

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
RESERVATIONS AND EASEMENTS FOR NEWMARKET PHASE 1, UNIT 1A AND 1B**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS AND EASEMENTS is made this 17th day of JUNE, 2004

WITNESSETH:

WHEREAS, Deer Haven Properties, LLC ("Developer") is the owner of Phase 1, Unit 1A and 1B of Newmarket Subdivision which is more particularly described on Exhibit "A" attached hereto and incorporated herein ("the Property");

WHEREAS, Developer intends to develop the Property into a residential subdivision;

NOW, THEREFORE, Developer hereby declares that the Property shall be held, conveyed, encumbered, used, occupied and improved subject to the following restrictions, covenants, conditions and easements, all of which are in furtherance of a plan for subdivision, improvement and sale of the Property and are established for the purpose of enhancing the value, desirability and attractiveness of the Property and every part thereof. All of the restrictions, covenants, conditions and easements shall run with the land and shall be binding on all parties having or acquiring any right, title or interest therein or thereto and shall be for the benefit of the owner or owners of any portion of the Property. The Property is hereby subject to the following covenants, conditions and restrictions:

ARTICLE I

DEFINITIONS

The following terms, when used herein, shall have the meanings ascribed thereto below:

1.1 "Articles" shall mean and refer to the Articles of Incorporation of the "Association" as amended from time to time.

1.2 "Association" shall mean a Kentucky nonprofit corporation that will be incorporated by Developer on or before the later of January 1, 2006 or the date on which ninety-five percent (95%) of the Lots have been transferred to entities other than the Developer, or any successor thereof charged with the duties and obligations of the Association hereunder, its successors and assigns.

1.3 "Board" shall mean the Board of Directors of the Association, duly elected and acting pursuant to the Articles and "By-Laws."

1.4 "By-Laws" shall mean and refer to the By-Laws of the Association which are and shall be adopted by the Board, as they may from time to time be amended.

1.5 "Common Area" shall mean and refer to those areas, if any, shown on the Plat or Plats, including all improvements and facilities located thereon, to be devoted to the common use and benefit of the Owners of the Lots, and such other areas as may be required to be maintained by the Association as shown on the Plat or Plats, and any areas so designated by Developer.

1.6 "Common Expenses" shall mean and include the actual and estimated expenses of (a) incorporating and setting up the Association, (b) enforcing the provisions of this Declaration (including attorney fees), (c) such uses as Developer in its absolute discretion deems appropriate during the Developer Control Period so long as such funds are devoted to matters which Developer determines in good faith may benefit the Property or the Association, (d) such other uses as designated by the Board in the event of a special assessment or specific assessment against a specific lot, (e) operating the Association, and (f) establishing any reasonable reserves in connection with the foregoing, all as may found to be necessary and appropriate by the Developer during the Developer Control Period pursuant to this Declaration or the Board after the Association's incorporation pursuant to this Declaration, the By-Laws, and the Articles.

1.7 "Declaration" shall mean this "Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Newmarket Phase 1, Unit 1A and 1B", as amended from time to time.

1.8 "Developer" shall mean and refer to (i) Deer Haven Properties, LLC, (ii) any successor expressly designated as the "Developer" hereunder by written instrument executed by Deer Haven Properties, LLC (or its successor as Developer) and recorded in the Fayette County Clerk's Office.

1.9 "Developer Control Period" shall mean the time from the date of this Declaration until such time as the Association is incorporated.

1.10 "Lot" shall mean a portion of the Property intended for any type of independent ownership.

1.11 "Mortgage" means any mortgage, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

1.12 "Mortgagee" means the holder of record of any Mortgage.

1.13 "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of fee simple title to a Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.14 "Plat" or "Plats" shall mean the plats of Unit 1A and 1B of Newmarket Subdivision Phase 1 that are currently of record or may be recorded in the future with the Fayette County Clerk.

