

MEMORANDUM OF UNDERSTANDING

The undersigned, Pleasure Lands, Inc., by and through Joe Mason, President, being the developer of Sassy Land Subdivision, Section 1, and also being the owner and developer of real property adjacent thereto to be identified after further development as Sassy Land Subdivision, Section 2, for and in consideration of the mutual benefits to be derived by the aforesaid further development in accordance with the existing covenants, conditions and restrictions of Sassy Land Subdivision, Section 1, and the further benefit of including the lots in the new development into the membership and jurisdiction of the Sassy Land Homeowners Association, Inc., and hereby agrees as follows:

1. The terms, conditions and obligations of the undersigned herein shall be conditioned upon the recordation of the Declaration of Covenants, Conditions and Restrictions for Sassy Land Homeowners Association, Inc. (a copy of which is attached hereto), adoption of the draft By-Laws of the Association (a copy of which is attached hereto), and the formal organization of the Homeowners Association through an organizational meeting approved by a majority of the members of the Association, including imposition of basic assessments with an effective date of January 1, 2000, and execution of an "Acknowledgment of Declaration of Covenants, Conditions and Restrictions for Sassy Land Homeowners Association, Inc., and Assumption of Lien for Assessments" (a copy of which is attached hereto) by the owners of at least three-fourths (3/4) of the lots outstanding as shown thereon.

2. Pleasure Lands, Inc. will furnish up to ten (10) street lights in Section 1, at its cost, to be installed after the Association is properly organized and agrees to take over and assume the monthly service expense for said lights.

3. Pleasure Lands, Inc. will provide an area on the commons portion of the dock for temporary mooring of boats while launching.

4. Pleasure Lands, Inc. will repair the boat ramp and install a light in the ramp area, the service for the light to be assumed by the Association.

5. Pleasure Lands, Inc. will move the dock out at least thirty (30) additional feet from its present location.

6. Pleasure Lands, Inc. will pay for one-half (1/2) of the cost of a security gate and fence on the secured dock area.

7. Pleasure Lands, Inc. will enlarge the parking area on Lot 1A to the 375 contour line, to the extent permitted by TVA.

8. Pleasure Lands, Inc. will reserve the right to construct additional slips on the existing dock, and adding additional slips in the secured dock area; any additional slips shall not devalue or deteriorate the condition of any existing dock.

9. The new development to be known as Sassy Land Subdivision, Section 2, will be developed at the sole expense of Pleasure Lands, Inc.; this shall include, but not be limited to, the developer's construction of streets and maintaining all construction and maintenance responsibility therefore pending acceptance of said streets into the Marshall County Road System. The developer would also assume all other development costs and agrees to develop said subdivision in a manner compatible with the existing Section 1.

10. Pleasure Lands, Inc. reserves the right to construct a second community swimming pool on Lot 24 and/or Lot 24A, at the sole discretion and expense of developer.

11. Pleasure Lands, Inc., upon completion of the development of Section 2, will execute and record in the Marshall County Court Clerk's Office a Supplemental Declaration evidencing the new development's submission to and acceptance of the existing covenants, conditions and restrictions for Sassy Land Homeowners Association, Inc.

The developer's obligations hereunder shall further be conditioned upon the acceptance of the terms hereof by the Sassy Land Homeowners Association, Inc., upon said Association's formal organization and due consideration of the terms hereof.

Dated this 22 day of September, 2000.

PLEASURE LANDS, INC.

By Joe L. Mason, Pres.
JOE MASON, President

Considered and the terms hereof accepted this 22 day of

September, 2000.

SASSY LAND HOMEOWNERS ASSOCIATION, INC.

By Robert L. Mason

SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SASSY LAND HOMEOWNERS ASSOCIATION, INC.

