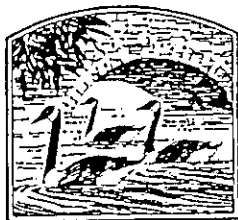


NTS



SUTHERLAND

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS

SUTHERLAND SUBDIVISION, PHASE I
JEFFERSON COUNTY, KENTUCKY

NTS/SUTHERLAND, INC.

10172 LINN STATION ROAD

LOUISVILLE, KENTUCKY 40223

THIS DECLARATION WAS PLACED OF PUBLIC RECORD ON DECEMBER 27, 1990, IN DEED BOOK 6023, PAGE 662, RE-RECORDED ON FEBRUARY 1, 1991 IN DEED BOOK 6034, PAGE 245, AND AMENDED BY FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS DATED OCTOBER 31, 1991, RECORDED NOVEMBER 4, 1991 IN DEED BOOK 6117, PAGE 936, ALL IN THE OFFICE OF THE CLERK OF JEFFERSON COUNTY, KENTUCKY. A COPY OF THE RECORDED DECLARATION, AS AMENDED, FOLLOWS.

NTS



SUTHERLAND

DATE: _____

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge receipt of a copy of the Sutherland Subdivision, Phase I Declaration of Covenants, Conditions and Restrictions, as amended, and a copy of the record plat for Lot # _____ located in Sutherland Subdivision, Phase _____.

Signature

Printed Name

Signature

Printed Name

Date

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

SUTHERLAND SUBDIVISION, PHASE I

JEFFERSON COUNTY, KENTUCKY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SUTHERLAND SUBDIVISION, PHASE I is made on December 21, 1990, by STM/SUTHERLAND, INC., a Kentucky corporation, 301 North Hurstbourne Lane, Louisville, Kentucky 40222 ("Developer").

WHEREAS, Developer is the owner of certain real property in Jefferson County, Kentucky, a portion of which is to be developed as a residential subdivision;

NOW, THEREFORE, Developer hereby declares that all of the property described in this instrument, and such additions as may be made pursuant to Article I, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of the real property. The easements, restrictions, covenants and conditions shall run with the real property and be binding on all parties having any right, title or interest in it, their heirs, successors and assigns, and shall inure to the benefit of each owner.

ARTICLE I -- PROPERTY SUBJECT TO THIS DECLARATION; ADDITIONS

Section 1. Existing Property. The real property which is subject to this Declaration is located in Jefferson County, Kentucky and is more particularly described as follows:

BEING Lots 1 through 42 and 44 through 52 inclusive as shown on the plat of Sutherland Revised Phase I of record in Plat and Subdivision Book 38, Page 68, in the office of the Clerk of Jefferson County, Kentucky.

9470
2-1-91

BEING part of the same property acquired by Developer by Deed dated November 3, 1989, of record in Deed Book 5911, Page 729 in the office of the Clerk of Jefferson County, Kentucky.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in any of the following manners:

(a) Additions in Accordance with a General Plan of Development. Developer intends to make this section containing 49 lots a part of a larger community to be developed in accordance with current plans and known as Sutherland. Additional land may (but is not required to) be included by Developer as other sections of Sutherland within 20 years from January 1, 1990, and may include certain common properties. Developer reserves the right to create cross easements and to restrict all the properties according to the terms of this Declaration. The common areas initially covered by this Declaration shall inure to the benefit of the owners of any new lots which may become subjected to this Declaration and the common areas allocable to the owners of any new lots shall inure to the benefit of the owners of lots recorded earlier, each to enjoy the common areas of the other and to have and to hold the same as if each new lot had been developed and subjected to this Declaration simultaneously.

The additional land which may be included is the land described in the following instruments recorded in the Jefferson County Clerk's office: Deed Book 5911, Page 729; Deed Book 5911, Page 722; and Deed Book 5930, Page 709.

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

(b) Other Additions. Additional residential property and common areas which are not presently a part of the general plan of development may be annexed to Sutherland by Developer.

