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**MASTER DEED AND DECLARATION
OF
CONDOMINIUM PROPERTY REGIME
OF
MIDDLETOWN VILLA CONDOMINIUMS**

Middletown Villa Condos, LLC, ("Developer") declares this as its plan for ownership in condominium of certain property located in Jefferson County, Kentucky (the "Declaration").

WITNESSETH:

Developer submits the following described real property and improvements now or hereafter constructed on such real property ("Land") to a horizontal condominium property regime (the "Regime") under the Kentucky Horizontal Property Law, Sections 381.805 through 381.910 of the Kentucky Revised Statutes, as amended from time to time (the "Act"):

Description of property and source of title

BEING Lot #79 as shown on the Plan of Middletown Villa Townhouses, Tract 3, a Plat of which is of record in Plat and Subdivision Book 33, Page 45, in the Office of the County Clerk of Jefferson County, Kentucky.

BEING the same property acquired by Middletown Villa Condos, LLC, a Kentucky limited liability company, by deed dated March 8, 2004, of record in Deed Book 8369, Page 620, in the Office of the Clerk of Jefferson County, Kentucky.

ARTICLE I
DEFINITIONS

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

Section 1.1 "Council of Co-owners" or "Council" means all of the Unit Owners acting as a group in accordance with this Declaration, any amendments thereto, the Bylaws, rules and regulations, and any other governing documents. The Council of Co-owners has been or will be incorporated as the Middletown Villa Condominiums Council or Co-Owners, Inc.", a Kentucky corporation, or a similar name, and references to Council shall include successors and assigns of that corporation.

Section 1.2 "Common Elements" means the general common elements of the Regime, as defined in the Act, and shall include (if actually built and expect as otherwise provided or stipulated in this Declaration and amendments to this Declaration) the following:

- (a) the land on which building stand;
- (b) the foundations, main walls, roofs and communication ways;
- (c) to the extent not included in a Unit, any halls, lobbies, entrances and exits.
- (d) the grounds, landscaping, walkways, roadways and parking areas that are not allocated by the Board, pursuant to this Declaration or amendments to this Declaration, for the exclusive use of a Unit owner;
- (e) compartments or installations for central services such as energy, communication or utilities; and
- (f) all other devices or installations existing for common use, and all other elements of the buildings rationally of common use or necessary to their existence, upkeep and safety.

Section 1.3 "Limited Common Elements" means those Common Elements which are reserved by this Declaration or amendments to this Declaration, by the recorded floor plans, or by agreement of all Owners, for the use of a certain Unit or number of Units to the exclusion of other Units, including without limitation:

- (a) Interior unfinished surfaces of each Unit's perimeter walls, ceilings and floors and space between floors;
- (b) Entrances and exits to the Unit;

- (c) Attics (meaning any space between the roof of a building and the ceiling of a Unit), crawl spaces, basement (if any, and if not included in a Unit as shown on the final "as built" plans referred to in Section 2.2), balconies, stoops, patios and decks, if any, now (or hereafter if approved by the Board) attached to a particular Unit and whether or not shown on the "as built" plans;
- (d) Utility service facilities serving a Unit or several Units, including the air conditioning and heating equipment of systems;
- (e) Door and window frames for each Unit; and
- (f) Back yard areas, meaning one of the following, as applicable. If the rear of a Unit is enclosed by a fence permitted by Developer or the Board pursuant to Section 5.4, then the back yard area shall mean that enclosed area. If there is no fence, the back yard area shall be the area in the rear of each Unit bounded as follows: (a) By the rear exterior of the Unit, (b) by two imaginary lines extending straight back from each side wall of the Unit, and (c) by one of the following imaginary lines, determined based on which line creates the smallest "back yard area" — either (i) the boundary line of the Land, or (ii) the line of any easement, or (iii), or (iv) with respect to any Unit for which a different limited common element line is shown on the plans contemplated by section 2.2 and 2.4 ©, that line shown on such plans.

Section 1.4 "Unit" or "Condominium Unit" means the enclosed space consisting of one or more rooms as measured from interior unfinished surfaces, having direct access to the Common Elements. The location and extent of each Unit are as shown on the plans of the Regime recorded with this Declaration. Notwithstanding that some of the following might be located in the Common Element or Limited Common Elements, the plumbing, heating, and air conditioning equipment (including all ducts and pipes), electrical wiring and equipment, hot water heater, telephone lines, cable television lines, windows panes, doors (including storm and screen doors, if any), windows, halls, stairways and other equipment located with or connected to a Unit for the sole purpose of serving that unit exclusively, are a part of the Unit; the maintenance, repair and replacement of same being the responsibility of the Unit owner.

Section 1.5 "Common Express" means and includes all charges, cost and expenses incurred by the Council for and in connection with the administration and operation of the Regime, including without limitation: maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Elements; any additions and alterations thereto; all labor, services, materials, supplies and equipment therefore; all liability for loss or damage arising out of or in connection with the Common Elements and their use; all premiums for hazard, liability and other insurance with respect

to the Regime; all liabilities incurred in acquiring a Unit pursuant to judicial sale; all administrative, accounting, legal and managerial expenses; amounts incurred in replacing or substantially repairing capital improvements of the Regime, including roof repair and replacement, and road, driveway and parking area resurfacing; all reserve funds established by the Council; all charges for utilities not separately metered; in particular but not limited to the regime monthly payment to the Louisville Water Company as water and sewage provider, and herbage collection; provided, however, if the rate for any of the common utilities or garbage collection service is increased as a result of a particular owner's excessive use, the Board may collect such increase from the Unit owner.

