thereof to the Association, which (a) identified the Structure, (b) identifies the Parcel upon which it is located, (c) identifies the use or uses approved for such structure, and (d) states that the construction, erection, placement, remodeling or alteration of such Structure complies with the approved Planning Brief and the plans and specifications. While the certificate of compliance shall not in any manner be, or be construed to be, an implied or express warranty or guarantee by the Review Board, the Association, or the Developer or the facts contained therein or the quality or the Structure or its parts, the certificate of compliance, for title purposes and with respect to the facts stated therein may be conclusively relied upon by any purchaser or encumbrancer in good faith and for value and by anyone furnishing any title evidence or opinion with respect to such Parcel. The Association shall maintain a copy of such certificate of compliance filed with it by the Review Board as a permanent public record and shall make copies thereof available to any interested person at a reasonable cost.

Section 3.14. Violations. If any use shall have been commenced on any Parcel other than in accordance with the approved Planning Brief for such Parcel, or if any Structure situated upon any Parcel shall have been constructed, erected, placed,

remodeled or altered other than in accordance with the approved detailed plans and specifications, or if any use or occupancy of a Structure shall have commenced prior to the issuance of a certificate of compliance therefore, the Review Board shall certify such Default to the Association; provided, however, that the Review Board may, upon such conditions as it may determine, waive any such Default if it finds that such Default does not substantially conflict with the policies of the Review Board or the Design and Use Standards.

Section 3.15. Right of Entry. The Association and the Review Board through their authorized officers, employees, and agents shall have the right to enter upon any Parcel at all reasonable times for the purpose of ascertaining whether such Parcel or the construction, erection, placement, remodeling, or alteration of any Structure thereon is in compliance with the provisions of this Article, without the Association or the Review Board or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of such action or actions.

Section 3.16. Fees. The Review Board may charge reasonable fees for the processing of Planning Briefs and amendments thereto, plans and specifications and the issuance of certificates of compliance. Such fees may cover the cost of such processing and issuance, including inspection costs. Such fees shall be payable at the time of submission of the respective item for approval or issuance and shall be paid to the Association.

Section 3.17. Exemptions. Sections 3.6 and 3.7 shall not apply to any Parcel conveyed by the Declarant prior to the date on which this Declaration is Recorded. Sections 3.8 and 3.13 shall not apply to any Structure, the construction of which has been commenced prior to the date on which this Declaration is recorded.

ARTICLE IV

DESIGN AND USE STANDARDS

Section 4.1. Purposes. In order to establish and assure a uniform plan for the development of the Property, the Review Board may adopt and may, from time to time, amend Design and Use Standards for the Property and all Structures thereon in furtherance of the following purposes:

- (a) the compliance with all zoning and similar governmental regulations;
- (b) the creation on the Property of a new community consisting of well-planned residential, commercial, industrial, civic, cultural, educational, medical, recreational and services areas, buildings, and facilities;
- (c) the promotion of the health, safety and welfare of all Owners and Residents;
- (d) the preservation, beautification and maintenance of the Property and all Structures thereon, as a community of high quality;
- (e) the creation and preservation of adequate open space for the use and enjoyment of all Owners and Residents;
- (f) the preservation and promotion of environmental quality; and
- (g) the assurance of adequate water, sewage and drainage facilities and other utilities and services.

Section 4.2. Subject Matter. The Design and Use Standards shall establish requirements relating to land use, architectural features, site planning, lighting, landscaping and signage. The Design and Use Standards shall include, but shall not be limited to, provisions as to the following subject matters:

- (a) the permitted uses of Parcels and Structures;
- (b) the placement of Structures on Parcels, including front, side and rear yard requirements;
- (c) the specifications of materials, color schemes and other details affecting the exterior appearance of Structures;
- (d) the subdivision of Parcels;
- (e) the reservation of utility, visual and other easements;
- (f) the installation, location and maintenance of utility lines and facilities, including water, gas, electricity, sanitary and storm sewage, telephone, cable television and other communication systems;
- (g) the use of lakes, streams and other bodies of water;
- (h) the control of slopes to prevent erosion or sliding problems;
- (i) the boring, mining, quarrying, removing or excavation of sand, gravel, earth, sod, gas, oil or other minerals;

- (j) the planting and preservation of trees and other natural resources;
- (k) the size and location of driveways and parking facilities;
- (l) the size and location of fences and walls;
- (m) the use, size, location and characteristics of signs and other advertising devices;
- (n) the outside storage of personal property, including boats, trailers, campers and motor vehicles;
- (o) the character, location and direction of exterior lighting and street hardware;
- (p) the accumulation, storage, and disposal of refuse and trash;
- (q) the type and number of animals which be kept or maintained;
- (r) any activity which may be considered noxious or offensive by reason of odor, sound, appearance or sight, or which may be or become a nuisance or annoyance to the community; and
- (s) any activity which impairs the purposes outlined in Section 4.1

Section 4.3 Classification. The Design and Use Standards may contain different requirements for different land use classifications, but the requirements of the Design and Use Standards shall be uniform within each classification except as to the exterior appearance specifications set forth in Section 4.2 (c) which may vary within each classification.

Section 4.4. Effective Date. Upon the adoption of the Design and Use Standards or any amendment thereto, the Review Board shall file with the Association a copy thereof, certified by the chairman of the Review Board to be a true and complete copy, and the same shall become effective on the date of such filing. No amendment to the Design and Use Standards shall operate to revoke any Planning Brief or detailed plans and specifications theretofore approved by the Review Board.

Section 4.5. Permanent Record. The Association shall maintain the copy of the Design and Use Standards and of each amendment thereto filed with it by the Review Board as a permanent record and shall make copies thereof available to any Owner or prospective Owner at a reasonable cost.

Section 4.6. Private Restrictions and Zoning. The Design and Use Standards shall not prevent the Developer or another Owner from imposing additional restrictions on any Parcel provided that such restrictions have been included in the Planning Brief (or are included in an amended Planning Brief) for the Parcel and approved by the Review Board. The Design and Use Standards shall not be construed as permitting any action prohibited by (a) any applicable zoning or other statute, ordinance, resolution, regulation or order of the State of Kentucky or any political subdivision or governmental instrumentality of the State of Kentucky or (b) any other applicable covenant, condition, restriction or reservation of easement contained in any recorded instrument. If any inconsistency exists between or among any provision of the design and Use Standards, the Maintenance Standards, any standards promulgated by any homeowners association located within the Property, governmental requirements or recorded instruments with respect to any Parcel, the most stringent provision shall apply.

ARTICLE V
MAINTENANCE STANDARDS

Section 5.1 Adoption and Amendment. In furtherance of the purposes outlined in Section 4.1, the Board shall have the right to adopt, and may from time to time amend, Maintenance Standards pertaining to the maintenance, repair and appearance of all Parcels, and the exterior of all Structures thereon. If any provision of any applicable building inspection, housing inspection or similar maintenance statute, ordinance, resolution, regulation or order of the State of Kentucky, any other political subdivision or governmental instrumentality of the State of Kentucky, the Board, or any homeowners association located within the Property is more stringent with regard to a Parcel than a comparable provision of the Maintenance Standards, such more stringent provision shall be deemed incorporated in the Maintenance Standards.