ARTICLE II

EASEMENTS AND PROPERTY RIGHTS

2.1 Owners' Easements of 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, subject to the following provisions:

(a) The right of Developer during the Developer Control Period or the Association after its incorporation to suspend the voting rights and right to use any facilities located in the Common Area ("the Facilities") by an Owner for any period during which any assessment against said Owner's Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction by an Owner of Developer's published rules and regulations during the Developer Control Period or the Association's published rules and regulations after the Association's incorporation; and

(b) The right of Developer during the Developer Control Period or the Association after its incorporation 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 members. No such dedication or transfer shall be effective after the Association's incorporation unless an instrument agreeing to such dedication or transfer, signed by at least fifty-one (51%) percent of each class of members of the Association has been recorded.

2.2 Delegation of Use. Any Owner may delegate, in accordance with Developer's requirements during the Developer Control Period or the By-Laws of the Association after its incorporation, his right of enjoyment to the Common Area and Facilities to the members of his family, his tenants and social invitees.

ARTICLE III

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Every Owner shall be a member of the Association upon its incorporation. No Owner, whether one or more persons, shall have more than one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for membership.

3.2 Voting Rights. The Association shall have one (2) classes of voting membership;

(a) Class A. Class A members shall be all Owners, with the exception of Developer, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds ownership interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as its Owners determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B. The Class B member shall be Developer and shall be entitled to three (3) votes for each Lot owned by Developer. The Class B membership shall cease and be converted to Class A membership on the happening of the later to occur of the following:

(i) Upon ninety-five (95%) percent of the Lots which are planned for development in the Property becoming owned by persons or entities other than Developer; or

(ii) January 1, 2006.

Owners may vote by written proxy.

ARTICLE IV

RIGHTS AND OBLIGATIONS

4.1 Association's Responsibility. Developer during the Developer Control Period and the Association after its incorporation shall be responsible for maintenance of the Common Area, such maintenance to be funded as hereinafter provided. The maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated on the Common Area.

4.2 Owners' Responsibility. Each Owner shall maintain his Lot, including, but not limited to, all structures and improvements thereon in a manner consistent with the community-wide standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to Developer during the Developer Control Period or the Association after its incorporation pursuant to any additional Declaration of Covenants applicable to such Lot. If any Owner fails to properly perform his maintenance responsibility, Developer during the Developer Control Period or the Association after its incorporation may perform it and assess all costs incurred by Developer during the Developer Control Period or the Association after its incorporation against the Lot and the Owner in accordance with this Declaration.

4.3. Services. Developer during the Developer Control Period or the Association after its incorporation may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as Developer during the Developer Control Period or the Association after its incorporation shall determine to be necessary or desirable for the proper operation of the community, whether such personnel are furnished or employed directly by Developer during the Developer Control Period or the Association after its incorporation or by any person or entity with whom or which it contracts. Developer during the Developer Control Period and the Association after its incorporation may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the community or the enforcement of this Declaration.

4.4. Personal Property for Common Use. Developer during the Developer Control Period and the Association after its incorporation may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise.

4.5. Rules and Regulations. Developer during the Developer Control Period and the Board after the Association's incorporation may make reasonable rules and regulations governing the use of the Common Area, which rules and regulations shall be consistent with the rights and duties established by this Declaration.

4.6. Implied Rights. Developer during the Developer Control Period and the Association after its incorporation may exercise any other right or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE V

LIEN FOR ASSESSMENTS

5.1 Creation of the Lien and Personal Obligation of Assessments.

(a) Each Owner of any Lot other than Developer, by acceptance of a Deed therefore, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to Developer during the Developer Control Period and the Association after its incorporation:

(i) annual assessments or charges; and

(ii) special assessments or charges, such assessments to be established and collected as herein provided; and

(iii) specific assessments or charges against any particular Lot which are established pursuant to the terms of this Declaration.

(b) All such assessments, together with late charges, interest, costs and reasonable attorney's fees, shall be a charge on the land and a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with late charges, interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. Each Owner shall also be liable for his portion of each assessment applicable to the time he is the Owner of a Lot.