Section 1.6 "Co-Owner" or "Owner" or "Unit Owner" means the record owner, one or more persons or other legal entities, of a fee simple title to any Unit, but excluding those having an interest in the Unit merely as security for the performance of an obligation.

Section 1.7 "Board" or "Board of Administration" shall mean the Board of Directors of the Council, having certain responsibilities delegated to it by the Council.

Section 1.8 "Bylaws" shall mean the Bylaws as amended from time to time, of the Council.

Section 1.9 "Rules and Regulations" means the rules made from time to time by the Council.

ARTICLE II

UNITS AND COMMON ELEMENTS

Section 2.1 **Description and Number of Units.** The general description and the number of each Unit, expressing its area, location and other data necessary for identification, is contained in Exhibit A attached as a part of this Declaration. Additional Units may be brought into the Regime pursuant to Section 2.4.

Section 2.2 **Floor Plans.** Simultaneously with recording of this Declaration, there has been filed in the office of the Clerk of Jefferson County, Kentucky, a set of "as built" floor plans showing the layout, location, Unit numbers and dimensions of the initial Units and, if applicable, the initial Limited Common Elements; stating the name of

the Regime; and bearing the verified statement of a registered architectural professional engineer certifying that the plans fully and accurately depict the layout, location, Unit number and dimensions of the existing Units as built. The initial floor plans are of record in Apartment Ownership Book _____, Pages _____, in the office of the Clerk of Jefferson County, Kentucky. Additional Units may be brought into the Regime by filing and recording supplemental floor plans as provided in Section 2.4.

Section 2.3 Percentage of Common Interest. Appurtenant to each Unit is that Unit's percentage of common interest, as set forth in Exhibit A. This percentage is computed by taking as a basis the floor area of the individual Unit in relation to the floor area of all existing Units. Except as otherwise provided in this Declaration (see Section 2.4) and except as otherwise provided by the Act, the percentage of common interest is permanent and shall not be altered without the acquiescence of the Owners representing all Units in the Regime. If the Regime is expanded as contemplated by Section 2.4, the percentage of common interest appurtenant to each Unit will be altered and redistributed on an as built basis and without the acquiescence of the Owners representing all of the Units, pursuant to the power of attorney and rights reserved in this Declaration.

Section 2.4 Expandable Regime. This is an expandable condominium regime. In other words, additional buildings may become a part of this Regime at the option of Developer, its successors and assigns, as follows:

- (a) Developer currently contemplates that the Regime will consist of approximately sixteen (16) units but this expression of intent does not obligate Developer, its successors or assigns, to construct all such Units.
- (b) Developer currently intends to expand only on the land described in the first paragraph of this Declaration.
- (c) If expanded, the percentage of common interest appurtenant to each Unit in the Regime shall be redistributed on an as-built basis upon completion of additional Units. The redistribution shall be done by an amendment or amendments to this Declaration.
- (d) Developer hereby reserves for itself, its successors and assigns, for a period of 10 years from the date of this Declaration, the right to execute on behalf of all contract purchasers, Unit Owners, mortgages or other lien holders, or other parties claiming a legal or equitable interest in the Regime, any amendment, agreement or supplement that may be required to expand the Regime, and by taking any interest in the Regime or by taking any interest in a Unit, each such person or entity shall be deemed to have granted to Developer a power of attorney for such purposes, coupled with an interest, running with the Regime or Unit, as applicable, and binding upon the successors

or assigns of any of the foregoing parties, with that power of attorney not being affected by the death or disability of any principal. Developer, for itself, and for its successors and assigns, reserves an interest in any real estate, including the Regime and each Unit, for these purposes. This interest reserved by Developer and the power of attorney hereby granted by each interest holder includes the right to amend the percentage of common interest appurtenant to each Unit and otherwise to amend this Declaration to supplement the floor plans to accomplish the expansion of the Regime, as contemplated by this Section.

ARTICLE III

EASEMENTS

Section 3.1 Easements for Encroachment, Access and Utilities. The Units, Common Elements and Limited Common Elements shall have and be subject to the following easements:

- (a) An easement for any maintenance, repair and replacement of any and all pipes, wires, conduits, or other utility lines running through or around any Unit (including those common facilities located above a suspended ceiling), which facilities serve more than one Unit and are part of the Common Elements.
- (b) An easement exists for ingress and egress for the maintenance, repair and replacement of any load bearing wall located within a Unit.
- (c) If any part of the Common Elements encroaches upon any Unit or Limited Common Element, an easement shall exist for the encroachment, the maintenance, repair and replacement thereof, so long as it continues. If any building of this Regime shall be partially or totally destroyed and then rebuilt, minor encroachments on any parts of the Common Elements due to reconstruction shall be permitted, and easement shall exist for the encroachments.

- (d) An easement exists for ingress, egress and maintenance in favor of any public utility providing utility service to the Regime and the Units.
- (e) An easement exists in favor of the Council of Co-owners, exercisable by the Board of Administration and its agents, to enter any Unit or any Limited Common Element from time to time during reasonable hours, as may be necessary for the operation of the Regime (including the right to inspect Common Elements), or in the event of emergency, for necessary action to prevent damage to any part of the Regime.
- (f) Developer reserves the rights during development to grant, transfer, cancel, relocate, and otherwise deal with all utility and other easements now or hereafter affecting the Common Interest.