Section 5.2. Obligation to Keep Premises in Good Repair. Each Owner during his period of ownership and, during his tenancy, each Tenant leasing a Parcel, shall keep each Parcel owned or leased by him and all Structures thereon in such maintenance, repair and appearance as shall comply with the Maintenance Standards.

Section 5.3. Periodic Inspection. Periodically as needed, but not less frequently than once every three years, the Association shall inspect each Parcel and the exterior of each structure thereon to determine whether such Parcel and Structure comply with the Maintenance Standards. After each such inspection, the Association shall, if any defects are found, issue an inspection report to the Owner with a copy to the Tenant, if applicable, listing the defects, if any, and the reasonable time within which they may be corrected. Such Owner shall correct such defects or cause them to be corrected within such reasonable period as is stated in the inspection report.

Section 5.4. Drainage Swales. Each open storm water drainage way on any Parcel shall be maintained by the Owner of such Parcel in good condition and repair so that there will be no interference with the normal flow of water therein. Neither the Owner nor anyone claiming under the Owner shall, except in an emergency, alter the location or grade of any such drainage way without (a) an appropriate amendment of the Planning Brief for such Parcel as provided in Section 7.7 and (b) the prior written consent of the Association.

Section 5.5. Right of Entry. The Association, through its authorized officers, employees, and agents, shall have the right to enter upon any parcel at all reasonable times and upon reasonable advance notice for the purpose of making inspection required by this Article without the Association or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely be reason of such entry or such action or actions.

Section 5.6. Failure to Comply. Failure to comply with the Maintenance Standards or to correct the defects listed in any inspection report issued by the Association or to pay any fee hereunder shall constitute a Default.

ARTICLE VI
PROPERTY RIGHTS

Section 6.1. Owner's Right of Enjoyment. Every Owner and, in the case of rented Living Units, such Owner's tenants, shall have a right to and easement for the enjoyment of, in, and to the Community Facilities, and such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

A. The right of the Association, in accordance with its Articles of Incorporation and Regulations, to borrow money for the purpose of improving the Community Facilities, and in aid thereof to mortgage said property. The Association shall not mortgage the Community Facilities except by resolution approved by sixty-seven percent (67%) of the total number of votes held by the Owners of each class;

B. The right of the Association to levy annual and special assessments and to charge reasonable admission and other fees for the use of any recreational facility which may be situated upon the Community Facilities;

C. The right of the Association to suspend the voting rights and the rights to use of the Community Facilities for any period during which any assessment remains unpaid and for any period not to exceed thirty (30) days for any infraction of published rules and regulations. Assessments shall continue during any suspension period;

D. The right of the Association to grant easements over or to dedicate or transfer all or any part of the Community Facilities to any public agency, authority, utility, or other persons or entities for such purposes and subject to such conditions as may be determined by the Board of Directors. No dedication or transfer shall be effective unless an instrument signed by sixty-seven (67%) of each class of members agreeing to such a dedication or transfer has been recorded upon the public records of Boone County, Kentucky;

E. The rights of the Association and Owners of Lots to a perpetual easement over any Community Facilities and upon other Lots for gas, electric, telephones, water, sewer, drain, cable television connections, and other utility conduits, with rights to repair, maintain, and replace same, as they may be established over, upon and through the Community Facilities or other Lots, which rights are hereby expressly established, granted, and reserved for the benefit of the individual Lots;

F. The right of the Declarant or any Developer to make any improvements it deems proper upon the Community Facilities, even after their conveyance to the Association;

G. The right of the Association, acting by and through the Board of Directors or any of its committees, to prescribe and enforce reasonable rules and regulations governing the use of the Community Facilities.

Section 6.2. Title to Community Facilities. Title to the Community Facilities shall be conveyed to the Association free and clear of all liens and encumbrances; provided, however, that the Declarant shall have the right from time to time to reserve for the purpose of development of the property described in Exhibits A and/or B all or any portion of the Property for various easements and rights-of-way, together with the right to dedicate same where applicable and customary and the

right of ingress and egress across the Community Facilities in connection with the development of the property described in Exhibits A and/or B. The Declarant's rights hereunder shall not unreasonably interfere with the Owners' easement of enjoyment as set forth in Section 6.1.

Section 6.3. Delegation of Use. Any Owner may delegate, in accordance with the applicable Regulations of the Association, his right of enjoyment in the Community Facilities to the members of his family residing in the Living Unit, guests, his tenants, or contract purchasers who reside in the Living Unit. Any lease or rental agreement must be in writing and be subject to the requirements of this Declaration, the By-Laws and the Association. Except that the Declarant may lease for no less than thirty (30) days, no Living unit may be leased or rented for less than six (6) months. If any owner is a non-occupant and so delegates his rights herein to a tenant or contract purchaser, such owner will forfeit his right to use of the Common Area during such non-occupancy.

ARTICLE VIIASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 7.1. Members. Every Owner shall be a member of the Association, and such membership shall be appurtenant to and may not be separated from ownership of any Lot or Living Unit. The Declarant shall be a member of the Association so long as it qualifies as a Class A or Class B member as defined below.

Section 7.2. Classes and Voting Rights. The Association shall have two (2) classes of voting membership:

- A. Class A - Except as provided below, Class A members shall be all Lot or Living Unit Owners except the Declarant, and Class A members shall be entitled to one (1) vote for each such Lot or Living Unit owned. When more than one (1) person holds an interest in any Lot or Living Unit, all such persons shall be members. The vote for such Lot or Living Unit shall be exercised as the Owners determine, but in no event shall more than one (1) vote be cast with respect to any Lot or Living Unit.
- B. Class B - Class B members shall be the Declarant (as defined in the Declaration), and such member shall be entitled to such number of votes as will constitute seventy-five percent (75%) of the total voting power of the Association, so long as the Class B membership continues to exist. The Class B membership shall cease to the extent permitted by Kentucky Law and shall be converted to Class A membership with one vote for each Lot or Living Unit owned, on the happening of either of the following events, whichever occurs earlier:
 - (a) Four (4) months after seventy-five percent (75%) of the total number of Lots and Living Units included herein and those which can be annexed pursuant to Article II of this Declaration, have been conveyed to individual lot Owners;
 - (b) Ten (10) years after the date of this Declaration is filed for record.

Provided, further, that nothing herein shall be construed to prohibit the Class B member from converting all its Class B membership to Class A membership with the results set forth above at any time earlier by written statement executed by the Declarant and delivered to the Association.

ARTICLE VIIIASSESSMENTS

Section 8.1. Covenant for Assessments. The Parties hereto, and each person, group of persons or entity which becomes an Owner of a Lot or Living Unit, whether or not it shall be so expressed in any deed or other conveyance, shall be deemed to covenant and agree to pay the Association: (1) annual assessments; (2) special assessments for capital improvements or other services provided by the Association; (3) individual assessments; and such assessments to be fixed, established and collected from time to time as hereinafter provided. All assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on and shall be a continuing lien upon the Living Unit or the Lot and improvements against which such assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, including, without limitation, attorneys' fees, shall also be the personal obligation of the person, group of persons or entity who was the Owner of such property and Lot at the time when the assessment fell due.

