

DECLARATION  
OF  
COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS  
FOR  
THE FROSTWOOD TOWNHOMES  
(A Townhome Planned Unit Development)

**ENTRY NO. 01034182**

12/03/2015 02:41:58 PM B: 2327 P: 1442

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MARY ANN TRUSSELL, SUMMIT COUNTY RECORDER

FEE 120.00 BY DAVID JACOBSEN CONSTRUCTION



WHEN RECORDED RETURN TO:

David W. Steffensen, Esq.  
4873 South State Street  
Salt Lake City, Utah 84107

DECLARATION  
OF  
COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS  
FOR  
THE FROSTWOOD TOWNHOMES

THIS DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR THE FROSTWOOD TOWNHOMES, a Utah townhome planned unit development, is made this 2nd day of December, 2015, by FROSTWOOD 6, LLC, a Utah limited liability company ("Declarant"), in contemplation of the following facts and circumstances:

- A. Declarant holds both legal and equitable title to certain real property, located in Summit County, State of Utah and more particularly described on Exhibit "A" which is attached hereto and incorporated herein by this reference (the "Property").
- B. Declarant is developing a planned Lot townhome development known as the "FROSTWOOD TOWNHOMES" (the "Project") on the Property, which is described in the Plat for the Frostwood Parcel F6 Townhomes attached hereto as Exhibit "B" (the "Plat") and made a part hereof, and which Plat shall be recorded simultaneously herewith.
- C. The Project is part of a larger planned Lot development known as Frostwood, a Planned Community, situated in Summit County, Utah ("Frostwood"), organized pursuant to that certain Master Declaration of Covenants, Conditions, Easements and Restrictions for Frostwood, a Planned Community, as amended or supplemented from time to time, which is recorded against the Project (the "Master Declaration").
- D. The Property is further located within The Canyons Specially Planned Area Zone District ("Canyons SPA") pursuant to Summit County Ordinance No. 333-A and any amendments thereto. Pursuant thereto, all properties located within the Canyons SPA, including Frostwood and the Project, are subject to various assessments and costs promulgated and levied pursuant to the Amended and Restated Development Agreement for The Canyons Specially Planned Area ("Development Agreement"), The Canyons Resort Village Management Agreement ("Management Agreement") for The Canyons Resort Village Management Association (the "RVMA"), the SPA Design Guidelines, and the Articles of Incorporation and Bylaws for The Canyons Resort Village Association, a Utah non-profit corporation (collectively the "Canyons SPA Documents"), and any and all amendments thereto. The Master Association for Frostwood, and also the Frostwood Townhomes Homeowners Association, Inc., shall be members of the

RVMA, organized for the purposes set forth in the Canyons SPA Documents, including but not limited to the RVMA Assessments, except to the extent the Project, Declarant or any Owners, if any, are specifically excepted therefrom.

E. The covenants, conditions, easements and restrictions contained in this Declaration and in the Exhibits attached hereto shall be enforceable equitable covenants and equitable servitudes and shall run with the land.

F. The Frostwood Townhomes Homeowners Association, Inc. (the "Association" or the "Association") is being formed concurrently with the filing of this Declaration, which Association will maintain the Common Elements within the Project as hereinafter described, provide for the management and operation of the Common Elements, levy and collect Common Assessments, and administer and enforce the terms of this Declaration.

G. The Frostwood Townhomes Homeowners Association, Inc. shall also be a member of The Frostwood Owners Association, Inc., a Utah non-profit corporation, organized for purposes set forth in the Master Declaration (the "Master Association"), and via its membership in the Master Association, it shall also be a member of the RVMA.

H. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed and to establish thereon a planned community.

NOW, THEREFORE, Declarant does hereby declare that the Property, as defined and described herein, shall be held, sold, conveyed, transferred, leased, subleased, used and occupied subject to the covenants, conditions, easements and restrictions set forth herein and which easements, covenants, conditions and restrictions shall run with the Property and all portions thereof and shall be binding upon all parties having or acquiring any right, title, or interest in and to all or any portion of the Property, and the respective heirs, successors and assigns of such parties.

## **ARTICLE I**

### **Definitions**

1.1. Defined Terms. Unless the context clearly indicates otherwise, certain terms used in this Declaration shall have the meanings set forth in this Article I. In this Declaration, unless the context requires otherwise, the masculine, feminine and neuter genders and the singular and the plural shall be deemed to include one another, as appropriate.

1.2. Articles. Articles shall mean the Articles of Incorporation of Frostwood Townhomes Homeowners Association, Inc., a Utah nonprofit corporation prepared and filed for the formation of the Association in accordance with the requirements of applicable laws and regulations of the State of Utah (the "Association").

1.3. Assessments. Assessments shall mean Common Assessments, Capital Improvement Assessments, Special Assessments and Specific Assessments.

1.4. Association. Association shall mean the Frostwood Townhomes Homeowners Association, Inc., a Utah non-profit corporation, which shall own and manage the Common Elements, and which shall be owned by and represent the interests of the Declarant and Owners as related to the Common Elements and with respect to representation of the Association in the Master Association.

1.5. Association Rules. Association Rules shall mean the rules and regulations for the Frostwood Townhomes Owners adopted by the Board in accordance with the Bylaws, as amended from time to time.

1.6. Board. Board shall mean the Board or the governing board of trustees which shall be responsible for the management of the affairs of the Association.

1.7. Building. Building shall mean a common structure built on any Maintenance Area and/or Common Facility situated within the Project for permanent use, including, but not limited to, common buildings, common parking structures, outside common platforms and docks, common canopies, common enclosed atriums, malls, or porches, but specifically excluding the townhome buildings which are privately owned.

1.8. Bylaws. Bylaws shall mean the written procedures, if any, adopted for the regulation or management of the affairs of the Association, which may from time to time be adopted by the Board, a copy of which is attached hereto as Exhibit C.

1.9. Canyons SPA. Canyons SPA means the Canyons Specially Planned Area Zone District, as described Recital D above.

1.10. Canyons SPA Documents means those certain documents defined in Recital D above.

1.11. Capital Improvement Assessment. Capital Improvement Assessment shall mean the charge against each Owner and the Owner's Lot, representing the portion of the costs to be paid by the person receiving the assessment from the Association for the installation, construction or reconstruction of any capital improvement on any portion of the Common Elements in the Project which the Association may from time to time authorize.

1.12. Change in Control Date. Change in Control Date shall mean the earlier of (i) the date on which the Declarant sells all of the Townhome Lots (other than a single conveyance of all of the Townhome Lots to a successor developer prior to any Final Approval) to third parties, or (ii) the fifteenth anniversary of recording of this Declaration.

1.13. Common Assessment. Common Assessment shall mean the charge against each Owner and the Owner's Lot, representing the portion of the Common Expenses which is to be paid by such Owner or other obligor to the Association.

1.14. Common Elements. Common Elements shall mean all the real property, improvements, facilities and equipment located on the Property and owned and/or

managed by the Association, and excepting all Lots and excepting portions of the Property dedicated to public use. Except to the extent owned or delegated to the use of the Master Association and not delegated by the Master Association to the Association for management, the Common Elements include, without limitation, roads, road shoulders and appurtenances, walkways, paths, and bicycle trails, street lights, signs, monument signs, recreational areas, open space areas, landscaping and landscaping improvements, sprinkler and irrigation systems, basins, bridges, retaining walls, snow storage areas, drainage devices, swales, storm water conveyance facilities, and detention basins, and common but not dedicated utility, CATV, satellite or other communications systems or security systems operated by the Association for the benefit of Owners.

1.15. Common Expenses. Common Expenses shall mean any and all costs and expenses incurred by the Association in the performance and preservation of the rights, duties, and obligations of the Association, including, by way of explanation but not by way of limitation, (i) the ownership, operation and/or maintenance of the Common Elements, and (ii) the costs and expenses associated with the existence of the Association

1.16. Common Reserve Fund. Common Reserve Fund shall be a fund established and funded through Assessments on non-Exempt Properties to establish and maintain a reasonable contingency reserve, surplus, and/or sinking fund for the periodic regular maintenance and repair of the Common Elements and for the replacement of the Common Elements.

1.17. Declarant. Declarant shall mean Frostwood 6, LLC, a Utah limited liability company.

1.18. Declarant Control Period. Declarant Control Period shall mean the period commencing on the date on which the Association is formed and ending on the change of Control Date.

1.19. Declaration. Declaration shall mean this Declaration of Covenants, Conditions, Easements and Restrictions for the Frostwood Townhomes.

1.20. Default Rate. Default Rate shall mean that rate of interest which shall be determined in accordance with the provisions of Section 6.15 and which shall be required to be paid in accordance with the provisions of this Declaration.

1.21. Design Standards. Design Standards shall mean any standards and procedures, whether written or unwritten, which may be adopted by the Design Review Board, whether formally or otherwise, pursuant to Section 8.3 hereof.

1.22. Design Review Board. Design Review Board shall mean the committee established and defined in Section 8.1.

1.23. Easement. Easement or Easements shall mean any easement or, as the context shall require, all easements (i) granted pursuant to the provisions of this Declaration, (ii) set forth on the Plat, or (iii) to which the Property is subject pursuant to documents which have been or will be recorded with the Summit County Recorder, State of Utah.