Section 3.2 Reservation of Easements by Developer. To benefit land that may never be brought into the Regime, Developer reserves any and all sanitary sewer lines, storm sewer lines, telephone lines, electricity or other power lines, cable television lines, rights of way for ingress and egress and any other lines or accompanying easements. Developer reserves the right to connect, at Developer's expense, to any such lines and/or easements. These reservations of easements shall be construed broadly, in favor of Developer to facilitate the development of real estate that may never be brought into the Regime.

ARTICLE IV

PERMANENCY OF INTEREST

Section 4.1 Alteration and Transfer of Interest. The Common Elements and easements appurtenant to each Unit shall have a permanent character and shall not be altered without the consent of the Board of Administration and the Unit owner affected. The Common Elements and easements shall not be separated from the Unit to which they appertain, and shall be deemed to be conveyed, leased or encumbered with the Unit even though the Common Elements or easements are not expressly mentioned or described in the conveyance or other instrument.

Section 4.2 Partition. The Common Elements shall remain undivided and shall not be the object of any action for partition or division of any part thereof except as provided by the Act.

ARTICLE V RESTRICTIONS

The Units and the Common Elements and limited Common Elements shall be subject to the following restrictions, which restrictions shall be permanent:

Section 5.1 Use. The Unit shall be used only for single-family residential purposes. The Unit shall be subject to such limitations and conditions as may be contained herein, or in the Bylaws of the Council, or any Rules and Regulations that may be adopted from time to time by the Board as to the use and appearance of the Units and the Common Elements.

Section 5.2 Subdivision. There shall be no subdivision or partition of any Unit without the prior written approval of the majority of the Board. If such approval is granted, such subdividing shall not alter or diminish the voting rights or the percentage of interest in the Common Elements previously allocated to the Unit undergoing such subdividing.

Section 5.3 Leases. Any Unit lease shall be in writing and shall be subject to this Declaration, the Bylaws and Regulations, and a copy of such lease shall be delivered to the Board.

Section 5.4 Fences and Back Yard Areas. No fence, patio, wall, above or below ground pool, antenna or receiver/transmitters (including those commonly known as "satellite dishes"), outbuilding or shed, or any other structure or placement of any kind or nature shall be erected or located anywhere in the Common Elements or Limited Common Elements (including within the "back yard area" constituting Limited Common Area) without the prior written approval of Developer or the Board. Anytime an approved fence is in place, it must at no time have a locked gate, to allow the Council's maintenance personnel access.

Section 5.5 Penalties. The Board, or its agent may remedy violation of this Declaration, the Bylaws or any rules adopted by the Board of Administration, by the imposition of reasonable fines or by legal action for damages, injunctive relief, restraining order, or specific performance. In addition, an aggrieved unit owner may maintain a legal action for similar relief. A Unit owner in accepting ownership of a Unit agrees to become subject to this enforcement in the event of violation.

ARTICLE VI
ADMINISTRATION

Section 6.1 Council or Co-Owners; Voting. The administration of the Regime shall be vested in a Council of Co-owners consisting of all the Unit owners of the Regime. The owner of any Unit, upon acquiring title, shall automatically become a member of the Council and shall remain a member until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Council shall automatically cease. By becoming a member, each Unit owner shall have one vote for each Unit owned. If more than one person or entity owns a Unit, their one vote shall be exercised as they determined among themselves, but no vote may be split and, if the owners of a Unit cannot agree among themselves as to the vote, no vote shall be allowed.

Section 6.2 Developer's Proxy Rights. The administration of the Regime, including the adoption and amendment of Bylaws, rules, assessment of Common Expenses and all other matters relating to the administration of the Regime, is vested in the Developer until (i) 120 days from the date at least 75% of the Units contemplated for the Regime have been conveyed to third parties; (ii) until the Developer elects to surrender this power to the Unit owners; or (iii) until December 31, 2007, whichever first occurs. Until that time, the Developer shall constitute the Council, of Co-owners and the Board of Administration, and shall pass the irrevocable proxy of the Unit owners to operate and administer the Regime during this time, which proxy each Unit owner automatically grants upon acceptance of a deed to a Unit. All Unit owners, by acceptance of a deed to a Unit, agree to this administration of the Regime by the Developer.

Section 6.3 Administration of the Regime. Administration of the Regime, including the use, maintenance, repair, replacement and restoration of the Common Elements, and any additions and alterations to them, shall be in accordance with the provision of the Act, this Declaration, the Bylaws of the Council, and all rules adopted by the Board of Administration. Specifically (but not exclusively) the Council shall:

- (a) Maintain, repair and replace all improvements in the Common Elements, which may be required by law to be maintained, repaired, and replaced upon, adjoining, in connection with, or for the use of any part of the Regime.
- (b) Keep all Common Elements in a clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority, where applicable to the Regime.