Section 8.2. Purpose of Assessments. The assessment levied by the Association shall be used to maintain, promote, protect and enhance the value of all Community Facilities and to cover all expenses of the Association and its committees in establishing and assuring a uniform plan for development of the property and enhancing and protecting its value, desirability and attractiveness.

Section 8.3. Annual General Assessments. An annual general assessment shall be levied equally on each Lot and Living Unit and each Owner of every parcel now or hereafter annexed to this Declaration whether said unit is on a Subdivision Lot or otherwise, by the by the Association to provide and be used for the purpose of: (a) Maintaining the entry monument at Saddlebrook Lane and U.S. 25/42 connector, including but not limited to the stone sign, fencing, lighting, plantings, irrigation and other costs incidental thereto; (b) Maintaining the center plantings and landscaping within the right-of-way along Saddlebrook Lane to the extent determined desirable by the Board of Directors of the Association and not maintained by any governmental authority; (c) Keeping all Community Facilities in such condition, repair and appearance as shall comply with the Maintenance Standards set forth in Article V of this Declaration; (d) payment of all operational expenses of the Association and its committees in performing its review functions and operating its community facilities, now existing or hereinafter acquired, including but not limited to swimming pools, tennis courts, clubhouse facilities, parking lots and adjoining grounds and all walking paths, lakes, common Lake Club ground and other facilities for the common benefit of Owners; (e) providing fire and extended coverage insurance, and vandalism and malicious mischief coverage, on a blanket basis (or such other varieties of insurance as may be agreed to by the Association). All of such insurance policies shall be payable to the Association as Trustee for the Living Unit Owners, the Association, and their mortgagees, as their interests may appear, the proceeds of which shall be used to restore or replace any improvements to any Community Facilities or other property of the Association, damaged or destroyed by any peril covered by said insurance; (f) repair, maintenance, lighting and snow removal of driveways and parking areas on the Community Facilities; (g) real estate taxes and assessments on Community Facilities; (h) management, supervision, legal and accounting expenses; (i) providing reasonable reserves for contingencies, replacements, maintenance, repairs, other costs incurred by the Association, and working capital of at least two (2) months' estimated expenses; and (j) other maintenance and repair of Community Facilities as further detailed and limited in Section 9.1 and Section 9.2 of this Declaration.

Section 8.4. Special Assessments. In addition to the annual and individual assessments authorized by this Article, the Association may levy special assessments, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, or unexpected repair or replacement, of a capital improvement located upon the Community Facilities.

Section 8.5. Individual Assessments. In the event that any damage is caused to any of the Community Facilities through the willful or negligent act of a Lot or Living Unit Owner, his family, tenants, guests or invitees, the Board shall have the obligation to correct or repair any such damage, and the costs thereof shall be added to and become a part of the assessment against the individual Lot or Living Unit owned by the Lot Owner, or his family, tenants, guests or invitees causing such damages.

Section 8.6. Basis and Apportionment of Assessments. Both annual and general assessments and special assessments, as provided for in Sections 8.3 and 8.4 shall be apportioned equally upon all of the Lots and Living Units.

Section 8.7. Commencement of Assessments. The annual assessment for each Lot or Living Unit shall commence on the first day of the month following the conveyance of the first Lot or Living Unit in a phase from a Developer or Declarant to an individual Owner. An assessment equal to fifty percent (50%) of the allocated assessment shall be allocated to unsold Lots owned by the Declarant or a Developer, if they are not occupied, for a period not to exceed six (6) months after the date of conveyance of the first Lot in a Section or Phase to an Owner other than the Declarant or a Developer. All assessments shall be payable in advance in equal installments as determined by the Board of Directors. Failure to mail notices by the dates required shall not affect the rights of the Association to assess Lots or Living Units as provided herein.

It shall be the duty of the Board of Directors of the Association to fix the amount of the general assessments applicable to each Lot and Living Unit, annually. The Board of Directors shall make reasonable efforts to fix such amounts, in advance, by the first day of December of each year, and shall, at that time, prepare a roster of the Lots and Living Units assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the Owners subject thereto. Annual assessments shall become a lien on each Lot and Living Unit on January 1 of each year.

Individual and special assessments shall be fixed by the Board of Directors as provided in this Article, which assessments shall become a lien on the Lots and Living Units on the date that the Board mails written notice of any such assessment to the Owners subject thereto.

Section 8.8. Assessments Certificates. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for assessments or to his designee a certificate in writing signed by an officer or other authorized agent of the Association, setting forth the status of said assessments, i.e., whether the same are paid or unpaid and the amount outstanding. Such certificate shall be conclusive evidence of the payments of any assessments therein stated to have been paid. A charge not to exceed Fifteen Dollars (\$15.00) may be levied in advance by the Association for each Certificate so delivered.

Section 8.9. Non-Payment of Assessment. Any installment of the assessment levied pursuant to these covenants which is not paid within fifteen (15) days of the date when due shall be subject to a late charge of ten dollars (\$10.00) or such

other amount as set by the Board of Directors and shall be delinquent and shall, together with such interest thereon and cost of collection thereof, as hereinafter provided, thereupon become a continuing lien which shall bind such Lot or Living Unit in the hand of the then Owner, his heirs, devisees, personal representative and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them.

If the assessment installment is not paid within fifteen (15) days after the delinquency date, the entire annual assessment shall bear interest from the due date at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or to foreclose the lien against the Lot, in either of which events, interest, costs and reasonable attorneys' fees shall be added to the amount of each assessment. No owner may waive or otherwise escape liability for the assessment herein provided for by non-use of any Community Facilities or abandonment of his Lot or Living Unit. To the extent any assessment lien is not paid out of the proceeds of a foreclosure sale, and is discharged, the amount thus unpaid shall be deemed to be common expenses and shall be levied against all of the Lots and Living Units subject to such original type of assessment, at the time of the first assessment of the same type or types next following such Annual General assessment.

Section 8.10. Subordination of Lien to First Mortgage. Any lien for delinquent assessments, as provided in Section 8.9, shall be subordinate to a first mortgage on the Lot or Living Unit, if said first mortgage was recorded before the delinquent assessment came due.

When the mortgagee of a first mortgage of record, or other purchaser of a Lot as a result of judicial execution, acquires title to the Lot or Living Unit as a result of foreclosure of the first mortgage or by deed in lieu of foreclosure of the first mortgage, such acquirer of title, his or its heirs, successors and assigns, shall not be solely liable for the share of the assessment by the Association chargeable to such Lot or Living Unit which became due prior to the acquisition of title to such Lot or Living Unit by such acquirer and any lien against such Lot or Living Unit shall be cancelled and voided, and shall become unenforceable. Such unpaid share of assessment shall be deemed to be common expenses collectible from all of the Lots and Living Units, including that of such acquirer, his or its heirs, successors and assigns.

ARTICLE IXMAINTENANCE

Section 9.1. Maintenance of Community Facilities. The Association shall be responsible for the care and maintenance of the Community Facilities including both interiors and exteriors of and structures erected thereon other than improvements within utility easements for which the utility company has such responsibility. Such property shall be maintained in such condition, repair and appearance as shall comply with the maintenance standards set forth in Article V of this Declaration. The Association shall have no responsibility for care and maintenance of the Lots or Living Units nor for any buildings, structures, or improvements located thereon.

