

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR WILLOW OAK SUBDIVISION

THIS DECLARATION made on the date hereinafter set forth by
WILLOW OAK DEVELOPMENT CO., INC., a Kentucky corporation
(hereinafter referred to as "Declarant");

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property being
described in Exhibit "A" attached hereto and incorporated herein
by reference.

NOW, THEREFORE, Declarant hereby declares that all of the
properties described above shall be held, sold and conveyed
subject to the following easements, restrictions, covenants,
conditions, and liens which are for the purpose of protecting the
value and desirability of, and which shall run with, the real
property and be binding on all parties having any right, title or
interest in the described properties or any part thereof, their
heirs, successors and assigns, and shall inure to the benefit of
each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Willow
Oak Homeowners Association, Inc., a Kentucky non-profit
corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record

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owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" or "Property" shall mean and refer to that certain real property described in Exhibit A attached hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean that portion of the Properties (including the improvements thereto) not contained in Lots, and shall include green areas, landscape features, irrigation systems, electrical and lighting systems and all other portions of the Properties designated on the plat as Common Areas.

Section 5. "Lot" shall mean and refer to any numbered plat of land shown upon any recorded subdivision plat of the Properties.

Section 6. "Living Unit" or "Unit" shall mean and refer to any improved residential Lot.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Board" means the Board of Directors of Willow Oak Homeowners Association, Inc.

Section 9. "By-Laws" means the By-Laws of Willow Oak Homeowners Association, Inc., as amended from time to time. All provisions contained in the body of this Declaration dealing with the administration and maintenance of the Property shall be deemed to be a part of the By-Laws.

Section 10. "Plat" means the final record plats of survey (whether one or more) of the Property of record in the Fayette County Clerk's Office, Fayette County, Kentucky, showing the number of each Lot, and expressing its area, location and other data necessary for identification, and as plat(s) may be amended from time to time and new plats recorded.

Section 11. "Majority" means the owners of more than fifty percent (50%) of the undivided membership in the Association, present and then eligible to vote. Any specific percentage of Lot Owners means that percentage of Lot Owners who in the aggregate own such specified percentage of the entire undivided membership in the Association, present and then eligible to vote.

Section 12. "Declarant" shall mean and refer to Willow Oak Development Co., Inc., a Kentucky corporation.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. The Association and every Owner, and the Owner's families, guests, invitees, servants, employees, tenants and contract purchasers shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting

rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot or Unit remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by a majority of the Board of Directors. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by the President of the Association has been recorded in the aforesaid Clerk's Office. Provided, however, that such agreement shall not be required for the dedication of utility or service easements by Declarant on behalf of the Associations, so long as Declarant owns any Lot;

(d) the right of the Association to take such steps as are reasonably necessary to protect the Common Areas from foreclosure.

Section 2. Title of Common Areas. The Developer may retain the legal title to the Common Areas (or, as to Common Areas within dedicated right-of-way, the obligation to maintain and regulate) until such time as in the opinion of the Developer the Association is able to maintain and regulate the use of same; provided, however, the Developer hereby covenants that it shall convey legal title to the Common Areas to the Association (or, as to Common Areas within dedicated right-of-way, shall transfer the obligation to maintain and regulate) no later than at such time

as Class B membership is converted to Class A membership. Whenever the Developer conveys legal title or transfers the obligation to maintain and regulate all or part of the Common Areas to the Association, the Association shall accept such legal title and shall assume control and responsibility for the Common Areas so conveyed.

Section 3. Association's Right of Entry. The authorized representative of the Association or the Board shall be entitled to reasonable access to the individual Lots as may be required in connection with the maintenance of, repairs or replacements within the Common Areas, or any equipment, facilities or fixtures affecting or serving other Lots, Units or Common Areas, or to make any alteration required by any governmental authority.