- (c) Well and substantially repair, maintain and keep all Common Elements of the Regime in good order and condition; maintain and keep said land and all adjacent land between any street boundary of the Regime and the established street line in a neat and attractive condition, including keeping all trees, shrubs and grass in good cultivation; replant the same as may be necessary and repair and make good all defects in the Common Elements of the Regime required in this instrument to be repaired by the Council.
- (d) Except as may be provided herein, in the Bylaws and Regime Rules, keep all Limited Common Elements in a clean and sanitary condition and well and substantially repair, maintain and keep them in good order and condition.
- (e) Observe any setback lines affecting the Regime as shown on the plans herein mentioned.
- (f) Remit timely payment to the Louisville Water Company upon presentation of monthly billing.
- (g) Regulate the use of the Common Elements and Limited Common Elements.

Section 6.4 Board of Administration. Administration of the Regime shall be conducted for the Council by a Board of Administration (the Developer during the period outlined in Section 6.2) elected by the Co-owners in accordance with the Bylaws. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a professional managing agent, or administer employed for that purpose by the Board so long as such contract does not exceed three years in duration and is cancelable by the Board upon ninety days prior notice. It shall be the duty of the Board to determine annually, subject to the approval of the Council, the estimated Common Expenses of the Regime for the succeeding twelve months, and, having so determined, to make and collect the assessment monthly from each Unit owner, as set forth in Article VII. Where no such determination is formally made for any year, the calculations utilized for the previous twelve months shall remain in effect until such oversight is corrected. The Board shall keep detailed accounts of the receipts and expenditures affecting the Regime and its administration. Such books and records shall be available for examination by any Unit owner upon reasonable request and at such reasonable times and location as may be specified by the Board.

ARTICLE VII

ASSESSMENTS

Section 7.1 Covenant for Assessment. The proportionate share of each owner of each Unit in the common surplus and the Common Expenses of the condominium project is equal to the percentage of common interest appurtenant to the Unit of that Owner. The initial percentage of common interest appurtenant to each Unit has been set out in Exhibit A to this Declaration, with such percentages to be altered by amendment to this Declaration in accordance with Section 2.4 of this Declaration. Each person and/or entity who becomes an Owner of a Unit whether or not it shall be so expressed in any such deed or other form of conveyance, shall be deemed to covenant and agree to pay to the council the Unit's share of assessments as fixed, established, and collected from time to time as hereinafter provided. All assessments, together with interest thereon at the rate of ten (10%) percent per annum and cost of collection (including a lien preparation charge, filing fees, court cost, and reasonable attorney's fees) shall be a charge and a continuing lien upon the Unit against which the assessment is made, and shall also be the personal obligation, jointly and severally, of the Owner or Owners of the Unit at the time when the assessment fell due.

Section 7.2 Determination of Regular Assessment, Reserves, Special Assessments, Fine Assessments, Expansion, Start Up Assessment.

- (a) The Council, acting through the Board, shall, from time to time, but not less than once every twelve (12) months, determine the amount of the regular total assessment necessary to defray the Common Expenses for a given period not to exceed twelve (12) months. When setting the regular total assessment, the Council should include both (i) those funds required during the period for general operating purposes, and (ii) those reserve funds estimated to be necessary for future capital improvement. All funds required for general operating purposes under (a) above may be held in the name of the Council. All funds required for reserves for capital improvements under (b) above shall be held in an account in the name of the Council, for the benefit of all of the Unit owners in the Regime. Each Unit owner, by the acceptance of a deed, does authorize the disbursement of any and all of the escrow funds solely upon the written authorization of the Board.
- (b) Each Unit Owner is liable to pay that percentage of the regular total assessment that is equal to his or her Unit's percentage of the common interest, as determined by the Council. Notwithstanding the foregoing sentence, for an unoccupied Unit owned by the Developer, the Developer is only liable for eighty (80%) percent of the assessment which it would otherwise have to pay for the Unit. If the Unit becomes occupied, the Developer must thereafter begin paying a full assessment for that Unit.

- (c) The Council may from time to time levy special assessments for reasonable purposes. The special assessment may be levied against one Unit, or a group of Units or all of the Units, as circumstances reasonably warrant according to the Unit or Units benefited by the assessment. If the assessment is apportioned among Units, the method of apportionment shall be based upon square feet unless for some reason that method would be very unfair. In that case, Council can determine another reasonable method of apportionment.
- (d) If the Regime is expanded during a given year and additional Units are brought into the project, the new Unit shall pay the same assessment per square foot as the existing Units are paying for that assessment year. If in the Council's sole discretion, such a rate would not be reasonable, the Council may adjust the rate up or down for those new Units until the next annual assessment is made.
- (e) The Council may levy a reasonable assessment, as a fine or penalty for violation of this Declaration. A lien may be filed for this assessment and this assessment may be enforced by foreclosure and otherwise treated as a regular assessment.
- (f) A special assessment, due immediately, arises against a Unit upon the initial transfer of record of the Unit from the Developer (or successor developer or designated developer) to the Unit owner (other than a successor developer or designated developer). The special assessment shall be in an amount equal to the sum of two months of the full regular assessment. It shall be collected at closing and paid to the Council for use by the Council or Common Expenses. This special assessment is in addition to the regular assessment. Any reduced assessment on the Unit ends as of the first day of the month immediately following the month in which title was transferred of record from the Developer (or successor developer or designated developer).