ARTICLE II -- USE RESTRICTIONS

Section 1. Primary Use Restrictions. No lot shall be used except for private single-family residential purposes. No structure shall be erected, placed or altered or permitted to remain on any lot except one single family dwelling designed for the occupancy of one family (including any domestic servants living on the premises), not to exceed two and one-half stories in height and containing a garage for the sole use of the owner and occupants of the lot.

For purposes of this Declaration, there shall be specifically excluded from the meaning of the phrase "private single-family residential purposes," and shall not be permitted on any lot within Sutherland regardless of whether any of the same would otherwise be permitted by any applicable zoning regulations or other governmental laws, rules or regulations, any uses which constitute or relate to (a) boarding houses, (b) lodging houses, (c) fraternities or sororities, (d) clubs, (e) hotels, (f) residences or homes for social rehabilitation, (g) nursing homes, (h) residences or homes for the aged or infirmed, (i) programs with respect to which admission to residency in or occupancy of the premises is limited to or intended in whole or in part for persons in the custody of the criminal justice system or the juvenile justice system and/or persons engaged in the care, custody, nurturance or supervision of such persons, (j) any Exceptional Residential Use (as presently defined in Article 2 of the Regulations of the Louisville and Jefferson County Planning Commission), and (k) any "group home" or other similar use as determined by Developer and/or the Board.

Section 2. Nuisances. No noxious or offensive trade or activity shall be conducted on any lot, nor shall anything be done which may be or become an annoyance or nuisance to the neighborhood.

Section 3. Use of Other Structures and Vehicles.

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

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

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

(d) No automobile shall be continuously or habitually parked on any street or public right-of-way in the subdivision.

BOOK 6034 PAGE 248

Section 4. Animals. No animals, including reptiles, live-stock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets (meaning the domestic pets traditionally recognized as household pets in this geographic area) may be kept, provided they are not kept, bred or maintained for any commercial or breeding purposes.

Section 5. Clothes Lines; Fences and Walls; Tennis Courts; Swimming Pools; Antennae and Receivers/Transmitters; Yard Ornaments.

(a) No outside clothes lines shall be erected or placed on any lot.

(b) No fence or wall of any nature may be extended toward the front or street side property line beyond the front or side wall of a residence. As a "structure" no fence or wall of any nature may be erected, placed or altered on any lot until construction plans are approved as provided in Article III, Section 1 of these restrictions. All fences and walls shall be constructed so that the finished side thereof, as determined by Developer in its sole discretion, shall face away from the lot upon which such fence or wall is constructed.

(c) No tennis court fence shall be erected on any lot in the subdivision unless the fencing is coated with black or green vinyl, acceptable to Developer and the plans for such fence have been approved by Developer in writing pursuant to Article III hereof.

(d) No aboveground swimming pools shall be erected or placed on any lot.

(e) No antennae (except for standard small television antennae) or microwave and other receivers and transmitters (including those currently called "satellite dishes") shall be erected or placed on any lot unless (i) the lot owner can show special circumstances requiring the use of extraordinary receivers or transmitters; (ii) the device is adequately screened or buffered by mature shrubbery or trees, by terrain or by fences or other structures; and (iii) its design and placement are approved by Developer. By granting permission to a lot owner to erect receivers or transmitters, Developer shall not be deemed to have waived this restriction as it may apply to other lots in Sutherland.

(f) No ornamental yard objects, statuary or sculpture, etc. shall be placed on any lot unless its design and placement are approved in writing by Developer.

Section 6. Duty to Maintain Lot.

(a) From and after the date of purchase of a lot until construction of a single family residence is begun, Developer shall have the exclusive right to perform all maintenance on the lot, including but not limited to mowing. Each owner shall be assessed an annual fee payable in January at the rate of \$10.00 per month for the first year following the date the lot owner acquires title to a lot; thereafter, Developer may assess the lot owner at an amount Developer determines necessary to maintain the lot.