This Supplemental Declaration, made on the date hereinafter set forth, by Pleasure Lands, Inc., hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Marshall County, Kentucky, which is more particularly described as Sassy Land Subdivision, Section 2, a plat of which is of record in Plat Cabinet D-44, Marshall County Court Clerk's Office. Said property being a part of the same property conveyed to Pleasure Lands, Inc. by deed from Gene Steely and wife, Ramona Steely, dated May 12, 1981, of record in Deed Book 189, page 300; see also Quitclaim Deed from Gene Steely et al dated October 3, 1996, of record in Deed Book 290, page 234, and Quitclaim Deed from Marshall County Fiscal Court dated October 12, 1996, of record in Deed Book 290, page 447, Marshall County Court Clerk's Office.

NOW THEREFORE, Declarant hereby declares that the property described above which lies within Sassy Land Subdivision, Section 2, a plat of which is of record as hereinabove noted, shall be held, sold and conveyed subject to those same restrictions, covenants, and conditions as are contained in that certain Declaration of Covenants, Conditions and Restrictions for Sassy Land Homeowners Association, Inc. dated the 6th day of May, 2000 which is recorded in Miscellaneous Book 18, page 306 Marshall County Court Clerk's Office, all of which are for the purpose of protecting the value and desirability of and which shall run with the real property and be binding upon all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

IN WITNESS WHEREOF, the undersigned being the Declarant herein,
has hereunto set its hand this 31st day of October, 2000.

PLEASURE LANDS, INC.

By Joe L. Mason Pres
JOE L. MASON, President

COUNTY OF MARSHALL

STATE OF KENTUCKY, SCT

Subscribed, sworn to and acknowledged before me by PLEASURE
LANDS, INC., by and through Joe L. Mason, President, on the 31st day of
October, 2000.

My commission expires: 9-8-01

Geo Carter
NOTARY PUBLIC

THIS INSTRUMENT WAS PREPARED BY:
OWEN, HARVEY & CARTER

Geo Carter
GEORGE M. CARTER
P.O. Box 259
Benton, Kentucky 42025

STATE OF KENTUCKY, COUNTY OF MARSHAL
I, Dan Duke, Clerk of the County Court for the County
State aforesaid, certify that the foregoing SUPPLEMENTAL DECLARATION
was on the 31st day of OCT., 2000 OF COVENANTS
at 10:00 O'clock AM, lodged for record, whereu,
the same, the foregoing and this certificate have duly
corded in my said office in MISC. Book 78
Page 332.
Given under my hand this 1st day of
NOV., 2000.

DAN DUKE, CLERK
BY Kristi Page

BYLAWS
OF
SASSY LAND HOMEOWNERS ASSOCIATION, INC.

Sassy Land Homeowners Association, Inc. is the non-profit corporation organized to enforce the Declaration of Covenants, Conditions and Restrictions (the "Declaration") affecting Sassy Land Subdivision, being developed by Pleasure Lands, Inc. (the "Developer").

ARTICLE I - OFFICES

The principal office of the Association shall be within Marshall County in the Commonwealth of Kentucky. The Association shall designate a registered office in accordance with law and shall maintain it continuously. The Association may have offices at such other places within and without the state as the Board of Directors may from time to time determine.

ARTICLE II - MEMBERS

Section 1 - Membership Classes.

There shall be one (1) class of voting membership, as more particularly set forth in the Declaration.

Section 2 - Transfer of Membership.

The rights of each owner shall be appurtenant to his or her ownership of a lot, may not be separated from said ownership, and shall automatically pass to the heirs, successors and assigns (including mortgagees) of an owner upon the recordation of the change in ownership of the lot in the Marshall County Court Clerk's Office, and in the records of the Association.

Section 3 - Annual Meetings.

The purpose of the annual meeting of members is to elect directors and to transact such other matters as may properly come before the members. The annual meeting of the members of the Association shall be held at such times and places designated by the Board or the President of the Association. The annual meeting of members for any year shall be held no later than thirteen (13) months after the last annual meeting. However, failure to hold a timely annual meeting shall in no way affect the terms of officers or directors or validity of their actions.

Section 4 - Special Meeting

Special meetings of members may be called by the President or by a majority of the Board of Directors then in office or by members owning one-fourth (1/4) or more of the outstanding votes of the Association. The purpose of each special meeting shall be stated in the notice and may include only purposes that are lawful and proper for members to consider.