1.24 Exempt Property. Exempt Property shall mean each Lot while owned by the Declarant or a Declarant related developer entity, until the end of the Declarant Control Period. The Declarant or a Declarant related developer entity may expressly waive its right to an exemption from Assessments as to some or all Exempt Properties of which it is then the Owner, by a Supplemental Declaration identifying such Exempt Properties and signed by it and all Mortgagees of such Exempt Properties. In such event, such exemption shall terminate as to each such identified Exempt Property when such Supplemental Declaration is recorded. Any such waiver shall run with the title to each such Exempt Property and bind its subsequent Owners, including Declarant or any Declarant related developer entity. All Exempt Property described herein shall be exempt from Assessments. Moreover, the Declarant or a Declarant related entity shall remain a Member in the Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessment payments, and shall nevertheless be subject to all other provisions of this Declaration, including but not limited to, the use restrictions and architectural controls.

1.25. Frostwood Lift Impact Fee(s) means any and all fees assessed pursuant to Section 9.16 of the Master Declaration.

1.26. Improvements. Improvements shall mean and include all Buildings and other improvements made to or constructed upon any portion of the Common Elements (other than privately owned Townhomes) and shall include, by way of explanation and not by way of limitation, all sidewalks, common parking areas, common parking structures, curb, gutters, Landscaping, common retaining walls, signs, utilities, exterior lighting and exterior signs.

1.27. Interest Rate. Interest Rate shall mean that rate of interest which shall be determined in accordance with the provisions of Section 6.15 and which shall be required to be paid in accordance with the provisions of this Declaration.

1.28. Landscaping. Landscaping shall mean lawn, ground cover, flowers, shrubbery, trees and the like situated in the Common Elements, which may be complemented with earth berms, masonry or similar materials and the real property located thereunder, together with all sprinkling or other irrigation systems related thereto.

1.29. Landscaping Plan. Landscape Plan shall mean the plan for the installation and maintenance of Landscaping of the Common Elements which has been submitted to and approved by the Design Review Board.

1.30. Limited Common Areas. Limited Common Areas means those parts of the Common Elements which are limited to and reserved for the use of the Owners of one or more, but fewer than all, of the Lots. Without limited the foregoing, the Limited Common Areas shall include any balcony, deck, patio, or entryway adjacent to a Lot on a Lot, driveways, storage spaces, ski lockers and firepits, outside Lots and designated as Limited Common Areas servicing those particular Lots.

1.31. Board. Board means the board of trustees of the Association.

1.32. Master Articles means the Articles of Incorporation of the Master Association, as amended from time to time.

1.33. Master Association means The Frostwood Owners Association, Inc., a Utah non-profit corporation, and its successors and assigns.

1.34. Master Association Assessment means any Annual Assessment, Special Assessment, Maintenance Charge and/or Frostwood Lift Impact Fee levied pursuant to the Master Declaration by the Master Association and/or any RVMA Assessment.

1.35. Member(s). Member or Members shall mean those parties who are a Declarant and the Owners of the Lots.

1.36. Merchant Builder. Merchant Builder shall mean a person who acquires a group of five or more Lots in the Project for the purpose of improving and constructing Townhomes thereon for resale to the general public; provided, however, that the term "Merchant Builder" shall not mean or refer to Declarant or its successors.

1.37. Mortgage. Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Lot or any part of the Property is encumbered. No Mortgage executed by an Owner of a Lot shall be construed to constitute a lien or other encumbrance upon any other Lot or upon the Common Elements or Common Facilities.

1.38. Mortgagee. Mortgagee shall mean any person or entity named as the mortgagee or beneficiary under a Mortgage or any successor-in-interest to such person or entity.

1.39. Occupant. Occupant shall mean any party, whether such party shall be an individual, corporation, limited liability Association, joint venture, partnership or association which has purchased, leased, rented or otherwise acquired the right to occupy and use any Townhome or any portion thereof, whether or not such right is exercised.

1.40. Owner. Owner shall mean any party, including Declarant, whether such party shall be an individual, corporation, limited liability Association, joint venture, partnership or association, which holds in fee the rights and incidents of ownership of real property in the State of Utah as to a Lot (including ownership of a "lot," "pad," or "unit," on which a Townhome will be built, whether or not the Townhome is constructed and whether or not the Owner resides on the Lot, within the Project, as evidenced in the official records of Summit County, State of Utah. The term "Owner" shall not refer to any party that shall have such interest solely as security for performance of any obligation, including a Mortgage.

1.41. Plat. Plat shall mean Plat for the Frostwood Parcel F6 Townhomes attached hereto as Exhibit "B" (the "Plat") and made a part hereof, and which Plat shall be recorded simultaneously herewith.

1.42. Project. Project shall mean the Property, together with the privately owned Townhomes, and also the commonly held Improvements, Common Elements, Common Facilities and Landscaping which are now located upon or may in the future be located upon the Property and which shall collectively be commonly known as Frostwood Townhomes.

1.43. Property. Property shall mean the real property described in Recital A.

1.44. Rules and Regulations. Rules and Regulations shall mean standards for the occupancy and use of the Common Elements, Common Facilities and other portions of the Project and other matters related to the administration and management of the Project which may be adopted and amended from time to time in accordance with the provisions of this Declaration.

1.45. RVMA. RVMA means The Canyons Resort Village Association, a Utah non-profit corporation, d.b.a. The Canyons Resort Village Management Association, and its successors and assigns, as also described in Recital D above.

1.46. RVMA Assessment. RVMA Assessment means any assessment levied and assessed by the RVMA pursuant to the Canyons SPA Documents.

1.47. Special Assessment. Special Assessment shall mean the charge against each Owner and the Owner's particular Lot, representing the portion of the costs to be paid by the Owner or other obligor to the Association for unbudgeted expenses or expenses in excess of those budgeted.

1.48. Specific Assessment. Specific Assessment shall mean the charge against a particular Owner and the Owner's Lot, directly attributable to the Owner, equal to (i) the charge to such Owner for particular items, services, or benefits provided by the Association at such Owner's request, or (ii) the costs incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, plus interest thereon and fees (including attorney's fees) and costs.

1.49. Townhome. Townhome shall mean the residential building structure and related fixtures and improvements, including garage, driveway and common wall (where Townhomes are connected by a common wall) constructed on a Lot which is privately owned by the Owner of the Lot on which the Townhome is situated.

1.50. Lot. Lot shall mean each portion of the Project which has either (i) been designated on the Plat as a legal Lot, Pad or Unit which may be separately transferred or conveyed under the laws of the State of Utah, or (ii) been conveyed as a legal Lot or Lot to an Owner as evidenced in the official records of Summit County, State of Utah. Notwithstanding the foregoing, in no event shall the Common Elements be deemed a Lot. A Lot may have other designation on the Plat such as lot, pad or Lot.

1.50. Trustee. Trustee shall mean a member of the Board, elected in accordance with the Bylaws of the Association.

## **ARTICLE II**

### **Submission**

2.1. Declaration. Declarant hereby declares that the Property and any and all Improvements that shall at any time be located upon any portion of the Property shall be held, sold, conveyed, transferred, designed, constructed, operated, maintained, leased, subleased and occupied subject to the easements, covenants, conditions and restrictions set



forth in this Declaration and which are for the purpose of establishing Common Elements, mutual easements, covenants and restrictions which shall provide for the common management and operation of certain portions of the Project, to place certain use restrictions on the Property and to protect and preserve the value of the Project. This Declaration and the Association are subordinate to the Master Declaration and the Master Association, respectively, and all Lots located therein are subject to the terms and conditions thereof, which terms and conditions are hereby incorporated herein by reference to the extent applicable to the Frostwood Townhomes. In no event shall the Association have any authority to contradict or amend the terms of the Master Declaration.

2.2. Covenants to Run With Land. This Declaration and all of the easements, covenants, conditions, restrictions and other provisions contained herein are intended to be and shall constitute covenants which shall run with the land, and all of which shall burden, benefit and be binding upon Declarant, each respective Owner, each Occupant and any other party which has or may acquire any interest in or to any portion of the Project and each respective grantee, transferee, heir, devisee, personal representative and the successors and assigns thereof. Any party which may acquire an interest in any portion of the Project, or which may occupy any portion of the Project, shall be deemed to consent and agree to be bound by the Declaration and all of the easements, covenants, conditions, restrictions and other provisions herein contained.

2.3. After-Acquired Title. In the event that as of the date of the recordation of this Declaration, Declarant shall not be the holder of record of legal title to any portion of the Property, then all of Declarant's right, title and interest in such portion of the Property, whether such right, title and interest shall arise by reason of a contract for deed or otherwise, shall be deemed to be equitable title, and such equitable title shall be deemed to be subject to and bound by this Declaration and all of the easements, covenants, conditions and restrictions and other provisions herein contained. In the event that fee simple title to any portion of the Property shall become vested in Declarant at any time after the execution, delivery and/or recordation of this Declaration, then any such real property shall immediately and automatically, without the necessity of the execution, delivery or recordation of any other document or instrument, become subject to and bound by this Declaration and all of the easements, covenants, conditions, restrictions and other provisions herein contained.