(b) From and after the date construction of a single family residence on a lot is begun, it shall be the duty of each lot owner to keep the grass on the lot properly cut, to keep the lot free from weeds and trash, and to keep it otherwise neat and attractive in appearance. Should any owner fail to do so, then Developer may take such action as it deems appropriate, including mowing, in order to make the lot neat and attractive, and the owner shall, immediately upon demand, reimburse Developer or other performing party for all expenses incurred in so doing, together with allowable statutory interest, and Developer shall have a lien on that lot and the improvements thereon to secure the repayment of such amounts. Such lien may be enforced by foreclosure against that lot and the improvements thereon, but such lien shall be subordinate to any then existing first mortgage thereon.

Section 7. Duty to Repair and Rebuild.

(a) Lot owners shall, at their sole cost and expense, repair their residence, keeping it in a condition comparable to that at the time of its initial construction, excepting only normal wear and tear.

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

Section 8. Business; Home Occupations. No trade or business of any kind (and no practice of medicine, dentistry, chiroprody, osteopathy and other like endeavors) shall be conducted on any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Notwithstanding the provisions hereof or of Section 1, a new house may be used by a builder thereof as a model home for display or for the builder's own office provided said use terminates within eighteen months from completion of the house or upon such additional period of time as may be expressly agreed to in writing by Developer.

Section 9. Signs. No sign for advertising or for any other purpose shall be displayed on any lot or on a building or a structure on any lot, except one sign by the builder and one sign by a real estate agent or lot owner advertising the sale or rent thereof, which shall not be greater in area than nine square feet each; provided, however, Developer shall have the right to (i) erect larger signs when advertising the subdivision (ii) place signs on lots designating the lot numbers, and (iii) following the sale of a lot, place signs on such lot indicating the name of the purchaser. This restriction shall not prohibit placement of occupant name signs and lot numbers as allowed by applicable zoning regulations.

Section 10. Drainage. Drainage of each lot shall conform to the general drainage plans of Developer for the subdivision. No storm water drains, roof downspouts or ground water shall be introduced into the sanitary sewage system. Connections on each lot shall be made with watertight joints in accordance with all applicable plumbing code requirements.

Section 11. Disposal of Trash No lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Trash, garbage or other waste shall not be kept except in sanitary containers.

Section 12. Underground Utility Service.

(a) Each lot owner's electric and telephone utility service lines shall be underground throughout the length of service line from Louisville Gas & Electric's (LG&E) and South Central Bell Telephone Company's ("SC Bell"), respective point of delivery to the customer's building. Title to the service lines shall remain in, and the cost of installation and maintenance thereof shall be borne by, the lot owner upon whose lot the service line is located.

Appropriate easements as shall be acceptable to Developer are hereby dedicated and reserved to LG&E and SC Bell, together with the right of ingress and egress over abutting lots or properties to install, operate and maintain electric service lines to LG&E's and SC Bell's respective termination points. Electric and telephone service lines, as installed, shall determine the exact location of said easements.

The electric and telephone easements shown on the plat shall be maintained and preserved in their present condition and no encroachment thereon and no change in the grade or elevation thereof shall be made by any person or lot owner without the express written consent of LG&E and SC Bell.

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

Aboveground electric transformers and pedestals may be installed at appropriate points in any electric easement.

In consideration of bringing service to the property shown on this plat, LG&E and SC Bell are granted the right to make further extensions of their lines from all overhead and underground distribution lines.

Section 13. Rules for Common Areas. The Community Association is authorized to adopt rules for the use of common areas and such rules shall be furnished in writing to the lot owners.

ARTICLE III -- ARCHITECTURAL CONTROL

Section 1. Approval of Construction and Landscape Plans.

(a) No structure may be erected, placed or altered on any lot until the construction plans and building specifications and a plan showing (i) the location of improvements on the lot; (ii) views of the house (front, rear and side elevations); (iii) the relationship of the finished grade of the front or side yard to the top of the curb; (iv) the type of exterior material (including delivery to Developer of a sample thereof, if requested); (v) the color of paint or stain to be applied to any exterior surfaces (including delivery to Developer of a sample thereof, if requested); and (vi) the location and size of the driveway (which, unless otherwise approved by Developer, shall be constructed of exposed aggregate concrete), shall have been approved in writing by the Developer.

(b) In addition to the plans referred to in the previous paragraph, a landscape plan shall be submitted to the Developer for its approval in writing, which plan shall show the trees, shrubs and other plantings.

