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NEIGHBORHOOD DECLARATION FOR

ESCAPES AT THE LEDGES

A residential subdivision located in

LEDGES EAST

a master planned community

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND CONCEPTS1

ARTICLE 2 PROPERTY RIGHTS4

2.1. Owner’s Acknowledgment; Notice to Purchasers.....4

2.2. Units.....5

2.3. Common Area.....5

2.4. Limited Common Area.....6

2.5. Unit Ownership.....7

2.6. Delegation of Use.....7

2.7. Declarant’s Reasonable Rights to Develop7

ARTICLE 3 NEIGHBORHOOD ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS7

3.1. Membership7

3.2. Voting Rights7

3.3. Declarant’s Voting Rights in Expansion Area8

3.4. Voting Rights in the Master Association8

3.5. Change of Corporate Status.....8

3.6. Validity of Votes and Consents.....8

3.7. Indemnification9

3.8. Rulemaking Authority9

3.9. Notice; Promulgation of Rules.....9

3.10. Management Agreement; Property Manager.....9

ARTICLE 4 FINANCES AND ASSESSMENTS9

4.1. Assessments; Authority.....9

4.2. Creation of Lien and Personal Obligation of Assessments10

4.3. Purpose of Assessments.....10

4.4. Initial Annual Assessments10

4.5. Annual Assessments; Budgeting.....11

4.6. Special Assessments.....12

4.7. Specific Assessments12

4.8. Emergency Assessments12

4.9. Uniform Rate of Assessment12

4.10. Declarant’s Option to Fund Budget Deficits13

4.11. Payment; Due Dates.....13

4.12. Effect of Non-Payment of Assessment; Remedies of the Neighborhood Association13

4.13. Exempt Property15

4.14.	Subordination of Lien to Mortgages.....	15
4.15.	Termination of Lien.....	15
4.16.	Assessments and Other Charges Levied by the Master Association.....	15
4.17.	Books, Records, and Audit.....	15
	ARTICLE 5 INSURANCE.....	16
5.1.	Casualty Insurance on Insurable Common Area.....	16
5.2.	Replacement or Repair of Property.....	17
5.3.	Liability Insurance.....	17
5.4.	Fidelity Insurance.....	17
5.5.	Annual Review of Policies.....	17
	ARTICLE 6 ARCHITECTURAL CONTROLS AND STANDARDS.....	18
6.1.	Architectural Committee.....	18
6.2.	Architectural Committee Approval.....	18
6.3.	Rules, Regulations, Guidelines and Procedures.....	18
	ARTICLE 7 PARTY WALLS.....	18
7.1.	General Rules of Law to Apply.....	18
7.2.	Sharing of Repair and Maintenance.....	18
7.3.	Destruction by Fire or Other Casualty.....	18
7.4.	Exposure to Elements.....	19
7.5.	Right to Contribution Runs with Land.....	19
7.6.	Arbitration.....	19
	ARTICLE 8 MAINTENANCE.....	19
8.1.	Neighborhood Association's Responsibility.....	19
8.2.	Owner's Responsibility.....	19
8.3.	Access at Reasonable Hours.....	19
8.4.	Other Services Provided by Neighborhood Association.....	19
8.5.	Alteration of Certain Maintenance Duties by Rule.....	20
	ARTICLE 9 CONDEMNATION; PARTITION.....	20
9.1.	Condemnation.....	20
9.2.	No Partition.....	20
	ARTICLE 10 USE AND CONDUCT RESTRICTIONS AND REQUIREMENTS.....	20
10.1.	General Use Restrictions.....	20
10.2.	Use of Units as Short-term Rentals.....	21
10.3.	Timeshares Prohibited.....	21
10.4.	Parking.....	21
10.5.	Commercial Activity.....	22

10.6.	Smoking.....	22
10.7.	Pets and Animals.....	22
ARTICLE 11 LEASES AND LEASING.....		23
11.1.	Purpose and Intent of Lease Restrictions.....	23
11.2.	Notification of Neighborhood Board.....	23
11.3.	Leasing Restrictions.....	23
11.4.	Enforcement Against Owner.....	23
11.5.	Cumulative Nature of Remedies.....	23
11.6.	Administrative Fee.....	24
ARTICLE 12 SAFETY AND SECURITY.....		24
ARTICLE 13 EASEMENTS.....		24
13.1.	Police, Fire and Ambulance Service.....	24
13.2.	Maintenance by Neighborhood Association.....	24
13.3.	Owners' Easements of Enjoyment.....	24
13.4.	Easement for Declarant.....	25
13.5.	Reservation of Easements by Declarant.....	25
13.6.	Easements of Record.....	25
13.7.	Limitations on Easements.....	25
ARTICLE 14 SPECIAL DEVELOPMENT RIGHTS.....		25
14.1.	Intent and Purpose of Special Development Rights.....	25
14.2.	Expansion of the Property.....	26
14.3.	Withdrawal of Property.....	26
14.4.	No Obligation to Expand or Develop.....	26
14.5.	Municipal Zoning and Subdivision Approvals.....	26
14.6.	Dedication of Common Area.....	26
14.7.	Declarant Business, Marketing, and Sales.....	26
14.8.	Additional Development Rights.....	27
14.9.	Assignment of Declarant's Rights.....	27
ARTICLE 15 AMENDMENT.....		27
15.1.	By Class A Members.....	27
15.2.	By Declarant.....	27
15.3.	By the Neighborhood Board.....	28
15.4.	Master Association Approval.....	28
15.5.	Validity.....	28
15.6.	Effective Date.....	28
ARTICLE 16 ENFORCEMENT.....		28

16.1.	Violations Deemed a Nuisance	28
16.2.	Legal Action Authorized.....	28
16.3.	Fines and Penalties.....	29
16.4.	Attorney Fees and Costs.....	29
16.5.	Nonexclusive Remedies.....	29
16.6.	Non-Liability.....	29
16.7.	Arbitration; Mediation	29
ARTICLE 17 GENERAL PROVISIONS		29
17.1.	Implied Rights; Neighborhood Board Authority	29
17.2.	Disclaimer of Liability	29
17.3.	Dates and Times	30
17.4.	Interpretive Conflicts.....	30
17.5.	Effect of Master Declaration.....	30
17.6.	Severability	30
17.7.	Duration.....	30
17.8.	Notices.....	30
17.9.	Gender and Grammar.....	31
17.10.	Waivers.....	31
17.11.	Topical Headings	31

**NEIGHBORHOOD DECLARATION FOR
ESCAPES AT THE LEDGES**

THIS IS A NEIGHBORHOOD DECLARATION of Covenants, Conditions and Restrictions which establishes a planned development known as Escapes at the Ledges.

RECITALS

A. Declarant is the developer of certain real property in Washington County, Utah, which is more particularly described on Exhibit "A" attached hereto (the "**Property**"). The Property is located within Ledges East, a master planned community in Washington County, Utah which was established by Ledges Planning and Management, LLC, a Utah limited liability company.

B. The Master Declaration for Ledges East contemplates the division of real property that is subject to the Master Declaration into different tracts and/or neighborhoods. The Property is located within Ledges East, as identified on the vicinity map contained on the Plat and such other documents of record relating to the Ledges East. The Master Declaration contemplates that each tract or neighborhood may be developed into separate neighborhoods, which may have their own declarations establishing covenants, conditions, and restrictions specific to the particular neighborhood.

C. Declarant desires and intends to protect the value and desirability of the Property as a harmonious and attractive residential community. Therefore, Declarant will convey the Property subject to the following covenants, conditions, restrictions, and easements, which, along with the Articles and Bylaws, provides for a governance structure and a system of standards and procedures for development, maintenance, and preservation of the Property as a residential community.

D. This project is not a cooperative.

DECLARATION

Declarant hereby declares that all of the Property described in Exhibit "A" shall be held, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, assessments, charges and liens, and to the Plat recorded concurrently herewith. This Neighborhood Declaration and the Plat shall be construed as covenants of equitable servitude; shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns; and shall inure to the benefit of each Owner thereof.

**ARTICLE I
DEFINITIONS AND CONCEPTS**

The following definitions and concepts shall control in this Neighborhood Declaration. Any terms used in this Neighborhood Declaration that are not defined shall have their plain and ordinary meaning. In the event the same term is defined in this Neighborhood Declaration and in the Master Declaration, the term shall have the meaning set forth in the declaration being referred to.

1.1 **"Additional Property"** means and refers to any real property which is adjacent or contiguous to, or otherwise within the vicinity of the Property, whether or not so described herein or on the Plat. When Additional Property is annexed to this Neighborhood Declaration, it shall become part of the Property.

1.2 **"Architectural Committee"** means the committee established pursuant to Article 7 of the Master Declaration.

1.3 **"Articles"** means and refers to the Articles of Incorporation of Escapes at the Ledges Owners Association. The purpose of the Articles is to establish the Neighborhood Association as a non-profit corporation under Utah law.

1.4 **"Bylaws"** means and refers to the Bylaws of Escapes at the Ledges Owners Association. The purpose of the Bylaws is to govern the Neighborhood Association's internal affairs, such as (for purposes of example but not limitation) voting, elections, and meetings. A copy of the Bylaws is attached hereto as Exhibit "B".

1.5 **"Common Area"** means and refers to all real property, including the improvements thereto and facilities thereon, which the Neighborhood Association owns, leases, or otherwise holds possessory or use rights in, at any given time, for the common use and enjoyment of the Owners. Common Area may be designated on the Plat or otherwise established as provided for in this Neighborhood Declaration.

1.6 **"Common Expenses"** means the actual and estimated expenses incurred, or anticipated to be incurred, by the Neighborhood Association for the general benefit of the Owners, including any reasonable reserve, as the Neighborhood Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred by the Declarant during the Declarant Control Period for initial development or other original construction costs unless a majority of the Class A Members approve.

1.7 **"Community Association Act" or "Act"** means the Utah Community Association Act, Title 57, Chapter 8a of the Utah Code, and any amendments thereto.

1.8 **"Declarant"** means The Ledges at Snow Canyon, LLC, and its successors and assigns, who are assigned Declarant's rights, in whole or in part to act as Declarant for the Neighborhood. A Neighborhood may have a division of Declarant's rights depending on which rights have been assigned as provided in any recorded assignment of Declarant's rights for the Neighborhood. The Declarant established in the Master Declaration must give its written approval before any assignment of Declarant's rights, in whole or in part, is effective.

1.9 **"Declarant Control Period"** means the period of time during which the Declarant has Class B membership status as provided for in Section 3.2(b) Below.

1.10 **"Directors", "Neighborhood Board of Directors", or "Neighborhood Board"** means the governing body of the Neighborhood Association. When any action is contemplated or taken by the Neighborhood Association, it shall be done through the Neighborhood Board of Directors.

1.11 **"Entire Membership"** means all Members, regardless of class of membership. When a vote of the Entire Membership is referenced it means all potential votes for both Class A and Class B members; provided however, that the term Entire Membership shall exclude the Class B member when it relates to or calls for an assessment or charge to the Entire Membership.

1.12 **"Governing Documents"** means, collectively, this Neighborhood Declaration, the Articles, the Bylaws, the Plat, and any amendments or supplements thereto, and includes any rules, regulations, and resolutions established pursuant to the authority of the Neighborhood Declaration, Articles, or Bylaws.

1.13 **"Limited Common Area"** means and refers to a portion of the Common Area which has been designated for the primary or exclusive use of a particular Owner or Owners. Generally, Limited Common Area, as a portion of Common Area, is owned by the Neighborhood Association but reserved for the use and enjoyment of the Owner or Owners to whose Unit the Limited Common Area is adjacent or appurtenant. Limited Common Area may be designated on the Plat or otherwise established as provided for in this Neighborhood Declaration.

1.14 **"Master Association"** means and refers to the Ledges East Master Owners Association, a Utah non-profit corporation, its successors and assigns.

1.15 **"Master Declaration"** means and refers to the Master Declaration of Covenants, Conditions, Restrictions of Ledges East, recorded in the Office of the Washington County Recorder on _____, as DOC # _____. The Master Declaration was established by its declarant, Ledges Planning and Management, LLC, a Utah limited liability company, and any successors or assigns as referenced or provided for in the Master Declaration.

1.16 **"Member"** means and is synonymous with the terms "Owner" and "Unit Owner" and is used herein and in the Bylaws and Articles as a means to identify the Unit Owners as Members of the Neighborhood Association.

1.17 **"Mortgage"** means a mortgage, a deed of trust, a deed to secure a debt, or any other form of security instrument affecting title to any Unit.

1.18 **"Mortgagee"** means and refers to a lender holding a first Mortgage or deed of trust.

1.19 **"Neighborhood Association"** means Escapes at the Ledges Owners Association, a Utah non-profit corporation, its successors and assigns. The Neighborhood Association is a sub-association of the Master Association as set forth in and established by the Master Declaration.

1.20 **"Neighborhood Declaration"** means this instrument and any amendments, restatements, supplements, or annexations thereto, which are recorded in the office of the Washington County Recorder. The Neighborhood Declaration is subordinate to the Master Declaration.

1.21 **"Owner"** means the entity, person, or group of persons owning fee simple title to any Unit which is within the Property. Regardless of the number of parties participating in ownership of each Unit, the group of those parties shall be treated as one "Owner." The term "Owner" includes contract purchasers but does not include persons who hold an interest merely as security for the

performance of an obligation unless and until title is acquired by foreclosure or similar proceedings. Membership is appurtenant to and may not be separated from Unit ownership.

1.22 "Plat" means the subdivision Plat recorded concurrently herewith prepared and certified by a Utah Registered Land Surveyor and any amendments or replacements thereof, or additions thereto.