2.4. Recordation of Plat. The Plat, as defined in Section 1.38, comprised of a survey illustration of the Project shall be prepared, submitted and approved in accordance with applicable ordinances of the County and be recorded in the official records of Summit County, State of Utah. Declarant further reserves the right to record such revisions, amendments, restatements or supplements to the Plat, whether one or more, as may be required to cause the Plat to accurately represent the Lots, and other parts of the Project as constructed and existing as of the date of such recordation.

2.5. Enforcement. Unless otherwise specifically set forth herein, Declarant, Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all easements, covenants, conditions, restrictions, liens, charges, rights and/or duties now or hereafter imposed by the provisions of this Declaration. Failure of Declarant, Association or any Owner to enforce any easement, covenant, condition, restriction, lien, charge, right and/or duty contained herein on any one or more occasion shall not be deemed a waiver of the right to do so on any subsequent occasion.

**ARTICLE III**  
**Administration of Project**

3.1. Development of Lots. An Owner shall be responsible to pay its proportionate share of the repair, replacement and/or reconstruction of Common Elements for which the Association shall have responsibility in accordance with the provisions of this Declaration.

3.2. Construction of Improvements. No Improvements shall be constructed upon a Lot, nor shall there be any alteration, repainting or refurbishing of the exterior of any existing Townhome or other Improvement unless and until complete plans and specifications therefore have first been submitted to and approved by the Design Review Board as set forth in Article VIII; provided, however, that the consent of the Design Review Board shall not be required for any repair, repainting or refurbishing of an existing Improvement if upon completion of such repair, repainting or refurbishing the Improvement shall be in compliance with plans and specifications previously approved by the Design Review Board for such Improvement. Approval from the Design Review Board is not required for Townhomes and/or Common Elements to be constructed by Declarant. No temporary structure shall be permitted on any Lot; provided, however, that trailers, temporary construction offices, sheds, and other similar temporary structures shall be permitted for construction purposes during the actual construction of the Townhomes or Common Elements. Once commenced, construction of all Townhomes and Common Elements shall be diligently prosecuted to completion. During construction of Townhomes and Common Elements contemplated by the Plat, the Declarant shall at all times keep streets contiguous to the Lot reasonably free from dirt, mud, garbage, trash or other debris which might be occasioned by construction of the Townhomes and Common Elements.

3.3. Maintenance of Improvements. All Townhomes located upon a Lot shall be continuously maintained so as to preserve a well-kept appearance of a first-class development. The Owner shall be responsible for maintaining the interior of the Townhomes. The Association shall be responsible for the maintenance of the Common Elements, the Limited Common Areas and the Townhome exteriors. If the Association reasonably determines that the level of exterior maintenance on any Townhome located on an Owner's Lot or the maintenance of a vacant Lot is unacceptable, the Association shall so notify the Owner of said Lot in writing, and the Owner shall have thirty (30) days thereafter to correct the deficiencies specified in such notice. If, in the Association's opinion, the Owner shall fail to correct the stated deficiencies within said thirty (30) day period, the Association may order the necessary work (the "Required Maintenance") performed at the Owner's expense. The cost of the Required Maintenance shall be assessed to said Owner as a Specific Assessment.

3.4. Parking. Off-street parking to accommodate the parking needs for guest and visitors shall be in compliance with the requirements of the Design Standards and the County. As specifically set forth in the Design Standards, all parking and driving surfaces constructed upon a Lot must be (i) properly graded to assure adequate drainage and collection and distribution of storm water runoff, (ii) paved with concrete, asphalt or other hard surface paving material approved by the Design Review Board, (iii) marked to

designate approved parking areas, with appropriate parking reserved to permit access by persons with physical impairments, (iv) adequately lighted, and (v) screened as required by the Design Review Board. The Owner shall be responsible to maintain all parking and driving surfaces located upon such Owner's Lot.

3.5. Landscaping. Declarant shall be responsible to cause Landscaping to be initially planted upon the Common Elements. After such initial planting, the Association shall be responsible for maintenance of the same, and costs and expenses incurred for such maintenance shall be a Common Expense; provided, however, that the Association shall be entitled to the actual benefit of any warranty that may be related to such initial planting. No Landscaping shall be installed upon a Lot, nor shall there be any alteration of any Landscaping, unless and until complete plans for such Landscaping or alteration of existing Landscaping have first been submitted to and approved by the Design Review Board; provided, however, that approval from the Design Review Board for Landscaping to be installed by Declarant on Common Elements is not required. No Owner shall be required to cause Landscaping to be planted or installed upon any Lot upon which no Improvements have been constructed; provided, however, that in the event that an Owner shall utilize only a portion of its Lot by the construction of limited improvements (e.g., a parking lot), then that portion of the Lot that shall be required to be landscaped as part of the construction of such limited Improvements shall be determined by the Design Review Board. In any event, each Owner shall be required to keep such Owner's Lot free from rubbish, debris, fire hazards or any unsanitary, unsightly or offensive condition and to conduct such weed abatement, rubbish and debris removal and other maintenance as shall be required to cause said Lot to be maintained in compliance with standards established by the Association, or, in the event the Association shall not have established such standards, then such maintenance shall, at a minimum, be in compliance with applicable ordinances of the County.

(a) Landscaping Plan. Any and all changes to original Landscaping installed by Declarant shall be planted, installed and maintained pursuant to a Landscaping Plan which shall be submitted to and approved by the Design Review Board prior to installation; provided, however, that approval from the Design Review Board for original Landscaping to be planted or installed by Declarant on any portion of the Project, is not required. Once installed, the Association shall maintain the Landscaping in accordance with the maintenance standards set forth in the approved Landscaping Plan, including the planting of replacement plants as necessary to maintain a well-kept appearance. Any changes in the Landscaping shall be approved by an amendment or revision of the existing Landscaping Plan submitted to and approved by the Design Review Board.

(b) Failure to Maintain. If the Association reasonably determines that the Landscaping for a Lot is not being maintained in accordance with the approved maintenance standards, the Association shall so notify the Owner of such Lot in writing, and the Owner shall have thirty (30) days thereafter to correct the deficiencies specified in such notice. If, in the Association's opinion, the Owner fails to correct the stated deficiencies within said thirty (30) day period, the Association may order the necessary work performed on the Landscaping and assess the Owner the expense as a Specific Assessment.

3.6. Common Elements. The real property upon which Common Elements are located is owned and managed by the Association. The Association shall own, manage, administer and maintain the Common Elements; provided, however, that nothing contained

herein shall preclude the Association from entering into contracts with other parties, including a management Association, to perform tasks related to the management, administration and maintenance of the Common Elements. All costs and expenses incurred in connection with such ownership, management, administration and maintenance of the Common Elements, including specifically, but without limitation, any capital improvement which is made by the Association upon or within the Common Elements (except the initial capital cost) and the cost of the acquisition of any Common Elements, shall constitute a Common Expense. Declarant shall be responsible for the payment of costs and expenses incurred in the initial construction and landscaping of the Common Elements; provided, however, that Declarant shall have the right to determine what Improvements, if any, shall be constructed upon the Common Elements.

3.7. Permitted Use. The Project is intended to be developed for a townhome community of townhomes to be used as rental bed base for the Canyons Ski Resort, and not to be used as primary residences. Accordingly, the Lots will be made available for rental, including nightly rental to the transient public, according the provisions of the SPA Documents which govern the same.

3.8. Environmental Restriction. Each Lot shall be used and occupied for residential rental purposes, including nightly rental to the transient public, in compliance with all environmental laws which may now or in the future be applicable to such Lot, including, without limitation, all present and future applicable federal, state, and local judicial decisions, order, decrees, laws, statutes, rules, rulings, regulations, permits, certificates, codes or ordinances of any governmental authority having jurisdiction over the Property (the "Environmental Laws"). Notwithstanding any standard set forth in the Environmental Laws, in no event shall a Lot be used for any business or other activity which will generate reportable quantities of hazardous wastes, or which will store, treat or dispose of hazardous wastes, unless the Association shall provide express, prior written approval of such use. The terms "generate," "store," "treat," "dispose of," and "hazardous wastes" shall have the same meaning as defined in the Resource Conservation and Recovery Act ("RCRA"), as in effect on the date on which this Declaration is recorded. The phrase "reportable quantities of hazardous wastes" shall mean any quantities of hazardous wastes which, under RCRA, must be reported by large quantity generators to the Environmental Protection Agency.

3.9. Compliance with Law. No portion of the Project may be occupied for any use which is in violation of applicable ordinances, laws and regulations of any governmental entity having jurisdiction over the use of all or any portion of the Project.

3.10. Storage. Unless specifically approved in writing by the Design Review Board, no materials, supplies or equipment (except during the construction of Improvements) shall be stored in any area of a Lot except inside a Townhome, or behind a visual barrier, approved by the Design Review Board, which shall screen such areas from the view of the adjoining Lots.

3.11. Nuisances. No Owner or Occupant shall create a nuisance in the Project. No rubbish or debris of any kind shall be placed or permitted to accumulate outside a Townhome upon any Lot, and no odor shall be permitted to arise therefrom, including open burning, so as to render any Lot or any portion thereof unsanitary, unsightly, offensive or detrimental to any Property in the vicinity thereof or to the Occupants thereof. No use or

operation shall be conducted in the Project that is noxious, objectionable, unsightly, or detrimental to others in any manner and due to any cause such as, but not limited to, vibration, sound, radiation, air, water, drainage or sewer pollution, dust or emission of odorous toxic or nontoxic substances.