(c) The grantee in a conveyance of a Lot shall be jointly and severally liable with the grantor thereof for all unpaid assessments against the Lot up to the time of such conveyance, without prejudice to such grantee's right to recover from such grantor the amounts paid by the grantee therefore; provided, however, that if such grantor or grantee shall request a statement from Developer during the Developer Control Period or the Association after its incorporation as provided in Section 5.10 hereof, such grantee, his successors, successors-in-title and assigns, shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid assessments against such grantor in excess of the amount set forth in such statement, if any.

5.2 Purpose of Assessments. The assessments levied by Developer during the Developer Control Period and the Association after its incorporation shall be used exclusively for Common Expenses.

5.3 Computation. The annual assessment for the calendar year 200~~4~~ shall be \$100.00 per Lot. Thereafter, it shall be the duty of the Board at least sixty (60) days prior to the Association's annual meeting to prepare a budget covering the estimated cost of operating the Association during the coming year including an adequate reserve fund. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least twenty-one (21) days prior to the meeting. The budget and the assessment shall become effective unless disapproved at the annual meeting by a vote of a majority of the total Association membership. Notwithstanding the foregoing, however, in the event the Board fails for any reason to determine the budget for the succeeding year then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year. Such budget shall include breakdown of such costs allocated to Common Expenses. The per Lot assessment shall be computed by dividing the total assessment for each category of assessment by the number of Lots subject to such assessment. Notwithstanding the above, the Developer shall set the assessments during the Developer Control Period.

5.4 Special Assessments. In addition to the annual assessments authorized above, the Association may levy upon all Owners, in any assessment year, a special assessment for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of a capital improvement upon the Common Area, provided that any such assessment shall have the assent of at least fifty-one (51%) percent of the votes of the Owners who are voting in person or by proxy at a meeting duly called for such purpose. The Board may make special assessments payable in installments over a period of not more than three (3) years. Each such assessment together with interest, costs and reasonable attorney's fees shall become the personal obligation of each Owner, his heirs, successors and assigns. A special assessment may also relate to enforcement of this Declaration, or other matters deemed appropriate by the Board.

5.5 Notice of Meeting. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than twenty (20) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members entitled to cast fifty-one (51%) percent of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called upon written notice of not less than three (3) nor more than five (5) days. Said meeting shall not be required to satisfy the quorum in order to do business. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

5.6 Date of Commencement and Amounts of Annual Assessments. The initial assessment hereunder shall be One Hundred Dollars per year, for each Lot. Assessments are not applicable to the Developer. During the Developer Control Period, Developer may from time to time increase or decrease the assessment. After the Association is incorporated, the Board may from time to time increase or decrease the assessment. During the Developer Control Period, Developer shall determine the amount of and fix the due date of each assessment. After the Association is incorporated, the Board shall determine the amount of and fix the due date of each assessment. The annual assessment will be dated January 1 of each year. The assessment will be prorated in the event of ownership for a portion of the year, with the pro ration to be calculated by determining the number of days of ownership of the Lot.

5.7 Lien for Assessments. All sums assessed to any Lot pursuant to this Article, together with late charges, interest, costs, and reasonable attorney's fees, as provided herein, shall be secured by a lien on such Lot in favor of Developer during the Developer Control Period and the Association after its incorporation. Such lien shall be superior to all other liens and encumbrances on such Lot, except only for:

- (a) Liens for ad valorem taxes; and
- (b) A lien for all sums unpaid which are secured by a first in priority Mortgage, or any Mortgage in favor of Developer, duly recorded in the public records of Fayette County, Clerk's Office, and all amounts advanced pursuant to such Mortgage(s)

and secured thereby in accordance with the terms of such instrument(s).

All other persons acquiring liens or encumbrances on any Lot which become liens after this Declaration is filed for record shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not such consent be specifically set forth in the instruments creating such liens or encumbrances.