1.23 "Property" means that certain real property hereinbefore described, and such annexations and additions thereto as may hereafter be subjected to this Neighborhood Declaration, and, where the context requires, includes any improvements thereon.

1.24 "Short-term Rental" means a Unit used by any person or entity for resort or other transient lodging uses where the term of occupancy, possession, or tenancy of the Unit is for 29 consecutive calendar days or less, for direct or indirect remuneration.

1.25 "Unit" means a residential dwelling, with or without walls or roofs in common with other single family dwellings, and an appurtenant garage. When the term "Unit" is used it includes fee title to the real property lying directly beneath the single family dwelling, within Lot boundary lines, this, however, is not all the Lot in some instances as there may be Lot boundary outside the Unit walls. Ownership and Unit boundaries are depicted and described on the Plat. Where the context requires, such as provisions on lien rights and enforcement, the term Unit shall include the Lot.

1.26 "Unit Owner" means and is synonymous with the term "Owner".

1.27 "Voting Representative" means the person elected by the Members to cast the votes of all Members on Master Associations matters that require a vote.

ARTICLE 2 PROPERTY RIGHTS

2.1. Owner's Acknowledgment; Notice to Purchasers. All Owners are given notice that the use of their Units and the Common Area and Limited Common Area is limited by the covenants, conditions, restrictions, easements, and other provisions in the Governing Documents, as they may be amended, expanded, or modified from time to time, as well as the Master Declaration. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by said covenants, conditions, restrictions, easements, and other provisions in the Governing Documents, as well as the Master Declaration. All purchasers of Units are on notice that the Neighborhood Association may have adopted changes to the Governing Documents that might differ from those that any purchaser might receive from, or that might have been disclosed by the Owner from whom the purchaser is purchasing his or her Unit. Copies of current Governing Documents may be obtained from the Neighborhood Association. Any issue or question concerning the Master Declaration and any rule, regulation, or other matter concerning the Master Declaration should be referred to the Master Association.

2.2. Units.

(a) Ownership. Each Unit is owned in fee simple by the Owner, subject to the covenants, conditions, restrictions, and easements in this Neighborhood Declaration and other provisions of the Governing Documents.

(b) Additional Portions of the Unit. Covered decks and patios as depicted on the Plat shall be considered part of the Unit but shall be subject to regulation by the Neighborhood Association in the same manner as Limited Common Area.

(c) Activities within Units. No rule shall interfere with the activities carried on within the confines of Units, except that the Neighborhood Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Neighborhood Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance, all as may be determined by the Neighborhood Board or any committee designated by the Neighborhood Board or this Neighborhood Declaration to make such determinations, in their sole discretion.

(d) Household Composition. No rule shall interfere with the freedom of Owners to determine the composition of their households, except that the Neighborhood Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(e) Exteriors of Units. The exteriors of Units, including exterior walls and roofs, are hereby designated as Limited Common Area for purposes of architectural control and regulation of use, maintenance, and repair.

2.3. Common Area.

(a) Ownership; Conveyance. Upon recording of the Plat the Common Area, including Limited Common Area which is a portion of the Common Area, is deemed conveyed by Declarant to the Neighborhood Association, free and clear of all financial encumbrances and liens, but subject to this Neighborhood Declaration, and easements and rights-of-way of record. The Neighborhood Association hereby accepts the conveyance of the Common Area upon Declarant's recording of the Plat. Common Area may also be conveyed by separate deed, by a supplemental declaration, or as depicted on an amended plat.

(b) Rights of Use and Rules and Regulations Concerning the Common Area. Every Owner shall have a right and easement of use and enjoyment in and to the Common Area which easement shall be appurtenant to and shall pass with the title to every Unit, subject to the Governing Documents. The Neighborhood Board shall have the right to establish and enforce rules and regulations governing the use of the Common Area, including but not limited to rights of use, hours of use, delegation of use, and standards of conduct. Additional rights to establish rules and regulations governing the Common Area may be set forth and established elsewhere in the Governing Documents.

(c) Neighborhood Board Authority and Rights in the Common Area. The Neighborhood Board shall have the right, for and on behalf of the Neighborhood Association, to:

(i) enter into agreements or leases which provide for use of the Common Area by a similar association in consideration for use of the common areas and facilities of the other association or for cash consideration, or for use by third parties for cash consideration;

(ii) with the approval of at least seventy-five percent (75%) of Owners to sell, exchange, hypothecate, alienate, mortgage, encumber, dedicate, release or transfer all or part of the Common Area to any private individual, corporate entity, public agency, authority, or utility;

(iii) grant easements for public utilities or other public purposes consistent with the intended use of the Common Area;

(iv) take such steps as are reasonably necessary or desirable to protect the Common Area against foreclosure; and

(v) take such other actions with respect to the Common Area which are authorized by or otherwise consistent with the Governing Documents.

(d) Declarant's Right of Use. As part of the overall program of development of the Property into a residential community and to encourage the marketing thereof, the Declarant shall have the right of use of the Common Area, including any community buildings, without charge during the Declarant Control Period to aid in its marketing activities

2.4. Limited Common Area.

(a) Designation. The Declarant, during the Declarant Control Period, shall have the right to restrict portions of the Common Area, whether owned by Declarant or by the Neighborhood Association, in the nature of an easement for the primary or exclusive use of one or more particular Owners, by designating such portions of the Common Area as Limited Common Area. This designation may be made by: (i) indicating or designating on the Plat the Limited Common Area appertaining to one or more Units or (ii) designating, depicting, and/or describing such Limited Common Area in any supplemental declaration or any exhibit thereto. The Declarant reserves the right to re-designate Limited Common Area and the maintenance obligations thereof as it deems necessary from time to time.

(b) Rights of Use and Rules and Regulations Concerning the Limited Common Areas. Each Owner is hereby granted an irrevocable and exclusive license to use and occupy the Limited Common Areas reserved and designated exclusively for the use of his or her Unit, subject to the rights of the Declarant and the Neighborhood Board as set forth in the Governing Documents. The right of exclusive use and occupancy does not include the right to repaint, remodel, erect structures upon or attach any apparatus to the Limited Common Area

without the express written consent of the Neighborhood Board or the Architectural Committee of the Master Association, as the case may be.

(c) Neighborhood Board Authority and Rights in Limited Common Area. The Neighborhood Board's right of regulation in the Limited Common Area includes all rights it possesses with respect to the Common Area which are not inconsistent with exclusive use to a particular Unit to which the Limited Common Area is assigned, and includes, but is not limited to, the right to regulate, repair, maintain, and control architectural and aesthetic appearances of the Limited Common Area.

2.5. Unit Ownership. Each Unit is owned in fee simple by the Owner. However, area within the surveyed lot boundaries but outside the Unit walls even though part of the Unit and owned in fee simple by the Owner shall be treated as Limited Common Area for use purposes, and as exterior area for maintenance purposes. The purpose of laying out a lot larger than the Unit is to allow flexibility in the original Unit construction. After the initial construction on a lot, subsequent construction, if any, may occupy any portion of the surveyed lot, subject to all other provisions of this Neighborhood Declaration.

2.6. Delegation of Use. Any Owner may delegate his right of enjoyment of the Common Area to the members of his family, his tenants, guests, licensees and invitees, but only in accordance with the applicable rules and regulations of the Neighborhood Association and other Governing Documents. The Neighborhood Board may, by rule, require Owners to forfeit their right of use in the Common Areas for so long as the Owner has delegated his right of use in the Common Areas to his or her tenant. Damage caused to the Common Area and facilities, including personal property owned by the Neighborhood Association, by a Member, or by a person who has been delegated the right to use and enjoy such Common Area and facilities by a Member, shall create a debt to the Neighborhood Association. Such debts owed to the Neighborhood Association as a result of damage to the Common Area and facilities shall be a specific assessment charged to the Owner.

2.7. Declarant's Reasonable Rights to Develop. No rule or action by the Neighborhood Association shall unreasonably impede Declarant's right to develop the Property.

ARTICLE 3

NEIGHBORHOOD ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner of a Unit subject to the Neighborhood Declaration is a Member of the Neighborhood Association. Membership in the Neighborhood Association automatically transfers upon transfer of title by the record Owner to another person or entity.

3.2. Voting Rights. The Neighborhood Association has two classes of voting membership, Class A and Class B.

(a) Class A. Every Owner is a Class A Member with the exception of the Declarant, until Declarant's membership converts to Class A membership as provided for herein. Class A Members are entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, the group of such persons shall be a Member. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit. A vote cast at any Neighborhood

Association meeting by any of such co-Owners, whether in person or by proxy, is conclusively presumed to be the vote attributable to the Unit concerned unless written objection is made prior to that meeting, or verbal objection is made at that meeting, by another co-Owner of the same Unit. In the event an objection is made, the vote involved shall not be counted for any purpose except to determine whether a quorum exists.

(b) Class B. The Class B member is the Declarant. The Class B member is entitled to five votes for each Unit owned, however, Declarant's Class B membership status is not dependent or contingent upon Declarant's ownership of any Unit within the Property. Class B membership will cease and be converted to Class A membership, and the Declarant Control Period will end on the happening of one of the following events, whichever occurs earlier: (i) the expiration of 20 years from the date of recording of this Neighborhood Declaration or (ii) by Declarant's express surrender of Class B membership status, which surrender must be in a written instrument signed by Declarant and recorded in the office of the Washington County Recorder. Unless the instrument specifies a different date, the date of surrender of Class B membership shall be the date of recording of the instrument.

3.3. Declarant's Voting Rights in Expansion Area. In the case of expansion (as provided under this Neighborhood Declaration), the class of voting membership appurtenant to Units owned by Declarant in the Additional Property shall be Class B.

3.4. Voting Rights in the Master Association. The Members shall elect a Voting Representative and an alternate in the manner provided for in the Master Association Governing Documents. The Voting Representative shall be responsible for casting all votes allocated to the Members on all Master Association matters that the Master Association Board, by resolution, determines should be voted on by the Master Association Members.

3.5. Change of Corporate Status. The Neighborhood Association has been set up and established as a non-profit corporation under Utah law. However, as provided in the Community Association Act, Utah Code § 57-8a-221, the continuing existence and viability of the Neighborhood Association is not vested in its corporate status. During any period in which the Neighborhood Association is not incorporated or otherwise has a change of corporate status (e.g. involuntary dissolution under the Utah Nonprofit Corporation Act for failure to file for corporate renewal), the Governing Documents shall nevertheless continue to be effective as the Governing Documents of the Neighborhood Association, and the Neighborhood Association, the Neighborhood Board, and all officers and committees operating under the authority of the Governing Documents shall have all rights, power, and authority granted therein, and no Owner may escape or avoid any assessment, charge, lien, rule or other matter contained in the Governing Documents by virtue of such change of corporate status. In the case of non-incorporation, the Neighborhood Board is authorized, to the extent it deems necessary, and without approval of the Members, to re-incorporate under a same or similar name and such corporation shall be deemed the successor to the Neighborhood Association. In the event the Neighborhood Board does not reincorporate, the Neighborhood Association shall continue to operate and function under the Governing Documents as an unincorporated association.

3.6. Validity of Votes and Consents. Any consent or vote given by an Owner on any matter in the Governing Documents shall be valid for a period of ninety days, and shall be binding on any subsequent Owner who takes title of the Unit during that period of time.

3.7. Indemnification. The Neighborhood Board, and each member thereof, shall be indemnified by the Neighborhood Association against any loss, damage, claims or liability, including reasonable attorney fees, suffered or incurred by reason of such position, except to the extent such damage, claim, loss or liability is covered by any type of insurance; provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of that person's own willful misconduct or gross negligence.

3.8. Rulemaking Authority. The Neighborhood Board may, from time to time, subject to the provisions of the Governing Documents and Utah law, adopt, amend and repeal rules and regulations governing, among other things, Short-term Rentals, use of any Common Area, parking restrictions and limitations, limitations upon vehicular travel within the Property, and restrictions on other activities or improvements on the Property which, in the opinion of the Neighborhood Board, create a hazard, nuisance, unsightly appearance, excessive noise, or offensive smell.

3.9. Notice; Promulgation of Rules. A copy of the rules and regulations, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Unit Owner within 15 days after the date of the Neighborhood Board meeting where the changes were made and may, but need not be, recorded. Upon such mailing or other delivery, said rules and regulations shall have the same force and effect as if they were set forth in and were a part of this Neighborhood Declaration. In addition to or in lieu of providing notice by mail, the Neighborhood Board may provide notice by electronic means such as electronic mail (e-mail) to Unit Owners and may require that Unit Owners, in addition to keeping the Neighborhood Board informed as to their current mailing address, maintain a current e-mail address with the Neighborhood Board for such purpose.

3.10. Management Agreement; Property Manager. The Neighborhood Board may engage for the Neighborhood Association the services of a property manager to perform such duties and services as the Neighborhood Board shall authorize. The Neighborhood Board may delegate to and otherwise authorize the property manager to perform those services to which the Neighborhood Board itself may perform under the Governing Documents or the Act, and those services to which the Act otherwise authorizes a manager to perform. Any contract or agreement for services entered into by the Neighborhood Board for and on behalf of the Neighborhood Association and the property manager shall not exceed a term of two (2) years. Fees, costs, and other charges of the property manager shall be Common Expenses. The property manager may also provide services to individual Owners, such as leasing individual Units as may be determined between the property manager and the Owner; *provided however*, that services performed for individual Owners which are not performed for all the Neighborhood Association shall not be Common Expenses but shall be charged to such Owners as the Owners and the property manager may determine. Nothing in this Neighborhood Declaration shall prohibit the Neighborhood Association from contracting for any service with any person or entity affiliated with, or in common ownership with, Declarant; *provided, however*, that any such contract shall be for prices and terms that are competitive in the local market, and in no case shall the term of any such contract exceed one year.