Section 9.2. Reserves. The Association shall establish and maintain a reserve account containing such amounts as the Board of Directors shall annually determine to be necessary to adequately meet the cost of all anticipated repairs, replacements and maintenance activities required of it under this Declaration. Such account shall be funded from the annual general assessments provided for in Article VIII, Section 8.3.

Section 9.3. Professional Management Contracts. The Association may delegate all or any portion of its authority to discharge its responsibilities herein to a manager or managing agent. Any management agreement shall not exceed three (3) years and shall provide for termination by either party without cause and without payment of a termination fee, on ninety (90) days or less written notice.

ARTICLE XINSURANCE

Section 10.1. Fire, Extended Coverage and Standard "All Risks" Insurance. The Association shall maintain insurance for any buildings, structures and improvements hereinafter constructed on the Community Facilities against any loss or damage by fire, lightning and such other hazards as are ordinarily insured by a comprehensive fire, extended coverage and "all-risks" policies issued in the amounts at all times sufficient to prevent the Lot and Living Unit Owners from becoming coinsurers under the terms of any applicable coinsurance clause or provision and in no event less than the actual replacement cost of such buildings and structures, as determined from time to time by the insurer. The Association shall have no responsibility for insuring Living Units, buildings, structures or improvements located on the Lots or within utility easements for which the utility has such responsibility.

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

Section 10.2. Use of Fire Insurance Proceeds. Unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote for each first mortgage owned) or Owners (other than the Declarant or Developer) of the individual lots have given their prior written approval, the Association shall not be entitled to use hazard insurance proceeds for losses to the Community Facilities for other than the repair, replacement or reconstruction of such Community Facilities.

Section 10.3. Liability Insurance. The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all Community Facilities insuring the Association, the Trustees, and the Lot and Living Unit Owners and members of their respective families, tenants and occupants, in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence for personal injury and/or property damage; it being understood that it is the obligation of the individual Lot and Living Unit Owners to obtain liability insurance covering themselves, their tenants or other persons occupying through them for liability which arises out of the use or ownership of their Lot or Living Unit. The Association's insurance shall include protection against such risks as are customarily covered with respect to developments similar in construction, location and use, as determined by the Board. This insurance shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim for a Lot or Living Unit Owner, tenant or occupant because of negligent acts of the Association, the Board, or other Lot or Living Unit Owners, tenants, or occupants.

Section 10.4. Other Insurance. In addition, the Board may purchase and maintain contractual liability insurance, trustees' and officers' liability insurance, and such other insurance as the Board may deem desirable from time to time.

Section 10.5. Insufficient Insurance. In the event the improvements forming a part of the Community Facilities or any portion thereof shall suffer damage or destruction from any cause or peril which is not insured against, or, if insured against, the insurance proceeds from which shall not be sufficient to pay the cost of repair, restoration or reconstruction, then, the Association shall advance such costs in excess of available insurance proceeds. The amount so advanced by the Association shall become a special assessment against all of the Lots, and such assessments shall have the same force and effect, and, if not paid, may be enforced in the same manner as herein provided for the non-payment of assessments. The action required to be taken by the Association under this Section shall not require any vote of the members of the Association.

Section 10.6. Fidelity Bonds. The Board shall obtain fidelity bond coverage with respect to any person who either handles or is responsible for funds held or administered by the Association, in an amount no less than the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. Provided, however, the fidelity bond coverage must at least equal the sum of three months' assessments on all lots in the project, plus the Association's reserve funds. A management agent handling funds for the Association shall also be covered by its own fidelity bond, naming the Association as an additional obligee, at the sole cost of said agent.

ARTICLE XIMISCELLANEOUS

Section 11.1. Duration. Except where permanent or perpetual easements or other permanent rights or interests are herein created, the terms and provisions of this Declaration shall run with and bind the land, and shall inure to the benefit of, and be enforceable by the Association, or by any of the Lot Owners, their respective legal representatives, heirs, successors and assigns, in perpetuity unless a recorded instrument signed by the then Owners of sixty-seven percent (67%) of the Lots and the Declarant, as long as it owns any Lots, has been recorded, agreeing to terminate the Declaration, and agreed to by Mortgagees representing sixty-seven percent (67%) of the votes of Eligible Mortgage Holders.

Section 11.2. Amendment. The Declaration may be amended, from time to time, as follows:

A. By Declarant: The Declarant reserves the right and power and each Lot Owner by acceptance of a deed to a Lot is deemed to and does grant to the Declarant a Power of Attorney coupled with an interest which shall run with the title to the Lot, and shall be irrevocable except by Declarant for a period of eight (8) years from the date hereof, to amend this Declaration to the extent necessary to conform to any requirements imposed or requested by any governmental agency, public authority or financial institution, (including the U.S. Department of Housing and Urban Development, the U.S. Veteran's Administration, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or similar agency), without the approval of the Lot Owners, or to the extent necessary to enable Declarant or any other Developer to meet any other reasonable need or requirement in order to complete the development of the property described in Exhibit B and to facilitate the making and marketing of first mortgages upon any of the Lots or Living Units. Any amendment must be recorded and shall take effect only upon recording.

B. By Owners. This Declaration may be amended at any time by an instrument executed by persons or entities enabled to exercise sixty-seven (67) percent of the voting power of both classes of the Association and approved by Eligible Mortgage Holders representing at least fifty-one (51) percent of the votes of Owners that are subject to Mortgages held by Eligible Mortgage Holders; provided, however, that Declarant's rights hereunder may not be amended or altered without Declarant's prior written consent. Any amendment must be recorded and shall take effect only upon recording. Any amendment made without the required fifty-one (51) percent of the votes of Eligible Mortgage Holders shall nevertheless be valid among the owners provided that the rights of non-consenting mortgagees may not be derogated thereby. Implied approval may be assumed when an Eligible Mortgage Holder fails to submit a response to any written notice, delivered by certified mail with a "return receipt" requested, within thirty (30) days after receipt.

Section 11.3. Personal Liability. Nothing in this Declaration, the Articles or the By-Laws and Regulations of the Association, or any rules or regulations enacted pursuant to any of the foresaid, shall impose personal liability upon any member of the Board of Directors or any officer of the Association acting in his capacity as such, for the maintenance, repair or replacement of any part of the Community Facilities or give rise to a cause of action against any of them except for damages resulting from their own willful omissions or misconduct and each person who becomes an Owner or Member hereby releases and discharges all persons now or hereafter serving as an Officer or Director, or both, from any liability for injury or damages to such member or Owner or to such member's or Owner's property and

covenants not to initiate any legal proceedings against any such person or persons unless such said person is covered by insurance and in such event the amount of recovery shall be limited to the amount of insurance.

Section 11.4. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 11.5. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, to restrain and/or to enjoin violation and/or to recover damages, and against the land to enforce any lien created by these covenants; and the failure or forbearance by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 11.6. Severability. Invalidity of any one of these covenants or restrictions by judgment, decree or order shall in no way effect any other provision hereof, each of which shall remain in full force and effect.

Section 11.7. Conflicts. In the case of any conflict between this Declaration and either the Articles of Incorporation or the By-Laws of the Association, the Declaration shall control.

