

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
PARAMONT ESTATES, PHASE 1  
PLAT AND SUBDIVISION BOOK 4, PAGE 46  
OLDHAM COUNTY, KENTUCKY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PARAMONT ESTATES, PHASE 1, is made on May 6, 1988, by PARAMONT, LTD., a Kentucky corporation, (herein named "Developer"), 12500 U.S. 42 West, Prospect, Kentucky, 40059.

WHEREAS, Developer is the owner of certain real property in Oldham County, Kentucky, 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 Oldham County, Kentucky and is more particularly described as follows:

BEING Lots 1 through 140, inclusive, as shown on the plat of Paramount Estates, Phase 1, of record in Plat and Subdivision Book 4, at page 46, in the Office of the Clerk of Oldham County, Kentucky.

Being the same property acquired by Developer by deed dated December 31, 1987, of record in Deed Book 324, page 256, in the Office of the Clerk of Oldham 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 140 lots a part of a larger community being developed in accordance with current plans and known as Paramount Estates. Additional land described in instruments recorded in Deed Book 195, page 195 and Deed Book 164, page 300 in the Clerk's Office of Oldham County, Kentucky are under option to the Developer and may be included by Developer as other sections of Paramount Estates within 20 years from May 1, 1988, including certain common properties which will contain recreational facilities. Developer reserves the right to create cross easements and to restrict all of 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 area 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 area 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.

All additions shall be made by filing with the Office of the Clerk of Oldham 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 Paramount Estates by Developer.

## ARTICLE II - USE RESTRICTIONS

Section 1. Primary Use Restrictions. No residential lot in this phase 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. No house trailers, mobile homes, motor campers, camper trailers, basements, tents, garages, outbuildings or temporary structures shall be used as a residence on any lot enumerated above, either temporarily or permanently.

Section 2. Temporary Structures. 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.

Section 3. Outside Storage or Outbuilding. No outside storage or outbuilding of any kind will be permitted. Gazebos or like recreational structures may be permitted upon design and location being approved by the Developer.

### Section 4. Vehicles and Boats.

(a) No trailer, truck, (except small pickup trucks), motorcycle, recreational vehicle, 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 vehicle which is inoperable shall be habitually or repeatedly parked or kept on any lot (except in the garage) or on any street in Paramount Estates. No trailer, boat, truck, or other vehicle, except an automobile, shall be parked on any street in Paramount Estates, except moving vans or service vehicles being attended.

(b) No automobile shall be continuously or habitually parked on any street or public right-of-way in Paramount Estates. All automobiles shall be parked in designated parking areas or garaged, except as provided in Section 5.

(c) Notwithstanding the requirements, herein, Lots 1 thru 10 and Lots 14 thru 25 located on the lake shall be allowed to have a boat dock measuring no more than 10 foot by 12 foot on the water belonging to the respective lot owner and to keep at their pleasure no more than one row boat or battery powered boat not more than 12 feet in length. Construction design of such dock and stairway must be approved by the Developer and maintained in good condition. Also Lot 11 (the Club House site) may maintain a boat dock and boats of approved type as above, for the controlled use by all members of the Association subject to the number of such common owned boats allowed not exceeding eight and their use subject to any rules adopted by the Association.

Section 5. Gatherings. If any resident has a social gathering, then on street parking shall be permitted for a reasonable period of time. Such parking shall not block streets or driveways nor occupy any grass or landscape areas, nor occur so often as to be considered a nuisance to the neighbors or the community.