Section 5 - Place of Meeting

The Board of Directors may designate any place within Marshall County, Kentucky as the place of meeting for the meeting of members.

Section 6 - Notice of Meeting

Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered personally or by mail not less than fifteen (15) days nor more than sixty (60) days before the day of the meeting. Notice shall be given to each member of record entitled to vote at

the meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. Mail with postage pre-paid.

Section 7 - Waiver of Notice.

A written waiver of notice signed by a member, whether before or after a meeting, shall be equivalent to the giving of such notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except when the member attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 8 - Action Without Meeting

Any action of the members may be taken without a meeting without prior notice and without a vote, if a consent in writing setting forth the action so taken is signed by all members of the Association. Any certificate to be filed as a result of the members' action under this section shall state that written consent was given in accordance with law.

Section 9 - Voting Record.

If the Association has six (6) or more voting members of record, the officers having charge of the membership records of the Association shall make, at least three (3) days before each meeting of members, a complete list of members entitled to vote at such meeting or any adjournment thereof. The list shall be kept on file at the principal place of business of the Association and any member shall be entitled to inspect the list at any time during usual business hours.

314

Section 10 - Member Quorum and Voting.

Unless otherwise required in the Articles of Incorporation, a majority of the members (as determined by the number of lots subject to assessment plus the lots owned by Pleasure Lands, Inc.) appearing in person and/or by proxy shall constitute a quorum at a meeting of members. For purposes of determining a quorum, Pleasure Lands, Inc. shall be deemed a member for each lot owned (e.g. ownership of 10 lots shall entitle it to be counted as 10 members for purposes of quorum). If a quorum is present, unless otherwise provided by law or in the Articles of Incorporation, the affirmative vote of the majority of the members at the meeting entitled to vote on the subject matter shall be the act of the members. After a quorum has been established at a members' meeting, the subsequent withdrawal of members, so as to reduce the number of members entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. If a quorum is not present when a meeting starts, then a majority of the members at the meeting may adjourn the meeting from time to time without further notice until a quorum is present.

Section 11 - Votes.

Each member who is eligible to vote in accordance with the Declaration of Covenants, Conditions and Restrictions for Sassy Land Homeowners Association, Inc., shall be entitled to one (1) vote for each lot subject to assessment on each matter submitted to the members; provided, however, that there shall be no more than one (1) vote per lot. Pleasure Lands, Inc. shall be entitled to voting rights as more particularly described in the above-mentioned Declaration of Covenants, conditions and Restrictions.

315

If a lot is owned by two (2) or more members, then the owners of that lot shall designate in writing one (1) owner as its proxy to cast its vote and represent the lot. If a lot is owned by a corporation, trust or other entity, then it shall designate in writing a natural person as its proxy to cast its vote and represent the lot.

Section 12 - Proxies.

Every proxy shall be in writing and shall be signed by the member or his otherwise duly authorized attorney-in-fact. Every proxy shall be revocable at the pleasure of the member executing it, except such revocation shall only be effective upon actual receipt of notice of such revocation.

ARTICLE III - BOARD OF DIRECTORS

Section 1 - General Powers.

Subject to the limitations of the Articles of Incorporation, these by-laws, and the Kentucky Non-Profit Corporation Act concerning corporate action that must be authorized or approved by the members of the Association, all corporate powers shall be exercised by or under the authority of the Board of Directors, and the management and affairs of the Association shall be controlled by the Board of Directors.

Section 2 - Number, Qualification, Election and Tenure.

The number of Directors shall be the number of Directors elected from time to time in accordance with these by-laws, but shall never be less than three (3). The Directors must be members of this Association. Directors shall be elected by the members at the annual meeting of members and shall

314

serve until the next succeeding annual meeting and until their successors have been elected and qualified.

Section 4 - Annual Meetings

The Board of Directors shall hold its annual meeting at the same place as and immediately following each annual meeting of members for the purpose of election of officers and the transaction of such other business as may come before the meeting.