3.12. Signs. All signs within the Project which may be viewed from the exterior of any Townhome must be reviewed and approved in advance by the Design Review Board. Any sign providing general designation of the Project which shall be installed by Declarant shall not be subject to review and approval by the Design Review Board.

3.13. Utilities. All utility lines, connections and installations, other than the existing above ground transmission lines running along the north end of the Property, must be underground and rise to service any Townhome or Common Element. Any external transformers, motors, heating and/or air conditioning equipment or other similar apparatus must be screened so as to eliminate visibility from ground level at any location in the Project of any portion of the Project if an as specifically set forth in the Design Standards, if any, or as shall be approved by the Design Review Board.

3.14. No Subdivision of Lot. No Lot shall be further subdivided without the prior written consent of Declarant for so long as Declarant owns any portion of the Property. Declarant shall, in the exercise of its sole discretion, be permitted to grant or withhold such approval. At such time as Declarant shall cease to be an Owner of any portion of the Property, no Lot shall be further subdivided without the prior written consent of the Board. Nothing contained herein shall be construed to grant Declarant the right to alter the boundary of any Lot not owned by Declarant without the express written consent of the Owner of such Lot. Upon any reconfiguration of a Lot, Declarant shall cause to be prepared and recorded an amendment to the Plat which shall set forth the boundaries of the reconfigured Lot. No signature of any Mortgagee or any Owner, other than Declarant, shall be required on any such amendment.

3.15. Reservation by Declarant. Declarant reserves the right to erect, construct and maintain the Common Elements located at any entrance to the Project or upon any portion of the Project owned by Declarant and also such signs, sales offices or other administrative office as may be reasonably necessary for the completion of the Project and the leasing, sale, or disposition of the Lots and/or Townhomes.

#### **ARTICLE IV Association**

4.1. The Association. The administration of the Project shall be by the Association, initially created by the Declarant, which shall exist for the sole purposes of owning and managing the Common Elements and performing the functions and providing the services contemplated by this Declaration as to Common Elements. The Association shall be organized as required by the Utah Revised Nonprofit Corporation Act (the "Act") and the Community Association Act prior to or concurrently with the execution and recordation of the Declaration, and Declarant shall be responsible to pay costs and expenses incurred in such organization. The Association shall be operated as a nonprofit corporation and shall be governed by the Board and officers authorized by the Bylaws. The Board may

adopt, amend and revise, from time to time, Bylaws which shall constitute written procedures for the regulation or management of the affairs of the Association; provided, however, that no provision of the Bylaws shall substantially alter or amend the rights or obligations of the Owners set forth in this Declaration.

4.2. Members of Association. Each Owner shall be entitled and required to be a Member of the Association. Each Owner of a Lot shall be a Class A Member of the Association. The Class A membership of a Owner of a Lot shall not be assignable, except to the successor-in-interest of the Owner in and to such Lot, and every Class A membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of a Lot is the sole qualification for Class A membership in the Association. The Declarant shall be a Class B Member of the Association until the expiration of the Declarant Control Period, and upon such expiration, Declarant shall be deemed a Class A Member of the Association as to any Lots owned by Declarant at that time.

4.3 Transfer of Class A Membership. The Class A membership held by any Owner of a Lot shall not be transferred, pledged, or alienated in any way, except upon the sale of the Lot giving rise to such membership, and then only to the purchaser of such Lot. Any attempt to otherwise transfer a Class A Membership shall be null and void, and will not be reflected upon the books and records of the Association. In the event an Owner of a Lot shall fail or refuse to transfer the Class A membership registered in the Owner's name to the purchaser of the Owner's Lot upon transfer of fee title thereto, the Board shall have the right to record the transfer upon the books of the Association. The Board shall have the right to charge a reasonable Specific Assessment against any Owner, and the Owner's Lot, equal to the cost to the Association of effectuating any such transfer of the Owner's Class A membership and registering such transfer upon the books of the Association.

4.4. Voting Classes. The two (2) classes of membership in the Association shall be entitled to the following voting rights:

(a) Class A. Until the expiration of the Declarant Control Period, the Class A memberships will be non-voting, except for voting on amending this Declaration in Article XI and amending the mortgagee protection provisions in Article IX. After the expiration of the Declarant Control Period, each Class A member shall be entitled to one (1) vote per membership/Lot.

(b) Class B. The Declarant shall be a Class B Member of the Association. Until the expiration of the Declarant Control Period, the Class B membership will be voting, and will entitle the Declarant to one (1) controlling vote on all Association member matters. Upon the expiration of the Declarant Control Period, Declarant shall be deemed to be a Class A Member as to any Lots owned at such time.

4.5. Voting. Until the expiration of the Declarant Control Period, Declarant, as the sole Class B Member, shall be solely entitled to vote on Association member matters. After the expiration of the Declarant Control Period, any provision requiring the vote or approval of the members shall be approved by a simple majority of all Class A member votes present in person or by proxy at a meeting of the Class A members at which a quorum is present in person or by proxy, unless a greater than simple majority of the membership is specified as being required in the Articles or Bylaws, in which case the greater percentage

vote of the membership is obtained in a meeting of Class A members at which a quorum is present in person or by proxy.

4.6. Multiple Ownership. The votes for each respective Lot shall be voted together. If title to a Lot is held by more than one party, then all such parties shall be Members of the Association and entitled to participate as a Member, but the votes allocated to such Lot must be voted together so that all votes associated with a Lot shall be voted as a block. No fractional votes shall be allowed. In the event of joint or multiple Owners of a Lot, said Owners shall designate in writing one party to vote on behalf of said Owners and such designated Owner, and only such designated Owner, shall cast the votes attributable to such Lot.

4.7. Vote of Members. The Board may cause such matters as it shall determine to be submitted to a vote of the Members either at the annual meeting of the Members or at a special meeting called for the purpose of conducting a vote of Members. In addition to such matters as the Board may submit to a vote of the Members, there shall be submitted to a vote of the Members any matters required to be voted upon by Members in accordance with the provisions of the Act, including specifically but without limitation, any amendment to the Articles.

4.8. Meetings. There shall be a meeting of the Members of the Association not less often than once each calendar year as provided in the Bylaws.

4.9. Board of Trustees. The Board shall be comprised of three (3) Trustees, who, prior to the expiration of the Declarant Control Period shall be elected by the Declarant, and who, after the expiration of the Declarant Control Period, shall be elected by the simple majority vote of the Class A Members present at a meeting of Class A Members at which a quorum is present in person or by proxy.

4.10. Organization. The Board shall be entitled to establish such organization and elect such officer(s) as it shall deem necessary to properly perform the functions of the Association; provided, however, that if no other officer or organization shall be established, the Board shall, at a minimum, upon a majority vote of the Board, appoint at least a President who shall be authorized to act for and on behalf of the Association and shall be authorized to enter into contracts and other agreements and to execute such other documents as may be required to permit the Association to perform the duties and obligations and exercise the rights and privileges of the Association as contained in this Declaration. An officer of the Association need not be a Member.

4.11. Personal Liability Indemnification. No Member of the Board (a "Trustee") or officer of the Association shall be personally liable to the Association or its Members for civil claims arising from acts or omissions made in the performance of duties as a Trustee or officer, unless the acts or omissions are the result of the reckless or intentional misconduct or gross negligence of such Trustee or officer. To the full extent allowed under Utah law and in accordance with the provisions contained herein, the Association shall indemnify an individual made a party to a proceeding because such person is or was a Trustee or officer of the Association against any and all reasonable expenses, including attorneys' fees and costs, in connection with such proceeding if (i) such person's conduct was in good faith, and (ii) such person reasonably believed that said person's conduct was in, or not opposed to, the Association's best interest, and (iii) in the case of any criminal proceeding, said person

had no reasonable cause to believe such person's conduct was unlawful. The Association shall not indemnify a Trustee or officer under this provision in connection with (i) a proceeding by or in the right of the Association in which the Trustee or officer was adjudged liable to the Association, or (ii) any other proceeding charging that the Trustee or officer derived an improper personal benefit, whether or not involving action in such person's official capacity, in which proceeding said person was adjudged liable on the basis that said person derived an improper personal benefit.

## **ARTICLE V**

### **Rights, Duties and Obligations**

5.1. Management of Common Elements, Limited Common Areas and Townhome Exterior Components. The Association shall own and be responsible for the exclusive management, control, operation and maintenance of the Common Elements designated to it and shall keep the same in good, clean, attractive, safe and sanitary condition, order and repair. Where it deems necessary or desirable, the Association may construct, reconstruct, repair or replace any capital improvement related to or located upon the Common Elements. Except for the maintenance of exterior yards and landscaping on Lots, maintenance of private and common portions of driveways (including cleaning, resurfacing, snow removal, sanding and salting), and the maintenance of the exterior components of Townhomes other than roofs (including painting, maintaining and repairing thereof), the Association shall not be responsible for the maintenance of any Lot. The Association may, by written contract, delegate in whole or in part, to such person or persons as it shall deem advisable, such of the Association's duties, responsibilities and functions as are properly delegable. The Association shall have the right to exercise any right or privilege given to it herein or reasonably necessary to effectuate any such right, privilege or duty. All goods and services procured by the Association in performing its responsibilities shall constitute a Common Expense. Nothing contained in this Declaration shall be construed to obligate the Association to incur any expenses which cannot be reimbursed to the Association from the Owners by virtue of an Assessment.