5.8 Effect of Non-Payment of Assessments: Remedies of Developer and the Association. Any assessments which are not paid when due shall be delinquent and the lien provided for herein shall attach. Any assessment due for a period of fifteen (15) days shall incur a late charge of ten percent (10%). If the assessment is not paid within thirty (30) days, the lien provided for herein shall include a late charge of ten (10%) percent, together with interest on the principal amount due and the late charge at the rate of eighteen (18%) percent per annum, or at whatever rate Developer shall establish during the Developer Control Period or the Association shall establish after its incorporation at its annual meeting (the interest to run from the date the assessment was due until paid in full), costs and reasonable attorney's fees. In the event that the assessment remains unpaid after thirty (30) days, Developer during the Developer Control Period or the Board after the Association is incorporated, may institute suit to collect such amounts or to foreclose its lien. Each Owner, by his acceptance of a deed to a Lot, vests in Developer during the Developer Control Period and the Association after its incorporation or their agents the right and power to bring actions against him personally for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of Developer during the Developer Control Period and the Association after its incorporation, and shall be for the benefit of all other Owners. Developer during the Developer Control Period and the Association after its incorporation, shall have the power to bid in the Lot at any foreclosure sale and to acquire, hold, mortgage and convey the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area.

5.9 Certificate as to Assessments. Any Owner, Mortgagee of a Lot, person having executed a contract for the purchase of a Lot, or lender considering the loan of funds to be secured by a Lot, shall be entitled upon request to a statement from Developer during the Developer Control Period and the Association after its incorporation or their management agents setting forth the amount of the assessments past due and unpaid (with late charges, interest, costs, and reasonable attorney's fees applicable thereto), against that Lot.

ARTICLE VI

SPECIFIC REGULATIONS OF USE AND CONSTRUCTION

6.1 Land Use and Building Type. No Lot shall be used except for private single-family residential purposes. However, notwithstanding the foregoing, Developer and/or Builder(s) may construct model and/or speculative homes on Lots and use same for the marketing and sale of private single family residences. No building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling not to exceed two stories in height, unless otherwise provided for herein. "Home offices" as regulated by the Lexington-Fayette Urban County Government are permitted, so long as there are no signs or commercial traffic to the Lot. No Lot may be further subdivided, re-subdivided or consolidated without prior written approval of the Developer, which shall be in the sole discretion of Developer.

6.2 Construction Materials and Building Plans. No building shall be erected, altered, placed or permitted to remain on any Lot without the written approval (prior to construction) of the plans and specifications by Developer; and one complete set of the plans and specifications shall be provided to and may be retained by Developer. The plans and specifications shall include all details of construction and materials including without limitation the amount of brick, stone, and/or siding to be used on the exterior, and the style of roof shingles. Any building erected, altered, placed or permitted to remain on any Lot shall be of brick or stone or vinyl siding or such other material as is approved in writing by Developer in its sole and absolute discretion, but any areas of the front elevations must be brick veneer; provided, however, in structures that require special support, Developer may reduce the amount of brick veneer on the front elevations, but such approval must be in writing and prior to construction. All buildings shall be masonry to grade. No home may have any exposed concrete (basement walls) or block on the exterior. No stucco will be allowed. The minimum size of living areas (exclusive of porches, basements, attics, carports and garages) shall be as follows:

(a) any one (1) story residence constructed upon any Lot shall have a minimum square footage of one thousand four hundred (1,400) square feet;

(b) any one and one-half (1-1/2) story residence constructed upon any lot shall have a minimum square footage of one thousand six hundred (1,600) square feet, with a first floor minimum square footage of nine hundred (900) square feet; and

(c) any two (2) story residence constructed upon any Lot shall have a minimum square footage of one thousand eight hundred (1,800) square feet, with a first floor minimum square footage of nine hundred (900) square feet.

provided, however, Developer in its sole and absolute discretion may approve smaller living areas, but any such approval must be in writing. Roof shingles shall be architectural dimensional type shingles. Other types of roof material or shingles may be approved by

Developer in its sole and uncontrolled discretion. All roof lines which face the front or rear of the Lot must be a minimum of 8/12 and all other roof lines must be a minimum of 6/12 unless approved in writing by Developer in its sole and absolute discretion. At least one major gable must also be 8/12. Each Lot shall be subject to all building lines, easements and all restrictions of record pertaining to the Property, including those set forth on the subdivision plat(s); however, in determining the depth of a setback line, the determination may take into account the applicable rules and regulations of the Lexington-Fayette Urban County Government relating to averaging of building lines and similar matters.