ARTICLE 4

FINANCES AND ASSESSMENTS

4.1. Assessments; Authority. The Neighborhood Association is hereby authorized to levy and collect assessments against the Owners as provided for herein. The following are the types of

assessments that may be levied and collected by the Neighborhood Association, which are more particularly described below: (1) annual assessments or charges; (2) special assessments; (3) specific assessments; (4) emergency assessments; (5) any other amount or assessment levied or charged by the Master Association pursuant to the Master Declaration; (6) any other amount of assessment levied or charged by the Neighborhood Board pursuant to this Neighborhood Declaration; and (7) interest, costs of collection and reasonable attorney fees, as hereinafter provided.

4.2. Creation of Lien and Personal Obligation of Assessments. Excepting Declarant, each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, covenants and agrees to pay to the Neighborhood Association all assessments and charges, however denominated, which are authorized in the Governing Documents. All such amounts shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment or amount is charged, which lien shall arise when the Owner fails or refuses to pay an assessment when due. Such assessments and other amounts shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment became due. No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Neighborhood Association, the Neighborhood Board, or Declarant to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making or repairs or improvements, or from any other action it takes.

4.3. Purpose of Assessments. The assessments levied by the Neighborhood Association shall be used to advance the purposes for which the Neighborhood Association was formed, as set forth and articulated in the Governing Documents. The assessments may provide for, but are not limited to, the payment of taxes on Neighborhood Association property and insurance maintained by the Neighborhood Association; the payment of the cost of repairing, replacing, maintaining and constructing or acquiring additions to the Common Area and/or Limited Common Area; the payment of the cost of repairing, replacing, and maintaining any roadways; payment of fees for recreational facilities and amenities that the Neighborhood Board contracts for on behalf of the Owners; the payment of administrative expenses of the Neighborhood Association; the payment of insurance deductible amounts to the extent not otherwise recoverable from a third party; the payment of assessments levied against the Neighborhood Association by the Master Association pursuant to the authority of the Master Declaration; the establishment of capital and operational reserve accounts; the payment of any professional services deemed necessary and desirable by the Neighborhood Board; and other amounts required by this Neighborhood Declaration or that the Neighborhood Board shall determine to be necessary to meet the primary purposes of the Neighborhood Association. The assessments may provide, at the discretion of the Neighborhood Board, for the payment of other charges including (without limitation) maintenance, management, and utility charges.

4.4. Initial Annual Assessments. The Declarant shall initially establish the amount of the annual assessments. Thereafter, the establishment of annual assessments shall be according to the procedures and requirements of Section 4.5.

4.5. Annual Assessments; Budgeting.

(a) Adoption of Budget. At least sixty (60) days before the beginning of each fiscal year, the Neighborhood Board shall prepare a budget of the estimated Common Expenses for that fiscal year, for the purpose of calculating and establishing the annual assessments for that fiscal year. Annual assessments for Common Expenses shall be based upon the estimated net cash flow requirements of the Neighborhood Association to cover items including, without limitation, the cost of routine maintenance and operation of the Common Area; expenses of management; premiums for insurance coverage as deemed desirable or necessary by the Neighborhood Association; landscaping, care of grounds, and common lighting within the Common Area; routine renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities from a previous assessment period; the supplementing of the reserve fund for general, routine maintenance, repairs, and replacement of the Common Area as required by section 57-8a-211 of the Community Association Act, Utah Code § 57-8a-211.

(b) Notice of Budget and Assessment. The Neighborhood Board shall send a copy of the final budget, together with notice of the amount of the annual assessment to be levied pursuant to such budget, to each Owner at least thirty (30) days prior to the effective date of such budget. The budget shall automatically become effective unless disapproved in writing by Members representing at least fifty-one percent (51%) of all eligible votes in the Neighborhood Association. Any such petition must be presented to the Neighborhood Board within ten days after notice of the budget and assessment. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings pursuant to the Bylaws. Unless the budget for the assessment is disapproved by the Members as set forth above, the Neighborhood Board is thereafter authorized to levy the assessment as provided for herein. During the Declarant Control Period, the Owners may not disapprove any budget.

(c) Failure or Delay in Adopting Budget. The failure or delay of the Neighborhood Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Common Expenses and in the event of such failure or delay, all Owners shall continue to pay assessments on the same basis as during the last year for which an assessment was made until notified of the amount of the new annual assessment which is due on the first day of the next payment period which begins more than thirty days after such new annual or adjusted budget is adopted and the Owners receive notice as provided herein.

(d) Automatic Budget Approval. Notwithstanding the foregoing, if the budget proposed by the Neighborhood Board will increase the annual assessment no greater than 15% more than the previous annual assessment, then such budget and corresponding annual assessment shall be automatically approved and effective upon a 30-day notice.

(e) Adjustment of Budget and Assessment. The Neighborhood Board may revise the budget and adjust the annual assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth in this Section 4.5(b), provided, however, that such an adjustment is exempt from the

requirements of Section 4.5(b) if the adjustment would either decrease the annual assessment or increase the annual assessment by no greater than 3.25%.

4.6. Special Assessments. In addition to the annual assessments, the Neighborhood Board may levy in any assessment year a special assessment, applicable to that year only to cover unbudgeted expenses or expenses in excess of those budgeted, including but not limited to defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Common Area or Limited Common Area and any structures, fixtures and personal property related thereto, or to purchase, acquire, or otherwise add additional Common Area. Any such special assessment may be levied against the Entire Membership (excluding Declarant) if such special assessment is for Common Expenses. Except as otherwise provided in this Neighborhood Declaration, any special assessment shall require the affirmative vote or written consent of a majority of the Entire Membership, if a Common Expense. Special assessments shall be payable in such manner and at such times as determined by the Neighborhood Board, and may be payable in installments extending beyond the fiscal years in which the special assessment is approved.

4.7. Specific Assessments. The Neighborhood Association shall have the power to levy specific assessments against a particular Unit to cover costs incurred in bringing any Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; *provided*, the Neighborhood Board shall give the Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any specific assessment under this subsection.

4.8. Emergency Assessments. Notwithstanding anything contained in this Neighborhood Declaration, the Neighborhood Board, without Member approval, may levy emergency assessments in response to an emergency situation. Prior to the imposition or collection of any assessment due to an emergency situation, the Neighborhood Board shall pass a resolution containing the written findings as to the necessity of such expenditure and why the expenditure was not or could not have been reasonably foreseen or accurately predicted in the budgeting process and the resolution shall be distributed to the Members with the notice of the emergency assessment. If such expenditure was created by an unbudgeted utility, maintenance or similar expense or increase, the assessment created thereby shall be discontinued by the Neighborhood Board by a similar resolution if such expense is subsequently reduced, or to the extent the next succeeding annual budget incorporates said increase into the annual assessment. An emergency situation is one in which the Neighborhood Board finds: (a) an expenditure, in its discretion, required by an order of a court, to defend the Neighborhood Association in litigation, or to settle litigation; (b) an expenditure necessary to repair or maintain the Property or any part of it for which the Neighborhood Association is responsible where a threat to personal safety on the Property is discovered; (c) an expenditure necessary to repair, maintain, or cover actual Neighborhood Association expenses for the Property or any part of it that could not have been reasonably foreseen by the Neighborhood Board in preparing and distributing the pro forma operating budget (for example: increases in utility rates, landscape or maintenance contract services, attorney fees incurred in the defense of litigation, etc.) or (d) such other situations in which the Neighborhood Board finds that immediate action is necessary and in the best interests of the Neighborhood Association.

4.9. Uniform Rate of Assessment. Unless otherwise provided for in this Neighborhood Declaration or elsewhere in the Governing Documents, assessments must be fixed at a uniform rate for

all Units; *provided, however*, that no assessments shall accrue against Units owned by Declarant during the Declarant Control Period.

4.10. Declarant's Option to Fund Budget Deficits. During the Declarant Control Period, Declarant may, but is not obligated to, fund any budget deficit of the Neighborhood Association, including, without limitation, funding any initial capital or operational reserve fund. In the event Declarant funds any budget deficit, it shall not establish any obligation by Declarant to continue to fund any future deficits. To the extent not prohibited by law, the Declarant may be reimbursed for funding any budget deficit.

4.11. Payment Due Dates.

(a) The assessments provided for herein shall commence to accrue against a Unit upon conveyance of the Unit to a bona fide purchaser, adjusting the amount of such assessment according to the number of months remaining in the fiscal year.

(b) Due dates shall be established by resolution of the Neighborhood Board. Installments of assessments may be levied and collected on a monthly, quarterly, semi-annual, or annual basis, as determined by resolution of the Neighborhood Board.

(c) The Neighborhood Board may require advance payment of assessments at closing of the transfer of title to a Unit.

(d) Payment of assessments shall be applied first to any accrued interest, then to any accrued costs, charges, and fees, and then to the principal amount of the assessment. No Owner shall have the right to direct the Neighborhood Association or its agents or employees to apply payments in any other manner or method and any such attempt to do so will not be recognized.

4.12. Effect of Non-Payment of Assessment; Remedies of the Neighborhood Association.

Any assessment or installment thereof not paid within 10 days after the due date therefor shall be delinquent and shall bear interest from the due date at the rate of eighteen percent (18%) per annum (or such lesser rate as the Neighborhood Board shall determine appropriate) until paid. In addition, the Neighborhood Board may assess a late fee for any unpaid balance after the 10-day grace period from the due date. The amount of the late fee shall be set forth in a schedule of fines that the Board adopts and publishes from time to time.

(a) Remedies. To enforce this Article, the Neighborhood Board may, in the name of the Neighborhood Association:

(i) bring an action at law against the Owner personally obligated to pay any such delinquent assessment without waiving Neighborhood Association's lien for the assessment;

(ii) after giving notice by certified mail as required by section 57-8a-303 of the Community Association Act, Utah Code § 57-8a-303, foreclose the lien against the Unit in accordance with the laws of the State of Utah applicable to the exercise of powers of sale in deeds of trust or to the foreclosure of mortgages, or in any other

manner permitted by law, to the same extent as though the Neighborhood Association lien was a trust deed;

(iii) restrict, limit, or totally terminate any or all services performed by the Neighborhood Association on behalf of the delinquent Owner;

(iv) terminate, in accordance with section 57-8a-309 of the Community Association Act, Utah Code § 57-8a-309, the Owner's right to receive utility services paid as a Common Expense and/or terminate the Owner's right of access and use of any recreational facilities;

(v) if the Owner is leasing or renting his Unit, the Neighborhood Board may, in accordance with section 57-8a-310 of the Community Association Act, Utah Code § 57-8a-310, demand that the Owner's tenant pay to the Neighborhood Association all future lease payments due from the Owner, beginning with the next monthly or other periodic payment, until the amount due to the Neighborhood Association is paid;

(vi) exercise any other rights authorized by the Community Association Act for non-payment of assessments and other charges;

(vii) suspend the voting rights of the Owner for any period during which any assessment or portion thereof against the Owner's Unit remains unpaid;

(viii) accelerate all assessment installments that will become due within the subsequent twelve (12) months so that all such assessments for that period become due and payable at once. This acceleration provision may only be invoked against an Owner who has been delinquent in paying any assessment or installment two (2) or more times within a twelve (12) month period; and/or

(ix) Record a lien against the Unit on any installment payment more than 60 days past due with cost of such being added to the Owner's account.

(b) Attorney Fees and Costs. There shall be added to the amount of any delinquent assessment the costs and expenses of any action, sale or foreclosure, and reasonable attorney fees incurred by the Neighborhood Association, together with, where applicable, an account for the reasonable rental for the Unit from time to time of commencement of the foreclosure. The Neighborhood Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental without regard to the value of the other security.

(c) Power of Sale. A power of sale is hereby conferred upon the Neighborhood Association which it may exercise. Under the power of sale the Unit of an Owner may be sold in the manner provided by Utah law pertaining to deeds of trust as if said Neighborhood Association were beneficiary under a deed of trust. The Neighborhood Association may designate any person or entity qualified by law to serve as trustee for purposes of power of sale foreclosure. The Declarant hereby conveys and warrants pursuant to Utah Code Sections 57-1-20 and 57-8a-302 to Southern Utah Title Company or other qualified trustee which is

named in any supplemental recording with power of sale, the Units and Units and all improvements to the Units and Units for the purpose of securing payments of assessments under the terms of this Neighborhood Declaration.

4.13. Exempt Property. The following property subject to this Neighborhood Declaration is exempt from the assessments created herein: (a) all property dedicated to and accepted by any local public authority; (b) all Common Area; (c) all Units or other real property owned by Declarant; and (d) any other property declared exempt as set forth in this Neighborhood Declaration or within any Plat.

4.14. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to (1) a lien or encumbrance recorded before the Neighborhood Declaration is recorded, (2) a first or second security interest secured by a mortgage or trust deed that is recorded prior to any notice of lien filed by or on behalf of the Neighborhood Association, or (3) a lien for real estate taxes or other governmental assessments or charges against the Unit.

4.15. Termination of Lien. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer, however, shall relieve an Owner from personal liability for assessments coming due after taking title or from the lien of such later assessments.