5.2. Rules and Regulations. The Association, through its Board of Trustees, may, in its discretion, make reasonable Rules and Regulations governing the use of the Common Elements, including different Rules and Regulations governing different areas within the Project, if the Association determines such an arrangement to be reasonable or desirable; provided, however, that all such Rules and Regulations shall be consistent with the rights and obligations established by this Declaration. Each Owner shall be responsible to insure that each Occupant and/or Guest (including the family, friends, invitees, contractors or agents) of said Owner's Lot(s) complies with such Rules and Regulations. Each lease or other agreement which shall provide for the occupancy of all or any part of the Lot shall require the Occupant and its Guests to comply with this Declaration and the Rules and Regulations.

5.3. Allocation of Taxes. Each Owner shall be responsible to pay, prior to delinquency, any and all Taxes which shall be levied against an Owner's Lot. Declarant shall be responsible to pay, prior to delinquency, any and all Taxes which shall be levied against any portion of the Property owned by Declarant. The Association shall be responsible to pay, prior to delinquency, all Taxes levied against the Common Elements. All Taxes levied



against the Common Elements shall be a Common Expense and shall be paid by all Owners as part of the Common Expenses. Any Owner, Declarant or the Association shall be entitled to protest or appeal the amount of Taxes levied and delay payment of Taxes being protested or appealed, provided that such protest or appeal is prosecuted according to applicable law and such law shall permit delay in payment of such Taxes pending resolution of such protest or appeal. In the event that Taxes are not separately levied and collected by the applicable taxing authority between Lots, Common Elements and Common Facilities, then the Association shall make a reasonable allocation of the Taxes based upon the value of applicable portions of the Project.

5.4. Declarant's Right to Cure Alleged Defects. It is the Declarant's intent that all Improvements constructed or made by Declarant in the Project be built or made in compliance with all applicable building codes and ordinances and that such improvements be of a quality that is consistent with quality and construction standards. Nevertheless, due to the complex nature of construction and the subjectivity involved in evaluating such quality, disputes may arise as to whether a defect exists and whether Declarant and/or an agent of Declarant is responsible. It is Declarant's intent to resolve all disputes and claims regarding Alleged Defects (defined below) amicably, and without the necessity of time-consuming and costly litigation. The Association, the Board, and all other Owners shall be bound by the following claim resolution procedure:

(a) Declarant's Right to Cure. In the event the Association, any individual Member of the Association, the Board, any individual Manager, or any Owner (collectively "Claimant") claims, contends or alleges that any portion of the Project, including without limitation, any Townhome, any Capital Improvement, all Common Elements, the entire Project, the Property, and all Lots, are defective or that Declarant or its agents, consultants, contractors, or subcontractors were negligent in planning, design, engineering, grading, construction, or other development thereof (collectively "Alleged Defect"), Declarant hereby reserves the right to inspect, repair, and/or replace such Alleged Defects as set forth below.

(b) Notice to Declarant. In the event a Claimant discovers any Alleged Defect, Claimant shall, within a reasonable time after discovery, notify Declarant's Registered Agent, as specified in Section 11.1 of the Declaration, or such other address at which the Declarant maintains its principal place of business, of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

(c) Right to Enter, Inspect, Repair, and/or Replace. Within a reasonable time after receipt by Declarant of a Notice of Alleged Defect or the independent discovery of any Alleged Defect by Declarant, as part of Declarant's reservations of rights, Declarant shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, any Lot and/or improvement (including Common Elements), or other portions of the Project and/or Property for the purposes of inspecting and if deemed necessary by Declarant, repairing or replacing such Alleged Defect. In conducting such inspection, repairs and/or replacement, Declarant shall be entitled to take any action, as it shall deem reasonably necessary under the circumstances.

(d) Legal Actions. No Claimant shall initiate any legal action, cause of action, proceeding, reference or arbitration against the Declarant alleging damages (i) for the cost of repairing or replacing any Alleged Defect, (ii) for the diminution in value of any

real or personal property resulting from such Alleged Defect, or (iii) for any consequential damages resulting from such Alleged Defect, unless and until (1) Claimant has delivered to Declarant a Notice of Alleged Defect, and (2) Declarant has, within ninety (90) days after its receipt of such Notice of Alleged Defect, either (a) failed to repair or replace such Alleged Defect, or (b) if such Alleged Defect cannot reasonably be repaired or replaced within such ninety (90) day period, failed to commence such repair or replacement of the Alleged Defect and, thereafter fails to pursue diligently such repair or replacement to completion. If the statute of limitations for bringing legal action on a defect expires during the 90 day cure period, then the statute of limitations shall be extended until the cure period expires, not to exceed 90 days.

(e) No Additional Obligations; Irrevocability and Waiver of Right.

Nothing set forth in this Paragraph 5.4 shall be construed to impose any obligation on Declarant to inspect, repair or replace any item or Alleged Defect for which Declarant is not otherwise obligated to do under applicable law. The right of Declarant to enter, inspect, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and recorded by Declarant in the Office of the Summit County Recorder.

5.5. Project Signs. Subject to the approval of the RVMA and the County, Declarant may construct certain signs which shall be designed to identify the name, logo and other identification of the Project generally and not for the use or identification of any specific Owner or Occupant to the exclusion of others (the "Project Signs"). The Project Signs, if constructed, shall be constructed within the "Sign Easements" described in Section 7.6. The initial design of the Project Signs may vary from location to location, shall be determined in the sole discretion of Declarant and may, but shall not be required to, include in some instances the sign, flagpole, lighting, limited plaza areas, water features, etc. Declarant shall be responsible for payment of costs and expenses incurred in the construction and installation of any Project Signs Declarant shall elect to install. The Association shall be responsible to maintain any Project Signs installed and Improvements related to such Project Signs, and any and all costs and expenses which shall be incurred in the operation, servicing, replacement and maintenance of the Project Signs (and such related Improvements) shall be a Common Expense.

5.6. Enforcement of Rights. The Board shall be responsible to reasonably pursue performance of duties and obligations to be performed and/or collection of payments required to be made to or for the benefit of the Association or the Project generally, including, by way of illustration and not by way of limitation, payment of unpaid Assessments from Owners, enforcement of warranty obligations of parties responsible for the construction and/or maintenance of Improvements constructed for the benefit of the Association or the Project generally, and insurance claims resulting from damage to the Common Elements or Common Facilities. Declarant shall cooperate in the assignment to the Association of any warranties associated with the construction of Improvements and Landscaping installed upon the Common Elements or landscaping.

5.7. Manager. The Association may by written contract delegate in whole or in part to an officer, a President, and/or a professional manager such of the Association's duties, responsibilities, functions, and powers hereunder as are properly delegable. The services of any manager retained by the Association shall be a Common Expense.

5.8. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right, privilege, or duty given to it herein or reasonably necessary to effectuate any such right, privilege, or duty.

5.9. Repair and Maintenance Rights and Duties of Owners. Except for those portions of the Lot which the Association is required or elects to maintain and repair, each Lot Owner shall, at his sole cost and expense, maintain and repair the roof and all interior and non-structural components of his Townhome, keeping the same in good condition. In addition, each Owner shall maintain, repair and replace as necessary, all doors and windows (and appurtenant hardware and accessories) to his Townhome, and any separate air conditioning, water heating, or other separate utility unit which services his Townhome. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Townhome. In the event an Owner fails to maintain his Townhome or to provide other maintenance or repair as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, the Board may notify the Owner of the work required and request it be done within sixty (60) days from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specifically assess the cost thereof to such Owner, and, if necessary, lien his Lot for the amount thereof.

5.10. No Liability for Latent Defects. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE PROJECT, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED HEREIN, THE ASSOCIATION, THE BOARD, THE MASTER ASSOCIATION AND THE MASTER BOARD SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE PROJECT TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION, OR CAUSED BY WEATHER CONDITIONS OR OTHER OWNERS OR PERSONS.

## **ARTICLE VI**

### **Assessments**

6.1. Payment of Assessment. Each Owner, by acceptance of a deed to any Lot, whether or not it shall be so expressed in such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay to the Association any and all Assessments levied against its Lot in accordance with the provisions of this Declaration. Except as provided as to Exempt Properties during the Declarant Control Period, and also subject to Section 6.2 after the termination of the Declarant Control Period, Declarant shall have the duty to pay any and all Assessments which shall be levied against any Lot owned by Declarant. The Assessments, together with interest thereon which shall accrue at the Interest Rate or Default Rate, as set forth herein, late charges and costs of collection thereof, including court costs and reasonable attorney's fees, shall be a charge and continuing lien upon the Lot against which such Assessments are made from the date on which such Assessments are due. Assessments shall commence upon the date of the recording of this Declaration.

6.2. Apportionment. The amount of each Assessment, whether a Common Assessment, or Special Assessment, to be paid by an Owner shall be computed by uniformly apportioning the total of such Assessment among and to all Owners (calculated as the proportion which the number of Lots owned by an individual Owner bears to the total number of Lots contained within the Project), except that until the earlier of (i) completion of a Townhome on a Lot and occupancy of such Townhome or (ii) twelve months from commencement of construction of a Townhome on a Lot, an Owner of a Lot (a) shall have no obligation to pay Assessments to fund the Common Reserve Fund or Capital Improvement Assessments, (b) shall only be obligated to pay ten percent (10%) of Common Assessments and Special Assessments, and (c) shall be obligated to pay any Specific Assessments levied against such Owner.