Section 4. No Partition. Except as is permitted in this Declaration or amendments thereto, there shall be no physical partition of the Common Areas or any part thereof, nor shall any person acquiring any interest in the Property have the right of judicial partition. This Section does not prohibit the Board of Directors of the Association from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Section 5. Sale of Common Areas. No Common Areas shall be sold or otherwise disposed of without first offering to dedicate such area to the Lexington-Fayette Urban County Government. This limitation neither applies to a transfer of the Common Areas to an organization conceived and established to own and maintain the Common Areas as a successor to the Association,

nor to the dedication of streets or utility easements as provided in Section 3(c) of this Article. This restriction shall survive any amendment to or cancellation of this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to a lien for assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine among themselves, and advise the Secretary of the Association prior to any meeting, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be Declarant, who shall be entitled to one (1) vote for each Lot owned and it shall determine who shall cast the votes. In addition, the Class B member shall be entitled to appoint a majority of the members of the Board of Directors, in accordance with the by-laws, until 100% of the Lots shown on Exhibit A, as amended from time to time, including additions thereto, have certificates of occupancy issued thereon and have been conveyed to persons other than

Declarant or builders holding title for purposes of development and sale. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier: (i) when in its discretion Declaration so determines; (ii) when Declarant's right to appoint a majority of the Board terminates as set forth hereinabove.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, and (3) any charges under Article VIII hereof, and such assessments and charges, 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 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be

used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements, and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise, and for the improvement and maintenance of the Common Area.

(b) Until the Declarant has transferred title to all Lots in the development, including any Lots in any properties added hereto, pursuant to Article II, Section 2, hereof, the Declarant or its nominee shall administer the assessments and receipts therefrom, which may only be used for purposes generally benefitting the Properties, as permitted in these Declarations, and shall keep adequate, but not necessarily detailed, records thereof.

(c) Until such time as Declarant conveys the Common Areas to the Association, or transfers the obligation to maintain and regulate the Common Areas to the Association, the Declarant shall be obligated for the difference between the amount of assessments levied on all Lots subject to assessment and the amount of actual expenditures required to operate the Association during the calendar year. This obligation may be satisfied in

the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these. The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the common expenses.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment for other than the pool and cabana shall be One Hundred and No/100 (\$100.00) Dollars per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 10% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the 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 the Common Area, including fixtures and personal property related thereto, provided that, after termination of the Class B membership, any such assessment shall have the assent of two-thirds (2/3) of the votes of the Class A members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting, and shall state the purpose of such meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each respective class of membership shall constitute a quorum for such respective class of membership. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis. Provided however, that assessments may be charged for each Lot; or they may be charged only upon Lots containing completed dwellings; or may be charged

only upon Lots containing completed dwellings which have been sold by the builder thereof; the choice of which shall be in the sole discretion of the Declarant. The books and records for the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvements, maintenance and upkeep of all recreational facilities of the Association, and (ii) such sums as are expended for other purposes.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on which they are assessed on the first day of the month following the conveyance of the Common Area. The first annual assessment for each Lot assessed shall be adjusted according to the number of months remaining in the calendar year at the time said respective Lot is assessed. Thereafter, the Board of Directors shall fix the amount of the annual assessment against each Lot so assessed at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association any assessment not paid within

thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any bona fide first mortgage. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot pursuant to 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 and its Owner from liability for any assessments thereafter becoming due or such Lot from the lien therefor.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-public organization exempt from taxation by the laws of the Commonwealth of Kentucky shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments in any case.

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ARCHITECTURAL CONTROL

Section 1. Approval of Plans and Specifications. No building, fence, wall or other structure (including a detached garage) shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant. After Declarant shall have conveyed title to all Lots, including those that may be added hereto as contemplated in Article II, Section 2 hereof, the architectural control shall be vested in the Board of Directors, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Declarant, Board, or Board's designated committee, as the case may be, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. 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 the residences. Prior to delivery of architectural control to the Board of Directors, Declarant may vary the established building lines, at its sole discretion, where not in conflict with applicable zoning regulations.

Section 2. Building Materials. The exterior building material of all structures shall extend to ground level and shall be either brick, stone, brick veneer or stone veneer or a combination of same. However, Declarant recognizes that the appearance of other exterior building materials (such as wood siding) may be attractive and innovative, and reserves the right, until architectural control is vested in the Board of Directors, to approve in writing the use of other exterior building materials.

Section 3. Minimum Floor Areas.

(a) The ground floor area of a one story house shall be a minimum of 1,250 square feet, exclusive of the garage.

(b) The ground floor area of a one and one-half story house shall be a minimum of 1,000 square feet, exclusive of the garage.

(c) The ground floor area of a two story house shall be a minimum of 1,000 square feet, exclusive of the garage.