4.16. Assessments and Other Charges Levied by the Master Association. Any assessments, fees, or other charges levied by the Master Association pursuant to the authority of the Master Declaration against any individual Owner shall, if not levied specifically against the Neighborhood Association and passed through to the Members as a Common Expense, be paid to the Master Association as required by the Master Declaration. Each Owner hereby designates and authorizes the Neighborhood Association to (a) receive notices of assessment on behalf of such Owner, (b) collect Master Association assessments from such Owner, and (c) remit such collected Master Association assessments to the Master Association. The Neighborhood Association shall upon request of the Master Association include the Master Association assessments with the Neighborhood Association dues and assessments and provide to the Master Association the names and addresses of all Owners within the Neighborhood Association together with a statement listing those Owners who have not paid an assessment owed to the Master Association, and the amount of such non-payment. The Master Association may, in its discretion, send notices to and collect Master Association assessments directly from any Owner in lieu of the Neighborhood Association. Owners shall receive no offset in any assessments by the Neighborhood Association as a result of any assessment, fee, or charge levied against them, individually, by the Master Association.

4.17. Books, Records, and Audit.

(a) The Neighborhood Association shall maintain current copies of the Governing Documents and other similar documents, as well as its own books, records and financial statements which shall all be available for inspection by Owners and insurers as well as by holders, insurers and guarantors of first mortgages during normal business hours upon reasonable notice. Charges shall be made for copying, researching or extracting from such documents. An Owner or holder, insurer or guarantor of a first Mortgage may obtain an audit of Neighborhood Association records at its own expense so long as the results of the audit are provided to the Neighborhood Association.

(b) The Neighborhood Association shall prepare a roster of Owners in the Property and the assessments applicable thereto at the same time that it shall fix the amount of the annual assessment, which roster shall be kept by the Treasurer of the Neighborhood Association, who shall record payments of assessments and shall allow inspection of the roster by any Member at reasonable times.

(c) The Neighborhood Association shall, upon written request, and for a reasonable charge not to exceed the amounts provided in the Act, furnish a written statement signed by an officer of the Neighborhood Association setting forth whether the assessment on a specified Unit has been paid. Such written statement, when properly issued, shall be conclusive evidence of the payment of any assessment or fractional part thereof which is therein shown to have been paid.

ARTICLE 5
INSURANCE

5.1. Casualty Insurance on Insurable Common Area.

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

(b) In addition to casualty insurance on the Common Area, the Neighborhood Board may elect to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Neighborhood Board deem appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the Units including the structural portions and fixtures thereof. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Neighborhood Association shall be a common expense of the Neighborhood Association to be included in the regular annual assessments as levied by the Neighborhood Association. The insurance coverage with respect to the Units shall be written in the name of, and the proceeds thereof shall be payable to the Neighborhood Association as trustee for the Owners. If the Neighborhood Association becomes aware that such insurance is not available, the Neighborhood Association shall, within seven calendar days after becoming aware of that fact, give all Owners notice as provided in Utah Code § 57-8a-214.

(c) The Neighborhood Association policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in

determining whether the policy limits satisfy the requirements herein. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Neighborhood Board reasonably determines, after notice and opportunity to be heard, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or tenants, then the Neighborhood Board may assess the full amount of such deductible against such Owner and the Owner's Unit, to be collected as an assessment against the Owner's Unit.

5.2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Neighborhood Association shall repair or replace the same from the insurance proceeds available, unless this Declaration is terminated and the Neighborhood Association dissolved, the repair would be illegal or at least 75% of the allocated voting interests vote not to rebuild. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Neighborhood Association may make a reconstruction assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Owner. The Neighborhood Association will maintain blanket casualty and fire insurance on the Units and shall repair or replace the same to the extent of the insurance proceeds available. In the event of damage or destruction by fire or other casualty to any portion of the Property covered by insurance written in the name of the Neighborhood Association, the Neighborhood Board is empowered to and shall represent the Members in any proceedings, negotiations, settlements or agreements. The Neighborhood Association is appointed attorney-in-fact of each Owner for this purpose.

5.3. Liability Insurance. The Neighborhood Board shall obtain a comprehensive policy of public liability insurance covering all of the Common Area for at least \$2,000,000.00 per occurrence for personal or bodily injury and property damage that results from the operation, maintenance or use of the Common Areas. Liability insurance policies obtained by the Neighborhood Association shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Neighborhood Association or other Owners.

5.4. Fidelity Insurance. The Neighborhood Board may elect to obtain fidelity coverage against dishonest acts on the part of managers, Directors, officers, employees, volunteers, management agents or others responsible for handling funds held and collected for the benefit of the Owners or Members. In procuring fidelity insurance the Neighborhood Board shall seek a policy which shall (1) name the Neighborhood Association as obligee or beneficiary, (2) be written in an amount not less than the sum of (i) three months' operating expenses and (ii) the maximum reserves of the Neighborhood Association which may be on deposit at any time, and (3) contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee."

5.5. Annual Review of Policies. The Neighborhood Board shall review all insurance policies at least annually in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacements of the property which may be damaged or destroyed, and to ensure that insurance coverage complies with currently existing legal requirements. The Neighborhood Board may, to the extent it deems necessary to more fully protect and insure the

Neighborhood Association and its property, or to otherwise comply with evolving laws and insurance standards, modify the coverage standards set forth in this Article 5 without the necessity of amending this Neighborhood Declaration.

ARTICLE 6
ARCHITECTURAL CONTROLS AND STANDARDS

6.1. Architectural Committee. The Property is subject to the Architectural Committee created pursuant to Article 7 of the Master Declaration.

6.2. Architectural Committee Approval. No Owner or other person may attach, erect, install, or place anything on the exterior of Units or the interior of Units where the same might be visible from outside the Unit, or other buildings and structures in the Property without first obtaining approval from the Architectural Committee. In this regard, no structure, building, fence, wall, or thing shall be placed, erected, or installed upon any Unit or to any Unit and no improvements or other work (including exterior alterations or existing improvements, or planting or removal of landscaping) shall take place within the Property until the plans and specifications showing, without limitation, the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and received prior approval in writing by the Architectural Committee in accordance with the provisions of the Master Declaration and any rules and regulations adopted by the Architectural Committee. Architectural Committee approval shall be required regardless of whether the structure, building, fence, wall, or thing to be constructed, placed, erected, or installed is new, or an addition, extension or expansion, change or alteration, or re-construction, replacement, re-erection, or re-installation of any of the foregoing.

6.3. Rules, Regulations, Guidelines and Procedures. The Architectural Committee may establish rules, regulations, guidelines and procedures to govern the Property, including Architectural Guidelines provided for in the Master Declaration.

ARTICLE 7
PARTY WALLS

7.1. General Rules of Law to Apply. Each wall, including any floor or ceiling, that is built as a part of the original construction upon the Property which serves and/or separates any two adjoining Units shall constitute a party wall. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

7.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall.

7.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then, to the extent said destruction or damage is not covered by insurance and repaired out of the proceeds of the same, any Owners who share the wall shall restore it and shall contribute to the cost of restoration thereof in proportion to their use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

7.4. Exposure to Elements. Notwithstanding any other provision of this Article, an Owner who by negligent or willful actions causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements to the extent that said protection is not covered by insurance and paid for out of the proceeds of the same.

7.5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

7.6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator within 10 days of their selection, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within 10 days after written request to do so, the Neighborhood Board shall select an arbitrator for the refusing party.

ARTICLE 8 MAINTENANCE

8.1. Neighborhood Association's Responsibility. The Neighborhood Association shall be responsible for maintenance of the Common Area and the Limited Common Area which is not designated to any particular Unit. The cost of such maintenance shall be a Common Expense. This maintenance includes but is not limited to upkeep of all landscaping, upkeep and maintenance of all roadways, street lights, sidewalks, and parking areas, and upkeep and maintenance of all buildings and facilities which constitute part of the Common Area and Limited Common Area. The Neighborhood Association shall not have any responsibility for upkeep and maintenance of the Units or Units, unless expressly required by this Neighborhood Declaration or expressly assumed by the Neighborhood Association pursuant to the authority of this Neighborhood Declaration.

8.2. Owner's Responsibility. Each Owner shall be responsible for maintenance and repair of his or her Unit and Unit and any Limited Common Area designated for the exclusive use and occupancy of his or her Unit including the area designated and described in Section 2.2(e), in a manner consistent with all applicable provisions of the Governing Documents, unless such maintenance responsibility is otherwise assumed by or assigned to the Neighborhood Association by the Governing Documents. The Neighborhood Board shall, however, in the default of the Owner to perform maintenance which is the Owner's responsibility, and after ten (10) days written notice (which notice shall not be required in the event of emergency or threat to life, health, property or safety), provide exterior maintenance upon each Unit and/or Unit and the Limited Common Area adjacent and appurtenant thereto (as designated on the Plat or by the Declarant) and may shall charge the Owner the costs of such maintenance as a specific assessment.

8.3. Access at Reasonable Hours. For the sole purpose of performing the maintenance required or otherwise authorized by this Article, the Neighborhood Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Unit or Limited Common Area at reasonable hours.

8.4. Other Services Provided by Neighborhood Association. To the extent determined to be necessary or desirable by the Neighborhood Board, the Neighborhood Association may provide additional services to the Owners as a Common Expense or specific assessment, as appropriate.

8.5. Alteration of Certain Maintenance Duties by Rule. The duty of maintenance for the area of a Unit outside the walls of the Unit, and the Limited Common Areas adjacent and appurtenant thereto may be altered by rule of the Neighborhood Association.

ARTICLE 9
CONDEMNATION; PARTITION

9.1. Condemnation. Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Master Association Board and, if it is within the Declarant Control Period, by the Declarant) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Master Association as trustee for all Owners to be disbursed as follows:

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, during the Declarant Control Period, and Members representing at least seventy-five percent (75%) of the total vote of the Neighborhood Association shall otherwise agree, the Neighborhood Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor in accordance with plans approved by the Neighborhood Board. If such improvements are to be repaired or restored, the above provisions in Section 5.2 regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

(b) If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Neighborhood Association and used for such purposes as the Neighborhood Board shall determine.

9.2. No Partition. Except as otherwise permitted in this Neighborhood Declaration, the Common Area shall remain undivided and no person or entity shall bring any action for the partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not be construed to prohibit the Neighborhood Board from acquiring and disposing of title to real property which may or may not be subject to this Neighborhood Declaration. Owners may not partition any Unit.

ARTICLE 10
USE AND CONDUCT RESTRICTIONS AND REQUIREMENTS

In addition to the use restrictions, requirements and permissions contained in Article 10 of the Master Declaration, and those which may be set forth elsewhere in the Governing Documents, the following use and other restrictions shall apply to the Property.

10.1. General Use Restrictions. All of the Property which is subject to this Neighborhood Declaration is hereby restricted to residential dwellings and buildings in connection therewith, including but not limited to community buildings on the Common Area, if any. All buildings or structures erected on the Property shall be of new construction and no buildings or structures shall be

removed from other locations to the Property. After the initial construction of a Unit, no subsequent building or structure dissimilar to that initial construction shall be built on that lot. No building or structure of a temporary character, trailer, basement, tent, camper, shack, garage, barn or other outbuilding shall be placed or used on any portion of a lot at any time.

10.2. Use of Units as Short-term Rentals. Owners may rent their Units as Short-term Rentals. Owners opting to rent their Units as Short-term rentals are required to use the services of a property management company that is (1) licensed in accordance with state law and local ordinances and (2) approved by the Neighborhood Association and the Master Association to manage Short-term Rentals within the Neighborhood. The Neighborhood Board shall establish the procedures, rules, and regulations for any Short-term Rentals, including check-in, access to Units and common amenities and facilities, etc. Any such procedures, rules, and regulations must be approved by the Master Association. The Owner shall at all times the Unit is rented assure compliance with the Master Declaration, the Governing Documents, and any rules and regulations for the Property.

10.3. Timeshares Prohibited. No Owner shall offer or sell any interest in his Unit under a "timesharing" or "interval ownership" plan. This prohibition on timeshares does not include Short-term Rentals as provided for in this Neighborhood Declaration.

10.4. Parking.

(a) No motor vehicle which is inoperable shall be allowed within the Property. There is no overnight parking on the streets in the Property. Any motor vehicle in violation of this restriction shall be subject to removal by the Neighborhood Association, at the vehicle owner's expense. Any vehicle that at any time inhibits the flow of traffic on the streets in the Property is subject to removal by the Neighborhood Association, at the vehicle owner's expense. Upon demand, the owner of the vehicle shall pay any expense incurred by the Neighborhood Association in connection with the removal of that owner's vehicle. If the vehicle is owned by an Owner, any amounts payable to the Neighborhood Association shall be secured by the Unit and the Neighborhood Association may enforce collection of said amounts in the same manner provided for in this Neighborhood Declaration for the collection of assessments.

(b) If parking spaces are designated on the Plat with numbers corresponding to Unit numbers, each such space is for the exclusive use of the Owner with the corresponding number. If parking areas are not designated on the Plat with Unit numbers, the Neighborhood Board may assign vehicle parking space for each Unit, if applicable. Parking spaces within the Property shall be used for parking of motor vehicles actually used by the Owner or the Owner's immediate family or guests for personal use, and not for commercial use.

(c) Recreational vehicles, boats, travel trailers and similar personal property shall not be parked within the Property unless there is a designated RV parking area, or as permitted by rule of the Neighborhood Association. The Neighborhood Board may charge a fee for use of any RV parking area, which fee shall take into account the reasonable costs of maintenance and repair associated with the parking area. The fee charged for any such parking shall constitute a lien upon the Unit of the Owner using said parking and may be

collected by the Neighborhood Association in the manner provided for collection of any assessment herein.

10.5. Commercial Activity. No commercial activities of any kind whatever shall be conducted on any portion of the Property, including an in-home business as defined by local ordinances. The foregoing restrictions shall not apply to the commercial activities, signs and billboards, if any, of the Declarant or its agents during the construction and sales period or by the Neighborhood Association in furtherance of its powers and purposes set forth in the Governing Documents, as the same may be amended from time to time or to any on-site property manager under contract to perform services for the Neighborhood Association.