Section 11.8. Rights of Mortgage Holders. Any first mortgagee or mortgagees of Lots or Living Units may, jointly or singly, pay any taxes or other charges which are in default and which may, or have, become a charge against any Community Facilities on Area and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Community Facilities, and such first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

The holder, insurer or grantor of the first mortgage on any Lot or Living Unit shall be entitled to timely written notice of the following:

- A. Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage;
- B. Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot or Living Unit on which it holds the mortgage;
- C. A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- D. Any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

A mortgage holder, insurer or guarantor shall send a written request to the Association, stating both its name and address and the Lot or Unit number or address of the Lot or Living Unit upon which it holds a mortgage, in order to obtain the foregoing notices.

Section 11.9. Condemnation.

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

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

IN WITNESS WHEREOF, the Declarant has executed this Agreement on this ^{6th} day of February, 1990, by Towne Land Co. and Williamsburg Properties, Inc. all of its Partners.

Signed and acknowledged in the presence of:

SADDLEBROOK PARTNERS, an Ohio General Partnership

By: TOWNE LAND CO., an Ohio Corporation,
Partner

By: Philip T. Montanus
Philip T. Montanus, President

Witness

Witness

Witness

Witness

By: WILLIAMSBURG PROPERTIES, INC., an Ohio Corporation, Partner

By: Charles F. Minneci
Charles F. Minneci, President



STATE OF OHIO, COUNTY OF HAMILTON, SS:

The foregoing instrument was acknowledged before me this 6th day of February, 1990 by Philip T. Montanus, President of Towne Land Co., an Ohio Corporation, on behalf of the Corporation, on behalf of the Partnership.

Catherine D. Schaefer
Notary Public, State of Ohio

In and For the State of Ohio
My Commission Expires Dec. 19, 1994

STATE OF OHIO, COUNTY OF HAMILTON, SS:

The foregoing instrument was acknowledged before me this 6th day of February, 1990 by Charles F. Minneci, President of Williamsburg Properties, Inc., an Ohio Corporation, on behalf of the Corporation, on behalf of the Partnership.

Cheryl A. Daly
Notary Public, State of Ohio

CHERYL A. DALY
Notary Public, State of Ohio
My Commission Expires July 11, 1990

This Instrument prepared by:

John P. Dumbacher, Attorney at Law
1014 Vine Street, Suite 2520
Cincinnati, Ohio 45202

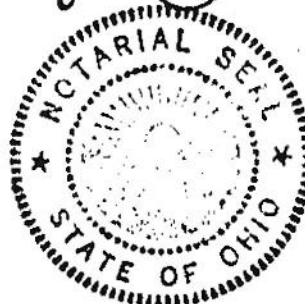


EXHIBIT "A"

Situated in the State of Kentucky, County of Boone, in the City of Florence, and being all of Lots 1, 2, 3, 4, 5, 6, 16 and 17 of Saddlebrook Farms, Section 1 as shown on the Plat recorded as Plat Book No. 114 B, of the Boone County, Kentucky Clerk's Office.

Group No. 1958

Situated in the State of Kentucky, County of Boone, in the City of Florence and being all of Lots 7, 8, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21 and 22, Section 2 as shown on the Plat recorded as Plat No. 115 A of the Boone County, Kentucky Clerk's Office.

Group No. 1959

Situated in the State of Kentucky, County of Boone, in the City of Florence and being all of Lots 23, 24, 25, 26, 27, 28, 29, 30, 31, 32 and 33 Section 2 as shown on the Plat recorded as Plat No. 115 A of the Boone County, Kentucky Clerk's Office.

Group No. 1960

EXHIBIT "A-1"

A parcel of land lying on the westerly side of I-75 in Florence, Boone County, Kentucky, and being more particularly described as follows:

Beginning at a point in the westerly right-of-way line of I-75, said point also being the most southeasterly corner of of McEvoy (DB 136 Page 375 and DB 176 Page 501, Boone County Clerk's Records) and running thence:

South 41° 19' 01" East, along the westerly right-of-way line of I-75, 32.41 feet, to a point, thence South 17° 11' 21" East, along the westerly right-of-way line of I-75, 127.14 feet, to a point; thence South 72° 48' 39" West, along the westerly right-of-way line of I-75, 30.00 feet, to a point, thence South 17° 11' 21" East, along the westerly right-of-way line of I-75, 39.20 feet, to a point, thence Southeastwardly, along the westerly right-of-way line of I-75, a chord bearing of South 16° 09' 44" East, a chord distance of 403.58 feet, to a point, thence North 74° 51' 53" East, a distance of 50.00 feet, to a point, thence Southeastwardly, along the westerly right-of-way line of I-75, a chord distance of South 12° 31' 14" East, a chord distance of 1,032.00 feet, to a point, thence South 49° 19' 42" West, a distance of 152.61 feet, to a point, thence North 40° 40' 18" West, a distance of 357.93 feet, to a point, thence South 65° 52' 13" West, a distance of 92.88 feet, to a point, thence North 24° 07' 47" West, a distance of 60.00 feet, to a point, thence Southwestwardly, along a curve toward the north, a chord bearing of South 89° 52' 13" West, a chord distance of 158.30 feet, to a point, thence North 66° 07' 47" West, a distance of 105.00 feet, to a point, thence North 23° 52' 13" East, a distance of 97.58 feet, to a point, thence North 45° 14' 01" West, a distance of 791.53 feet to a point, thence North 49° 15' 59" East, a distance of 1,067.49 feet, to the place of beginning and containing 22.18 acres more or less.

Group No. 2048 B

The above prepared description was prepared by Viox & Viox PSC.

Situated in the City of Florence, County of Boone, State of Kentucky and being more particularly described as follows:

PARCEL I

A parcel of land lying at the present easterly end of Saddlebrook Lane (as shown on Final Plat of Saddlebrook Farms, Section 2) in Florence, Boone County, Kentucky, and being more particularly described as follows:

Beginning at a point in the southeasterly line of McEvoy (Deed Book 136, Page 375 and Deed Book 176, Page 501, Boone County Clerks Records), said point also being the northern most corner of Lot 26 of Saddlebrook Farms, Section 2 and running thence North 49° 15' 59" East, a distance of 1,228.79 feet, to a point, thence South 45° 14' 01" East, a distance of 791.53 feet, to a point, thence South 23° 52' 13" West, a distance of 97.58 feet, to a point, thence South 66° 07' 47" East, a distance of 105.00 feet, to a point, thence Northeastwardly, along a curve toward the east, a chord bearing of North 89° 52' 13" East, a chord distance of 158.30 feet, to a point, thence South 24° 07' 47" East, a distance of 60.00 feet, to a point, thence North 63° 52' 13" East, a distance of 92.88 feet, to a point, thence South 40° 40' 18" East, a distance of 357.93 feet, to a point, thence South 49° 19' 42" West, a distance of 1,529.23 feet, to a point, thence South 49° 41' 10" West, a distance of 407.01 feet, to a point, thence North 26° 07' 33" West, a distance of 644.52 feet, to a point, thence North 29° 53' 00" West, a distance of 175.00 feet, to a point, thence North 18° 10' 36" West, a distance of 82.08 feet, to a point, thence South 88° 42' 47" East, along the southerly right-of-way line of Saddlebrook Lane, 109.00 feet, to a point, thence Northeastwardly, along the southeasterly right-of-way line of Saddlebrook Lane, a chord bearing of North 70° 43' 13" East, a chord distance of 161.52 feet, to a point, thence North 50° 09' 13" East, a distance of 95.83 feet, to a point, thence North 45° 14' 01" West, a distance of 60.26 feet, to a point, thence South 50° 09' 13" West, a distance of 15.33 feet, to a point, thence North 39° 50' 47" West, a distance of 162.61 feet, to a point, thence North 45° 14' 01" West, a distance of 506.96 feet, to the place of beginning and containing 50.88 acres more or less.