Section 7.3 Billing The Council shall inform each Unit owner of the amount of the total assessment due from the Owner of that particular Unit. The Owner of each Unit must pay his or her Unit's required assessment in advance each month. Payment is to be made to such person at such an address as Council determines. Payment shall be due on the first day of each month, unless the Council otherwise directs. Special assessments are due thirty (30) days after the bill for the special assessment has been mailed or otherwise sent out by Council, unless the Council otherwise directs. If the Regime is expanded and additional Units are brought into the Regime during a given assessment year, those additional Units shall begin paying an assessment on the first day of the month immediately following the month after the Units were bought, of record, into the Regime.

Section 7.4 Limited Common Element Assessment. An additional assessment may be made by the Council against any Unit to pay any expense resulting from a Limited Common Element benefiting that Unit. The assessment must be reasonable. The assessment should be apportioned among the Units (if more than one) using the Limited Common Element in a fair and reasonable manner. The assessment may be a regular, annual assessment and may be billed and included as part of the regular annual assessment described in Section 7.2 above.

Section 7.5 Assessment Certificate. The Council, shall upon demand, at any reasonable time, furnish to any owner liable for assessment a certificate in writing signed by an officer or other authorized agent of the Council, setting forth the status of said assessment; i.e. "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Council for each certificate.

Section 7.6 Non-Payment of Assessment. Any assessments (including special assessments) levied pursuant to this Declaration which is not paid on the date when due shall be delinquent and shall, together with such interest and other cost as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Unit which shall bind the Unit in the hands of the then Owner and Owner's successors and assigns.

If the assessment is not paid within fifteen days after the due date, the assessment shall bear interest at a reasonable rate set by the Board in its minutes, and the Council may bring action at law against the Unit owner personally obligated to pay the same and/or foreclose the lien against the Unit, in either of which events interest, cost and reasonable attorneys fees shall be added to the amount of each assessment. No Owner may waive or otherwise escape liability for the assessments by non-use or waiver of use of the Common Elements or by abandonment of his or her Unit.

The lien of the Council is against not only the Unit, but also the percentage of common interest in the Common Areas appurtenant to the Unit, including any funds held for the benefit of the Unit.

Section 7.7 Priority of Council Lien. The lien provided for in the Article shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages or vendor's liens which have been filed of record before notice of this lien has been filed of record, and may be foreclosed in the same manner as a mortgage on real property in an action brought by the Council. The Council is entitled to recover its reasonable attorneys fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Council shall be entitled, but not obligated, to become a purchaser at the foreclosure sale.

Section 7.8 Disputes as to Common Expenses; Adjustments. Any owner, who believes that the portion of common expenses chargeable to the Unit, for which the Council has filed an assessment lien, has been improperly charged against that owner or the Unit, may bring action in an appropriate court of law. The Council in its reasonable discretion may, in order to prevent manifest injustice, adjust (increase or decrease) the assessment for any Unit based upon a consideration of the following factors: the floor area of the Unit; the number of occupants in the Unit; or the demand on public utilities by the occupants of the Unit; the accessibility of the Unit to Limited Common Areas. The Council in its reasonable discretion may abate or reduce a Unit's assessment for a reasonable period of time, during which a Unit is uninhabitable, through no fault of the Owners, as a result of damage or destruction.

Section 7.9 Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Council. Any purchaser of a Unit at a foreclosure sale shall automatically become a member of the Council and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 7.10 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the mortgagee of a first mortgage or record or other purchaser of a Unit acquires title to the Unit as a result of foreclosure of the first mortgage or by deed in lieu of foreclosure, such acquirer of title shall not be liable for the share of the Common Expenses or other assessments by the Council chargeable to such Unit which became due prior to the acquisition of title to the Unit by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible for all of the Units, including that of such acquirer, its successors or assigns. However, the Council's lien rights may be asserted against surplus proceeds of any judicial sale or against any payments made by the mortgagee to the owner mortgagor in the case of a deed in lieu of foreclosure.

Section 7.11 Liability for Assessments Upon Voluntary Conveyance. The personal obligation of each Owner to pay the assessment against the Unit shall pass to any subsequent grantee who takes title through contract, operation of law, or through any other method or instrument other than a commissioner's deed or other court ordered deed or other than a deed to a mortgagee in lieu of foreclosure. The original owner shall not be released from the obligation of the assessment, but instead will be jointly and severally liable with the subsequent grantee. However, any such grantee or proposed grantee shall be entitled to an assessment certificate as described elsewhere in this Article, and such grantee shall not be liable for, nor shall the Unit be conveyed subject to a lien for, any unpaid assessment made by the Council against the grantor in excess of the amount set forth in the assessment certificate for the period reflected in the assessment certificate. This section shall not prejudice the right of the grantee to recover from the grantor the amounts paid by the grantee for the assessment, which was also the obligation of the grantor.

Section 7.12 Late Charge. The Council may make a reasonable late charge or charges for any assessment, or installment of an assessment, not paid when due. This late charge shall also be a part of the assessment and shall also be continuing lien upon the Unit and shall otherwise be treated and collected in the same manner as the assessment.

Section 7.13 Miscellaneous.