(c) References to "Developer" shall include any entity, person or association to whom Developer may assign the right of approval. References to "structure" in this paragraph shall include any building (including a garage), fence, wall, antennae (except for standard small television antennae) and microwave and other receivers and transmitters (including those currently called "satellite dishes").

Section 2. Building Materials; Roof; Builder; Paint Colors; Foundation.

(a) The exterior building material of all structure shall extend to ground level and shall be either brick, stone, brick veneer or stone veneer or a combination of same. Developer recognizes that the appearance of other exterior building materials (such as stucco or wood siding) may be attractive and innovative and reserves the right to approve in writing the use of other exterior building materials.

(b) The roof pitch of any residential structure shall not be less than a plane of 8 inches vertical for every plane of 12 inches horizontal.

(c) The general contractor constructing the residential structure on any lot shall have been in the construction business for a period of one year and must have supervised the construction of or built a minimum of six homes. Developer makes this requirement to maintain a high quality of construction within the subdivision, and reserves the right to waive these standards of experience.

(d) The color of any paint or stain to be applied to exterior surfaces, whether original application or later reapplication, must be approved by Developer or its successor (including the Community Association).

(e) The finished grade of the yard at the foundation wall of any residential structure on any Lot shall be at least 36 inches above the level of the top of the curb of the street upon which the lot is located.

Section 3. Minimum Floor Areas. The following shall be the minimum floor areas for homes to be constructed after this instrument is recorded:

(a) The ground floor area of a one story house shall be a minimum of 2,600 square feet, exclusive of the garage.

(b) The ground floor area of a one and one-half story house shall be a minimum of 1,500 square feet, exclusive of the garage.

(c) The ground floor area of a two story house shall be a minimum of 1,500 square feet, exclusive of the garage.

(d) Finished basement areas, garages and open porches are not included in computing floor areas.

Section 4. Setbacks. No structure shall be located on any lot nearer to the front lot line or the side street line than the minimum building setback lines shown on the recorded plat, except bay windows and steps may project into said areas, and open porches may project into said areas not more than six feet. Developer may vary the established building lines, in its sole discretion, where not in conflict with applicable zoning regulations.

Section 5. Garages; Carports.

The openings or doors for vehicular entrances to any garage located on a lot shall not face the front lot line unless otherwise approved in writing by Developer. All lots shall have at least a two car garage unless otherwise approved in writing by Developer. No detached garages or carports are allowed unless otherwise approved in writing by Developer. Garages, as structures, are subject to prior plan approval under Section 1 hereof.

Section 6. Landscaping; Sidewalks; Driveways; Trees.

(a) Within sixty days of the final completion of construction of a residence, the lot owner shall grade, sod, and landscape that portion of the lot between the front and street side walls of the residence and the pavement of any abutting streets. Developer in its sole discretion may extend or postpone this sixty day period to allow for weather conditions.

(b) On streets where sidewalks are required by subdivision regulations, each lot owner shall cause a sidewalk to be constructed on each lot within one year from the date construction of a residence on 80% of the lots in this section has begun, whether or not the lot owner has begun construction on that particular lot.

(c) Each lot owner shall concrete or asphalt the driveway within three months after completion of a single family dwelling; provided, however that portion of the driveway from the pavement of any abutting street to the sidewalk shall be concrete.

(d) Upon final completion of construction of a residence, the lot owner shall cause to be planted two trees (at least three inches in diameter) in the front yard of the lot and where the lot is a corner lot, two such trees in the street-side yard. These trees shall be in addition to any trees planted in the right-of-way by Developer or other performing party. No tree shall be removed from any lot without the prior written approval of Developer.

(e) Upon a lot owner's failure to comply with the provisions of this Section 6, Developer may take such action as necessary to comply therewith, and the lot owner shall immediately, upon demand, reimburse Developer or other performing party for all expenses incurred in so doing, together with allowable statutory interest, and Developer shall have a lien for such expenses and statutory interest on that lot and the improvements thereon to secure the repayment of such amounts. Such lien may be enforced by foreclosure against that lot and the improvements thereon, but such lien shall be subordinate to any first mortgage thereon.

