DEED OF RESTRICTIONS

CANYON RUN DEVELOPMENT CORPORATION
SUBDIVISION PHASE 3 - MUHLENBERG COUNTY

WHEREAS, Canyon Run Development Corporation hereinafter referred to as OWNER, is the owner and developer of certain residential subdivision property located in Muhlenberg County, Kentucky, identified as Canyon Run Development Corporation Subdivision Phase 3 and more particularly described by recorded Plat in the office of the County Court Clerk of Muhlenberg County in Plat Cabinet Slide # 555.

WHEREAS, the OWNER desire to establish restrictions, condition, and covenants governing the use and occupancy of the numbered lots of said subdivision, as hereinafter provided.

NOW THEREFORE, all parcels of real property designated as Lot 80-113 of Canyon Run Development Corporation Subdivision Phase 3 of Muhlenberg County, Kentucky, Plat of which is recorded in Plat Cabinet slide 555, in the office of Muhlenberg County Court Clerk, shall be and are hereby made subject to the following restrictions, conditions, and covenants:

1. Improvements; Approvals: No improvements (including but not limited to buildings, sheds, garages, carports, fences, drives, parking areas, boat docks and landscaping) shall be constructed, installed, erected, placed or altered on any lot governed by these restrictions until the plans and specifications therefore, showing the design, specifying the materials to be used, and including a plot plan showing the location, grade and elevation (both existing and new) of the proposed improvements have been submitted to and approved in writing by the Review Board, as hereinafter established. Such approval shall be based upon a determination of whether or not the proposed improvements are acceptable as to design, materials and fire safety, are of external rustic or country design befitting the natural environment of the area and the existing structure on adjacent lots, are located so as not to adversely affect adjoining structures and uses, are compatible with

existing natural topography, grade and finished ground elevations and are in compliance with all other provisions of these restrictions.

2. Nuisance Prevention: No noxious or offensive use of activity shall be permitted on any lot which is governed by these restrictions which is or may become a nuisance, including but not limited to unsightliness, uncleanliness, disorderliness, vibration, glare, noise or excessive emission of odors, dust, dirt, fumes, noxious gasses or smoke.

Mini bikes and Go Karts and similar noise making motor vehicles are restricted to use between hours of 10:00 A.M. and 7:00 P.M. at current local time,and shall be equipped with quiet mufflers and spark arresters, No dragging or racing of motor vehicles shall be permitted, and the established speed limits within the subdivision shall be observed at all times.

No livestock shall be kept on any lot in the subdivision. Household pets will be permitted but shall be kept leashed, chained, penned or otherwise confined at all times. Household pets which may become a nuisance because of barking excessively, biting, harassing persons, damaging property of persons, chasing vehicles or other like activities shall be excluded from the subdivision.

Sewerage disposal system shall be kept in proper working condition and shall not emit excessive odors or permit surfacing of effluents.

Except for burning wood in fireplaces and charcoal cooking, there shall be no burning of brush, trees, debris, garbage, grass, leaves or other materials during or after construction. The OWNERS herein are not subject to this restriction associated with the development of this subdivision. Garbage and other debris and disposal materials shall be removed from the subdivision area to an approved county or other garbage dump designated as such.

No open storage or stock piling of materials, equipment or

debris will be permitted after completion of construction. Except for street identification signs and real estate for sale signs, no signs or billboards will be permitted on any lot in the subdivision.

3. Residential Use of Subdivision Lots: Each of the lots covered by the restrictive covenants shall be used for residential purposes only, and no commercial, industrial or other use of said lots shall be permitted. Not more than one immediate family shall maintain residence on any one lot of the subdivision. Not more than one residential structure will be permitted on any one lot of the subdivision. Apartments or dwellings housing two or more families will not be permitted on any lot covered by these restrictions. Trailers, campers and/or mobile homes, permanent or temporary, will not be permitted on any lot covered by these restrictions.

4. Platted Lot Division: Lot sizes shall be maintained or platted and no lot shall be subdivided by any individual owner, with the exception of the OWNER, identified herein, who may subdivide without restrictions.

5. Street and Roadways: Streets and roadways within the subdivision shall be those designated from time to time by OWNER and as shown on the recorded plat of the subdivision. The OWNER retain the right to regulate and control the traffic (including speed, direction of flow and the like) on such streets and roadways, and to construct connecting streets or roadways into the developed areas. Vehicle speed on streets and roadways of the subdivisions area shall be established by OWNER from time to time, and is hereby established at a maximum of 15 miles per hour for all traffic. Parking of vehicles on streets and roadways, or their right-of-ways shall not be permitted.