6.3. Common Assessments. The Common Assessments levied by the Association shall be used to promote the common health, safety, benefit, recreation and welfare of the Members, to meet any obligations imposed on, incurred or assumed by the Association, to cover costs, including overhead and administrative costs, for the operation of the Association, and the ownership, operation, management, repair, and replacement of the Common Elements, exterior yards and landscaping on Lots, Limited Common Areas and Townhome exterior components (other than roofs), to pay all assessments payable by the Association to the Master Association pursuant to the Master Declaration, to pay all assessments payable by reason of being included in the RVMA and the Canyons SPA, to pay applicable county and other property taxes, and to establish impound accounts as may be required by any governmental entity. The Common Assessments may also be used to establish adequate reserves for maintenance, repair, and replacement of the Common Elements under the ownership and/or control of the Association. Common Assessments shall be levied against each Lot and the Owner thereof, and shall be payable in such manner and at such times, including monthly or quarterly installments, as the Board may determine.

(a) Basis of Common Assessments. The total Common Assessments shall be based upon advance estimates of cash requirements by the Association to provide for payment of all estimated expenses growing out of or connected with the operation of the Association and the ownership, operation, management, maintenance and repair of the Common Elements, which estimates may include, among other things, expenses of snow removal, taxes, special assessments, premiums for all insurance which the Association is required or permitted to maintain pursuant hereto (including insurance to cover the Association's indemnification obligations for Trustees and officers), repairs and maintenance, wages for Association employees compensation of a manager, legal and accounting fees, the creation of reasonable reserves, surplus and/or sinking funds for the replacement of capital items and other purposes, and any other expenses and liabilities which may be incurred by the Association for the benefit of the members. Common Assessments shall be made on a calendar year basis. The amount of the Common Assessments shall be initially proposed by the Board and presented to a meeting of the Members in a detailed budget for approval. The Annual Budget shall itemize for the applicable year the estimated deficits or surpluses from the prior operating period. The Annual Budget shall serve as notice of and as the supporting document for the Common Assessment for the upcoming fiscal year and as a guideline under which the Project shall be operated during such annual period. Notice of the proposed Common Assessment for the ensuing year shall accompany the notice of the meeting, and shall be mailed to each member not later than thirty (30) days prior to the date set for such meeting. Such notice shall also set forth the estimated assessment amount of each member for the calendar year

covered by said assessments, determined as provided in this Declaration. Common Assessments representing particular cost items may, but shall not be required to, be allocated to a particular Lot or Lots, depending on the extent of benefit received by the particular Lot or Lots in question (as determined by the Board in the exercise of its discretion); therefore common Assessments may not necessarily be the same for all Lots. At the end of each calendar year, the Board shall determine the exact amount of the Common Expenses which have been incurred, and shall charge or credit each Owner in the next assessment period for the difference between the actual Common Expenses incurred for the prior assessment period and the estimated Common Expense upon which said Common Assessment was based. Within ninety (90) days of the close of each calendar year, each Owner shall be provided a copy of the operating statement of the Association for the preceding year. Said operating statement shall provide reasonable detail of the actual income and expenses of the Association for the applicable year.

(b) Common Reserve Fund. Separate Assessments to the Common Reserve Fund may include reasonable amounts, as determined by the Board, collected as reserves for the future periodic maintenance, repair and replacement of all or a portion of the Common elements, or for any other purpose as determined by the Board. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account to be held in trust for the purposes for which they are collected. Such amounts shall be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the members. Capital Improvement Assessments collected by the Association shall be added to the Common Reserve Fund.

(c) Emergency Increases in Common Assessments. The Board may increase Common Assessments in an "emergency situation," which is defined as any one of the following: (i) an extraordinary expenditure or the increase of an impound account balance required by order of court or any governmental entity with jurisdiction over any portion of the Project; (ii) an extraordinary expenditure necessary to operate, repair or maintain the Common Elements or any other property for which the Association is responsible where a threat to personal safety on the common Elements or on such other property is discovered, or where the expenditure is required as a condition to the confirmation of insurance on any portion of the Project, or is required by a governmental entity or an agreement with a governmental entity (including, without limitation, the operation and maintenance of traffic controls and gates); and (iii) an extraordinary expenditure necessary to replace, repair or maintain the Common Elements or any other property for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing its budget (however, prior to the imposition and collection of an assessment under this Subsection 6.3(c), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment).

6.4. Specific Assessments. Specific Assessments levied by the Association shall be levied against a particular Lot and the Owner thereof to cover costs, including overhead and administrative costs, for:

(a) Providing particular services, items, or benefits to a Lot at the request of the Owner pursuant to a list of special services which the Board may authorize from time to time including, without limitation, snow removal, exterior Townhome maintenance, handyman services. Specific Assessments for such purposes may be levied in advance of providing such special services.

(b) Enforcing any provision of the Articles, the Bylaws, this Declaration, and the Association Rules, or of bringing any Lot or Townhome into compliance with all requirements thereof; and

(c) Maintenance, repairs, or replacements of any portion of the Common Elements arising out of or caused by the willful or negligent act or omission of a member, a member's occupant, and/or a member's Guests.

6.5 Special Assessments. Special Assessments shall be levied from time to time to cover unbudgeted expenses or expenses in excess of those budgeted, including an assessment to cover deficits created by non-payment of any Assessments by any Owner. Except as otherwise provided in the Articles, the Bylaws, or this Declaration, a Special Assessment shall require the affirmative vote or written consent of a majority of Members entitled to vote. Special Assessments shall be levied against all Lots, and shall be payable in such manner and at such times, including installments over time, as the Board may determine. At the time of the adoption of such Special Assessment, the Board shall designate the time and the manner in which such Special Assessment is to be paid by each Owner; provided, however, that the due date for payment of a Special Assessment shall be at least thirty (30) days from the date that notice of the Board's approval of the Special Assessment shall be given by the Board. Any Special Assessment which shall not be paid on or before the applicable due date shall accrue interest at the Default Rate on the unpaid balance thereof from the original date due until paid.

6.6 Capital Improvement Assessments. A Capital Improvement Assessment may be levied from time to time for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, and replacement of a capital improvement of or upon the Common Elements, including fixtures and personal property related thereto; provided, however, that any such assessment in excess of One Hundred Thousand Dollars (\$100,000) (the "Maximum Capital Improvement Assessment") shall require the affirmative vote or written consent of a majority of the members entitled to vote. Capital Improvement Assessments shall be levied against all Lots and the Owners thereof, and shall be payable in such manner and at such times, including installments over time, as the Board may determine. At the time of the adoption of such Capital Improvement Assessment, the Board shall designate the time and the manner in which such Capital Improvement Assessment is to be paid by each Owner; provided, however, that the due date for payment of a Capital Improvement Assessment shall be at least thirty (30) days from the date that notice of the Board's approval of the Capital Improvement Assessment shall be given by the Board. Any Capital Improvement Assessment which shall not be paid on or before the applicable due date shall accrue interest at the Default Rate on the unpaid balance thereof from the original date due until paid.

6.7. Manner of Assessment.

(a) Notice. The Common Assessment and any other assessment for each calendar year shall be due and payable on January 1 of such year. Failure of the Board to give timely notice of any Common Assessment by delivery of the annual budget or notice of Assessment shall not be deemed a waiver or modification in any respect of the provisions of this Declaration or a release of any Owner from the obligation to pay such Common Assessment, or any other Assessment; provided, however, that the date on which payment shall become due in such case shall be deferred to a date that is thirty (30) days after notice of such Common Assessment or other Assessment shall have been given to the Owners in the manner provided in this Declaration.

(b) Payment. Any Owner which shall not have paid its annual Common Assessment and any other Assessment in full on or before January 1 of each year, or the date upon which the same shall be due in accordance with Section 6.7(a), shall be deemed to have elected to pay such Common Assessment and other Assessment in twelve (12) equal monthly installments. Any Common Assessment or other Assessment which shall not be paid on or before January 1 of the applicable year shall accrue interest at the Interest Rate on the unpaid balance thereof from the original date due until paid. The Board may, but shall not be required to do so, send out monthly statements to an Owner and each such installment shall be due and payable on the first day of each month without notice or demand. Any monthly installment of any Common Assessment or other Assessment which shall not have been received by the Board on or before the fifth day of any month in which it is due shall be assessed a late charge in an amount to be determined from time to time by the Board, but which shall not be in an amount in excess of twenty-five percent (25.0%) (or the maximum rate permitted by applicable law, whichever is lower) of the amount of the unpaid installment. In the event that an installment of a Common Assessment which is being paid monthly as permitted in accordance with the provisions of this section is not paid when due, then so long as the monthly payment or payments shall remain delinquent, the unpaid balance of such Common Assessment shall accrue interest at the Default Rate. Late charges and interest on any unpaid monthly installments of any Common Assessment may be charged according to procedures established by the Board, whether or not monthly statements shall be sent. The Board shall have the right to establish a fee for costs and expenses incurred in maintaining records of the installment payments of Common Assessments, which fee shall be charged only to Owners who pay such Common Assessments on an installment basis.