Section 7. Mail and Paper Boxes; Hedges. All mail boxes and paper holders (if applicable) shall be provided and installed by Developer at the lot owner's expense (not to exceed \$125.00). Such cost may be charged to the lot owner in the first Community Association Assessment. No hedge shall be placed or planted on any lot unless its design and placement or planting are approved in writing by Developer.

ARTICLE IV -- COMMUNITY ASSOCIATION

Section 1. Community Association. The Sutherland Community Association, Inc. ("Community Association") has been created to maintain common areas (which includes open spaces, lakes and certain other recreational and community facilities) and to provide other functions set forth herein. Owners of lots in the Subdivision shall be members of the Community Association and subject to the membership obligations established in this instrument, including association rules adopted under Article II Section 13.

Section 2. Lot Owners' Easements of Enjoyment. Every lot owner shall have a right and easement of enjoyment in and to the common areas which shall be appurtenant to and shall pass with the title to every lot. "Common area(s)" means and refers to all non-residential lots and areas, which are shown on any recorded final subdivision plat within any portion of Sutherland made subject to the Community Association, together with all other improvements owned or to be owned by the Community Association. Developer releases and quitclaims to the Community Association its right and title to the common areas. The right of enjoyment is subject to the following provisions:

(a) The right of the Community Association to permit the use of and to charge an initiation fee and reasonable admission and other fees for the use of the clubhouse and any recreational facilities situated on Lot 43. The Board of Directors of the Community Association may, as part of the operation of the clubhouse and recreational facilities, permit nonresidents of Sutherland to use the clubhouse and recreational facilities for a

reasonable annual fee, payable to the Community Association. Such users shall not be members of the Community Association.

(b) The right of the Community Association to borrow money for the purpose of improving the common areas or for constructing, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or a part of the common areas;

(c) The right of the Community Association to suspend the voting rights and the right to use common areas for any period during which any assessment against a lot remains unpaid, and for a period of time for any infraction of its published rules and regulations; and

(d) The right of the Community Association to dedicate or transfer all or any part of the common areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Community Association and such agency, authority or utility. Developer may dedicate utility or service easements at its sole discretion so long as there is in existence the Class B membership in accordance with Section 14, and so long as additions are permitted under Article I, Section 2(a).

Section 3. Delegation of Use. Lot owners may delegate, in accordance with the Bylaws, their right of enjoyment to the common areas to the members of their families or to their tenants or contract purchasers who reside on the property. Membership in the Community Association may not be conveyed separately from ownership in the lot.

Section 4. Community Association's Right of Entry. The authorized representative of the Community Association or the Board shall be entitled to reasonable access to the individual lots as may be required in connection with the preservation of property on an individual lot or in the event of an emergency or in connection with the maintenance of, repairs or replacements within the common areas, or any equipment, facilities or fixtures affecting or serving other lots or the common areas or to make any alteration required by any governmental authority.

Section 5. Assessments; Creation of the Lien and Personal Obligation. Each lot owner, except Developer, by acceptance of a deed for a lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Community Association (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as provided in this Article IV. Developer shall be responsible for the maintenance costs of the Community Association, incurred over and above assessed amounts payable to the

Community Association by the lot owners, until Developer transfers control of the Community Association. Maintenance cost overruns funded by Developer are an obligation of the Community Association, which shall be repaid to Developer from future surpluses. The annual and special assessments, together with interest, costs and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 6. Purpose of Assessments.

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

(b) Developer may construct certain recreational facilities on Lot 43, a part of the common area owned or to be owned by the Community Association. In order to finance this construction, Developer reserves the right to subject that particular common area and the improvements thereon to a mortgage which, for the initial construction, furnishings and similar improvements, shall not exceed \$530,000.00. If the mortgage is made after transfer of ownership of that particular common area to the Community Association, the Community Association shall be the mortgagor. If the mortgage is made before transfer of ownership of that particular common area, the Community Association shall assume the mortgage upon the transfer of ownership. In either event, the loan secured by the mortgage shall be used solely for the purpose of constructing, furnishing and improving the recreational facilities. The assessments described in this Article IV shall be used in part to make principal and interest payments on the mortgage.