Section 6. Pets and Animals. No animals of any kind shall be kept on a lot or within a residence on a lot except dogs, cats, birds and other pets of a customary household variety; and no animal may be kept, bred or maintained for commercial purposes. No other animals, livestock or poultry of any kind, shall be kept, raised or bred on any part of the above described property; except one (1) riding horse (not used for breeding) shall be allowed per two acres of fenced pasture after allowance of a minimum of one acre for the home site. One barn, of approved design and location, will be allowed having no more than 150 square feet for each horse allowed, plus 300 square feet for feed and tack room. In exercising this right on any combination of lots other than designated minimum five acre tracts, the approval of the Association and all adjoining lot owners must be obtained. Any horse entering a public street must do so only for the purpose of access to a designated riding trail and must be equipped with skid-proof shoes and a tail sack. Dogs must be kept within the confines of the house from 9:00 p.m. until 8:00 a.m. unless being walked on a leash or let out into the confines of an enclosed patio or courtyard for short periods of time. Otherwise, at all times dogs are to be walked on a leash by a responsible party who has the obligation to keep the dog under control, or dogs may be kept within a fenced patio or garden area at the rear of and contiguous to the rear wall of the residence. No dog runs, dog houses or like structures are permitted on any lot. Pit bulls or any other dog of known vicious nature shall not be kept on the premises. All cats not kept in a house at all times must be "bellied" (a collar with a warning bell to all birds and small animals).

Section 7. 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 8. Clothes Lines. No outside clothes lines shall be erected or placed on any lot.

Section 9. Fences and Head Walls. 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.

No retaining walls, head walls, fences, hedges, courtyards or other obstructions may be placed anywhere on a lot unless Developer approves in writing the placement, material and design of such structures.

Section 10. Tennis Courts. No tennis court fence shall be erected on any lot in the subdivision unless the fencing is coated with black or green vinyl and the location is approved by the Developer.

Section 11. Swimming Pools. No aboveground swimming pools shall be erected or placed on any lot unless its design and placement are approved in writing by Developer.

Section 12. Antennae. No antennae, microwave or other receiver or transmitters (including those currently called "satellite dishes") shall be placed on the exterior of any house or on any lot.

No antennae utilization of any transmitters shall be allowed to unreasonably interfere with television reception.

Section 13. Duty to Maintain Lot.

(a) From and after the date of purchase of a lot until construction of a single family residence is started, 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 quarterly to cover all Association operating and maintenance dues which shall include a rate to mow all undeveloped lots.

(b) From and after the date construction of a single family residence on a lot is started, 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 the 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 first mortgage thereon.

(c) During construction the owner shall require any person performing the construction work to provide a large garbage and waste container from an approved garbage collector for disposal of all food containers, waste building material or other disposable material so that the building premises are kept clean and no waste is allowed to be blown onto the premises of others. Developer may waive the requirements of a trash container and require a trash and burn pit if such alternative does not create a nuisance to the community.

Section 14. Duty to Complete, Repair and Rebuild - Remedies.

(a) Each owner of a lot shall, at their sole cost and expense, repair their residence, keeping the same in condition comparable to the condition of such residence at the time of its initial construction, excepting only normal wear and tear.

(b) If all or any portion of a residence is damaged or destroyed by fire, or other casualty, 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.

(c) When construction or reconstruction is once begun, work thereon must be pursued diligently and completed within one (1) year. If for any reason work is discontinued and there is no substantial progress towards completion for a continuous three (3) month period, then the Community Association shall have the right to notify the owner of record of the premises of its intentions herein, enter upon the premises, and take such steps as may be required to correct an undesirable appearance, specifically including the right to demolish a partially completed structure and remove the debris from the lot; the reason for such correction shall be solely in the discretion of the Community Association and may include, but not be limited to, purely aesthetic grounds. The owner of the property shall be liable for all costs incurred in any such action. The total cost thereof shall be a lien on his property, which lien may be foreclosed in the manner provided for in these Articles and by the laws of the State of Kentucky. Nothing herein shall be construed to interfere with the rights of a mortgage holder to have a reasonable time to foreclose on a property in default and take or assign ownership of same. However, upon securing clear title said mortgage holder or other buyer must commence diligent construction towards completion

within three (3) months of securing title.