10.6. Smoking. The Neighborhood Board is authorized to, by rule or resolution, prohibit tobacco smoking within or around the Common Areas and any other portion of the Property, including outside Units or on around Limited Common Areas (including Unit patios), when it is determined that the smoke or the smell from the smoking might filter or drift into other Units or interfere with the use and enjoyment of the Property by other Owners. In addition, the Neighborhood Board is authorized to enforce and otherwise bring an action for nuisance under the provisions of Title 78B, Chapter 6 of the Utah Code for and on behalf of any Owner against any other Owner or occupant whose smoking creates or constitutes a nuisance under said provision of the Utah Code.

10.7. Pets and Animals.

(a) Restrictions. The Neighborhood Board has the right to regulate and restrict, by rule, the keeping and harboring of pets and animals within the Property, including the keeping and harboring of pets and animals within the Units or on any Unit. This right includes the right to restrict the type, breed, or species of animal, the number of animals which may be kept, the areas in which the animals may be kept or taken, and to completely eliminate the keeping and harboring of pets. Until such time as the Neighborhood Board adopts a policy expressly authorizing the keeping of pets and animals, the same shall be prohibited within the Property. The Neighborhood Board may also establish procedural rules and regulations to implement its rules which should include provisions for notice and hearing, and the right to charge an impact fee which shall be in accordance with a schedule of fees adopted and published by the Board from time to time. Commercial breeding of pets and animals is prohibited within the Property and may not be allowed or authorized by Neighborhood Association rule or resolution.

(b) Owner Responsibility. In the event the Neighborhood Board authorizes the keeping of pets and animals, Owners must take due care to ensure that their pets and animals do not make excessive noises, cause any offensive smell, or create any physical threat to the safety of any other Owner or person within the Property, or the safety of any guests, tenants, or invitees, particularly among children. Owners are responsible for any property damage, injury, or disturbance that their pet may cause or inflict anywhere within the Property. To the extent the Neighborhood Association is subjected or otherwise exposed to any liability, claims, damages, costs, losses, or expense as a result of the actions of an animal, the Neighborhood Association has the right to make a claim against the Owner. Owners shall indemnify the Neighborhood Association from any claims, damages, or causes of action that arise from or otherwise relate to the conduct of their pets. This indemnification shall include any attorney fees, costs, and expenses incurred by the Neighborhood Association.

ARTICLE 11
LEASES AND LEASING

11.1. Purpose and Intent of Lease Restrictions. The purpose of this Article is to further Declarant's intent to protect the value and desirability of the Property as a harmonious and attractive community by regulating the leasing of Units within the Property. Any lease with a term of less than six (6) months is deemed a Short-term Rental and is subject to the provisions set forth in Section 10.2.

11.2. Notification of Neighborhood Board. An Owner who enters into a lease or rental agreement must first notify the Neighborhood Board in writing and pay a refundable security deposit not to exceed \$1,000.00. A copy of any such lease or rental agreement must be submitted to the Neighborhood Board within 15 days after execution. Failure to provide notice and a copy of the lease to the Neighborhood Board may result in a fine of \$250.00. An Owner must comply with the foregoing notice provision for each tenant with which it enters into a lease or rental agreement and for each renewal of any existing lease or rental agreement.

11.3. Leasing Restrictions. Subject to the provisions of Utah Community Association Act, Utah Code § 57-8a-209, any lease or rental agreement shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Neighborhood Declaration and the other Governing Documents and that any failure by tenant to comply with the terms of such documents shall be a default under the lease. Units may be leased only in their entirety. There shall be no subleasing of Units or assignment of leases without prior written approval of the Neighborhood Board. Any lease or rental agreement, whether an initial agreement or any renewal thereof, shall provide for a minimum lease term of not less than six (6) months; *provided however* that the Neighborhood Board shall have the power to allow leases for a term of less than six months upon a showing by the Owner that such a lease is required to avoid undue hardship, and may issue exemptions for certain Unit Owners as required by law.

11.4. Enforcement Against Owner. Notwithstanding any other rights of enforcement under this Neighborhood Declaration and other Governing Documents, or by applicable law, the Neighborhood Association may impose a fine, not to exceed fifty percent (50%) of the amount of the maximum annual assessment, on the Owner, which shall constitute a lien upon such Owner's Unit, for each violation by Owner's tenant of this Neighborhood Declaration or other Governing Documents. Such fine shall be imposed after a 10 day notice is given to the Owner of such violation. The Neighborhood Association may impose an additional fine on the Owner for each day such violation continues after the 10 day notice period provided herein, which additional fines shall constitute a lien upon such Owner's Unit. The Neighborhood Association need not provide any additional notice prior to fining an Owner for a continuing violation. There shall be added to any such fine reasonable attorney fees and costs incurred by the Neighborhood Association in enforcing this Article. Any fine levied pursuant to this Article shall be recoverable by the Neighborhood Association in the same manner as an assessment under Article 4, and shall create a lien in favor of the Neighborhood Association against the Owner's Unit in the same manner as an assessment.

11.5. Cumulative Nature of Remedies. The remedies provided in this Article are cumulative and in addition to any remedies provided in this Neighborhood Declaration or at law or in equity.

11.6. Administrative Fee. The Neighborhood Board may establish a monthly administrative fee that it may levy against Owners who lease their Units or do not occupy their Units as a primary residence. The administrative fee shall not exceed twenty percent (20%) of the amount of the annual assessment. The Neighborhood Board shall provide 30 days prior written notice of the amount of such administrative fee prior to levying the same against an Owner. The administrative fee shall constitute a specific assessment against such Owners.

ARTICLE 12
SAFETY AND SECURITY

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and security of their property within the Property. The Neighborhood Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each person provides for their self and their property, such as contracting with a private security company or courtesy patrol. Neither the Neighborhood Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and other occupants of his Unit that the Neighborhood Association, its Neighborhood Board and committees, and Declarant are not insurers or guarantors of security or safety and that each person within the Property assumes all risks of personal injury and loss or damage to property, including Units and their contents, resulting from the acts of others.

ARTICLE 13
EASEMENTS

These easements are in addition to those which may be set forth elsewhere in the Governing Documents, or in the Master Declaration.

13.1. Police, Fire and Ambulance Service. An easement is hereby granted to all police, fire protection, ambulance services and all similar persons to enter upon the streets and Common Area and Limited Common Area in the performance of their duties.

13.2. Maintenance by Neighborhood Association. An easement is hereby granted to the Neighborhood Association, its officers, agents, employees and to any maintenance company selected by the Neighborhood Association to enter in or to cross over the Common Area and Limited Common Area, if any, and any Unit to perform the duties of maintenance and repair.

13.3. Owners' Easements of Enjoyment. Every Owner has a right and easement of use and enjoyment in and to the Common Area and Limited Common Area, if any, which is designated by the Declarant for the exclusive use of an Owner's Unit. This easement is appurtenant to and passes with

the title to every Unit, subject to the provisions of the Governing Documents and such rules and regulations adopted by the Board. An Owner has no easement of use of the air space outside of the boundaries of his Unit or, in the case of a patio or deck, outside the confines of the patio or deck as depicted on the Plat. Therefore, subject to the Neighborhood Board's right of regulation, each Owner's easement of use with respect to an appurtenant patio or deck shall not extend (i) horizontally beyond or outside of the center line of any wall or other exterior surface constituting the perimeter boundary of the patio or deck or (ii) vertically beyond the interior surface of any covered area or ceiling over the patio/deck. In the event that a patio or deck is uncovered, the Owner's easement of use of the airspace for such patio or deck shall not extend beyond the height of the interior surface of the ceiling within the Owner's Unit.

13.4. Easement for Declarant. The Declarant shall have a transferable easement over and on the Common Areas and facilities and utilities for the purpose of making improvements on the Property or on any additional land under the Neighborhood Declaration, or any development, related or unrelated, on land described herein or adjacent to the Property and for the purpose of doing all things reasonably necessary and proper in connection with the same.

13.5. Reservation of Easements by Declarant. The Declarant hereby reserves to itself during the Declarant Control Period the right to reserve easements over, beneath, and through the Property, including over the Common Area and Limited Common Area and related facilities, for the purpose of making improvements to and developing the Property or on any additional land submitted under the Neighborhood Declaration, including but not limited to construction, marketing, installation and upkeep of landscaping features, entrance features, project signage, street lights, paths, trails or sidewalks or other facilities or things benefiting the Property. The Declarant reserves to itself during the Declarant Control Period the right to make any dedications and to reserve, grant, vacate, or terminate any easements, rights-of-ways and licenses as may be reasonably required by any governmental authority or to carry out the intent and design of the Declarant's plan for development of the Property, without compensation therefor.

13.6. Easements of Record. The easements provided for in this Article shall in no way affect any other recorded easement.

13.7. Limitations on Easements. In no event shall any easement granted or reserved herein be construed to or have the effect of permitting entry into the interior portion of any Unit.

ARTICLE 14 SPECIAL DEVELOPMENT RIGHTS

14.1. Intent and Purpose of Special Development Rights. In addition to any other rights granted or reserved to the Declarant in this Neighborhood Declaration and the other Governing Documents, and notwithstanding any covenants, conditions, restrictions, or other provisions of limitation within this Neighborhood Declaration, the Declarant, as the developer of the Property, is granted special development rights. These combinations of rights maximize the flexibility of the Declarant to adjust the size and mix of the Property to the demands of the marketplace before, during, and after development of the Property. This Neighborhood Declaration shall be liberally construed to advance Declarant's rights and interest in developing the Property.

14.2. Expansion of the Property. The Declarant shall have the right to expand the Property by unilaterally subjecting any Additional Property, in whole, in part, or in phases, to this Neighborhood Declaration during the Declarant Control Period.

(a) Expansion Procedure. The Declarant shall indicate its intent to have such Additional Property bound by this Neighborhood Declaration on the plat of such Additional Property and shall record a declaration of annexation or supplemental declaration including and subjecting such Additional Property to this Neighborhood Declaration. Thereafter, such Additional Property shall be considered as part of the Property in all respects, and lots therein shall constitute Units under this Neighborhood Declaration.

(b) Use of Expansion Property. Any Additional Property annexed hereto by the Declarant shall be exclusively for residential dwellings, architecturally compatible to the existing Units, similar to the Units already constructed, constructed out of similar materials, with similar Unit size. The Declarant shall have the sole discretion as to development of the Common Area in any expansion area and may include any facilities or amenities thereon that Declarant deems necessary and such Common Areas shall be owned by the Neighborhood Association.

14.3. Withdrawal of Property. So long as it has the right to expand the Property, Declarant shall have the right to remove any portion of the Property which has not yet been improved with structures from the coverage of this Neighborhood Declaration. The procedure for such withdrawal shall follow the procedure for expansion as provided in this Article.

14.4. No Obligation to Expand or Develop. Declarant has no obligation to annex any additional land to the Property or to develop or preserve any portion of additional land in any particular way or according to any particular time schedule.

14.5. Municipal Zoning and Subdivision Approvals. The Declarant shall have the right to further subdivide the Property and to apply for any zoning or subdivision approvals or permits from the City of St. George, or any other applicable governmental authority with respect to the Property or any adjacent property owned by Declarant, whether or not such adjacent property is annexed into the Property. This right includes but is not limited to applying for and obtaining zoning permits, subdivision approvals, plat approvals, or approvals to amend the Plat or any plats. Further, except for any such approval that would (a) affect title to the Owner's Unit or (b) alter the boundaries of an Owner's Unit, each Owner hereby waives his or her right to object to any such approval sought by Declarant, and, to the extent the approval and consent of any Owner is required under state or local law each Owner agrees to sign the application or other documents required for such action.

14.6. Dedication of Common Area. Notwithstanding anything to the contrary in this Neighborhood Declaration, during the Declarant Control Period the Declarant shall have the unilateral right to convey, transfer, sell, assign, or otherwise dedicate all or part of any Common Area to the City of St. George or such other governmental entity or any third party as it deems necessary and appropriate. In the event the Common Area has already been conveyed to the Neighborhood Association, the Neighborhood Association shall approve and join in the dedication.

14.7. Declarant Business, Marketing, and Sales. Notwithstanding any provisions to the contrary contained in this Neighborhood Declaration or any other Governing Documents, it shall be

expressly permissible for Declarant, or its written designee, to maintain such facilities and conduct such activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of Units during the Declarant Control Period, and upon such portion of the Property including lots or Common Area, if any, as Declarant deems necessary, including but not limited to, a business office, storage areas, construction yard, signs, model units and sales offices. As part of the overall program of development of the Property into a residential community and to encourage the marketing thereof, the Declarant shall have the right of use of any Units which have not been conveyed to purchasers or any Common Area thereon, including any Common Area, community buildings, without charge during the Declarant Control Period to aid in its marketing activities.

14.8. Additional Development Rights. The Declarant shall have the right to (a) dedicate any access roads and streets serving the Property for and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; (b) convert any part or portion of the Property to a different regime of residential ownership; or (c) create or designate additional Common Area or Limited Common Area within the Property.

14.9. Assignment of Declarant's Rights. Any and all rights and powers of the Declarant contained in this Neighborhood Declaration and other Governing Documents may be delegated, transferred or assigned by the Declarant, in whole or in part. To be effective, any such delegation, transfer, or assignment must be in writing, signed by Declarant, indicate the extent and nature of such assignment, and be recorded in the Office of the Washington County Recorder. The assignment may limit Declarant's rights to particular matters and reserve rights to the assigning Declarant, as set forth in the instrument of assignment. The Declarant established in the Master Declaration must give its written approval before any assignment of Declarant's rights, in whole or in part, is effective

ARTICLE 15 AMENDMENT

15.1. By Class A Members. Except as otherwise specifically provided herein, this Neighborhood Declaration may be amended, modified, extended or revoked, in whole or in part, by the affirmative vote or written consent, obtained by written ballot or otherwise, or any combination thereof, of Owners representing at least sixty-seven percent (67%) of the Entire Membership in the Neighborhood Association. Notwithstanding the above, the percentage of votes necessary to amend a specific provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision.