(d) Any other type home shall be a minimum of 2,000 square feet, exclusive of the garage.

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

Section 4. Landscaping; Driveways. After the construction of a residence, the Lot owner shall immediately (a) grade and sod that portion of the Lot between the front and street side walls of the residence and the pavement of any abutting streets; (b) install foundation landscaping in keeping with the character of the surrounding Lots; and (c) install a

concrete sidewalk in the sidewalk easement in front of said Owner's Lot and parallel to the street curb, which sidewalk shall be of a broom finish, four (4) inches thick, five and one-half (5½') feet from the curb and four (4) feet wide. On corner lots said sidewalk shall be built along each street as set out above. Each Lot Owner shall concrete all aprons of drives and shall concrete or asphalt the driveway on said Lot within three (3) months after completion of a single family dwelling.

Section 5. Mail and Paper Boxes; Hedges. No mail box, paper holder or hedge shall be placed or planted on any Lot unless its design and placement or planting are approved in writing by Declarant or by any person or association to whom it may assign the right.

Section 6. Drainage. Drainage of each Lot shall conform to the general drainage plans for the development.

ARTICLE VI

USE RESTRICTIONS

Section 1. Land Use. 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 which shall contain a private garage which shall be attached to the residence.

Section 2. Setbacks. No structure shall be located on any Lot nearer to any Lot line than the maximum building setback.

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lines shown on the recorded plan, for said respective Lot, except bay windows and steps may project into said areas, and open porches may project into said areas to the extent allowed by the Lexington-Fayette Urban County Zoning Ordinances.

Section 3. 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 4. Use of other Structures and Vehicles.

(a) No structure of a temporary character shall be permitted on any Lot except temporary tool sheds, field offices, or field sales offices, used by a builder or Declarant, 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 outbuildings, tents, trailers, sheds, shacks, or any other separate structure shall be placed on any Lot at any time, except as permitted under paragraph (a) of this Section.

(d) No trailer, truck, commercial vehicle, camper trailer, camping vehicles 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 parked or kept on an Lot (except in the garage) or on any street. No trailer, boat, truck, or other vehicles, except an automobile, shall be parked on any street in the subdivision for a period in excess of twenty-four (24) hours in any one calendar year.

(e) Under-ground pools and commercially available spas and hot tubs may be placed on a Lot with the prior consent and approval of Declarant, but above-ground pools are not permitted.

Section 5. Antennas. No exterior antennas, aerials, satellite dishes or other apparatus for the transmission of television, radio and/or reception of television, radio or other signals of any kind shall be placed, allowed or maintained upon any portion of the Property including any Lot, without the prior written consent of the Board or its designee. The Developer and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna or cable system for the benefit of all or a portion of the Property should any such master system or systems be utilized by the Association and require any such exterior apparatus.

Section 6. Animals. No animals, including reptiles, livestock 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 that they are not kept, bred, or maintained for any commercial or breeding purposes. All household pets, including dogs and cats, shall at all times be confined to the Lot occupied by the owner of such pet.

Section 7. Clotheslines, Garbage Cans, Tanks, Etc. All garbage cans, above-ground tanks, and other similar items shall

be located or screened so as to be concealed from view of neighboring Lots, streets, and Property located adjacent to the Lot. All rubbish, trash and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon. No clotheslines shall be permitted on any Lot.

Section 8. Business; Home Occupations. No trade or business of any kind (and no practice of medicine, dentistry, chiropody, osteopathy, and like endeavors) shall be conducted on any Lot, or on the Common Area, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Notwithstanding the provisions hereof, a new house may be used by the builder thereof as a model home for display or for the builder's own office, provided said use terminates within two (2) years from completion of the house.

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 for advertising the sale or rent thereof, which shall not be greater in area than nine (9) square feet; except that Declarant shall have the right to erect larger signs when advertising the development. This restriction shall not prohibit placement of occupant name signs and lot numbers as allowed by applicable zoning regulations.

Section 10. Disposal of Trash. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Trash or garbage or other waste shall not be kept except in sanitary conditions.

Section 11. Drains. No storm water drains, roof

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downspouts, or ground water shall be introduced into the sanitary sewer system. Connections on each Lot shall be made with watertight joints in accordance with all applicable plumbing code requirements.