6.3 Approval of Building Plans. Developer shall approve all plans and specifications for the erection of improvements on all Lots prior to construction. This right shall be assumed by the Association at the end of the Developer Control Period.

6.4 Attached Garage. Any residence constructed on a Lot shall have a two (2) car attached garage. Developer reserves the right to approve one car garages on Lots with such approval not to exceed 8% of the total Lots. Any one car garage must have parking for at least two automobiles side by side in the driveway.

6.5 Detached Garages and other Outbuildings. No detached garages or outbuildings are allowed. Notwithstanding the foregoing, nothing herein shall preclude Developer and/or Builder(s) from erecting and maintaining temporary tool or storage sheds or field offices on the Property which are used by Developer and/or Builder(s).

6.6. Temporary Structures. No structure of a temporary character, trailer, basement of any uncompleted structure, tent, shack, garage, barn or other outbuildings shall be used on any Lot at any time as a residence, either temporarily or permanently.

6.7. Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No trailers, recreational vehicles or immobile or "junk" cars shall be allowed to be parked upon streets or public rights-of-way in the Property. No antenna, shortwave or "ham" radios, or shortwave towers shall be allowed on or within the Property.

6.8 Vehicles. No motor vehicle, recreational vehicle, camper, trailer or boat of any nature shall be (a) regularly parked or (b) parked for a period in excess of twenty-four consecutive hours, on any Lot or on any street in the Property (other than for construction purposes). No person shall engage in major car repairs either for himself or others at any time.

6.9 Lot Condition. In the event an owner fails to keep or maintain his Lot in a good condition, free of trash or weeds and grass over 9" in height, Developer shall have the right, but not the obligation, to clean, mow and maintain said Lot in whatever manner Developer deems appropriate and charge the owner for all costs incurred in performing such work together with interest, costs, and reasonable attorney's fees. Upon the demand of Developer, the Owner of such Lot shall reimburse Developer for all costs incurred in performing such work and Developer shall retain a lien on such Lot and the improvements thereon to secure the repayment of such amounts plus interest, costs, and reasonable attorney's fees. Interest shall accrue on the unpaid costs at the rate of eighteen percent (18%) per annum commencing on the date on which Developer demands payment and ending on the date Developer is indefeasibly paid in full for such costs. Such lien may be enforced by foreclosure against the Lot and improvements thereon, but such lien shall be subordinate to any first Mortgage thereon.

6.10 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 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 except that such pets may be walked on leashes on the sidewalks and across streets. However, no "dog runs" of any type or material or any type of permanent dog or pet shelter shall be permitted on any Lot.

6.11 Signs. No sign for advertising or for any other purpose (including, but not limited to, signs for advertising any Lot or building "for rent" or "for lease" or the like) shall be displayed on any building, structure or anywhere else on any Lot except one sign for advertising the sale thereof, which shall not be greater in area than six square feet. Developer may remove any sign displayed in violation of this Section 6.11 and retain same until such time as the Owner of the Lot has paid Developer a \$25.00 fine. In the event the Owner of the Lot does not pay said fine within forty-five (45) days of Developer's removal of the sign from the Lot, the sign will be deemed abandoned and Developer will be deemed the owner of the sign and may dispose of the sign in any manner Developer deems appropriate. Notwithstanding the foregoing, Developer shall have the right to erect larger signs. This restriction shall not prohibit placement of occupant name signs and house numbers as allowed by applicable zoning regulations.