15.2. By Declarant. Declarant has the right to unilaterally amend, modify, extend, or revoke this Neighborhood Declaration for any purpose during the Declarant Control Period, with or without notice to the Class A Members. Thereafter, Declarant may unilaterally amend this Neighborhood Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any Unit; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make, purchase, insure, or guarantee mortgage loans on any Unit; (d) to satisfy the requirements of any local, state, or federal governmental agency; (e) to bring the Neighborhood Declaration into compliance with the provisions of the Master Declaration; or (f) to correct any scrivener's error. However, any such amendment occurring after the Declarant Control Period shall not adversely affect the title to any Unit unless the Owner shall consent in writing. Declarant's right to amend shall be construed liberally

and shall include, without limitation, the right to amend and/or restate this Neighborhood Declaration in part or in its entirety.

15.3. By the Neighborhood Board. The Neighborhood Board has the right, after the Declarant Control Period, to unilaterally amend this Neighborhood Declaration if such amendment is necessary to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination.

15.4. Master Association Approval. Notwithstanding anything herein to the contrary, any and all amendments to this Neighborhood Declaration or any other Governing Documents must be approved in writing by the Master Association. No amendment shall be effective without written Master Association approval.

15.5. Validity. No amendment made during the Declarant Control Period shall be effective unless the Declarant provides its prior express written consent to such amendment, which consent is within Declarant's sole and absolute discretion. Any procedural challenge to an amendment made by the Neighborhood Board must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Neighborhood Declaration.

15.6. Effective Date. Unless a later effective date is specified in the amendment, any amendment shall be immediately effective upon recording in the office of the Washington County Recorder a copy of such amendment accompanied by a verified certificate of the Secretary of the Neighborhood Association stating that the required number of votes or consents was obtained and that a record of such votes or originals of the consents will be placed on file in the Neighborhood Association's office. In the case of unilateral amendment by Declarant as provided for herein, such amendment shall be immediately effective upon recording in the office of the Washington County Recorder a copy of such amendment signed and verified by the Declarant.

ARTICLE 16 ENFORCEMENT

16.1. Violations Deemed a Nuisance. Every violation of this Neighborhood Declaration or any rule, regulation, or resolution established pursuant to the authority of this Neighborhood Declaration is deemed a nuisance and is subject to all the remedies provided for the abatement or correction of the violation provided for in this Neighborhood Declaration, any rule, regulation, or resolution, or by law or equity.

16.2. Legal Action Authorized. The Neighborhood Association, through the Neighborhood Board, the Declarant, and any Owner, shall have the right to enforce, by any proceeding at law or in equity, all provisions of this Neighborhood Declaration or any rule, regulation, or resolution established pursuant to the authority of this Neighborhood Declaration, including all charges and liens now or hereafter imposed pursuant to the authority of this Neighborhood Declaration, against any person, persons, or entities violating or attempting to violate any provision of this Neighborhood Declaration or any rule, regulation, or resolution established pursuant to the authority of this Neighborhood Declaration, to restrain or abate or otherwise recover damages for the violation, and against the land to enforce any charge or lien created by this Neighborhood Declaration. In addition to taking legal action, the Declarant and the Neighborhood Board shall have the right to grant

variances and stay enforcement proceedings against any Owner on a case-by-case basis when they determine such action is in the best interests of the Neighborhood Association.

16.3. Fines and Penalties. The Neighborhood Board may levy a fine or penalty against any Owner when said Owner, or the Owner's guests, tenants or invitees fail to refrain from violating this Neighborhood Declaration or any rule or regulation established pursuant to the authority of this Neighborhood Declaration. Such fine or penalty shall be in an amount that is specifically provided for in a fine schedule adopted, and amended from time to time, by the Neighborhood Board. The Neighborhood Board may establish time frames and requirements for written notice, hearings, and cure periods (in accordance with Utah Code Ann § 57-8a-208 for Owners in violation prior to levying such fine or penalty, which notice shall be at least 48 hours. Any fine or penalty levied by the Neighborhood Board that is not paid within 30 days (such time period shall be stayed should the Governing Documents require any period to cure or for notice and hearing) shall be recoverable by the Neighborhood Association in the same manner as an assessment under Article 4, and shall create a lien in favor of the Neighborhood Association against the Owner's Unit in the same manner as an assessment.

16.4. Attorney Fees and Costs. Any fine or penalty levied against an Owner for any violation shall include any attorney fees and costs incurred by the Neighborhood Association with respect to such violation. The prevailing party in any action to enforce this Neighborhood Declaration or any rule or regulation established pursuant to the authority of this Neighborhood Declaration shall be entitled to an award of reasonable attorney fees and costs incurred in such action.

16.5. Nonexclusive Remedies. All the remedies set forth in this Neighborhood Declaration are cumulative and not exclusive to any others provided elsewhere in the Governing Documents, the Community Association Act, or by other applicable laws and ordinances.

16.6. Non-Liability. The Neighborhood Board, officers, or Members of the Neighborhood Association shall not be liable to any Owner, tenant, member or other individual for a mistake in judgment, or for any negligence or non-feasance arising in connection with the performance or non-performance of duties under the Governing Documents or the Community Association Act.

16.7. Arbitration; Mediation. The Neighborhood Board may, by rule or resolution, establish procedures for mandatory mediation or arbitration to settle disputes between and among the Neighborhood Association and Owners. Any such rule or resolution shall operate prospectively only.

ARTICLE 17 GENERAL PROVISIONS

17.1. Implied Rights; Neighborhood Board Authority. The Neighborhood Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Neighborhood Association may be exercised by the Neighborhood Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

17.2. Disclaimer of Liability. The Neighborhood Association shall not be liable for any failure of services to be obtained by the Neighborhood Association or paid for as a Common Expense,

or for personal injury or property damage caused by the elements, any Owner, or any other person resulting from electricity, water, snow, or ice which may leak or flow from or over any of the Property or from any pipe, drain, conduit, appliance, or equipment, or any secondary or consequential damages of any type. No diminution, offset, or abatement of any assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Neighborhood Association or from any action taken by the Neighborhood Association to comply with any law, ordinance, or with the order or directive of any governmental authority.

17.3. Dates and Times. In computing any period of time prescribed or allowed by the Governing Documents, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a state or federal holiday, in which event the period runs until the end of the next day that is not a Saturday, a Sunday, or a state or federal holiday. The deadline of the last day of the period so computed shall be 5:00 P.M., Mountain Time.

17.4. Interpretive Conflicts. In the event of any conflict between the provisions of any of the Governing Documents, the documents shall control in the following order of authority: (1) the Plat; (2) Neighborhood Declaration; (3) the Articles; (4) the Bylaws; and (5) any rule, regulation, or resolution passed pursuant to the authority of the foregoing documents. A conflict exists when two provisions covering the same subject matter have different conditions or requirements that cannot be reconciled. In the event of a conflict between the Neighborhood Declaration and the Master Declaration, the Master Declaration shall govern, unless the Master Association gives approval to a more restrictive provision in the Neighborhood Declaration.

17.5. Effect of Master Declaration. Notwithstanding anything in this Neighborhood Declaration to the contrary, the Governing Documents, the Units, the Neighborhood Association, and all Owners and Members are subject and subordinate to the Master Declaration, the Master Association's articles of incorporation, bylaws, architectural committee guidelines, and rules and regulations adopted by the Master Association.

17.6. Severability. All of the terms and provisions of this Neighborhood Declaration shall be construed together, but if any one of said terms and provisions, or any part thereof, shall at any time be held invalid, or for any reason become unenforceable, no other terms and provisions, or any part thereof, shall be thereby affected or impaired; and the Declarant, Neighborhood Association and Owners, their successors, heirs and assigns shall be bound by each term and provision of this Neighborhood Declaration, irrespective of the invalidity or enforceability of any other term or provision.

17.7. Duration. The covenants, conditions, restrictions, and easements of this Neighborhood Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Neighborhood Association, or the Owner of any Unit subject to this Neighborhood Declaration, their respective legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date this Neighborhood Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

17.8. Notices. Any notice required to be sent under the provisions of this Neighborhood Declaration shall be deemed to have been properly sent when deposited in the U.S. Mail, postage prepaid, to the last known address of the person who is entitled to receive it. The Neighborhood

Board may, by resolution, adopt a policy for notification via electronic communication or transmission (such as e-mail) to Owners in lieu of notice by mail. In addition, the Neighborhood Board may require that Owners maintain a current e-mail address with the Neighborhood Board for such purpose. Notwithstanding these provisions, a Unit Owner may, by written demand, require the Neighborhood Association to provide notice to the Unit Owner by mail.

17.9. 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.

17.10. Waivers. No provision contained in this Neighborhood Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

17.11. Topical Headings. The topical headings contained in any article, section, or subsection of this Neighborhood Declaration are for convenience only and do not define, limit, or construe the contents of this Neighborhood Declaration or any provision hereof.

IN WITNESS WHEREOF, the undersigned, as the Declarant herein, has hereunto set its hand this 28th day of January, 2015.

DECLARANT

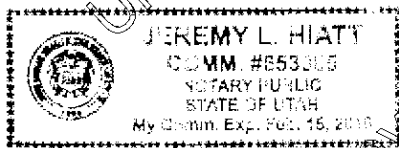
Ledges at Snow Canyon, LLC
A Utah limited liability company

By [Signature]
Its MANAGER

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this 28th day of January, 2015, by Brett Burgess as a Manager of Ledges at Snow Canyon, LLC.

[Signature]
NOTARY PUBLIC



CONSENT OF MASTER ASSOCIATION

The foregoing Neighborhood Declaration has been reviewed in accordance with Section 2.1 of the Master Declaration. The undersigned, being the Master Association governing the Property described in Exhibit "A", above, which Property is being developed by The Ledges at Snow Canyon, LLC as Declarant, hereby approves the form and consents to the recording of the Neighborhood Declaration for Escapes at the Ledges (the "Neighborhood Declaration") and further consents to the operation and effect of all covenants, conditions, restrictions and terms of said Neighborhood Declaration as it relates to the Property.

DATED this 28th day of January, 2015.

Ledges East Master Owners Association
a Utah non-profit corporation

By *Gilbert Jennings*
Its: President

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this 28th day of January, 2015, by *Gilbert Jennings*, as the President of Ledges East Master Owners Association.

[Signature]
NOTARY PUBLIC

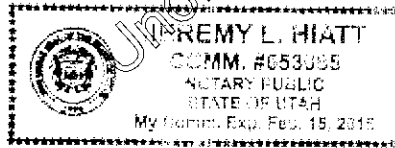
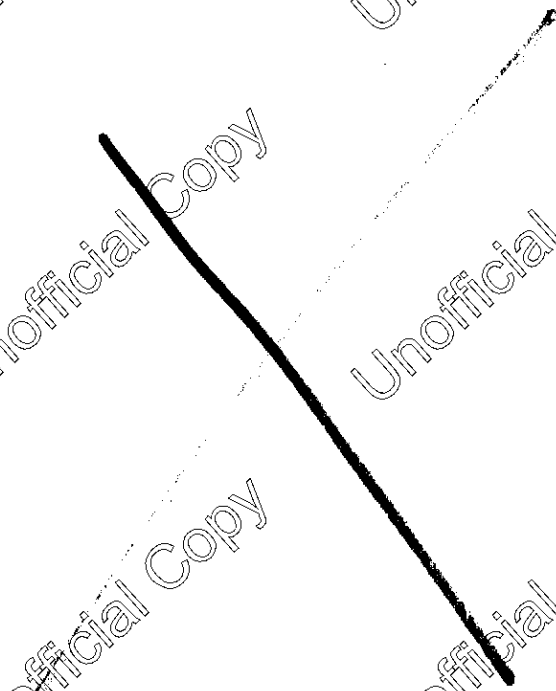


EXHIBIT "A"

[Legal Description]