Group No. 2048 B

PARCEL II

A parcel of land lying on the northeasterly side of US 25-US 42 Connector (Weaver Road) and the northwesterly side of Saddlebrook Lane in Florence, Boone County, Kentucky, and being more particularly described as follows:

Beginning at a point in the northeasterly right-of-way line of Weaver Road at its intersection with the northwesterly right-of-way line of Saddlebrook Lane and running thence North 39° 21' 07" East, a distance of 28.92 feet, to a point, thence North 50° 38' 53" West, a distance of 11.50 feet, to a point, thence Northeastwardly, along the Northwesterly right-of-way line of Saddlebrook Lane, a chord bearing of North 53° 03' 07" East, a chord distance of 177.65 feet, to a point, thence Northeastwardly, along a curve toward the North, a chord bearing of North 15° 47' 40" East, a chord distance of 31.07 feet, to a point, thence North 54° 50' 12" East, a distance of 50.00 feet, to a point, thence Southeastwardly, along a curve toward the South, a chord bearing of South 30° 50' 10" East, a chord distance of 26.68 feet, to a point, thence Southeastwardly, along a curve to the east, a chord bearing of South 63° 08' 47"

PARCEL II (cont.)

East, a chord distance of 23.87 feet, to a point, thence Southeastwardly, along the northerly right-of-way line of Saddlebrook Lane, a chord bearing of South 82° 36' 20" East, a chord distance of 221.53 feet, to a point, thence Northeastwardly, along a curve toward the north; a chord bearing of North 72° 50' 35" East, a chord distance of 26.62 feet, to a point, thence South 58° 53' 12" East, a distance of 50.00 feet, to a point, thence Southeastwardly, along a curve toward the east, a chord bearing of South 10° 36' 58" East, a chord distance of 26.62 feet, to a point, thence Southeastwardly, along the northerly right-of-way line of Saddlebrook Lane, a chord bearing of South 51° 05' 16" East, a chord distance of 16.47 feet, to a point, thence South 49° 49' 47" East a distance of 93.92 feet, to a point, thence North 49° 15' 50" East, a distance of 182.58 feet, to a point, thence North 34° 52' 02" West, a distance of 589.47 feet, to a point, thence South 55° 07' 58" West, a distance of 290.00 feet, to a point, thence South 81° 25' 41" West, a distance of 190.00 feet, to a point, thence South 45° 03' 00" West, a distance of 125.00 feet, to a point, thence South 10° 24' 00" West, a distance of 75.00 feet, to a point, thence South 54° 33' 33" West, a distance of 137.94 feet, to a point, thence South 49° 22' 30" East, a distance of 155.11 feet, to a point, thence South 52° 17' 05" East, a distance of 136.55 feet, to the place of beginning and containing 6.76 acres more or less.

Group No. 2048 B

PARCEL III

A parcel of land lying on the northeasterly side of US 25-US 42 Connector (Weaver Road) and the southerly side of Saddlebrook Lane in Florence, Boone County, Kentucky, and being more particularly described as follows:

Beginning at a point in the northeasterly right-of-way line of Weaver Road at its intersection with the southerly right-of-way line of Saddlebrook Lane and running thence North 39° 21' 07" East, a distance of 27.87 feet, to a point, thence South 50° 38' 53" East, a distance of 11.50 feet, to a point, thence Northeastwardly, along the southerly right-of-way line of Saddlebrook Lane, a chord bearing North 52° 22' 34" East, a chord distance of 142.00 feet, to a point, thence Southeastwardly, along a curve toward the south, a chord bearing of South 65° 12' 48" East, a chord distance of 30.36 feet, to a point, thence North 74° 10' 24" East, a distance of 50.00 feet, to a point, thence Northeastwardly, along a curve toward the east, a chord bearing of North 33° 33' 35" East, a chord distance of 30.36 feet, to a point, thence Southeastwardly, along the southerly right-of-way line of Saddlebrook Lane, a chord bearing of South 73° 26' 30" East, a chord distance of 252.37 feet, to a point, thence South 49° 49' 47" East, a distance of 220.37 feet, to a point, thence South 40° 10' 13" West, a distance of 340.00 feet, to a point, thence North 49° 49' 47" West, a distance of 370.07 feet, to a point, thence North 52° 17' 05" West, a distance of 176.57 feet, to the place of beginning and containing 3.68 acres more or less.

Group No. 2048 B

The above descriptions were prepared by Viox & Viox PSC.

**BY-LAWS AND REGULATIONS OF
SADDLEBROOK FARMS
HOMEOWNERS' ASSOCIATION, INC.**

Prepared by:

**John P. Dumbacher
Attorney at Law
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1014 Vine Street
Cincinnati, Ohio 45202
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BY-LAWS AND REGULATIONS OF
SADDLEBROOK FARMS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Section 1.1. Name and Location. The name of the corporation is Saddlebrook Farms Homeowners' Association, Inc., hereinafter referred to as "Association". The principal office of the corporation shall be located at New US 25-42 Connector Florence, Boone County, Kentucky, but meetings of members and directors may be held at such places within the State of Kentucky, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 2.1. Declaration. "Declaration" shall mean and refer to the Saddlebrook Farms Declaration of Covenants, Conditions, Restrictions, Easements and Liens recorded in the office of the Clerk of Boone County, Kentucky, as the same may be amended, from time to time.

Section 2.2. As used in these Regulations, the terms "Articles," "Articles of Incorporation," "Association," "Board," "Board of Directors," "By-Laws," "Community Facilities," "Declarant," "Developer," "Eligible Mortgage Holders," "Living Unit," "Lot," "Member," "Owner," "Property" and "Section" shall have the same meaning as each is defined to have in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 3.1. Annual Meeting. The first annual meeting of the members of the association shall be held on the first Tuesday of June, 1990, and each subsequent regular annual meeting of the Members shall be held on the first Tuesday of June of each year thereafter, at the hour of 7:30 o'clock p.m.

Section 3.2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3) of all the votes of membership.

Section 3.3. Notice of Meetings. Except as otherwise provided in the Declaration, written notice of each meeting of the Members shall be given by, or at the direction of the Secretary or person authorized to call the meeting, by mailing or delivering a copy of such notice, at least fifteen (15) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the purpose of the meeting.