6.12 Fences. No fences of any kind, shrubbery or hedge shall be permitted within the area between the minimum setback or building line, as indicated on the applicable Plat, and the street. Fences shall not obstruct any drainage easements and shall provide no less than an eight (8) inch clearance above the drainage easement's ground level. All runners, posts and other support components of the fence shall be placed on the inside of the fence. All fences shall be made of natural wood. Fences cannot be painted, but they may be stained. All fences shall comply with all governmental regulations. The maximum height of fences shall be 42"; provided, however, Developer in its sole and absolute discretion may approve higher fences, but such approval must be in writing and

obtained prior to commencement of the construction of the fence. All fences are subject to the approval by Developer in its sole and absolute discretion and such approval must be in writing and obtained prior to commencement of the construction of the fence. No fence shall be allowed to extend more than fifteen feet (15') in front of the rear corner of any house.

6.13 Mail Boxes. Mail boxes will be of uniform design and style, chosen by the Developer. Each Owner of a Lot will pay the Developer for the mail box (not in excess of \$150.00) upon purchase of the Lot or on demand by the Developer.

6.14 Antennas, Etc. No antenna or dish for transmission or reception of television signals or any other form of electromagnetic radiation shall be erected, used or maintained on the Property without the prior written approval of Developer and, when approved, must not exceed 24" in diameter and installed in the rear of the residence.

6.15 Clothes Lines. No exterior clothes line, or similar apparatus used for the display of clothing, shall be placed upon any Lot.

6.16 Swimming Pools. All swimming pools shall be in-ground pools. There shall be no above-ground pools permitted. No construction of swimming pools shall be commenced until approved in writing by Developer. Drainage, fencing, placement and lighting plans shall be included in the construction design plan submitted to Developer for approval. There shall be no increase in drainage to other properties permitted as a result of construction nor shall there be an increase in drainage to other properties during such construction. No swimming pool shall extend beyond the primary permanent residential structure. No lighting of a pool or other recreational area will be installed without the prior written approval of Developer. If allowed, such lighting will be designed of recreational character so as to buffer the surrounding residences from such lighting.

6.17 Grading. As construction on a Lot is completed, it shall be fully graded, and it shall be fully sodded with grass except only for the building area, driveways, patios and sidewalks.

6.18 Conformation. All land development and building construction within the Property shall conform to the applicable Lexington-Fayette Urban County Government Land Subdivision Regulations and Zoning Ordinances as adopted by the Lexington-Fayette Urban County Council from time to time.

6.19 Address Plaques. All address plaques will be uniform throughout the Property and shall initially be purchased from Developer for a price not in excess of \$100.00.

6.20. Basketball Goals. No permanent basketball goals shall be visible from the front view of the house. No mobile basketball goals shall be left out so they are visible from the front view of the house for more than twenty-four consecutive hours.

6.21 Trash, recycle, and yard waste containers must be kept on a Lot in such a manner so as not to be visible from the street which the house on the lot faces; provided, however, said containers may be placed by the street for pick up after 5:00 p.p. on the day before pick up, and may remain on the street until 6:00 p.m. on the day of pick up.

6.22 All air-conditioner units shall be placed to the rear of the house, not in side yards or front yards, except that Developer may approve in writing placement of air-conditioner units in a side yard where necessary.

6.23 No vegetable gardens, no aviaries, and no cages for reptiles or other exotic pets shall be placed or maintained on any Lot.

6.24 Except in emergency situations where other power supplies have been cut off, there shall be no alternate forms of utilities allowed, such as solar, propane or windmills. Propane shall be allowed only for fireplaces and no propane tank shall be larger than 25 gallons. Said propane tank shall be installed in the rear yard (not side yard or front yard) and shall be installed so as not to be visible from any other Lot.

ARTICLE VII

GENERAL PROVISIONS

7.1 Reserved.

7.2 Reserved.

7.3 Priority of First Mortgagees. No provision of this Declaration shall be construed to grant to any Owner, or to any other party any priority over any rights of first Mortgagees of the Lots pursuant to their first Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Lots and/or the Common Area.