Part of tax parcel SG-6-1-26-446

THE ESCAPES PHASE 1 AT THE LEDGES OF ST. GEORGE LEGAL DESCRIPTION

BEGINNING AT A POINT SOUTH 88°48'45" EAST 1250.828 FEET ALONG THE SECTION LINE AND SOUTH 550.414 FEET FROM THE NORTHWEST CORNER OF SECTION 26, TOWNSHIP 41 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN, (BASIS OF BEARING BEING SOUTH 88°40'34" EAST BETWEEN THE NORTH QUARTER CORNER OF SECTION 27 AND THE NORTHEAST CORNER OF SECTION 27, TOWNSHIP 41 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN), AND RUNNING THENCE SOUTH 66°02'46" EAST 53.451 FEET; THENCE SOUTH 85°37'12" EAST 116.628 FEET; THENCE SOUTH 74°18'15" EAST 286.261 FEET; THENCE SOUTH 210.393 FEET; THENCE WEST 158.638 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF A 50.000 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 99°36'02", A DISTANCE OF 86.918 FEET TO A POINT OF REVERSE CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF A 20.000 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 99°13'06", A DISTANCE OF 34.634 FEET TO A POINT OF REVERSE CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF A 269.000 FOOT RADIUS CURVE TO THE RIGHT; THROUGH A CENTRAL ANGLE OF 8°18'39", A DISTANCE OF 39.019 FEET TO A POINT OF REVERSE CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 20.000 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 82°14'40", A DISTANCE OF 28.709 FEET; THENCE NORTH 73°33'05" WEST 4.000 FEET; THENCE SOUTH 16°26'55" WEST 42.463 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY ALONG THE ARC OF A 485.000 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°01'47", A DISTANCE OF 287.268 FEET; THENCE NORTH 79°04'37" EAST 5.00 FEET TO A POINT ON THE ARC OF A 46.500 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT, (RADIUS POINT BEARS NORTH 78°24'43" EAST); THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 88°45'32", A DISTANCE OF 72.035 FEET; THENCE SOUTH 10°20'49" EAST 7.500 FEET; THENCE SOUTH 15°31'09" EAST 35.150 FEET; THENCE SOUTH 10°06'54" EAST 7.500 FEET TO A POINT ON THE ARC OF A 41.000 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT, (RADIUS POINT BEARS SOUTH 10°06'54" EAST); THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 93°57'05", A DISTANCE OF 67.230 FEET; THENCE SOUTH 75°56'02" WEST 7.500 FEET; THENCE SOUTH 86°38'59" WEST 25.444 FEET; THENCE SOUTH 75°56'02" WEST 7.500 FEET TO A POINT ON THE ARC OF A 30.500 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT, (RADIUS POINT BEARS SOUTH 75°56'02" WEST); THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 94°43'32", A DISTANCE OF 50.425 FEET TO A POINT OF COMPOUND CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 770.000 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 4°47'45", A DISTANCE OF 64.451 FEET; THENCE SOUTH 66°24'45" WEST 53.853 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 50.000 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 4°11'39", A DISTANCE OF 3.660 FEET; THENCE SOUTH 62°13'06" WEST 71.540 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 50.000 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 4°11'39", A DISTANCE OF 3.660 FEET; THENCE SOUTH 66°24'45" WEST 86.000 FEET TO A POINT OF CURVATURE; THENCE SOUTHWESTERLY ALONG THE ARC OF A 30.000 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 86°30'24", A DISTANCE OF 45.295 FEET; THENCE SOUTH 69°54'21" WEST 220.768 FEET TO A POINT ON THE EASTERLY HIGHWAY RIGHT-OF-WAY LINE OF SR-18; THENCE ALONG SAID HIGHWAY RIGHT-OF-WAY LINE THE FOLLOWING (3) THREE COURSES: (1) NORTH 10°40'31" WEST 233.932 FEET; (2) NORTH 54°55'38" EAST 177.198 FEET; AND (3) NORTH 4°53'16" EAST 119.968 FEET; THENCE LEAVING SAID RIGHT-OF-WAY, NORTH 65°31'33" EAST 169.064 FEET TO A POINT ON THE ARC OF A 135.00 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT, (RADIUS POINT BEARS NORTH 65°31'33" E); THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 7°29'39" A DISTANCE OF 17.658 FEET; THENCE NORTH 58°01'54" EAST 102.995 FEET; THENCE NORTH 14°44'13" WEST 159.508 FEET; THENCE NORTH 25°56'57" EAST 172.447 FEET TO THE POINT OF BEGINNING.

CONTAINS: 319,688 SQ. FT. (7.339 ACRES)

Part of tax parcel SG-6-1-26-446

THE ESCAPES PHASE 2 AT THE LEDGES OF ST. GEORGE LEGAL DESCRIPTION

BEGINNING AT A POINT SOUTH 88°48'45" EAST 1117.203 FEET ALONG THE SECTION LINE AND SOUTH 473.148 FEET FROM THE NORTHWEST CORNER OF SECTION 26, TOWNSHIP 41 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN, (BASIS OF BEARING BEING SOUTH 88°40'34" EAST BETWEEN THE NORTH QUARTER CORNER OF SECTION 27 AND THE NORTHEAST CORNER OF SECTION 27, TOWNSHIP 41 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN), AND RUNNING THENCE SOUTH 47°19'19" EAST 58.882 FEET; THENCE SOUTH 66°02'46" EAST 98.819 FEET; THENCE SOUTH 25°56'57" WEST 172.447 FEET; THENCE SOUTH 14°44'13" EAST 159.508 FEET; THENCE SOUTH 58°01'54" WEST 102.995 FEET TO A POINT ON THE ARC OF A 135.000 FOOT RADIUS NON-TANGENT CURVE TO THE RIGHT, (RADIUS POINT BEARS NORTH 58°01'54" EAST); THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 7°29'39", A DISTANCE OF 17.658 FEET; THENCE SOUTH 65°31'33" WEST 169.064 FEET TO A POINT ON THE EASTERLY HIGHWAY RIGHT-OF-WAY LINE OF SR-18; THENCE ALONG SAID HIGHWAY RIGHT-OF-WAY LINE THE FOLLOWING (3) THREE COURSES: (1) NORTH 4°53'16" EAST 42.590 FEET; (2) NORTH 40°31'38" WEST 149.754 FEET, AND (3) SOUTH 78°42'25" WEST 66.961 FEET; THENCE LEAVING SAID RIGHT-OF-WAY, NORTH 11°17'00" WEST 6.913 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTERLY ALONG THE ARC OF A 455.001 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 16°55'26", A DISTANCE OF 134.398 FEET; THENCE NORTH 54°02'06" EAST 199.414 FEET TO A POINT ON THE ARC OF A 1015.000 FOOT RADIUS NON-TANGENT CURVE TO THE RIGHT, (RADIUS POINT BEARS SOUTH 54°02'06" WEST); THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 1°35'06", A DISTANCE OF 28.080 FEET; THENCE NORTH 72°00'34" EAST 29.031 FEET; THENCE NORTH 51°48'30" EAST 192.928 FEET TO THE POINT OF BEGINNING.

CONTAINS 136,430 SQ. FT. (3.132 ACRES)

EXHIBIT "B"
[Bylaws]

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Bylaws
of
Escapes at the Ledges Owners Association

ARTICLE 1
OFFICES AND REGISTERED AGENT

1.1. Principal Office. The principal office of Escapes at the Ledges Owners Association, hereinafter referred to as the "*Neighborhood Association*", shall be located in Washington, Utah, at such place as the Neighborhood Board shall designate. The location of the principal office may be changed by resolution of the Neighborhood Board of Directors.

1.2. Registered Office and Agent. The registered office and agent of the Neighborhood Association, as required by Section 501 of the Utah Revised Nonprofit Corporation Act, Utah Code Ann. §§ 16-6a-101 et seq. (1953, as amended) (hereinafter the "*Act*"), may be changed from time to time as provided in the Act.

ARTICLE 2
DEFINITIONS

Except as otherwise provided herein, the definitions set forth in the Declaration of Covenants, Conditions, and Restrictions for Escapes at the Ledges ("*Neighborhood Declaration*") and any applicable amendments and supplements thereto or restatements thereof shall control in these Bylaws.

ARTICLE 3
MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. The Neighborhood Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Neighborhood Declaration.

3.2. Voting Rights. Voting rights shall be as set forth in the Neighborhood Declaration.

3.3. Evidence of Membership. No person, persons, entity or entities shall exercise the rights of membership until satisfactory proof has been furnished to the Secretary of the Neighborhood Association of qualification as a Member, or nominee of a Member, pursuant to the terms of the Articles of Incorporation and the Bylaws. Such proof may consist of a copy of a duly executed and acknowledged warranty deed or title insurance policy showing said person,

persons, entity or entities, or the person nominating him or her qualified in accordance therewith, in which event said deed or title insurance policy shall be deemed conclusive evidence in the absence of a conflicting claim based upon a later deed or title insurance policy.

3.4. Suspension of Membership. The rights of membership are subject to the payment of assessments and other charges levied by the Neighborhood Association. If a Member fails to make payment of any assessment or other charge levied by the Neighborhood Association within thirty (30) days after the same shall become due and payable the voting rights of such Member may be suspended by the Neighborhood Board of Directors until such assessment or charge has been paid. Rights of a Member may also be suspended for violation of any of the use restrictions and for infraction of any rules and regulations established by the Neighborhood Board of Directors. Except for suspension of voting rights for failure to pay assessments or other charges, any suspension of the rights of membership shall be pursuant to notice and hearing. The Neighborhood Board shall establish a procedure for notice and hearing that is fair and reasonable taking into consideration all of the relevant facts and circumstances.

3.5. Master Association. Members of the Neighborhood Association are also Members of the Ledges East Master Owners Association and are subject to the Master Association's Governing Documents.

ARTICLE 4 MEETINGS OF MEMBERS

4.1. Annual Meetings. The first annual meeting of the Neighborhood Association shall be held within one year after the date of the incorporation of the Neighborhood Association. Subsequent annual meetings shall be set by the Neighborhood Board. If the day of the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour of the first day following which is not a legal holiday.

4.2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Neighborhood Board of Directors, or upon written request of the Members who are entitled to thirty-three percent (33%) of all of the votes of the Neighborhood Association.

4.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (14) days before such meeting to each Member entitled to vote on the matter for which the meeting has called, addressed to the Member's address last appearing on the books of the Neighborhood Association. Such notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4.4. Waiver of Notice. The notice provided for hereinabove is not indispensable and any meeting of the Members shall be deemed validly called for all purposes if all Members are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of time, place and purpose of such meeting shall be duly executed in writing either before or after said meeting by those Members not so represented or not given such notice. The attendance of any Member at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by that Member.

4.5. Quorum. Except as hereafter provided, and as otherwise provided in the Articles or Neighborhood Declaration, the presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of all the votes of each class of membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, at such adjourned meeting a quorum will be present with the participation of any number of owners present in person or by proxy. Where the Neighborhood Declaration requires a percentage vote of all Members, the quorum required for such vote be the same as the minimum percentage vote required to approve the action which is the subject of the vote; provide however that in calculating any such percentage, Members whose voting rights have been suspended shall not be included.

4.6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to the vote being taken at meeting for which the proxy is valid. Every proxy shall be revocable and shall automatically cease when the Membership of the Member voting by proxy has ceased.

4.7. Voting. If a quorum is present, the affirmative vote of the majority of the Members present at the meeting shall be the act of all the Members, unless the act of a greater number is expressly required by law, by the Neighborhood Declaration, by the Articles, or elsewhere in these Bylaws. Upon direction of the presiding officer, the vote upon any business at a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

4.8. Action by Written Ballot in Lieu of Meeting. Any action authorized to be taken at any annual, regular, or special meeting may be taken by written ballot in lieu of such meeting if the ballot is delivered by or at the direction of the Secretary to each Member entitled to vote on the matter, which ballot shall (a) set forth in detail the proposed action; (b) provide an opportunity to vote for or against the proposed action; (c) state the date when such ballot must be returned in order to be counted, which date shall not be less than thirty (30) days after delivery of the ballot; (d) state by what means it shall be returned and where; and (e) shall be accompanied by any written information, which has been approved by a majority of the Neighborhood Board, sufficient to permit each Member casting the ballot to reach an informed decision on the matter. Each ballot shall contain a means of identification for each Member

entitled to vote, which shall identify such Member by Unit number. The number of votes cast by written ballot pursuant to this section shall constitute a quorum for action on the matter. Where any matter in the Governing Documents calls for the consent of Members but does not specify that such consent must be obtained at a meeting, then no meeting of the Members shall be required, or is necessary to obtain such consents.

4.9. Acceptance of Votes. If the name signed on any consent, written ballot, vote, waiver, proxy appointment, or proxy appointment revocation, corresponds to the name of a Member, the Neighborhood Association, acting in good faith, may accept and give effect to the same as the act of the Member, notwithstanding that the signature may not be technically correct. For example, if a Unit is owned by a trust, thereby making the trust the Member, and the individual fails to sign as "trustee," it shall not invalidate the signature or vote of the Member.

4.10. Procedure; Parliamentary Rules. The order of business and all other matters of procedure at every meeting of Members shall be determined by the presiding officer. Except as may be modified by resolution of the Neighborhood Board, *Robert's Rules of Order* (current edition) shall govern the conduct of Neighborhood Association proceedings when not in conflict with Utah law or the Governing Documents.

4.11. Place of Meetings. The Neighborhood Board of Directors may designate the place of any annual or special meeting of the Members by stating or fixing such place pursuant to resolution, provided, however, that such place must be within Washington County, State of Utah. If the Neighborhood Board of Directors makes no designation, annual and regular meetings shall be held at the Neighborhood Association's principal office.

ARTICLE 5

NEIGHBORHOOD BOARD OF DIRECTORS

5.1. Qualifications. A Director must be a natural person of at least 18 years of age or older and, except with respect to directors appointed by the Declarant, a Member of the Neighborhood Association. In the event that a Member is not a natural person, a natural person who holds an ownership interest in the entity which is the Member may serve as a member of the Neighborhood Board of Directors if duly appointed or elected as provided for herein.

5.2. Number. The affairs of this Neighborhood Association shall be managed by a Neighborhood Board of Directors consisting of at least five qualified persons. The number of directors may range from a minimum of five to a maximum of nine directors. The number of persons constituting the whole Neighborhood Board of Directors may be fixed from time to time within this range by resolution of the Neighborhood Board of Directors.

5.3. Term of Office; Staggered Terms. At the first annual meeting at which Members elect the Directors, the two persons obtaining the highest number of votes shall serve for two

years and all others shall serve for one year. Thereafter, upon the expiration of the initial term of each director, his or her successor shall be elected for two-year terms. Nothing shall prevent any person from serving as a director for successive terms or more than one term if duly elected by the Members.

5.4. Removal. Any Director may be removed from the Neighborhood Board with cause, by a majority vote of the Members of the Neighborhood Association. Any Director who shall be absent from three consecutive Neighborhood Board meetings shall be automatically removed from the Neighborhood Board unless otherwise determined by the Neighborhood Board. In the event of death, resignation or removal of a Director, a temporary successor shall be selected by the remaining Directors and shall serve for the unexpired term of his or her predecessor or until special election of a successor.