Section 12. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon, in or under any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon, in or under any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 13. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Common Area or Lots and Living Units, nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 14. Alteration. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Association or the Board.

Section 15. Rules for Common Area. The Association is authorized to adopt rules for the use of the Common Area and such rules shall be furnished in writing to the Owners.

Section 16. Repair of Vehicles. No vehicles of any type shall be permanently or semi-permanently parked on the Properties or in the vicinity of any Living Unit or the Common Area for purposes of accomplishing repairs thereto, or the reconstruction

thereof except as permitted by the Rules and Regulations adopted by the Association. This restriction shall also apply to all vehicles not in operating condition regardless of whether or not such vehicles are being operated.

Section 17. Lighting. Except for seasonal Christmas decorative lights, which may be used between December 1 and January 10 only, all exterior lights must be approved in accordance with Article VI of this Declaration.

Section 18. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Property. Exterior sculpture, fountains, flags and similar items must be approved in accordance with Article VI of this Declaration.

Section 19. Energy Conservation Equipment. No solar energy collector panels or attendant hardware of other energy conservation equipment should be constructed or installed unless it is an integral and harmonious part of the architectural design of the structure as determined in the sole discretion of the Declarant pursuant to Article VI hereof.

There is hereby reserved unto Declarant and its designees, so long as any of the foregoing own any property described on Exhibit "A", and to the Association and its designees (which may include, without limitation, Fayette County, Kentucky, and any utility), blanket easements upon, across, over, and under all of the Common Area and, to the extent shown on any plat, over the Lots for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna

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systems, security, and similar systems, walkways, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas and electricity.

ARTICLE VII

INSURANCE

Section 1. Casualty Insurance on Insurable Area. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the Owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

Section 2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area Improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or

replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Lot Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Lot Owner.

Section 3. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

Section 4. Notice to First Mortgagees. In the event of substantial damage to or destruction of the Common Elements, the institutional holder of any first deed of trust or mortgage on a Unit will be entitled to timely written notice of any such damage or destruction, if such notification has been requested by said holder of a First Mortgage or Deed of Trust.

Section 5. Liability Insurance. The Board shall also have authority to and shall obtain comprehensive public liability insurance, in such amounts as it deems desirable, and workmen's compensation insurance and other liability insurance as it deems desirable, insuring each Unit Owner, mortgagee of record, if any, the Association, its officers, directors, Board and employees, the Declarant, and the Managing Agent, if any, from liability in connection with the Common Elements. The premiums for such insurance shall be a common expense. However, at the option of

the Board, and upon written notice to all Unit Owners, premiums for such insurance shall be separately billed to each Unit Owner for his corresponding percentage of ownership in the Common Elements.

ARTICLE VIII

EXTERIOR MAINTENANCE

It shall be the duty of each 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 in addition to maintenance upon the Common Area, the Association, upon approval by a majority of the Board of Directors, shall be authorized to perform exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. In addition, upon the failure of any Lot or Unit Owner to comply with any condition or requirement of Article V or other provisions of these Covenants, for actions or failure to act arising prior to vesting of architectural control in the Board of Directors, the Declarant may take such action as is necessary to comply therewith, and the Owner on demand shall reimburse Declarant for the expense incurred in doing so. For actions or failure to act arising after architectural control is turned over to the Board of Directors by the Declarant, such enforcement provisions shall be vested in the Board of Directors who may, by

a majority vote, authorize work to remedy the non-complying conditions and add the costs of such work to the assessment to which the subject Lot is subject. All expenses and costs of Declarant or the Association under this Article shall be promptly paid the the affected Owner, and are subject to the provisions of Article IV, Section 1.

ARTICLE IX

EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, the Declarant, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, the Declarant, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of

these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. Unless cancelled, altered, or amended under the provisions of this Article, the covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended or cancelled by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, provided that no amendment or cancellation shall alter any obligation to pay ad valorem taxes or assessments for public improvements as herein provided, or affect any lien for the payment thereof established herein. Any amendment or cancellation must be recorded in the Fayette County Clerk's Office. It is provided, however, that Declarant may amend or alter this Declaration so long as it retains class B voting rights.

Section 4. Annexation. Additional property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of the members. Provided, however, additional land and property may be annexed by the Declarant without the consent of the members within ten (10) years from January 1, 1990.