6.8. Collection of Assessments. The Board shall, in its sole discretion, be entitled to establish such procedures for the collection of Assessments, including provisions for late charges, interest on unpaid Assessments, and such other matters as the Association shall determine, and shall have any and all rights and remedies provided at law or in equity for the collection of debts, subject only to the notice requirements provided in Section 6.9.

6.9. Notice of Unpaid Assessment. If any Assessment or any installment thereof is not paid within thirty (30) days after its due date, the Board may mail a notice of default to the applicable Owner. Such notice shall specify (i) that the applicable Assessment or installment thereof is late, (ii) the action required to cure such default, including the specific amount required to be paid, including late charges, interest and costs of collection, if any, (iii) a date not less than thirty (30) days from the date the notice is mailed by which such default must be cured, and (iv) that a failure to cure the default on or before the date specified in the notice may result in the acceleration of the balance of the Assessment for the current year and the filing and foreclosure of a lien for the Assessment. If the default in

the payment of the Assessment is not cured as specified in the notice, the Board, at its option, may declare all of the unpaid balance of the Assessment to be immediately due and payable without further notice or demand to the Owner and may enforce the collection of the full Assessment and all charges and interest thereon in any manner authorized by law or in this Declaration.

6.10. Remedies to Enforce Assessments. Each Assessment, together with accrued interest, late charges or other similar charges levied, shall be a separate, distinct and personal debt and obligation of the Owner against whom such Assessment is assessed. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association against such Owner without foreclosing or waiving the lien securing the same. In this regard, each Owner waives the application of the "one action rule." Any and all rights and remedies shall be exercised in such manner, on one or more occasions and in such order as the Board shall elect, without waiver of any other right or remedy or lien provided in this Declaration or by law. Any failure of the Board to exercise any such right on one or more occasions shall not constitute a waiver of the right to so exercise such right in the future. In addition to the amount of the unpaid Assessment, an Owner shall be required to pay any and all costs and expenses which may be incurred by the Association in collection of such Assessment, including reasonable attorney's fees and costs, whether or not litigation is commenced.

6.11. Lien for Assessments. All sums assessed to an Owner of any Lot in the Project pursuant to the provisions of this Declaration, together with interest thereon at the Interest Rate or Default Rate, as applicable, late charges and costs of collection, shall be secured by a lien on such Lot in favor of the Association. To evidence a lien for sums assessed pursuant to this Declaration, the Board shall cause to be prepared a written notice of lien setting forth (i) the name of the Owner of the applicable Lot, (ii) the legal description of the Lot, (iii) the amount of the Assessment, (iv) the date such Assessment was due, and (v) the amount remaining unpaid. Such notice of lien shall be signed and acknowledged by an officer of the Association, and shall be recorded in the office of the County Recorder of Summit County, State of Utah. No notice of lien shall be recorded until there is a delinquency in the payment of the Assessment and after the notice required to be given pursuant to Section 6.9. Such lien may be enforced by the sale or foreclosure of the Lot encumbered by the lien at a foreclosure sale conducted by the Board or its attorney in accordance with the provisions of Utah law applicable to the foreclosure of a mortgage or in any manner permitted by Utah law, including specifically, but without limitation, the method recognized under the laws of the State of Utah for the enforcement of a mechanics' lien which has been established in accordance with the provisions of Chapter 1, Title 38, Utah Code Annotated, as amended from time to time. In any such sale or foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, including reasonable attorney's fees, and such costs and expenses shall be secured by the lien herein provided, whether or not the same shall be specifically set forth therein. The Owner shall also be required to pay to the Association any Assessments against the Lot which shall become due during the period of foreclosure or sale, and all such Assessments shall be secured by the lien herein provided. The Association shall have the right and power to bid in any foreclosure or sale and, upon purchase thereof, to hold, lease, mortgage or convey the subject Lot. In the event a proceeding for the foreclosure of the lien granted hereby shall be commenced, while such proceeding shall be in process, the Association shall be entitled to the appointment of a receiver to collect the rentals being derived from said Lot.



6.12. Priority of Lien Liability of Owner. The priority of lien for Assessments provided for herein over a Mortgage shall be governed by the provisions of Section 9.3. No foreclosure of a lien shall extinguish the personal liability of the Owner therefor unless the Association shall either (i) actually purchase the Lot at the foreclosure sale conducted to foreclose such lien, or (ii) actually receive payment in full of amounts due. An Owner's personal liability for payment of Assessments shall be reduced by the amount actually paid at the foreclosure by the successful bidder that shall remain after allocation for payment of costs and expenses incurred by reason of such sale. No other sale or transfer shall relieve such Owner from liability for any Assessments which shall be due as of the date of foreclosure.

6.13. Certificate of Assessment. The Board shall, upon written request, and for a reasonable charge, furnish a certificate signed by an officer of the Association, setting forth whether the Assessments on a specific Lot have been paid, and said certificate may be conclusively relied upon by the party requesting the same.

6.14. No Avoidance. No Owner may avoid or diminish such Owner's obligation to pay Assessments, the right of the Association to assert a lien against said Owner's Lot to enforce payment of the same or to be relieved of such Owner's personal obligation for the payment of Assessments by reason of: (i) a waiver of the use or enjoyment or the actual non-use of any of the Common Elements, or any other portion of the Project; (ii) a waiver of any services provided for in this Declaration; or (iii) all or any part of said Owner's Lot being unoccupied for all or any portion of the period for which such Assessments shall have been made.

6.15. Accrual of Interest. Interest shall accrue on amounts required to be paid in accordance with the provisions of this Declaration from the date on which such payment is due until the required amount is received by the Association. The term "Interest Rate," when used in this Declaration, is a per annum rate of interest of eighteen percent (18.0%) per annum. The term "Default Rate" when used in this Declaration, is a per annum rate of interest of twenty-one percent (21.0%).

6.16. No Offset. All Assessments shall be payable in the amounts specified in the levy thereof, and no offset or reduction thereof shall be permitted for any reason, including, without limitation, any claim that the Association, the Board or any officer, employee, agent or representative thereof is not properly exercising its duties and powers under this Declaration.

6.17. Master Association Assessments. In addition to the Common Assessments, the Master Association also imposes certain Master Association Assessments and fees on the ownership, use, and transfer of the Lots. Each Owner, by accepting a deed or conveyance to a Lot, agrees to be bound by all of the terms and provisions of the Master Declaration and agrees to pay, as and when due, its applicable Master Associations Assessments, costs and fees arising under the Master Declaration. Notwithstanding the foregoing, the Master Assessments may be assessed and collected as part of the Common Assessments, and paid by the Association to the Master Association on behalf of the Owners.

6.18. RVMA Assessments. In addition to the Common assessments and Master Assessments, each Owner shall be liable and responsible for payment of all RVMA Assessments pursuant to the Canyons SPA Documents. Among other things, the RVMA is

authorized and legally entitled to assess member assessments, retail assessments, transient occupancy assessments, real estate transfer assessments, and other charges as set forth in the Canyons SPA Documents.

6.19. Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at a future time, the benefit of any homestead or exemption laws of the State of Utah now or hereafter in effect.

6.20. Declarant Duty to Fund Deficits. During any fiscal year in which Declarant or a Declarant related developer entity owns one or more Lots which are Exempt Properties due to such person's ownership thereof during the Declarant Control Period, Declarant shall be obligated to fund to or for the account of the Association, at such time or times as such funding is reasonably required by the Association during such fiscal year, an aggregate amount for such fiscal year equaling the total amount of the lesser of (i) the total amount which Declarant and/or such Declarant related developer entity would have owed to the Association on account of any Common Assessments or Special Assessments (but specifically excluding Assessments to fund the Common Reserve Fund and excluding Capital Improvement Assessments) which, if such Exempt Properties would have been levied against them for such fiscal year, or (ii) any excess, for such fiscal year, of the Common Expenses (but specifically excluding Assessments to fund the Common Reserve Fund and excluding Capital Improvement Assessments) over the aggregate Common Assessments levied against all assessable properties in the Project.

## **ARTICLE VII Easements**

7.1. In General. The Property and any portion of the Property which is sold as a separate Lot shall be conveyed and owned subject to and together with the Easements herein recited or as shall be set forth on the Plat, whether or not such Easements are specifically set forth in the document of conveyance. In each instance the physical location of an Easement may, in some circumstances, be located in the same place and the use thereof may be shared with other Easements similarly located and in each such instance the rights and privileges associated with each such Easement shall be interpreted separately, but the use shall be deemed to be non-exclusive with any other Easement similarly located. Easements granted pursuant to this Declaration shall be utilized in the manner that shall be reasonably determined to be the least disruptive to the Lot upon which such Easement is situated. No Easement may be amended, extinguished or otherwise modified in any manner by an amendment to this Declaration or the Plat without the express written approval of the owner of the real property which shall be benefitted or intended to be benefitted by the existence of such Easement. It is expressly agreed that any and all Easements granted pursuant to this Declaration shall survive any termination, expiration or other cessation of this Declaration and shall be extinguished only upon the execution and delivery of a termination executed by the party legally entitled to terminate the Easement intended to be terminated.