Section 15. Business; Home Occupations. No trade or business of any kind (including but not limited to the practice of medicine, dentistry, chiropractic, chiropody, osteopathy and other like endeavors) shall be conducted on any lot other than personal and private business which does not increase traffic to the property, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Notwithstanding the provisions hereof or of Section 1 of this Article II, 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 16. 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 square feet; provided, however, Developer shall have the right to (i) erect larger signs when advertising the subdivision, (ii) place signs on lots designating the lot number of the lots, and (iii) following the sale of a lot, place signs on such lot indicating the name of the purchaser of that lot. This restriction shall not prohibit placement of occupant name signs and lot numbers as allowed by applicable zoning regulations.

Section 17. Drainage. Drainage of each lot shall conform to the general drainage plans of Developer for Paramount Estates. 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 18. 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, and shall be picked up by a single garbage collection firm designated by the Developer and paid for by the individual homeowner. Such designation shall be made after evaluation of competitive bids, and may be made a part of the Community Association fees.

Section 19. Underground Utility Easements and Other Easements.

All lots and common areas of Paramount Estates are subject to easements for electrical, water, sanitary sewers, telephone lines, television cables, gas service and drainage easements, all of which except drainage easements must be located underground as shown or reserved on the recorded plat, unless specifically provided for otherwise on the recorded plat. Aboveground electric transformers, pedestals, telephone connection boxes and gas metering and valves may be installed at appropriate points in any easement.

Appropriate easements are hereby dedicated and reserved to each property owner, the Developer, Association and utility companies, together with the right of ingress and egress over abutting lots or properties to install, operate, and maintain all utilities and drainways. Title to service lines across lots from termination points of service by utilities, the Developer, or Community Association shall be with the lot owner and installation and maintenance thereof shall be borne by the respective lot owner who installs or owns same.

In addition to easements set forth on the recorded plat, the Developer retains an easement along all non-street lot lines being ten (10) feet wide and contiguous with said lot lines for the purpose of construction and maintenance of any utility service line or drainway that may be needed in the future. Developer, by

recordable instruments, may designate any portion of said easements as an exclusive easement for the benefit of any utility or service to be constructed underground except drainways, which may be aboveground.

Section 20. Privately Owned Services. There shall be no private or individual owned sewage disposal system or water supply system allowed or maintained on any lot without approval of the Developer.

Section 21. Rules for Common Area. The Community Association is authorized to adopt rules for the use of the common areas and such rules shall be furnished in writing to the lot owners, and such rules shall not be in conflict with this Declaration, the Articles of Incorporation or By-Laws of the Association.

ARTICLE III - ARCHITECTURAL CONTROL

Section 1. Approval of Construction 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) the grade elevation (including rear, front and side elevations); (iii) the type of exterior material (including delivery of a sample thereof); and (iv) the location and size of the driveway (which shall be either asphalt or concrete), shall be approved in writing by Developer. Reference to "structure" in this paragraph shall include any building, garage, fence, wall, retaining wall, head wall, patio, mail box, driveway, sidewalks, swimming pools, tennis courts, gazebos, boat docks or any other structure placed upon a lot.

(b) It is the purpose of the Developer of the subdivision to provide that only residences and other improvements of good design and suitable material be erected on the lots in said subdivision. The plans and specifications for the erection or alteration of any building, fence, wall, or other structures, and for the grading of the land, must be approved by Developer or any architectural control committee or community association to whom it may assign the right before the work is begun. The plans submitted must be accompanied by a diagram of the lot setting forth the exact location of all proposed structures and of the grading plan of the lot. Copies of the plans and specifications must be left with the Developer or its assigns and they shall have the right to refuse to approve in whole or in part any such plans and specifications which are deemed by it not to be suitable or desirable, and in so passing upon such plans and specifications, the approving entity shall take into consideration the suitability of the proposed structures to the sites upon which they are erected, the harmony thereof with the surroundings, the preservation of the natural setting, and the effect of the proposed building on other structures or roadways and the outlook from the neighboring property. Normally houses of near identical design will not be allowed within view of each other or on the same street. If a residence is started prior to the approvals, a stop order will be immediately put on the house until all the approvals are obtained. The Oldham County Planning and Zoning Board shall be instructed to not approve plans not certified by the Developer or its assigns.