- (a) The Council may change the interest rate due on delinquent assessments, except that the rate cannot be changed more often than once every six months. As of its effective date, the new interest rate will apply to all assessments then delinquent.
- (b) The Unit owner has the sole responsibility of keeping the Council informed of the owner's current address if different from the Unit owned. Otherwise, notice sent by the Council to the Unit address is sufficient for any notice requirement under this Declaration.
- (c) The lien under this Article arises automatically, and no notice of lien need be recorded to make the lien effective.
- (d) The assessment lien includes all collection cost, including demand letters, preparation of documents, reasonable attorneys fees, court cost, filing fees, and any other expenses incurred by the Council in enforcing or collecting the assessment.
- (e) If any Common Element, including any Limited Common Area, is intentionally or negligently damaged or destroyed through the act or omission of any Unit owner, the Council may make an individual assessment against the owner and owner's Unit for the expense involved in making repairs and in making and/or enforcing the assessment, including reasonable attorneys fees.
- (f) Any assessment otherwise payable in installments shall become immediately due and payable in full without notice upon default in the payment of any installment. The acceleration shall be at the discretion of the Board.

ARTICLE VII

INSURANCE

Section 8.1 General Insurance. The Council shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, worker's compensation insurance with respect to the Regime and the Council's administration thereof in accordance with the following provisions:

- (a) The Council for the benefit of the Council, the Unit Owners and their mortgages shall purchase the master policy as their interest may appear, subject to the provisions of this Declaration and Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.
- (b) All building, improvements, personal property and other Common Elements shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred (100%) percent of the replacement value thereof, including, but not limited to, plumbing fixtures, electrical fixtures, kitchen and bathroom fixtures, kitchen and bathroom cabinets, carpeting, paint, wallpaper, interior walls, partitioning, trim, dry wall, appliances furnished by the Developer, and other improvements and betterments, as determined from time to time by the Council. The Council may elect to carry insurance to cover such other perils from time to time shall be customarily covered with respect to building and improvements similar in construction, location and use.
- (c) The Council shall try to have its liability of the Unit Owners, individually and as a group (arising out of their ownership interest in the Common Elements), to another Unit Owner. The Council shall reasonably determine the amount of such insurance.

Section 8.2 Fidelity Insurance. The Council shall carry fidelity coverage against dishonest acts on the part of officers and employees, members of the Council, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Unit Owners. The fidelity bond or insurance must name the Council as the named insured and shall be written in an amount sufficient to provide protection which is not less than the total annual assessments plus all accumulated reserves and all other funds held by the Council either in its own name or for the benefit of the Unit Owners.

Section 8.3 Directors' and Officers' Errors and Omissions Insurance. The Council may purchase insurance to protect itself and to indemnify any director or officer, past or present, against expenses actually and reasonable incurred by a director or officer in connection with the defense of any action, suit proceeding, civil or criminal, to which he is made a party by reason of being or having been director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Council; or to obtain such fuller protection and indemnification for directors and officers as the law of Kentucky permits. The policy or policies shall be in an amount to be reasonably determined by the Council.

Section 8.4 Premiums. The premiums upon insurance purchased by the Council shall be Common Expenses.

Section 8.5 Proceeds. Proceeds of all insurance policies owned by the Council shall be received by the Council for the use of the Unit Owners and their mortgages as their interest may appear; provided, however, the proceeds of any insurance received by the Council because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 8.6 Power of Attorney. Each Unit Owner shall be deemed to appoint the Council as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Council. Without limitation on the generality of the foregoing, the Council as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefore, to collect proceeds and to distribute the same to the Council, the Unit Owners and their respective mortgages as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Unit Owners and the Regime as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Council in regard to such matters.

Section 8.7 Responsibility of Unit Owner. The Council shall not be responsible for procurement of maintenance of any insurance covering the contents or the interior of any Unit nor the liability of any Unit Owner for injuries therein not caused by or connected with the Council's operation, maintenance or use of the Regime. Each Unit Owner shall obtain insurance coverage at his own expense upon his Unit's furnishings and personal property; and, in addition, shall obtain comprehensive personal liability insurance covering liability for damage to persons or property located within such Unit Owner's Unit, or in another Unit in the project or upon the Common Areas, resulting from the negligence of the insured Unit Owner, in such amounts as shall from time to time be determined by the Council.

Section 8.8 Release. All policies purchased under this Article by either the Council or the individual Unit Owners shall provide for the release by the issuer thereof of any and all rights of subrogation or assignment and all causes and right of recovery against any Unit Owners, members of their family, their employees, their tenants, servants, agents and guest, the Council, any employee of the Council, the Board, or any occupant of the Regime, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 8.9 Approximate Coverage. If any of the required insurance coverage under this Article becomes or is impossible to obtain or can be obtained only at an unreasonable cost, the Council shall obtain coverage which most closely approximates the required coverage, if such substitute insurance is available.

Section 8.10 Additional Policy Requirements. All such insurance coverage obtained by the Council shall be written in the name of the Council, for the use and benefit of the Council, the Unit Owners and their mortgages, as further identified below. The provisions hereinafter set forth shall govern such insurance:

- (a) Exclusive authority to adjust losses under policies in force on the Regime obtained by the Council shall be vested in the Council provided, however, that no mortgagees having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (b) In no event shall the insurance coverage obtained by the Council hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or the mortgages, and the insurance carried by the Council shall be primary.
- (c) All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.
- (d) The Council should make reasonable efforts to secure insurance policies that will provide the following:
 - (1) A waiver of subrogation;
 - (2) That no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners

(3) That no policy may be canceled, invalidated, or suspended on account of the conduct of any director, officer or employee of the Council or its duly authorized manager without prior demand in writing delivered to the Council to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Council, its manager, any owner or mortgagee; and

that any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

Section 8.11 Other Insurance Requirements. If this Project is intended to be qualified under the requirement of FHLMC, FNMA, HUD, FHA, VA or other similar program, the insurance requirements of that program are incorporated herein by reference. If any insurance company is unsure of the coverage intended, it should ask for an interpretation from the Board. Otherwise, the broadest coverage shall be presumed, it there is an ambiguity.