6. Utility Easements: The OWNER reserve the right as to each lot of the subdivision to use the necessary portion thereof for the

installation, construction, operation and maintenance of utility services (including gas, water, sewerage, telephone service and electric service) provided that such use does not unreasonably interfere with the owners' intended use thereof. The purchasers of subdivision lots agree to grant to the OWNER the necessary easements for installation, construction, operation and maintenance of such utility services, which shall be accomplished with a minimum interference with existing natural ecology.

7. Lakeside Uses: Persons owning lots fronting on the lakeside may have use of the 50 foot lakeside easement owned by the State of Kentucky, and may cut grass and weeds thereon and remove debris therefrom. They may place private docks on the water's edge (if state permitted) and use the same in connection with their respective lakeside lots. It is understood and agreed that the 50 foot easement herein referred to is maintained by the State of Kentucky for public access to the water along the shore line. Persons owning lakeside lots may not cut trees, remove soil or rock, or otherwise change the natural ecology of the 50 foot shore line easement.

8. Boat Docks: Only owners of lakeside lots shall be permitted to construct private boat dock facilities. Docks shall not extend more than 14 feet from the shore line nor be wider (parallel to the shore line) than 16 feet, and/or shall comply with State Required permit and regulations.

9. Tree Removal: Owners of lots shall not remove or permit removal of any trees having a trunk diameter of more than four or six inches measured at a distance of 30 inches above natural grade, except for access drives, parking areas, construction of structures, patios and walks. All trees more than 10 feet outside of the areas of the structures above enumerated shall remain intact. Exceptions shall be made only upon approval of the Review Board. Pine Tree shall be replaced with Hardwood Trees.

10. Parking: Off-street parking shall be provided on each lot covered by these restrictions at a ratio of one parking space (9 feet wide and 20 feet long) per bedroom, but not less than 2 spaces per lot. Access drives shall be a minimum width of 10 feet. A turnaround area shall be provided within the lot area. Where driveways cross a street or roadway drainage ditch, the lot owner shall install a reinforced concrete, galvanized iron or aluminum culvert pipe not less than 15 inches diameter in area. Exceptions shall be made to parking regulations only upon approval of the Review Board.

11. Structures: Structures and appurtenances shall be designed and constructed to accommodate the natural grade of the site and to eliminate extreme changes in grade and removal of natural growth. Grading plans shall be approved by the Review Board prior to commencement of construction.

12. Completion of Construction: Any construction started must be completed within 6 or 9 months from construction start date.

13. Maintenance of Lots: Within one year of date of purchase of lot of the subdivision the purchaser shall clean the site and maintain neat appearance with the growth of grass, brush and weed to a height not to exceed 6 inches. After construction of a residence, the owner of the lot shall maintain ground cover to a height not exceeding 6 inches within landscaped areas 10 feet of residence. Eroded areas, before, during and after construction, shall be immediately repaired, seeded or sodded to eliminate continued erosion. A minimum of $500.00 worth of special landscaping shall be spent for landscaping within one year after residence is completed. At least 50% of the landscaping costs shall be spent in the area between the street right-of-way and the residence. Landscaping shall be properly trimmed, maintained and replaced when necessary. Pine Tree shall be replaced with Hardwood Trees.

14. Location of Structures: Permanent buildings shall be located in accordance with the following minimum distances:

(a) From lake water line (elevation 450 feet) 70 feet.

(b) Rear and side lines (except for lake water line) 20 feet.

(c) From line (roadway) and side line (roadway) 30 feet. Distances shall be measured from the most extended portion of the structure (wall and/or roof overhang) to the respective site boundary line.

15. Building Area: The following minimum requirements for main living floor(s) of residences shall be required:

(a) Lot size 0 to .45 acres - 900 sq ft.

(b) Lot size .5 to .75 acres - 1200 sq ft.

(c) Lot size .75 to .99 acres - 1400 sq ft.

(d) Lot size 1.0 acres and larger - 1600 sq ft.

Square foot requirements are defined as net livable areas (inside area of exterior walls) and does not include unfinished basements, unfinished second floors, porches, stoops, patios, carports, garages, boat and equipment buildings, pump enclosures, storage sheds and the like. If basement is provided and finished on initial construction, the area of the main floor (s) may be reduced 20%. If a loft or upstairs is finished on an initial construction, the area of the main floor (s) may be reduced 20%.

16. Plumbing and Sewerage Disposal: All residences shall have indoor toilets and plumbing. Sewerage disposal shall be with Kentucky Department of Health approved individual residential type package plant,with effluent discharge into approved field bed or coopage pit or private system.

17. Underground Electrical and Telephone Service: Electrical and telephone service connections from service company distribution system to the residential building shall be made underground.

18. Water service shall be available from county water district or other approved water utility service. Water systems

shall be approved by the Kentucky Department of Health.

19. Required Submittals for Approval: There shall be submitted with each application for approval of construction of the following:

(a) Site plan, showing site boundaries, access roads, culverts, drainage (existing and new), grading, (existing and new) buildings and locations, drives, parking area, turnaround area, walks, patios, building finish and floor elevations. If lakeside lot, boat dock locations shall also be designated.