7.4 Easements in Favor of Developer.

(a) Developer shall have a transferable easement on and over the Common Area for the purpose of making improvements on the Property, and for the purpose of doing all things in connection therewith.

(b) Developer and its duly authorized agents, representatives and employees shall have an easement for the maintenance of sales offices and/or model residences on the Property for so long as Developer owns any Lot for sale in the ordinary course of business.

7.5 Enforcement. Each Owner shall comply strictly with the By-Laws and with

the rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, restrictions and easements set forth in this Declaration. Developer during the Developer Control Period and the Board on behalf of the Association after the Association's incorporation may (a) collect assessments provided for herein or in the By-Laws or the rules and regulations and (b) impose fines or other sanctions, collection of which may be made as provided for in Article V hereof. Failure by Developer or the Association to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. Developer during the Developer Control Period shall have the right to enforce all other covenants and restrictions contained herein. Upon the termination of the Developer Control Period, any Owner or the Board on behalf of the Association shall have the right to enforce all other covenants and restrictions contained herein. Notwithstanding any other provision contained herein to the contrary, Developer shall retain the right to enforce the provisions of Sections 6.1(b) and 6.11 so long as any Lot is owned by Developer, the principals of Developer, or any entity in which Developer or the principals of Developer own a majority interest. Individual Lot owners may also bring action to enforce this Declaration.

7.6 Professional Management. Any agreement for professional management of the Association must provide for termination by the Association for cause upon no greater than ninety (90) days written notice thereof. The term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive periods of one (1) year each.

7.7 Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, all of which shall remain in full force and effect.

7.8 Duration and Perpetuities. The provisions of this Declaration shall run with and bind the land and shall be and remain in effect perpetually to the extent permitted by law. Provided, however, so long as Kentucky law limits the period during which covenants restricting lands to certain uses may run, any provision of this Declaration affected thereby shall run with and bind the land for a period of thirty (30) years from the date this Declaration is filed for record in the Fayette County Court Clerk's Office, after which time such provision shall be automatically extended, if permitted by law, for successive periods of ten (10) years, unless an instrument, signed by at least fifty-one (51 %) percent of (i) the then Owners of record and (ii) the holders of first Mortgages on their Lots has been recorded in the Fayette County Clerk's Office agreeing to terminate or change such provisions in whole or in part. Every purchaser or grantee of any interest in any portion of the Property, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration may be extended and renewed as provided in this Section.

7.9 Notice of Sale or Mortgage. In the event an Owner sells or mortgages his Lot, such Owner will give Developer during the Developer Control Period and the Association after its incorporation notice prior to closing, in writing, setting forth the name

of the purchaser or Mortgagee of the Lot.

7.10 Amendment and Additions of Additional Submitted Property.

(a) This Declaration may be amended unilaterally at any time and from time to time by Developer (i) if such amendment is necessary to bring any provisions hereof into compliance with any applicable governmental statute, rule or regulation, or (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots, or (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including for example, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots, or (iv) if such amendment is necessary to enable any governmental agency, such as the Veterans Administration, Secretary of Housing and Urban Development, or reputable private mortgage insurance company to insure mortgage loans on the Lots; provided, any such amendment shall not adversely affect the title to any Owner's Lot or materially alter or change any Owner's right to the use and enjoyment of the Common Area as set forth herein, unless any such Owner so affected thereby shall consent thereto in writing, or (v) the Developer may amend any provision in this Declaration so long as in its good faith judgment the Property will be benefited by such amendment, or if in its good faith judgment the continued development of the remainder of the Property is hindered or made less economic in any way by any provision hereof; provided, however, that this right of amendment shall cease at such time as Developer owns less than ten percent (10%) of the Lots.

(b) This Declaration may be amended at any time and from time to time by an agreement by at least two-thirds (2/3rds) of the Owners. Provided, however, such amendment by the Owners shall not be effective unless also signed by Developer if any Lot is owned by Developer, the principals of Developer, or any entity in which Developer or the principals of Developer own a majority interest.