ARTICLE IX ALTERATIONS

Section 9.1 Alteration of Regime. Restoration or replacement of the Regime (unless resulting from casualty destruction), or construction of any additional buildings (other than those initially contemplated in the Regime including those contemplated by Section 2.4 of this Declaration), or material alterations or additions to any building of the Regime, shall be undertaken by the Council or any Co-owners only after unanimous approval of all Co-owners, and with written consent of the holders of all liens on units affected and in accordance with the complete plans and specifications approved in writing by the Board. Promptly upon completion of such restoration, alteration or replacement, the Board of Administration shall duly record the amendment with a complete set of floor plans of the Units of the Regime as so altered, certified as built by a registered architect or engineer.

Section 9.2 Reconstruction. Where casualty destruction, partial or total, of the building occurs, whether arising from events covered by insurance or not, the determination as to reconstruction shall be governed by the Act, more particularly KRS 381.890, as may be amended or supplemented from time to time.

ARTICLE X
INDEBTEDNESS

Section 10.1 Incurrence and Retirement of Indebtedness. The Council of Co-Owners, acting by unanimous vote of the Board, may borrow money from time to time for the following purposes:

- (a) To cover any budgetary deficit for operational expenses, so long as such loan can be repaid within six months from anticipated Common Expense income not needed for ongoing operations;
- (b) To buy a Unit in the Regime at a foreclosure sale;
- (c) To pay costs of reconstruction, major repairs, replacement or alteration of the Common Elements (to the extent not covered by insurance proceeds). There shall be no more than one authorized loan outstanding at any one time. When it is necessary to affect such a loan, the Council, acting through the Board, may pledge, as security thereon, its rights to receive that part of the monthly Common Expense income that is necessary to amortize the payoff of the loan.

ARTICLE XI
GENERAL

Section 11.1 Eminent Domain. The following provisions shall control upon any taking by eminent domain:

- (a) In the event of the taking of an entire Unit by eminent domain, the Unit owner and the Unit owner's mortgagee(s), as their interest may appear, shall be entitled to receive the award for such Unit taking and, after acceptance thereof, the Unit owner, the Unit owner's mortgagee(s) and other interest holder shall be divested of all interest in the Regime. If any condemnation award shall become payable to any owner whose Unit is not wholly taken by

eminent domain, then such award shall be paid by the condemning authority to the Council of Co-Owners on behalf of such owner. In that event, the Council shall rebuild the Unit as is necessary to make it habitable and remit the balance, if any, of the condemnation proceeds pertinent to the Unit owner thereof and the Unit owner's mortgagee(s), as their interests may appear.

- (b) If there is any taking of any portion of the Regime other than any Unit, the condemnation proceeds relative to such taking shall be paid to the Council. The affirmative vote of a majority of the Unit owners shall determine whether to rebuild, repair or replace the portion so taken or to take such other action, as they deem appropriate. If no such affirmative vote is obtained, such condemnation proceeds shall be remitted to the Unit owners in accordance with their respective percentages of common interest.

If the Regime continues after taking by eminent domain, then the remaining portion of the Regime shall be re-surveyed and this Master Deed amended accordingly by the Board, and, if any Unit shall have been taken, then the amended Master Deed shall reflect such taking and shall proportionately readjust the percentage of common interest of the remaining Unit owners based upon a total percentage of common interest of 100%.

Section 11.2 Amendment of Declaration. except as otherwise provided in this Declaration, or in the Kentucky Condominium Property Law, this Declaration may be amended from time to time by a majority of the Unit owners, effective only upon recording of the signed instrument setting forth the amendment.

Section 11.3 Consent of Mortgage Holder. Joining in this declaration is Citizens Union Bank holder of a mortgage on the subject property, dated March 8, 2004, recorded in Mortgage Book 8521, Page 934, in the Jefferson County Clerk's Office to indicate its consent thereto, Developer agreeing that Citizens Union Bank lien rights are hereby transferred to the individual Units of the Regime hereby established or to the established.

Section 12. Amendments to Master Deed

1. Amendments of a material nature.

All amendments to the Master Deed of a material nature shall be agreed to by unit owners who represent at least 67% of the total allocated votes in the owners' association and by eligible mortgage holders who represent at least 51% of the votes of unit estates that are subject to mortgages held by eligible holders. A change to any of the provisions governing the following would be considered as material:

- i. voting rights;
- ii. increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;

- iii. reduction in reserves for maintenance, repair and replacement of common elements;
- iv. responsibility for maintenance and repairs;
- v. reallocation of interests in the general or limited common elements, or rights to their use;
- vi. redefinition of any unit boundaries;
- vii. convertibility of units into common elements or vice versa;
- viii. expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
- ix. hazard or fidelity insurance requirements;
- x. imposition of any restrictions on the leasing of units;
- xi. imposition of any restrictions on a unit owner's right to sell or transfer his or her unit;
- xii. a decision by the owners' association of a project that consists of 50 or more units to establish self-management if professional management is required or by an eligible mortgage holder;
- xiii. restoration or repair of the condominium project (after damage or partial condemnation) in a manner other than that specified in the Master Deed.
- xiv. any provisions that expressly benefit mortgage holders, insurers or guarantors.