Section 3.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws and Regulations. If however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 3.5. Adjourned Meetings. If, at any regular or special meeting of the Members of the Association, there be less than a quorum present, a majority of those Members present and entitled to vote may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called, at which time the quorum requirement shall be one-third (1/3) of the votes of the membership of the Association, and any business which might lawfully have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.6. Proxies. At all meetings of the Members, each Member may vote in person or by proxy or by absentee ballot if absentee ballot has been approved by the Board of Directors and mailed to the Member at least fifteen (15) days prior to the meeting. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or Living Unit. No proxy shall be used for anyone voting by absentee ballot.

Section 3.7. Voting. The vote of the majority of those present, either in person or by proxy, shall decide any questions brought before the meeting, unless the question is one upon which a different vote is required by provision of the laws of Kentucky, the Declaration, the Articles of Incorporation of the Association or these By-Laws and Regulations.

Section 3.8. Suspension of Voting Privileges. No Member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books of the Association to be more than thirty (30) days delinquent in the payment of any assessment due the Association.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of this Association shall be managed by a Board of five (5) Directors, who need not be Members of the Association.

Section 4.2. Term of Office. At the first annual meeting the Declarant shall elect three (3) Directors for a term of one year, and the Members other than the Declarant shall elect two (2) Directors for a term of one year, and at each annual meeting thereafter the Class A Members shall elect two (2) Directors and Class B Members shall elect three (3) Directors, for a term of one year, or until their successors are elected and qualified. At such time as Class B memberships terminate, as provided in the Declaration and the Articles of Incorporation, all Directors shall be elected by the Members for terms of two years and the terms of two (2) Directors shall expire in even numbered years and the terms of three (3) Directors shall expire in odd numbered years.

Section 4.3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. However, any Director elected by the Declarant may only be removed by the Declarant, and his successor may only be appointed by Declarant, to serve for the unexpired term.

Section 4.4. Compensation. Members of the Board of Directors shall serve without compensation. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee except for those appointed by Declarant. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors 90 days prior to each annual meeting of the Members, to serve from the time of appointment until the close of the next annual meeting, and such appointment shall be announced at the next regular Board meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot except for those appointed by Declarant. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and Section 3.7 of Article III of these By-Laws and Regulations. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 6.1. Regular Meetings. The Board of Directors shall meet annually within 10 days after the annual meeting of Members and, in addition to the annual meeting, shall meet at regular meetings established as to time and place by resolution of the Board. Should any regular meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any three (3) Directors, after not less than three (3) days notice to each Director.

Section 6.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

- (a) through its Design Review Committee as provided for in the Declaration, adopt and publish rules and regulations governing the use of the Community Facilities and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days, for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership or the Design Review Committee by other provisions of these By-Laws and Regulations, the Articles of Incorporation, or the Declaration;
- (d) subject to the provisions of Section 4.3 hereof, to declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ such independent contractors, and other employees as they deem necessary, and to prescribe their duties.

Section 7.2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fifth (1/5) of each class of Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:

- (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any Lot for which assessments are not paid within sixty (60) days after due date and/or bring an action at law against the Owner personally obligated to pay the same, if the Board deems foreclosure or other action necessary.
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge not to exceed fifteen dollars (\$15.00), may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers having fiscal responsibilities to be bonded, as required by the Declaration; and
- (g) cause the Community Facilities under the control of the Association to be maintained in accordance with the provisions of the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 8.3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until his successor is elected and qualified, unless he shall sooner resign, or shall be removed or other disqualified to serve.

Section 8.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. The office of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more the one of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article.

Section 8.8. Duties. The duties of the officers are as follows:

- (a) President - The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; and shall act as chief executive officer.
- (b) Vice-President - The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board.
- (c) Secretary - The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (d) Treasurer - The Treasurer shall receive and deposit in appropriate bank or savings and loan accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of accounts; cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Board of Directors shall appoint a Design Review Board, as provided in these By-Laws and Regulations. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE XMISCELLANEOUS

Section 10.1. Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, and any holder, insurer or guarantor of a first mortgage on a Lot. The Declaration, the Articles of Incorporation and the By-Laws and Regulations of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 10.2. Fiscal Year. The fiscal year shall begin on the first day of January every year, except that the first fiscal year of the Association shall begin on the date of incorporation. The commencement date of the fiscal year herein established may be changed by the Board of Directors should corporate practice subsequently dictate.

Section 10.3. Execution of Association Documents. All notes, contracts, other documents, checks, and other drafts shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time designated by the Board of Directors.

Section 10.4. Conflict. In the case of any conflict between the Articles of Incorporation and the By-Laws and Regulations, the Articles shall control; and in the case of conflict between the Declaration and these By-Laws and Regulations, the Declaration shall control.

Section 10.5. Amendments. These By-Laws and Regulations may be amended at a regular or special meeting of the members, by affirmative vote of a majority of the total number of votes held by each class of Members of the Association.

ARTICLES OF INCORPORATIONOFSADDLEBROOK FARMS HOMEOWNERS' ASSOCIATION, INC.

The undersigned, desiring to form a non-profit corporation under the Kentucky Nonprofit Corporation Acts, Sections 273.161 to 273.390, inclusive, of the Kentucky Revised Statutes, does hereby certify:

ARTICLE INAME

The name of the corporation shall be Saddlebrook Farms Homeowners' Association, Inc.

ARTICLE IIPERIOD OF DURATION

The corporation shall exist perpetually, unless dissolved earlier under the terms of these Articles.

ARTICLE IIIPURPOSES

The purpose for which said nonprofit corporation is formed, and various other provisions pertaining to this nonprofit corporation and its powers are set forth in the following sections of these Articles. This nonprofit corporation, hereinafter sometimes referred to as the "Association", does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to act as the Owners' Association with regard to the tract of real estate specifically described in the Saddlebrook Farms Declaration of Covenants, Conditions, Restrictions and Liens and Reservation of Easements (Declaration) applicable to said real estate, said Declaration being recorded or to be recorded in the property records of Boone County, Kentucky. In addition, the specific purposes for which this Association is formed are to provide for the maintenance, preservation and architectural control of the aforesaid real estate and the buildings and improvements situated thereon under the terms of said Declaration, and to promote the health, safety and welfare of the residents and owners of the above described property and for these purposes:

- (a) to exercise all the power and privileges and to perform all of the duties and obligations of the Association as set forth in the aforesaid Declaration or as the same may be amended from time to time;

- (b) to fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office, administrative, and other expenses incident to the conduct of the business of the Association, including all license fees, taxes or governmental charges levied or imposed against the property of the Association;
- (c) to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association and subject to the terms of the Declaration;
- (d) to borrow money, and with the assent of a majority of the voting power of the Association, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, but only to the extent permitted by the Declaration;
- (e) to maintain and care for the Community Facilities including any structures thereon, to the extent provided in the Declaration;
- (f) to obtain, pay for and maintain insurance to the extent provided in the Declaration;
- (g) to do any other thing necessary, expedient, incidental, appropriate or convenient to the carrying out of the foregoing purposes or which will promote the common benefit and enjoyment of the residents or owners of the Lots or Living Units, insofar as not prohibited by law or the Declaration; and
- (h) to have and to exercise any and all powers, rights and privileges which a corporation organized under the Nonprofit Corporation Law of the State of Kentucky by law may now or hereafter have or exercise, insofar as not prohibited by the Declaration.