Section 5 - Regular Meetings.

Regular meetings of the Board of Directors may be held without notice at such time and at such place that shall be determined from time to time by the Board of Directors.

Section 6 - Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board (if there is one), the President or any Director. The person or persons authorized to call special meetings of the Board of Directors may fix a reasonable time and place for holding them.

Section 7 - Action Without Meeting.

Any action of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken signed by all of the Directors is filed in the minutes of the Board of Directors. Such consent shall have the same effect as a unanimous vote. The Directors may further participate in any meetings by means of a telephonic conference, and

participation by such means shall constitute presence in person at such a meeting.

Section 8 - Notice and Waiver

Notice of any special meeting shall be given at least three (3) days prior thereto by written notice delivered personally, by mail or by telegram, to each director at his address. A Director may waive notice and attendance of a Director shall constitute a waiver of notice, except when a Director states at the beginning of a meeting any objection to the transaction of business because the meeting was not lawfully called or convened.

Section 9 - Quorum and Voting.

A majority of Directors in office shall constitute a quorum for the transaction of business. The vote of the majority of Directors present at a meeting at which a quorum is present shall constitute the action of the Board of Directors. If less than a quorum is present, then a majority of those Directors present may adjourn the meeting from time to time without notice until a quorum is present.

Section 10 - Vacancies.

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the majority of the remaining Directors even though it is less than a quorum of the Board of Directors, unless otherwise provided by law or the Articles of Incorporation. A Director elected to fill a vacancy shall hold office only until the next election of Directors by the members.

318

Section 11 - Removal

At any meeting of members called expressly for that purpose, any Director may be removed from office, with or without cause, by majority vote of the voting members. New Directors may be elected by the members for the unexpired terms of Directors removed from office at the same meetings at which such removals are voted.

ARTICLE IV - OFFICERS

Section 1 - Officers.

The officers of this Association shall be a President, Secretary and Treasurer, each of whom shall be elected by the Board of Directors. No two (2) offices may be held by the same person, except the offices of Secretary and Treasurer. A failure to elect a President, Secretary or Treasurer shall not affect the existence of the Association. A Director may hold an office, upon election by a majority of the remaining Directors.

Section 2 - Election and Term of Office.

The officers of the Association shall be elected annually by the Board at its meeting after each annual meeting of members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his or her death, or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3 - Removal.

Any officer may be removed from office at any time, with or without cause, on the affirmative vote of a majority of the Board of Directors

whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4 - Vacancies.

Vacancies in office, however occasioned, may be filled at any time by election by the Board of Directors for the unexpired terms of such offices.

Section 5 - Duties.

The President shall preside at all meetings of the Board of Directors and of the members. Subject to the foregoing, the officers of the Association shall have such powers and duties as usually pertain to their respective offices and such additional powers and duties as specifically conferred by law, by the Articles of Incorporation, by these by-laws, or as may be assigned to them from time to time by the Board of Directors.

Section 6 - Delegation of Duties.

In the absence or disability of any officer of the Association or for any other reason deemed sufficient by the Board of Directors, the Board may delegate his or her powers or duties to any other officer or to any other Director. The Board of Directors shall be authorized to appoint such committees and delegate such authority thereto as the Board of Directors, in its discretion, may deem advisable.

ARTICLE V - BOOKS, RECORDS AND REPORTS

Section 1 - Report to Members.

The Association shall send an annual report to the members of the Association not later than four (4) months after the close of each fiscal year

of the Association. Such report shall include a balance sheet as of the close of the fiscal year of the Association and a revenue and disbursement statement for the year ending on such closing date. Such financial statement shall be prepared from and in accordance with the books of the Association.

Section 2 - Inspection of Corporate Records.

Any person who is a member of the Association shall have the right, for any proper purpose and at any reasonable time, on written demand, to examine and make copies from the relevant books and records of accounts, minutes, and records of members of the Association. Upon the written request of any member, the Association shall mail to such member a copy of the most recent balance sheet and revenue and disbursement statement at a cost of \$5.00 to the requesting member.