Notice is given that Declarant reserves the right to subject

the whole Property including adjacent property with cross easements and restrict the whole Property according to the terms of this Declaration and By-Laws; and to satisfy future municipal requirements. The Common Elements of the Association initially covered hereby shall inure to the benefit of the co-owners of any new Lots which may become subjected to this Association by amended Plat, or separate plats, and the Common Elements allocable to the membership of each new Lot shall inure to the benefit of the co-owners of Lots recorded earlier, each to enjoy the Common Elements of the other and to have and to hold the same as if each new Lot had been developed and subjected to this Association simultaneously. All Common Elements shall be jointly maintained and the expenses relative thereto borne in proportion to the number "one" over the total number of Lots which are part of the Association, including annexed Lots.

Section 5. Pool and Cabana. It is contemplated that Declarant will annex hereunder the Pool and Cabana Property as additional property. At such time as this occurs, the Association shall also assume all responsibility and liability for the operation and management of the Pool and Cabana Property, and all authority with respect thereto, including the right to alter and amend requirements for membership, the pool policies, rules and/or by-laws, if any, and levy annual assessments for capital improvements, operation and maintenance in addition to the assessments set forth in Article IV.

Section 6. Non-Liability of the Directors, Board and Officers. Neither the Declarant, the directors, Board, nor the officers of the 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 as such directors, Board,

officers, or Declarant/Developer 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, Board, or officers and their respective heirs, executors, administrators, successors and assigns in accordance with the By-Laws, including without limitation, indemnification against all costs and expenses (including reasonable attorney's fees, amounts of judgments paid and amounts paid in settlement) incurred in any claim action, suit or proceeding, whether civil, criminal, administrative or other.

Section 7. Board's Determination Binding. In the event of any dispute or disagreement between any Lot Owners relating to the Property, or any questions or interpretation or application of the provisions of the Declaration or By-Laws, the determination thereof by the Board shall be final and binding on each and all such Lot Owners.

Section 8. Notices. Notices provided for in the Declaration or By-Laws shall be in writing, and shall be addressed to the Association or Board at the address of the President of the Association, or any Unit Owner, as the case may be, at the Owner's Lot number address, or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Lot Owners. Any Lot Owner may designate a different address for notices to him (other than to his or her Lot) by giving written notice to the Association. Notices addressed as

above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person upon written acknowledgement of the receipt thereof.

Upon written request to the Board, the holder of any recorded mortgage or trust deed encumbering any Lot shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose Lot is subject to such mortgage or trust deed.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number and address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(1) Any condemnation loss or any casualty loss which affects a material portion of the project;

(2) Any delinquency in the payment of assessments or charges owed by an Owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days.

Section 9. Transfer of a Lot - Notice to Association.

A. Unrestricted Transfers. A Lot Owner may, without restriction under this Declaration, sell, give, devise, lease, or otherwise transfer his Lot, or any interest therein, to any person.

B. Notice to Association of Certain Transfers. Whenever a Lot Owner shall ^{Created with}  nitroPDF professional ^{download the free trial online at nitropdf.com/professional} attempt to sell his Lot, or any

interest therein, said Lot Owner shall give the Association notice of the transfer.

Section 10. Rights and Obligations. Each Grantee of the Declarant, by the acceptance of a deed of conveyance accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All future Lot Owners and Occupants shall be subject to and shall comply with the provisions of this Declaration. Any restrictions or rules in the By-Laws which are more than administrative in nature such as, but not limited to, reservations and future rights of the Declarant are hereby incorporated into and made a part of this Declaration by reference. All rights, benefits and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

All present and future Lot Owners, tenants and occupants of a Lot shall be subject to, and shall comply with, the provisions of the By-Laws referred to herein, as they may be amended from time to time. The acceptance of a deed of conveyance devise or of a lease to a Lot, or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the said By-Laws and any Rules and Regulations promulgated thereunder, as

they may be amended from time to time, are assumed, accepted and ratified by such Lot Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Lot, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease, thereof.

The terms and conditions of the Declaration, By-Laws, and Rules and Regulations may be incorporated by reference in, and become part of, the agreement between any first mortgagee and any present or future Lot Owner who enters into such an agreement with a first mortgagee. When so incorporated, any default in the terms and conditions of the Declaration, By-Laws, and Rules and Regulations may be considered as a default by the first mortgagee, whereupon said first mortgagee, after exercising its option to declare a default, shall then have all of the rights and privileges arising as a result of a default under its agreement with said Lot Owner.