(c) Until Class B membership ceases and is converted to Class A membership pursuant to Section 14, Developer or its nominee shall administer the assessments and receipts therefrom, which may only be used for purposes generally benefiting the Sutherland Community as permitted in this Declaration.

Section 7. Maximum Annual Assessment.

(a) Until the earlier of January 1, 1993 or the clubhouse facility is completed and open for use, the maximum annual assessment shall be set at a rate not to exceed \$30.00 per month per lot. From and after January 1, 1993 or the completion of the clubhouse facility until the later of January 1, 1994, or one year after the completion of the clubhouse facility, the maximum annual assessment shall be set at a rate not to exceed \$49.00 per month per lot. Thereafter, the maximum annual assessment may be increased each year not more than 20% above the maximum assessment for the previous year without a vote of two-thirds of each class of members pursuant to the Bylaws.

(b) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. The Board of Directors shall determine when the assessments shall be paid.

Section 8. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Community Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon a common area, including fixtures and personal property related thereto. Any such assessment shall have the the assent of the members of the Community Association in accordance with the Bylaws.

Section 9. Uniform Rate of Assessment; Exception. Except as otherwise provided herein, both annual and special assessments shall be fixed at a uniform rate for all lots except those unimproved and unoccupied lots owned by Developer or a builder. The Board of Directors may at its discretion waive the assessment for any year or part of a year for any lot not occupied as a residence. Those lot owners holding lot reservations prior to the recordation of these restrictions who have elected not to participate in the support and use of the recreational facilities to be constructed on Lot 43 shall, until January 1, 1993, pay annual assessments at a rate not to exceed \$30.00 per month and shall have no right to use these facilities. When title to each of these lots is transferred to a new owner, then the next (and the succeeding) owners of the lots will pay the full normal assessment and have corresponding rights to use the facilities.

Section 10. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall begin as to any lot subject to the assessment at the time the lot is occupied as a residence. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year when the lot is first occupied as a residence.

Section 11. Effect of Nonpayment of Assessments; Remedies of the Community Association. Any assessment not paid by the due date shall bear interest from the due date at the rate of 10% per annum or maximum rate of interest then allowable by Kentucky law, whichever is greater. The Community Association may bring an action at law against the lot owner personally obligated to pay the assessment, or foreclose the lien against the property, and interest, costs and reasonable attorney fees of such action or foreclosure shall be added to the amount of such assessments. No lot owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common areas or abandonment of a Lot.

Section 12. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any then existing first mortgage. Sale or transfer of any lot shall not affect the assessment lien or liens provided for in the preceding sections. However, the sale or transfer of any lot pursuant to a first mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien.

Section 13. Membership. Developer and every owner of a lot which is subject to an assessment shall be a member of the Community Association. Such owner and member shall abide by the Community Association's Bylaws, Articles of Incorporation to be recorded in the office of the Clerk of Jefferson County, Kentucky, rules and regulations, shall pay the assessments provided for in this Declaration, when due, and shall comply with decisions of the Community Association's Board of Directors. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 14. Classes of Membership. The Community Association shall have two classes of voting membership:

(a) Class A. Class A members shall be all lot owners, with the exception of Developer.

(b) Class B. The Class B member shall be Developer. The Class B membership shall cease and be converted to Class A

membership on the happening of any of the events specified in paragraph (c) below whichever occurs earlier.

(c) Each member shall have one vote with respect to each lot owned by such member, but Class A members shall not be entitled to exercise any vote until the earlier of

(i) When, in its discretion, Developer so determines;

(ii) When 100% of the lots which may be developed as described in Article I Sections 1 and 2 have been sold by Developer and residences have been constructed thereon; or

(iii) January 1, 2010.