5.5. Compensation. No Director shall receive compensation for any service he or she may render to the Neighborhood Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or duties as a Director.

5.6. Declarant Control Period. Notwithstanding anything herein to the contrary, Directors serving during the Declarant Control Period shall be appointed by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant. There shall be no requirement for the election of Directors as forth in Article 6 until the termination of the Declarant Control Period unless the Declarant expressly provides otherwise in writing.

ARTICLE 6

NOMINATION AND ELECTION OF DIRECTORS

6.1. Nomination. Nominations for election to the Neighborhood Board may be made from the floor at the annual meeting of Members. In addition, the Neighborhood Board of Directors may establish a nominating committee to nominate qualified Members for election to the Neighborhood Board. If established, the Nominating Committee shall consist of a chairman, who shall be a member of the Neighborhood Board of Directors, and two (2) or more Members of the Neighborhood Association. The Nominating Committee shall be appointed by the Neighborhood Board of Directors at least sixty (60) days prior to each annual meeting of the Members, to serve through such annual meeting. The nominating committee shall make as many nominations for election to the Neighborhood Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

6.2. Election; Voting. Election to the Neighborhood Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

6.3. Voting by Mail. Election of Directors may be handled by mail voting in the following manner, which may be, at the determination of the Neighborhood Board, the sole method of voting or used in conjunction with in-person voting. Ballots shall be sent to each Member by the Secretary not more than sixty (60) days and not fewer than thirty (30) days before the date set for election. Ballots shall instruct Members to seal their ballot in a ballot envelope and then place the sealed envelope into a larger envelope along with a signed paper, provided by the Secretary, identifying the Member whose vote is contained in the inner envelope. Ballots may be delivered to the Secretary in person or by mail; provided, however, that ballots must be received by the Secretary prior the election. Upon receiving the ballots, the corporate secretary shall open the outer envelope, remove the identification paper, and record which Members have voted. The identification paper and outer envelope shall then be separated from the ballot envelope. The ballot envelope shall be retained by the Secretary until opened on the election date.

ARTICLE 7 MEETINGS OF DIRECTORS

7.1. Regular Meetings. The first meeting of the Neighborhood Board of Directors will follow the annual meeting of the Members at which a Neighborhood Board is first elected by the Members. Thereafter, regular meetings of the Neighborhood Board of Directors shall be held at such date, time and place as may be determined from time to time by resolution of the Neighborhood Board of Directors. Written notification of each regular Neighborhood Board meeting shall be delivered or mailed to all Directors at least seven (7) days prior to any regular Neighborhood Board meeting. Delivery or mailing under this section may be accomplished by email by using the current email address on file for each member of the Neighborhood Board. Meetings of the Neighborhood Board shall be open to all Members, unless litigation or potential litigation, contract negotiation or employment or personnel matters are being discussed.

7.2. Special Meetings. Special meetings of the Neighborhood Board of Directors shall be held when called by the President of the Neighborhood Association or by any three Directors, after not less than two days' notice to each Director.

7.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Neighborhood Board, unless a greater number is required by law, the Articles or these Bylaws.

7.4. Action Without a Meeting. Whenever the Directors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all Directors.

7.5. Place of Meetings. Regular or special meetings of the Neighborhood Board of Directors during the Declarant Control Period may be held in or out of the State of Utah. Regular or special meetings of the Neighborhood Board of Directors who are elected by the Members shall be held in Washington County, Utah.

7.6. Presence of Directors at Meetings. The Neighborhood Board may allow any director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating in the meeting may hear each other during the meeting. A director participating in a meeting through means permitted under this section shall be considered to be present in person at the meeting.

ARTICLE 8

POWERS AND DUTIES OF THE NEIGHBORHOOD BOARD OF DIRECTORS

8.1. Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Neighborhood Association managed under the direction of, the Neighborhood Board of Directors, subject to any powers or limitations set forth in the Neighborhood Declaration, the Act, or the Articles. This includes the authority to prepare, execute, certify and record amendments to the Neighborhood Declaration on behalf of the Neighborhood Association, for any amendments made pursuant to the amendment procedures provided in the Neighborhood Declaration.

8.2. Duties. It shall be the duty of the Neighborhood Board of Directors to manage the affairs of the Neighborhood Association in accordance with the terms of the Act, the Articles, the Neighborhood Declaration, and these Bylaws, and other Governing Documents.

ARTICLE 9

OFFICERS AND THEIR DUTIES

9.1. Enumeration of Offices. The officers of this Neighborhood Association shall be a President and Vice-President, who shall at all times be Members of the Neighborhood Board of Directors, a secretary and a treasurer, who need not be Members of the Neighborhood Board of Directors nor of the Neighborhood Association, and such other officers as the Neighborhood Board may from time to time create by resolution.

9.2. Election of Officers. The election of officers shall take place at the first meeting of the Neighborhood Board of Directors following each annual meeting of the Members.

9.3. Term. The Neighborhood Board shall elect the officers of the Neighborhood Association annually and each shall hold office for one (1) year unless the officer shall sooner resign, or be removed, or otherwise be disqualified to serve.

9.4. Special Appointments. The Neighborhood Board may elect such other officers as the affairs of the Neighborhood Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Neighborhood Board may, from time to time, determine.

9.5. Resignation and Removal. The Neighborhood Board may remove any officer from office with or without cause. Any officer may resign at any time by giving notice to the Neighborhood Board, or any officer of the Neighborhood Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise necessary to make it effective.

9.6. Vacancies. A vacancy in any office may be filled by appointment by the Neighborhood Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

9.7. Multiple Offices. The same person may hold the offices of secretary and treasurer. No person shall simultaneously hold more than one of any of the other offices except in the case of special office created pursuant to Section 9.4.

9.8. Duties. The officers and their duties are as follows:

(a) *President.* The president shall preside at all meetings of the Neighborhood Board of Directors; shall see that orders and resolutions of the Neighborhood Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) *Vice President.* The vice-president shall act in the place and stead of the president in the event of absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Neighborhood Board.

(c) *Secretary.* The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Neighborhood Board and the Neighborhood Association together with their addresses, and shall perform such other duties as required by the Neighborhood Board.

(d) *Treasurer.* The treasurer shall receive and deposit in appropriate bank accounts all monies of the Neighborhood Association and disburse such funds as directed by resolution of the Neighborhood Board of Directors; sign all checks and promissory notes of the Neighborhood Association; maintain a roster of all Members, assessments and payments; keep proper books of account; issue certificates of payment of assessments; notify the Neighborhood Board of Members who are delinquent in paying assessments; prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting; and deliver a copy of the budget and statement to the Members at said meeting.

9.9. Compensation. No salary or other compensation for services shall be paid to any officer of the Neighborhood Association for services rendered by such officer, but this shall not preclude an officer of the Neighborhood Association from performing any other service for the Neighborhood Association as an employee or on a contract basis and receiving compensation therefor.

ARTICLE 10
VOTING REPRESENTATIVE

The Members shall elect a Voting Representative to cast all votes attributable to their Neighborhood on all Master Owner Association matters requiring a membership vote. In addition, the Members shall elect an alternate Voting Representative who shall be responsible for casting such votes in the absence of the Voting Representative.

ARTICLE 11
COMMITTEES

11.1 Creation and Appointment. The Neighborhood Board may create such committees as it deems necessary and appropriate to perform such tasks as the Neighborhood Board may designate by resolution. The Neighborhood Board shall have the authority to appoint members of each committee it creates. Each committee shall operate in accordance with the terms of such resolution.

ARTICLE 12
FINANCIAL MATTERS

12.1. Depositories. The Neighborhood Board of Directors shall select such depositories as it considers proper for the funds of the Neighborhood Association. All checks and drafts against such deposited funds shall be signed and countersigned by persons authorized by these Bylaws or by Neighborhood Board resolution to sign such checks and drafts.

12.2 Contracts; Management Contract. The Neighborhood Board of Directors may authorize any officer or officers, agent or agents, in addition to those specified in these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Neighborhood Association, and such authority may be general or confined to specific instances. Unless so authorized by the Neighborhood Board of Directors, no officer, agent or employee shall have any power or authority to bind the Neighborhood Association by any contract or engagement or to pledge its credit or render it liable for any purpose or for any amount.

12.3 Fiscal Year. The fiscal year of the Neighborhood Association shall be determined by the Neighborhood Board of Directors of the Neighborhood Association.

12.4 Annual Report. The Neighborhood Board of Directors shall present at the annual meeting of the Members the report of the Treasurer, giving the annual budget and a statement of income and expenses, and a report of other affairs of the Neighborhood Association during the preceding year. The Neighborhood Board of Directors shall provide all Members, at the expense of the Neighborhood Association, copies of said annual budget and statement of income and expense.

ARTICLE 13
BOOKS AND RECORDS

13.1 Neighborhood Association Records. The Neighborhood Association shall keep and maintain those records required by the Neighborhood Declaration, the Act, and these Bylaws. Such records shall be maintained in written form or in another form capable of conversion into written form within a reasonable time.

13.2 Inspection of Books and Records. The books, records, and papers of the Neighborhood Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles and these Bylaws shall be available for inspection by any Member at the principal office of the Neighborhood Association, where copies may be purchased at reasonable cost.

ARTICLE 14
RULES AND REGULATIONS

The Neighborhood Board of Directors shall have the power to adopt and establish by resolution such rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Property, equipment, facilities and utility systems of the Neighborhood Association. The Neighborhood Board of Directors may alter from time to time such rules and regulations. The Members shall at all times obey such regulations and use their best efforts to see that they are faithfully observed by the persons with whom they reside, their family, guests, tenants, invitees and others over whom they may exercise control or supervision.

ARTICLE 15
AMENDMENT

15.1 By the Neighborhood Board. Subject to approval of the Master Association, these Bylaws may be altered, amended or repealed, in whole or in part, by a majority vote of the Neighborhood Board of Directors at any regular Neighborhood Board meeting or at a special Neighborhood Board meeting called for that purpose, unless it would result in a change of the rights, privileges, preferences, restrictions, or conditions of a membership class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions,

or conditions of another class, or unless otherwise prohibited by Utah Code Title 16, Chapter 6a or the Utah Community Association Act.

15.2 By the Class A Members. These Bylaws and any amendments thereto may be altered, amended or repealed, in whole or in part, by a majority vote of the Members at any annual meeting of the Members or at any special meeting of the Members called for that purpose.

15.3 By Declarant. Declarant has the right to unilaterally alter, amend or repeal these Bylaws, in whole or in part, for any purpose during the Declarant Control Period, with or without notice to the Class A Members. Thereafter, Declarant may unilaterally amend these Bylaws if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any Unit; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make purchase, insure, or guarantee mortgage loans on any Unit; (d) to satisfy the requirements of any local, state, or federal governmental agency; or (e) to correct any scrivener's error.

15.4 Validity. No amendment made by the Neighborhood Board or the Class A Members during the Declarant Control Period shall be effective unless the Declarant provides its prior express written consent to such amendment, which consent is within Declarant's sole and absolute discretion. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. Any procedural challenge to an amendment must be made within six months of the effective date of the amendment or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

15.5 Effective Date. Any amendment to these Bylaws shall be effective upon the date such amendment is duly adopted as provided for herein, and recorded as required by Utah Code § 57-8a-216(3), which date the Secretary shall certify on the amendment and file with the Neighborhood Association's records. The Neighborhood Board shall provide notice to Members of any amendment to these Bylaws, however, the receipt of such notice shall not be a prerequisite to the validity of the amendment.

ARTICLE 16 GENERAL PROVISIONS

16.1 Notices; Electronic Notice. Any notice required to be sent under the provisions of these Bylaws shall be deemed to have been properly sent when deposited in the U.S. Mail, postpaid, to the last known address of the person who is entitled to receive it. Members are required to maintain a current mailing address with the Neighborhood Association. In the absence of specific instruction from the Member, the Member's current mailing address will be deemed to be the mailing address for the Unit owned by the Member. The Neighborhood

Board may, by resolution, adopt a policy for notification via electronic communication or transmission (such as e-mail) to Members in lieu of notice by mail. In addition, the Neighborhood Board may require that Members maintain a current e-mail address with the Neighborhood Board for such purpose.

16.2 Dates and Times. In computing any period of time prescribed or allowed by these Bylaws, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday (either federal or Utah state), in which event the period runs until the end of the next day that is not a Saturday, a Sunday, or a legal holiday. The deadline of the last day of the period so computed shall be 5:00 P.M., Mountain Time.

16.3 Waivers. No provision contained in these Bylaws shall be deemed to have been waived by reason of any failure to enforce or follow it, irrespective of the number of violations which may occur.

16.4 Construction and Interpretation. These Bylaws shall be construed wherever possible as consistent with the Neighborhood Declaration and the Act. Conflicts between documents shall be resolved as set forth in the Neighborhood Declaration.

16.5 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.

16.6 Titles and Headings. The titles and headings contained in these Bylaws are for convenience only and do not define, limit, or construe the contents of these Bylaws.

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CERTIFICATION

The undersigned hereby certifies that he/she is the duly elected/appointed Secretary of Escapes at the Ledges Owners Association, a Utah non-profit corporation, and the foregoing Bylaws constitute the Bylaws of said Neighborhood Association as duly adopted by the Neighborhood Board of Directors on the _____ day of _____, 2015.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2015.

Secretary

STATE OF UTAH)
):ss
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this _____ day of _____, 2015, by _____, Secretary of Escapes at the Ledges Owners Association, a Utah corporation, on behalf of the corporation.

Notary Public