ARTICLE VI - DOCK COMMITTEE

Section 1 - Membership and Voting.

A dock committee shall be established consisting of all members of the Association who own slips in the secured dock area. Each slip owner shall be entitled to one (1) vote per slip owned, except the developer which shall be limited to one (1) vote regardless of the number of slips owned.

Section 2 - Election of Chairman.

At the Association's annual meeting, the dock committee shall elect a chairman from the committee's membership who shall serve a one-year term or until a successor is elected. The chairman, or his designee, shall preside at all meetings of the committee.

Section 3 - Duties.

The dock committee shall have such powers and duties as are reasonable and necessary to the said committee's administration and

maintenance of the secured dock area, and to the administration of the dock assessments fund.

Section 4 - Fixing of Assessments.

The dock committee, at least annually, shall fix the amount of dock assessments in such amount as is necessary to meet the reasonable needs as determined by the committee. The dock assessments shall be due and payable in such amount and frequency as the committee determines.

Section 5 - Designation of Treasurer, and Report to Members.

The dock committee, no less frequently than annually, shall elect a treasurer, who shall hold office until his successor shall have been duly elected. The treasurer shall be charged with maintaining books of account for the committee, and the treasurer shall send an annual report to the committee members not later than four (4) months after the close of the fiscal of the Association. Such report shall include a revenue and disbursement statement for the year ending. Any person who is a member of the Association shall have the right, upon reasonable demand, to examine and make copies of the books and records of the committee.

ARTICLE VII - NON-PROFIT OPERATION

The Association will not have or issue shares of stock. No dividends will be paid. No part of the income or assets of the Association will be distributed to its members, Directors or officers without full consideration. The Association may contract in due course with its members, Directors and officers without violating this provision.

ARTICLE VIII - FISCAL YEAR

The fiscal year of the Association shall be the period selected by the Board of Directors as the taxable year of the Association for federal income tax purposes.

ARTICLE IX - INDEMNIFICATION

The Association shall indemnify each officer and Director, including former officers and Directors, to the full extent permitted by the Kentucky General Corporation Act and the Kentucky Non-Profit Corporation Act.

ARTICLE X - AMENDMENTS

These by-laws may be altered, amended or replaced and new by-laws may be adopted by the Board of Directors; provided that any by-laws or amendments thereto as adopted by the Board of Directors may be altered, amended or repealed by vote of the members, or a new by-law in lieu thereof may be adopted by the members. No by-law that has been altered, amended, repealed or adopted by such vote of the members may be altered, amended or repealed by a vote of the Board of Directors for a period of two (2) years after the action of the members. A copy of each amendment to these by-laws, certified by the Secretary of the corporation, shall be filed for record in the Marshall County Court Clerk's Office, Benton, Kentucky. Furthermore, if the Articles of Incorporation of the Association are amended, a copy of the amendment certified by the Secretary of State shall be filed for record in the Marshall County Court Clerk's Office, Benton, Kentucky.

The above by-laws were adopted by unanimous consent of the Board of Directors at its first meeting held on the 6th day of May, 2000.

SASSY LAND HOMEOWNERS ASSOCIATION, INC.

By: [Signature]
ROBERT L. NAKAN, President

Attested:

By: [Signature]
Secretary

STATE OF KENTUCKY
SCT
COUNTY OF MARSHALL

I, Dan Duke, Clerk of the County Court of said County, do certify that the foregoing BYLAWS was on the 31st day of _____, 2000 lodged in my office for record.

Whereupon the same, the foregoing and this certificate have been duly recorded in my office in _____ MISC. Book No. 78 page 312.

Given under my hand this the 1st day of NOV., 2000.

DAN DUKE, CLERK
BY [Signature] D.C.