ARTICLE V -- GENERAL PROVISIONS

Section 1. Enforcement. Enforcement of these restrictions shall be by proceedings at law or in equity, brought by any lot owner or by Developer against any party violating or attempting to violate any covenant or restriction, either to restrain violation, to direct restoration and/or to recover damages. If any lot owner, the Community Association or Developer is required to employ legal counsel to enforce any of the provisions or restrictions of this Declaration or exercise any of the remedies provided for herein, the party violating a provision or restriction of this Declaration shall pay all legal expenses, including court costs and attorney fees, incurred by the party enforcing these restrictions. The party enforcing these restrictions shall have a lien on the lot of the party violating these restrictions to secure payment of all such legal expenses, which lien may be enforced in the same manner as the liens provided in Article IV, Section 5 and Article IV, Section 11 of this Declaration. Failure of any lot owner or Developer to demand or insist upon observance of any of these restrictions, or to proceed for restraint of violations, shall not be deemed a waiver of the violation or the right to seek enforcement of these restrictions and the exercise of any remedy provided for herein or, at law or in equity shall not preclude the exercise of any other remedy available at law or in equity.

Section 2. Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

Section 3. Restrictions Run with Land. Unless cancelled, altered or amended under the provisions of this paragraph, the provisions of this Declaration shall run with the land and shall be binding on the lots, the owners of each lot and all parties

claiming under them, for a period of thirty (30) years from the date this Declaration is recorded. After such thirty (30) years, this Declaration shall be deemed extended automatically for successive periods of ten (10) years, unless and until an instrument signed by at least seventy-five percent (75%) of the lot owners of the lots subject to this Declaration has been recorded in the aforesaid Clerk's office, agreeing to change this Declaration in whole or in part and the term hereof; provided, however, that if Developer, its designated successors or assigns, as applicable, then owns any lot, or any portion of Sutherland, or if any portion of Sutherland remains unplatted as a phase, this Declaration may not be so changed in whole or in part without the prior written consent of Developer in its sole discretion. From the date of this Declaration and for so long hereafter as Developer, its designated successors or assigns, as applicable, owns any lot or any portion of Sutherland (i) this Declaration may hereafter be unilaterally amended by Developer to bring the terms and provisions hereof in compliance with any applicable governmental law, rule, regulation, order, decree, judgment or ordinance, and (ii) Developer may otherwise unilaterally amend this Declaration as Developer may elect in its sole discretion, provided, that any such amendment under this subpart (ii) shall not materially adversely affect the then existing private single-family residential nature of the developed sections of Sutherland. At such time as neither Developer, its designated successors or assigns, as applicable, owns any lot or any portion of Springhurst, or upon such earlier date as Developer may elect in its sole discretion by written notice given to the board of directors of the Community Association, this Declaration may thereafter be cancelled, altered or amended by the recordation of a document in the aforesaid Clerk's Office in which the board of directors of the Community Association certifies that such cancellation, alteration or amendment was executed by the owners of seventy-five percent (75%) of the lots subject to this Declaration.

Section 4. Amendments to Articles and Bylaws. Nothing in this Declaration shall limit the right of the Community Association to amend, from time to time, its Articles of Incorporation and Bylaws.

Section 5. Non-Liability of the Directors and Officers. Neither Developer nor the directors or officers of the Community Association shall be personally liable to the lot owners for any mistake or judgment or for any other acts or omissions of any nature whatsoever while acting in their official capacity, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The lot owners shall indemnify and hold harmless each of the directors and officers and their respective heirs, executors, administrators, successors and assigns in accordance with the Bylaws.

Section 6. Board's Determination Binding. In the event of any dispute or disagreement between any lot owners relating to the Property, or any questions of interpretation or application of the provisions of this Declaration or the Bylaws, the determination thereof by the Board shall be final and binding on each and all such lot owners.

WITNESS the signature of Developer by its duly authorized officer on this 21st day of December, 1990.

STM/SUTHERLAND, INC.
a Kentucky corporation

By: [Signature]

Title: President

COMMONWEALTH OF KENTUCKY)
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me on December 21, 1990, by Robert H. Marrett, as President of STM/Sutherland, Inc. a Kentucky corporation, on behalf of the corporation.

[Signature]
Notary Public

Commission expires: 8-31-93

This instrument prepared by

Paul B. Whitty
BROWN, TODD & HEYBURN
1600 Citizens Plaza
Louisville, Kentucky 40202

[Signature]

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