2. Termination of legal status.

If any action is taken to terminate the legal status of the condominium project after substantial destruction or condemnation occurs, this is to be agreed to by unit owners who represent at least 67% of the total allocated votes in the owners' association and by eligible mortgage holders who represent at least 51% of the votes of the unit estates that are subject to mortgages held by eligible holders.

Termination of the legal status of the condominium project for reasons other than substantial destruction or condemnation of the property is to be agreed to by eligible owners that represent at least 67% of the votes of the mortgaged units; however, implied approval shall be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

13. Nonexclusive Easements.

When the common elements, areas, or facilities are separately owned or held in a leasehold estate by the owners' association, the units in the condominium project are to have a valid nonexclusive easement for the use of those elements, areas or facilities -- subject only to limited regulation by the owners' association, such as provisions for guest parking or for repairs. The only limits and restrictions that can be placed on the easement involve the temporary suspension of the unit owner's rights because of his or her failure to pay assessments or to abide by the owners' association's rules for use of the common elements and facilities. This requirement for a nonexclusive easement does not apply to limited or restricted use elements that are either permanently or occasionally assigned to specific units.

14. Working Capital Fund.

A working capital fund must be established to meet unforeseen expenditures or to purchase any additional equipment or services, and Developer shall establish the initial working capital fund in an amount that is at least equal to two months of estimated common charges for each unit. Each unit's share of the working capital shall be collected either at the time the sale of the unit is closed or when control of the project is transferred to the unit owners, whichever is earlier. Any amounts paid into this fund shall not be considered as advance payments of regular assessments. The working capital fund shall be transferred to the owners' association for deposit to a segregated fund when control of the owners' association is transferred to the unit owners.

Developer shall not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the owners' association. When unsold units are sold, however, the Developer may reimburse itself for funds it paid the owners' association for any unsold unit's share of the working capital fund by using funds collected at closing when the unit is sold.

15. Rights of Ingress and Egress.

Each unit owner has an unrestricted right of ingress and egress to his or her unit. This right shall be perpetual so that it passes with the unit estate as transfers of ownership of the unit occur. Any conveyance, encumbrance, judicial sale, or other transfer, (voluntary or involuntary) of an individual interest in the common elements will be void unless the unit to which that interest is allocated is also transferred.

16. Rights of Condominium Mortgage Holders, Insurers, or Guarantors.

The Holder, insurer, or guarantor of the mortgage on any unit in a condominium project has the right of timely written notice of:

- i. any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage.
- ii. any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage;

DB08513PG0025

STATE OF KENTUCKY)
) SCT.
COUNTY OF JEFFERSON)

I, the undersigned Notary Public, in and for the State and County aforesaid, do hereby certify that the foregoing instrument of writing was executed and acknowledged before me this 15 day of July, 2004, by George Bonkers as S. V. P. of Citizens Union Bank, a corporation, on behalf of same.

Yea Elliott
Notary Public, Jefferson County, Kentucky
My commission expires: 12/15/05

This Instrument Prepared By:

Arthur W. Howard
Arthur W. Howard, Attorney
6200 Dutchmans Lane, Suite 206
Louisville, Ky. 40205

Exhibit "A"

UNIT 1 = 911.51 Sq.Ft. (6.05% of Total)
 UNIT 2 = 953.27 Sq.Ft. (6.32% of Total)
 UNIT 3 = 946.28 Sq.Ft. (6.28% of Total)
 UNIT 4 = 908.95 Sq.Ft. (6.03% of Total)
 UNIT 5 = 905.87 Sq.Ft. (6.01% of Total)
 UNIT 6 = 951.30 Sq.Ft. (6.31% of Total)
 UNIT 7 = 956.96 Sq.Ft. (6.35% of Total)
 UNIT 8 = 910.17 Sq.Ft. (6.04% of Total)
 UNIT 9 = 933.12 Sq.Ft. (6.19% of Total)
 UNIT 10 = 982.95 Sq.Ft. (6.52% of Total)
 UNIT 11 = 968.83 Sq.Ft. (6.43% of Total)
 UNIT 12 = 926.28 Sq.Ft. (6.15% of Total)
 UNIT 13 = 924.40 Sq.Ft. (6.13% of Total)
 UNIT 14 = 970.27 Sq.Ft. (6.44% of Total)
 UNIT 15 = 986.63 Sq.Ft. (6.56% of Total)
 UNIT 16 = 935.63 Sq.Ft. (6.21% of Total)
 TOTAL = 15072.20 Sq.Ft. (100.00%)

Recorded in Condo Book
 No. 105 Page 19-20
 Part No. 1898

Document No.: 082004186541
 Lodged By: howard
 Recorded On: 10/28/2004 09:54:50
 Total Fees: 58.00
 Transfer Fee: .00
 County Clerks: ROBBIE HOLSCLOUGH-JEFF CO KY
 Deputy Clerks: YOLLOBE

END OF DOCUMENT