323

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 N. E. CALDWELL
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TER. REAR
 & M. ENGINEERS

LANDS, INC.
 189, PAGE 300
 290, PAGE 234

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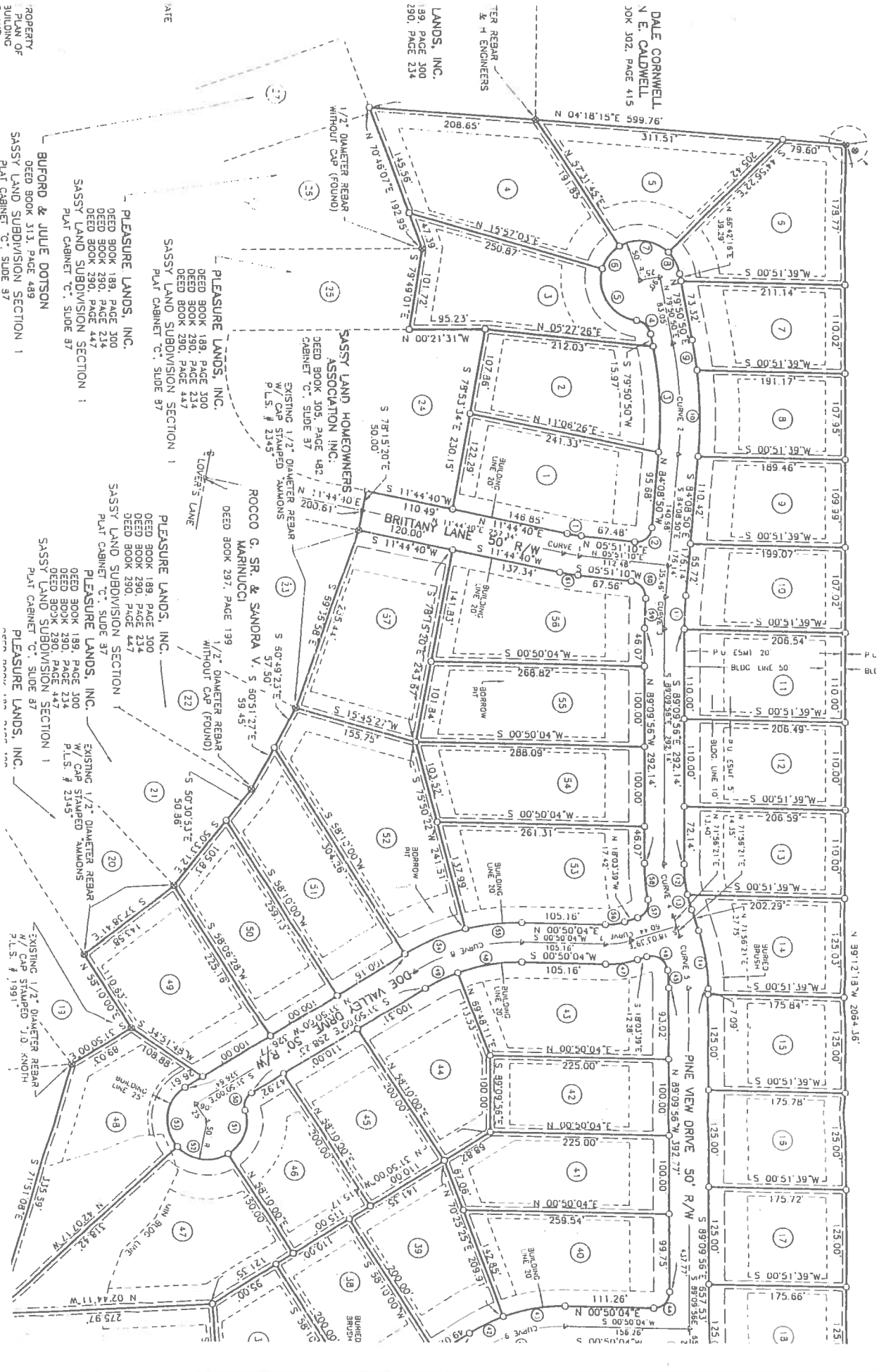
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 DEED BOOK 290, PAGE 234
 DEED BOOK 290, PAGE 447
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 PLAT CABINET 'C', SLIDE 37