(c) No amendment to the provisions of this Declaration shall alter, modify, change or rescind any right, title, interest or privilege herein granted or accorded to the holder of any first Mortgage encumbering any Lot affected thereby unless such holder shall consent in writing thereto.

(d) Developer may, at its sole discretion, declare additional real property to be subject to this Declaration by recording an amendment to this Declaration setting forth the exact description of the real property with the Fayette County Clerk and giving written notice to the Association of the amendment.

(e) Any such amendment shall not become effective until the instrument evidencing such change has been filed for record in the Fayette County Clerk's Office. The written consent thereto of any first Mortgagee affected thereby shall also be filed with such amendment. Every purchaser or grantee of any interest in any real property now or

hereafter subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that this Declaration may be amended as provided in this Section.

7.11 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

7.12 Rights of Third Parties. This Declaration shall be recorded in the public real estate records of the Fayette County Clerk, and shall inure to the benefit of Developer, the Association, the Owners and the holders of the Mortgages affecting any of the Property, their respective heirs, legal representatives, successors-in-title, successors and assigns; and by such recording, no owner of property not located within the Property shall have any right, title or interest whatsoever in the Property or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of the Developer and Mortgagees as herein provided, the Owners shall have the right to cancel, extend, modify, amend or otherwise change the provisions of this Declaration without the consent, permission or approval of any such other person.

7.13 Reservation of Easements. Developer hereby reserves for itself, its successors and assigns, across the Property for the following uses and purposes:

(a) An easement for ingress and egress by vehicular and pedestrian traffic over (i) such drives, roadways, walkways and paths as are shown on the Plat or Plats recorded in connection with the Property, and (ii) such drives, roadways, walkways and paths as may be constructed in the future;

(b) An easement for the purpose of installing, operating, maintaining and replacing wires, pipes, conduits and other structures and facilities necessary to the furnishing of gas, water, sewerage, storm drainage, electricity, telephone and other utilities and services, including the right to use in common with the Owners, the wires, pipes, conduits, and other structures and facilities furnishing such utilities and services to such Owners.

7.14 No Partition. There shall be no judicial partition of the Property or any part thereof, nor shall any person acquiring any interest in the Property or any part thereof seek any judicial partition unless the Property has been removed from the provisions of this Declaration.

7.15. Developer Determinations. Any judgment, discretion, decision or other matter determined hereunder by Developer shall be binding on all parties if made in good faith, and any interpretation hereof made by Developer in good faith shall likewise be binding on all parties; and in each case no party shall have any remedy against Developer except to require specific performance of its duties hereunder and/or to obtain a

declaratory judgment. In no case shall damages be claimed, shown or obtained against Developer with respect to any matter related hereto.

7.16. Duties of Association. Upon its incorporation, the Association shall perform the duties and obligations imposed upon it by this Declaration.

IN WITNESS WHEREOF, Developer has executed this Declaration as of the day and year first above written.

DEER HAVEN PROPERTIES, LLC

BY: Marion C. Clark
ITS: General Manager

STATE OF KENTUCKY

COUNTY OF FAYETTE

Subscribed, sworn to and acknowledged before me by Marion C. Clark, as General Manager of Deer Haven Properties, LLC, a Kentucky limited liability company, on behalf of said company, on this 17 day of June, 2004.

My commission expires: Oct 31, 2004

Norma Lewis
NOTARY PUBLIC,
KENTUCKY, STATE AT LARGE

susankdavis@resnick.com

EXHIBIT A
DESCRIPTION

Being all of the property in subdivisions known as Newmarket Phase 1, Unit 1-A and Newmarket Phase 1, Unit 1-B, as shown by plats of record in Plat Cabinet M, Slide 291 and Plat Cabinet M, Slide 292, respectively, in the Office of the Fayette County Clerk, to which plats reference is hereby made for a more particular description thereof.

Being the property conveyed to the Grantor by deed dated October 16, 2001, recorded at Deed Book 2240, Page 578 and by deed dated October 16, 2001, recorded at Deed Book 2240, Page 583 in the Office of the Fayette County Clerk.