Section 11. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living decendants of Elizabeth II, Queen of England.

Section 12. Joint Authority. Declarant contemplates, as part of its overall development plan for the Property and other tracts of land, that certain Common Areas will be jointly

maintained by two or more associations, including this Association. All provisions of this Declaration and the obligations of the Association, Board and Owners hereunder, shall apply to such jointly maintained areas as the interest of the Association may appear, regardless of the method by which that interest is transferred to the Association, at the time of Transfer.

ARTICLE XI

DECLARANT'S RIGHTS

Any of all of the special rights and obligations of the Declarant may be transferred to other persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the public records of Fayette County, Kentucky.

Notwithstanding any provisions contained in this Declaration, the By-Laws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Declarant and any builder or developer approved by Declarant to maintain and carry on upon such portion of the Property as Declarant may deem necessary, such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to Declarant's and such builder's or developer's development, construction, and sales activities

related to the Property and any builder or developer approved by Declarant. Declarant and any such builder or developer shall have an easement for access to such facilities.

This reserved easement shall constitute a burden on the title to the Property and specifically includes, but is not limited to: (a) the right of access, ingress and egress for vehicular and pedestrian traffic over, under, in or on the Property; (b) the right to tie into any portion of the Property with driveways, parking areas and walkways; (c) the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, in-ground sprinklers, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Property; (d) the right to carry on sales and promotional activities on the Property; and (e) the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices on the Property. The right to maintain and carry on such facilities and activities shall include specifically the right to use Lots owned or leased by the Declarant or any such builder or developer, as model residences and sales offices, respectively. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the person causing the damage at its sole expense.

No rights, privileges, and easements granted or reserved herein shall be merged into the title to the Property, but shall be held independent of such title, and no such right, privilege, or easement shall be surrendered, conveyed, or released except by delivery of a quit-claim deed from Declarant releasing such right, privilege, or easement by express reference thereto.

So long as Declarant continues to have rights under this paragraph, no person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium, or similar instrument affecting any portion of the Property without review and written consent thereto by the Declarant, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

This Article may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article shall terminated upon the earlier of (a) thirty (30) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal, this 12th day of December, 1989.

DECLARANT:

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WILLOW OAK DEVELOPMENT CO., INC.

download the free trial online at nitropdf.com/professional
Title: Execution Vice President

STATE OF KENTUCKY)
) SCT.
COUNTY OF FAYETTE)

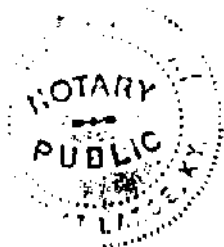
BOOK 1532 PAGE 695

The foregoing instrument was acknowledged before me this 12th
day of December, 1989, by Rex F. Jones
Executive Vice Pres of Willow Oak Development Co., Inc., a
Kentucky corporation, on behalf of said corporation.

My Commission expires: January 19, 1990
Martha J. Murray
NOTARY PUBLIC, STATE AT LARGE, KENTUCKY

THIS INSTRUMENT PREPARED BY:
Martin, Ockerman & Brabant
200 North Upper Street
Lexington, KY 40507

By Foster Ockerman, Jr.
Foster Ockerman, Jr.



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EXHIBIT A

The following Lots, as shown by the Final Record Plat of Millond (formerly Willow Oak), Unit 1-B, Section 1, as shown by plat of record in the Fayette County Clerk's Office in Plat Cabinet H, Slide 329:

- Lots 1 and 2, Block B
- Lots 3 through 9, Block C
- Lots 7, 8 & 9, Block D and
- Lots 1 through 6, Block E

STATE OF KENTUCKY
COUNTY OF FAYETTE

SCT.

I, DONALD W. BLEVINS, CLERK OF SAID COUNTY COURT HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT HAS BEEN DULY RECORDED IN DEED BOOK 1532 PAGE 696 IN MY SAID OFFICE.

DONALD W. BLEVINS, CLERK

BY A. F. News D.C.

ORDERED TO RECORD
PAIR # 5855 TAX
DEC 13 3 20 PM '89
FAYETTE COUNTY, KY
BY [Signature]

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