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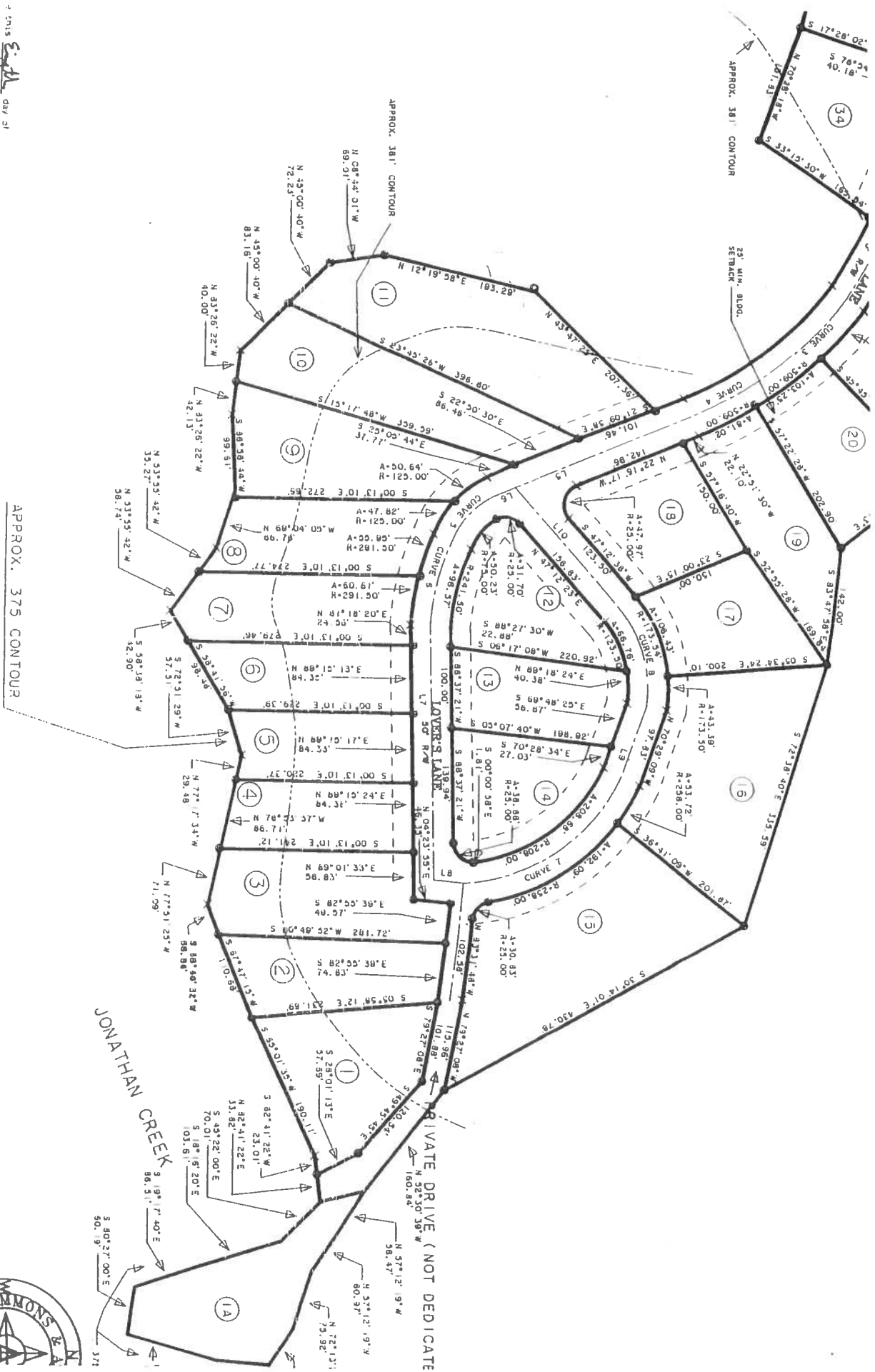
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