Section 2. Building Materials; Roof; Builder.

(a) 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. Developer recognizes that the appearance of other exterior building materials (such as wood siding) may be attractive and innovative and reserves the right to approve in writing the use of other exterior building materials. All colors of exterior walls

shall be subject to approval by Developer.

(b) The roof pitch of any residential structure shall not be less than a plane of 6 inches vertical for every plane of 12 inches horizontal for structures with more than one story, and a plane of 8 inches vertical for every plane of 12 inches horizontal for one story structures. Developer may require a higher pitch for solely aesthetic reasons.

(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 Paramont Estates, and reserves the right to waive these standards of experience.

Section 3. Minimum Floor Areas. All single family residences erected on the lots enumerated herein shall contain the following minimum square feet of living space; when measured on outside walls and all plans shall be approved or disapproved not only on the basis of technical compliance but also on aesthetic grounds to be an attractive addition to the neighborhood:

(a) A one-story residence shall have a minimum of two-thousand (2000) square feet of living space; not including basement, garage, breezeway and/or open porch.

(b) A tri-level residence shall have a minimum of three-thousand (3000) square feet of living space, not including basement, garage, breezeway and/or open porch.

(c) A bi-level or walk out lower level residence shall have a minimum of twenty-five hundred (2500) square feet of living space, not including garage, breezeway and/or open porch, of which at least two-thousand (2000) square feet of living space must be on the first floor.

(d) A cape cod residence shall have a minimum of twenty-six hundred (2600) square feet of living space, not including basement, garage, breezeway and/or open porch; fifteen-hundred (1500) square feet of which shall be located on the first floor.

(e) A two-story residence shall have a minimum of twenty-six hundred (2600) square feet of living space, not including basement, garage, breezeway and/or open porch; a minimum of thirteen-hundred (1300) square feet of which shall be located on the first floor.

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, side setback shall be a minimum of 15 feet, and backyard setback line shall be a minimum of 30 feet. Developer may vary the established building lines, in its sole discretion, where not in conflict with applicable zoning regulations or upon approval of a variance by the proper public agency.

Section 5. Garages; Carports.

(a) 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 are allowed unless otherwise approved in writing by Developer. Garages, as structures, are subject to prior plan approval under Section 1 of this Article III. Operable doors shall be provided on all garages. Garage doors shall be closed except when vehicles are entering or exiting.

(b) No carport shall be constructed on any lot in Paramount Estates, Phase 1.

Section 6. Landscaping; Sidewalks; Driveways; Trees.

(a) After the construction of a residence, the lot owner shall 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. Mulching and sowing of grass instead of sod in some areas may be approved by Developer.

(b) In addition, a landscape plan shall be submitted to Developer for its approval in writing, which plan shall show the trees, shrubs and other plantings then existing or to be planted on the lot. Each landscape plan for a lot submitted to the Developer shall obligate the lot owner to install (to the extent the same are not already located on the lot), trees, shrubs and other plantings having a current fair market value of not less than \$1,000.00, and owner shall also cause to be planted a tree (at least four inches in diameter) in the front yard of the lot. No tree shall be removed from any lot without the prior written approval of Developer, unless such tree is creating an immediate hazard to persons or property.

(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, if any, shall be concrete. Driveways may be surfaced with brick or other approved material.

(d) Upon an owner's failure to comply with the provisions of this Section 6, Developer may take such action as necessary to comply therewith, 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 first mortgage thereon.

Section 7. 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 Developer. The Developer reserves the right to require the construction of brick or stone mail boxes of a common design.