ARTICLE IV

ADDRESS OF PRINCIPAL OFFICE

The place in the State of Kentucky where the principal office of the corporation is 7900 Tanners Gate Lane, Florence, Boone County, Kentucky 41042.

ARTICLE V

AGENT AND ADDRESS OF REGISTERED OFFICE

The address of the registered office in Kentucky of this corporation is 7900 Tanners Gate Lane, Florence, Boone County, Kentucky. The initial registered agent at such address is William J. Ryan.

ARTICLE VIDIRECTORS

The affairs of this Association shall be managed by the Board of Directors who need not be members of the Association. The number of directors may be designated as not less than three (3) nor more than seven (7) members by said Association. The names and addresses of the three (3) persons who are to serve as the initial Directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Charles F. Minneci	423 Wards Corner Road Loveland, Ohio 45140
Philip T. Montanus	1055 St. Paul Place Cincinnati, Ohio 45202
Derek Wehman	5877 Ross Road Fairfield, Ohio 45014

ARTICLE VIIMEMBERSHIP

Every Owner of a Lot or Living Unit as described in the Declaration and as created by that Declaration which is subject by covenants of record contained in the Declaration to assessment by the Association, including purchasers by contracts which are recorded in accordance with Section 382.100 of the Kentucky Revised Statutes and provide for installment payments, and including contract sellers on other forms of executory contracts for the sale of a Lot or Living Unit, but excluding those holding record title or a similar interest merely as security for the performance of an obligation, shall automatically on acquisition of such ownership interest in a Lot or Living Unit be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Living Unit which is subject to assessment. Such membership shall terminate upon the sale or other disposition by such Owner of his ownership interest, at which time the new Owner shall automatically become a member of the Association.

ARTICLE VIIIVOTING RIGHTS

The Association shall have two classes of voting membership:

Class A - Class A members shall be all Lot and Living Unit Owners (with exception of the Declarant for as long as Class B membership exists), who shall be entitled to one vote for each Lot or Living Unit owned. When more than one person holds an interest in any Lot or Living Unit, all such persons shall be members. The vote for such Lot or Living Unit shall be exercised as set forth in the Declaration and By-Laws.

Class B - Class B members shall be the Declarant (as defined in the Declaration), and such member shall be entitled to a such number of votes as will constitute seventy-five percent (75%) of the total voting power of the Association, as long as the Class B membership continues to exist. The Class B membership shall cease to the extent permitted by Kentucky Law and be converted to Class A membership with one (1) vote for each Lot or Living Unit owned, on the happening of the following events, whichever occurs earlier:

A. Four (4) months after seventy-five percent (75%) of the total number of Lots and Living Units in the property including those which can be annexed pursuant to Article II of the Declaration have been sold and conveyed to individual owners;

B. Ten (10) years after the date the Declaration is filed for for record.

Provided, however, that nothing herein shall be construed to prohibit the Class B member from converting all or part of its Class B membership to Class A membership with the results set forth above at any time earlier than the latter of the alternative events referred to above, by a written statement executed by the Declarant and delivered to the Association.

ARTICLE IX

DISSOLUTION

Upon dissolution of the corporation, any assets remaining after payment or adequate provision for payment of all debts and obligations of the corporation shall be expended in furtherance of the purposes set forth herein. If no successor in interest to the corporation is formed to administer the property of the corporation, its assets shall be distributed to its members according to a plan adopted and administered by the Board of Directors.

ARTICLE X

AMENDMENTS

Amendments of these Articles shall require the assent of members holding at least sixty-seven percent (67%) of the total voting power of the Association, except as may be provided to the contrary in the Declaration.

ARTICLE XI

DEALING WITH CORPORATION

A director or officer of the corporation shall not be disqualified by his office from dealing or contracting with the corporation as a vendor, purchaser, employee, agent or otherwise; nor shall any transaction, contract or act of the corporation be void or voidable or in any way effected or invalidated by reason of the fact that any director or officer or any firm of which such director or officer is a member, or any corporation of which such director or officer is a shareholder, director or officer, is in any way interested in such transaction, contract or act; provided, however, that the fact that such director, officer, firm or corporation is so interested must be disclosed to or known by the Board of Directors or such members thereof as

shall be present at the meeting of said Board at which action is taken upon such matters. No director or officer shall be accountable or responsible to the corporation for or in respect to any such transaction, contract, or act or for any gains or profits realized by him or by any organization affiliated with him as a result of such transaction, contract or act. Any such director or officer may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the corporation which shall authorize or take action in respect of any such contract, transaction or act, and may vote to authorize, ratify or approve any such contract, transaction or act, with like force and effect as if he or any firm of which he is a member or a corporation of which he is a shareholder, officer or director, were not interested in such transaction, contract or act.

ARTICLE XI

INDEMNIFICATION OF DIRECTORS, OFFICERS OR EMPLOYEES

The corporation shall, after notice to the members entitled to vote, indemnify any and every director, officer or employee against expenses, judgments, decrees, fines, penalties or amounts paid in settlement in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which such director, officer or employee is or may be made a party by reason of being or having been such director, officer or employee, except in relation to matters as to which such person shall be adjudged in such action suit or proceeding to be liable for negligence or misconduct in the performance of duty to the corporation; provided (a) that he acted in good faith in what he reasonably believed to be the best interest of such corporation, and (b) that, in any matter the subject of a criminal action, suit or proceeding, he had no reasonable cause to believe that his conduct was unlawful. Such indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled under these Articles, the By-Laws of this corporation, any agreement or any insurance purchased by this corporation, or by vote of the members, or otherwise.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Kentucky the undersigned Incorporator of this Association whose address is 423 Wards Corner Road, Loveland, Ohio 45140 has executed these Articles of Incorporation on this day of , 1989.

Charles F. Minneci, Incorporator

STATE OF OHIO, COUNTY OF HAMILTON, SS:

BE IT REMEMBERED, That on this day of , 1989, before me the subscriber, a Notary Public in and for said state, personally came Charles F. Minneci, who acknowledged the signing thereof to be his voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my seal on this day and year aforesaid.

Notary Public, State of Ohio

This Instrument prepared by John P. Dumbacher, Attorney at Law
1014 Vine Street, Suite 2520, Cincinnati, Ohio 45202

FILED _____ DAY OF _____

AT _____ M

RECORDED IN Misc BOOKNO. 273 PAGE 157

RECEIVED

1990 FEB -8 AM 10:33

JERRY W. ROUSE
BOONE COUNTY CLERK

Jerry W. Rouse
73.00pd.

STATE OF KENTUCKY,)
: SCT.

COUNTY OF BOONE,)

I, JERRY W. ROUSE, CLERK OF THE COUNTY COURT IN AND FOR THE
COUNTY AND STATE AFORESAID, DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF
WRITING WAS, ON THE 8 DAY OF February, 19 90, AT 10:33 A. M.
LODGED IN MY OFFICE FOR RECORD, WHEREUPON THE SAME, THE FOREGOING, AND THIS
CERTIFICATE HAVE BEEN DULY RECORDED IN MY OFFICE.

GIVEN UNDER MY HAND, THIS THE 8 DAY OF February
19 90.

JERRY W. ROUSE, CLERK

BY Donna Collins, DC