(b) Floor plan, at a scale of 1/4" equals 1 foot, showing room arrangements, dimensions, room finish schedule and net square footage per floor, designation finished and unfinished areas.

(c) Elevation views from each major side of the building (s) with finish materials indicated.

(d) Wall section, through one major portion of the building (s).

20. Review Board: Simultaneously with the recording of the Deed of Restriction, there is hereby created a Review Board, to review proposed construction plans and specifications, to issue approvals for construction upon compliance with the requirements contained herein and to review and rule upon all other matters as provided herein. The Review Board shall be composed, initially, of two permanent members, who shall be L.D. Cary and Janey H. Cary, or their respective agents or designees, who shall remain permanent members of the Review Board until its termination as herein provided. Three additional members (rotating members) of the Review Board shall be selected from the owners of lots in the subdivision in the following manner: The first, second and third owners of lots to complete construction of their residences shall become one year, two year and three year term members of the Review Board respectively. Upon termination of each of the original terms of the rotating members of the Review Board, other lot owners who

have completed construction of their residences shall become members of the Review Board for terms of three years, in the order of the dates of completion of construction of their respective residences. Provided, however, that rotating members of the Review Board shall serve until they have been succeeded in office as herein provided. The permanent members of the Review Board shall serve until they have been succeeded in office as herein provided. The permanent members of the Review Board shall have two votes each in deciding matters to come before the Board. The rotating members shall have one vote each. After 100% of the subdivision is sold and construction of residences is completed thereon, the Review Board shall be elected by property owners. The Board shall continue to enforce restrictions, vote on variances, and oversee maintenance of subdivision property. Owner will remain permanent members as this subdivision is part of Canyon Run Resort and decisions may affect other development aspects. This Review Board shall continue and exist as long as these restrictions are in effect.

21. General Provisions: The foregoing restrictions, conditions and covenants shall be construed as covenants running with the land and shall be binding upon the parties hereto, their personal representatives, heirs, successors and assigns, and all persons claiming under them, for a period of 25 years from the date hereof, at which time said restrictions, conditions and covenants shall terminate unless the original developer of their designee shall decide to extend same by the recording of a Notice of Extension, with said extension to be for a period not exceeding 30 additional years. It is intended that these restrictions may be enforced, and violations thereof may be restrained by any owner of any lot of the subdivision. If any such owner, his heirs, successors or assigns, shall violate or attempt to violate any such restrictions, conditions or covenants during the period of their

existence, shall be lawful for any person or persons owning any other lot of the subdivision to prosecute such violations by proper proceedings at law or in equity against such person or persons violating or attempting to violate any such restrictions, conditions or covenants, and to prevent him or them from so doing and/or to recover damages or other relief for such violation. In the application and enforcement of any restriction, condition, or covenant applicable with respect to more than one lot, the OWNERS, the Review Board, or any successor or successors thereto, shall apply and enforce such restrictions, conditions and covenants in like manner with respect of all such lots to which they are applicable. The failure or neglect of the OWNERS and/or the owners of any lot of the subdivision to demand or insist upon the observance of any of the foregoing restrictions, conditions and/or covenants, and to proceed for restraint of violation thereof, shall not be deemed a waiver of such violation or operate as estoppel to restrain. Continuance thereof, but any restriction, condition and covenant may be enforced at any time notwithstanding that a violation thereof may have been suffered or permitted, nor shall a waiver of any such restriction, condition or covenant in any particular be deemed a waiver of any default thereunder, whether of the same of a different nature. Invalidation of any of these restrictions, conditions and covenants which shall remain in full force and effect. These restrictions, conditions and covenants may be altered or amended at any time, from time to time, by the OWNER as long as they own any lot within the subdivision. Alterations or amendments thereof may be made upon the affirmative action of the owners of a majority of the numbered lots of the subdivision. These restrictions, conditions and covenants may be altered or amended by a majority of persons who have purchased the numeric lots of the subdivision.

IN WITNESS WHEREOF, the OWNER have hereunto set its hands and seals this 10th day of December, 1999.

L. D. Cary,
President of Canyon Run
Development Corporation

STATE OF KENTUCKY)
) ss:
COUNTY OF MUHLENBERG)

The forgoing Deed of Restrictions was produced and acknowledged to me by **L. D. CARY, President Canyon Run Development Corporation,** to be his free act and deed, on this the 10 day of December, 1999.

My Commission expires: 10-10-99

NOTARY PUBLIC

Prepared by:

LAW OFFICE OF BRENT YONTS,
A Professional Service Corporation

BY: ✓

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11-09-99:bp

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COUNTY: MUHLENBERG COUNTY
DEPUTY CLERK: KATHY SADDLER

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