ARTICLE IV - COMMUNITY ASSOCIATION

Section 1. Owners' Easements and Facilities of Necessity and Enjoyment. Every owner shall have a right and easement of enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every lot. The common area means and refers to all non-residential lots, areas, and easements which are shown on any recorded final subdivision plan within any portion of Paramount Estates made subject to the Community Association, together with all recreational facilities and other improvements owned or to be owned by the Community Association. Although constructed in an area dedicated to public use, the gatehouse entranceways to Paramount Estates from U.S. 42 and all roads and road medians are also part of the common area subject to maintenance by the Community Association. Developer releases and quitclaims to the Community Association its title to such common areas in this Phase 1 which are more specifically set forth on the final plat of Phase 1 as being Lot 11 with a clubhouse to be constructed by the Developer at no capital cost, other than subsequent additions or improvements, to the Community Association, Lot 139 with a sewage treatment plant constructed by the Association with a capital grant from the Developer and Lot 140 (open space recreational premises). The right of enjoyment



and ownership is subject to the following provisions, rights, restrictions and reservations:

(a) The right of the Community Association to permit the use of and to charge reasonable admission and other fees and to adopt rules for the use of the clubhouse and any recreational facilities situated upon the common area. The Board of Directors of the Community Association may, as part of the operation of the clubhouse and recreational facilities, permit nonresidents of Paramount Estates 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 part of the common area;

(c) The right of the Community Association to suspend the voting rights and the right to use the recreational facilities by an owner for any period during which any assessment against his 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 area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Community Association. 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 13 of this Article IV, and so long as additions are permitted under Article I, Section 2(a) hereof.

(e) The Developer hereby reserves the right, in consideration of having provided a grant to the Association covering the total construction cost of the sewage treatment plant and water distribution system and extensions thereof and further dedicating all common properties and facilities to the Association for no cost, to make or cause to be made future additions and expansions to the sewage treatment plant, water distribution systems, other services and appurtenances thereto for the purpose of serving customers which may or may not be members of the Paramount Estates Association. In order to make the future additions and expansions, the Developer reserves a perpetual easement, including the right of ingress and egress thereto at all times for the purpose of connecting additional services for electrical, water, sanitary sewers, telephone lines, television cables, gas service and drainage as described in Article II, Section 19, including, but not limited to, the right to erect, construct, install and lay, and use, operate, inspect, repair, maintain, remove and replace the then existing service. Further considerations made, or to be made by the Developer are as follows:

(i) Causing all permits to construct and operate the facilities or any expansions thereof to be granted to the Association at no net cost to the Association;

(ii) Causing a bond to be issued by the Association to Oldham County in the required amount to guarantee the proper operation of the facilities;

(iii) To subsidize the operation of such facilities as provided in Article IV, Section 4(b);

(iv) At such time as the facilities, because of such construction or expansions, should become subject to control by the Kentucky Public Service Commission, the Developer shall cause to be secured all necessary permits and rate

establishments as are required for operation of the facilities as utilities serving the public.

(f) All obligations of Developer as provided in (e)(i), (ii), (iii) and (iv) above shall cease and become null and void upon any of the following occurrences:

(i) The maturing of the development to the point that there are sufficient paying members that no subsidy is required from the Developer;

(ii) The facilities are transferred to or merged into any new association formed for the sole purpose of owning, maintaining and operating the facilities for its own enjoyment and service and not for the benefit of the public with such decision to so merge to be agreed to by the Community Association, upon evidence that such action will not cause an increase in membership fees; or

(iii) The facilities are transferred to or become, by virtue of service to the public, a utility subject to rates approved by the Kentucky Public Service Commission.

Section 2. Delegation of Use. Any lot owner may delegate, in accordance with the Bylaws, his right of enjoyment to the common area and facilities to the members of his family or to his tenants or contract purchasers who reside on the lot. Membership in the Community Association may not be conveyed separately from ownership of the lot.

Section 3. 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 area, of 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 4. Assessments; Creation of the Lien and Personal Obligation; Developer Subsidy.

(a) Each lot owner, except Developer, by acceptance of a deed for the 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. The annual and special assessments, together with interest, costs and reasonable attorney fees, shall be a charge on each lot and shall be a continuing lien upon the lot and all improvements thereon 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 pass to his successors in title unless expressly released by the Developer.

(b) Developer shall be responsible for the maintenance and operational costs of the Community Association incurred over and above assessed amounts payable to the Community Association by the lot owners plus other income, until the Community Association operates one year without the need of a subsidy from the Developer, providing that the subsidy of Developer shall be limited to paying an assessment per unsold lot, as shown on a recorded final plat, equal to the assessment made against each lot sold.

Section 5. Purpose of Assessments.

(a) The assessments levied by the Community

association shall be used exclusively to promote the recreation, health, safety and welfare of the residents 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 cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, payment of taxes assessed against the common area, 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, and for the improvement and maintenance of the common area. The Community Association shall maintain, operate and repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the common area, open spaces, gatehouse, entranceways, streets, crosswalks, medians, storm drains, basins, lakes, recreational areas and facilities including, but not limited to, tennis courts, jogging trails (which may be referred to on the plat as a pedestrian access easement), swimming pools, boat docks, fishing piers, clubhouse facilities, and any common owned or operated facilities or services. Services directly attributable to willing use by an owner, such as water consumption, sewage usage, or other like services or requested special services, shall be paid for by the user over and above the regular budgeted assessment.

Section 6. Maximum Annual Assessment.

(a) Until the first calendar month after completion of the clubhouse and immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be set at a rate not to exceed \$35.00 per month per lot. From and after the first month after completion of the clubhouse the maximum assessment shall not exceed \$100.00 per month plus annual escalations approved as set forth in the By-Laws of the Association and such escalations shall not exceed 15% per year or the cost of living indices as reported by the Federal Reserve Office at St. Louis, Missouri, whichever is greater, unless approved by a majority of each membership class.

(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 and whether they are to be used for immediate needs or accrued for planned repairs.

(c) The maximum annual assessments made, and not special assessments, shall cover the maintenance and operation of all common property, the mowing of lots sold but not constructed upon, the use of the sewage facilities and access to the clubhouse.

Section 7. 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 the common area, including fixtures and personal property related thereto. Any such assessment shall have the assent of the members of the Community Association in accordance with the Bylaws.

Section 8. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all lots except those owned by Developer. The Board of Directors may at its discretion waive the assessment or reduce the assessment for any year or part of a year for any lot not occupied as a residence, for a lot merged with another lot for one residence, or for any other reason deemed equitable.

Section 9. 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 purchased from the Developer. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year when the lot is first purchased from the Developer.

Section 10. 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 maximum rate of interest then allowable by Kentucky law. The Community Association may bring an action at law against the 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 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 11. 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 recorded in the Office of the Clerk of Oldham 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 12. 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, and shall be entitled to one vote for each lot owned.

(b) Class B. Class B member shall be Developer. Developer shall be entitled to ten votes for each lot owned. The Class B membership shall cease when all lots developed on the property described in Article I, and made a part of Paramount Estates by the filing of a plat subject to this Declaration, shall have been sold by the Developer.

#### ARTICLE V - GENERAL PROVISIONS

Section 1. Enforcement. Enforcement of these restrictions shall be by proceeding of law or in equity, brought by any owner or by Developer against any party violating or attempting to violate any covenant or restriction, either to restrain violation, to direct restoration and/or to recover damages. Failure of any owner or Developer to demand or insist upon observance of any of these restrictions, or to proceed for restraint of violations, shall not be deemed a waiver of the violation, or the right to seek enforcement of these restrictions.

Section 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, these covenants and restrictions are to run with the land and shall be binding on all parties claiming under them for a period of thirty years from the date this document is recorded, after which time they shall be extended automatically for successive periods of ten years, unless an instrument signed by a majority of the then owners of all lots subject to these restrictions has been recorded agreeing to change these restrictions and covenants in whole or in part. These restrictions may be cancelled, altered or amended at any time by a 67% approval from each class of membership subject