7.2. Other Easements. In addition to other Easements specifically granted in this Declaration, there are hereby granted to each Owner and established certain perpetual easements described in this Article and/or which are described on the Plat.

7.3. Ingress, Egress and Parking on Common Elements. There is hereby granted to each Owner a non-exclusive Easement for ingress and egress for both pedestrian, bicycle and vehicular traffic over and across, together with the right for temporary parking or motor vehicles upon, all portions of the Common Elements which have been designed, constructed and designated or which shall in the future be designed, constructed and designated for such vehicular, bicycle and/or pedestrian use, together with the right to temporarily park vehicles upon such portions of the Common Elements which have been designed, constructed and designated or which shall in the future be designed, constructed and designated for such use. All parking pursuant to the Easement hereby established shall be for temporary residential use of the Owners, Occupants and their Guests, and for business use associated with the conduct of business within the Project, and such use shall be in accordance with applicable Rules and Regulations.

7.4. Temporary Construction Easement. There is hereby granted to Declarant and each Owner a temporary Easement over and across roadways constructed on the Property for ingress and egress of construction vehicles and equipment during the time of actual construction of Improvements; provided, however, that (i) the party whose agents are using the Easement herein granted for construction of Improvements shall be responsible for any and all damages caused by any such usage, (ii) the use of the streets shall be limited to wheeled vehicles of such weight and size as shall be in compliance with applicable laws and ordinances, and (iii) the use shall be subject to interruptions and limitations imposed during the construction of Improvements.

7.5. Public Utilities Easement. There is hereby granted to Declarant, each Owner and to the provider of any utility service, a non-exclusive Easement (the "Utilities Easement") to construct, install, operate, service, repair, replace and maintain any and all underground public and private utility lines of any nature, including, without limitation, culinary water, irrigation water, sanitary sewer, storm water drainage, natural gas, electric, cable television, telephone and other forms of communication, which may now or in the future exist and which may be required or desirable to service any Improvements, including specifically, but without limitation, all wiring, lines, conduits, pipes, sewers, valves, junction boxes, control boxes and drainage lines and related facilities (the "Utility Lines"). The Utilities Easement shall be located upon those areas of the Project designated on the Plat. The Utilities Easement herein granted shall include an easement over and across the surface of the Property within the boundaries of the Utility Easement as may be necessary to service and maintain such Utility Lines. In the event any utility Association, quasi-utility Association, public utility, agency or district, cable Association or similar entity furnishing a service covered by this Utility Easement requests a specific easement to be located within the Utilities Easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement, provided that such Easement shall be in compliance with the provisions of this Section 7.5. At such time as Declarant shall cease to be the Owner of real property over which the Utility Easement is required, the Association shall be deemed to have reserved the right and authority to grant such Easement, provided that such Easement shall conform to the provisions of this Section 7.5.

7.6. Sign Easements. There is hereby granted to Declarant and the Association one or more Easements (the "Sign Easements") to construct, install, service, replace and maintain the Project Signs. The Sign Easements shall be located upon the Common Elements, and other areas of the Project specifically designated on the Plat or established by Board resolution. The Sign Easements herein granted shall include an easement over and across the surface of the Property from public streets to the location of the Project Signs as shall be reasonably necessary for the construction, installation, servicing, replacement and maintenance of the Project Signs. The Sign Easements shall be utilized in the manner that shall be reasonably determined to be the least disruptive to those portions of the Property upon which such Sign Easements are situated. Responsibility for the maintenance of the Project Signs is specifically set forth in Section 5.5. An Owner of a Lot upon which one of the Sign Easements shall be located shall be responsible to install and maintain Landscaping upon such areas of the Sign Easements that shall not be occupied by a Project Sign, but shall not be responsible to maintain any Project Signs and related Improvements installed by Declarant or the Association upon said Owner's Lot.

7.7. Common Element Easements. There is hereby granted to Declarant and the Association an Easement to install, service, replace and maintain the Common Elements located within Common Element areas. This Easement shall be located upon those areas of the Project designated on the Plat, in this Declaration or by contract as Common Elements and shall include an Easement over and across the surface of the Property from public streets to the Common Elements as shall be reasonably necessary for access to the Common Elements and for the installation, servicing, replacement and maintenance of the Common Elements. This Easement shall be utilized in the manner that shall be reasonably determined to be the least disruptive to those portions of the Property upon which such Easement is situated.

7.8. Access to Perform Duties. There is hereby granted unto the Association an Easement, together with the right to grant and transfer such Easement to others as is reasonably required to accomplish the intended purpose of such Easement, over and through all portions of the Project for the purpose of permitting the Association to exercise its rights and discharge its obligations and duties under this Declaration. Such right of access shall be specifically granted to security personnel employed by or under contract with the Association, all police officers, firefighters, ambulance personnel and similar emergency personnel in the performance of their respective duties.

7.9. Extension of Easement. Each Lot, whether now or in the future existing, as defined in accordance with the provisions of this Declaration, shall have appurtenant thereto, and shall be benefited and burdened by, as applicable, the Easements herein granted. Each Owner shall be entitled to the benefit of the Easements herein granted and shall be entitled to permit each Occupant, together with any employee and any business customer, invitee and guest of said Owner and/or Occupant, to enjoy the benefits of the Easements herein granted, but said Owner's use and enjoyment of its Lot shall be subject to and burdened by the Easements also herein granted.

7.10. No Public Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of any portion of the Project to or for the general public or for any public purpose whatsoever, it being the intention of the Declarant that this Declaration will be strictly limited to and for the purposes herein expressed. Notwithstanding the grant of the Easements, each Owner may be entitled to take whatever steps it deems necessary to

protect and preserve the private ownership of its Lot and to prevent the same from being dedicated to the public use as a matter of law; provided, however, that such steps shall be taken in such manner and at such time as shall cause minimal disruption of the occupancy and usage of said Owner's Lot. An Easement granted herein to the County shall be deemed granted to the County and may be used by its employees, agents, contractors and representatives in performance of their respective duties within the Project, and shall not be construed to be a grant to the public generally.

## **ARTICLE VIII**

### **Architectural Control and Additional Restrictions**

8.1. Architectural Control. No Owner, except Declarant, shall, without the prior written approval of the Design Review Board, granted in accordance with the provisions of this Article VIII, undertake or permit others to undertake upon said Owner's Lot: (i) the construction, installation, erection or expansion of any Townhome or other Improvements, including utility facilities; (ii) the voluntary demolition or destruction of any Townhome or other improvements; (iii) the grading, excavation, filling or similar disturbance of the surface of the land, including, without limitation, changes of grade or drainage pattern, (iv) landscaping, clearing or removal of trees, shrubs or plants; (v) planting or other installation of Landscaping; or (vi) any change or alteration of any previously approved Improvements, including any change of exterior appearance, color or texture or approved Landscaping. Approval shall be requested and granted or denied in accordance with this Article. If the Design Review Board should determine, in accordance with the provisions of this Declaration, that a proposed Improvement or alteration of the same is not consistent with the Design Standards, if any, such Improvement or alteration shall not be made. Declarant and the Board shall have the standing and authority to enforce, in accordance with rights and remedies provided in this Declaration and in courts of competent jurisdiction, the Design Standards, if any, and the decisions of the Design Review Board.

8.2. Design Review Board. There shall be established a three (3) member Design Review Board to administer the provisions of this Article VIII. The members of the Design Review Board may, but need not, be Owners or Occupants of the Project. Until the expiration of the Declarant Control Period, Declarant shall have the right to appoint and remove members of the Design Review Board. Thereafter, the membership of the Design Review Board shall be determined by the Board of Trustees and its members shall be appointed and/or removed upon a vote of the Board. The act, concurrence or determination of any two (2) or more members of the Design Review Board shall constitute and shall be necessary for the Design Review Board to act. Such concurrence or action of said two (2) or more members of the Design Review Board may occur with or without a meeting, and at the same time or at different times. The Design Review Board shall maintain such records as it shall deem necessary to record actions taken or determinations made by it. The Design Review Board shall give notice to the Board of Trustees of its decisions and the Board of Trustees may review, vacate, modify or sustain a decision of the Design Review Board within 90 days of receipt of notice of decision.

8.3. Design Standards. The Design Review Board may, but shall not be required to, adopt such Design Standards as it reasonably deems necessary to inform Owners of the

standards which will be applied in approving or disapproving proposed Improvements. Such Design Standards may be written or unwritten and may be adopted formally or otherwise, and the term "Design Standards" shall refer to any such standards as are adopted by the Design Review Board.

8.4. Design Review Procedures. The Design Standards, if any, may specifically set forth the procedures of the Design Review Board with respect to the submission of plans and specifications for approval and may provide such other rules, regulations, policies and recommendations which the Design Review Board will consider in approving or disapproving proposed construction or alteration of Improvements; provided, however, that such procedures shall not be less restrictive than the procedures required in this Article VIII.

8.5. Additional Restrictions.

(a) Residential Use. No Townhome shall be occupied and used except for residential purposes by the Owner, his tenants, and social guests, and no trade or business shall be conducted therein. An Owner shall have the right to rent out his Townhome to a tenant or tenants on a long term or short term basis under such terms and conditions as may be deemed appropriate by the Owner; provided, however, that any Owner and/or tenant shall occupy the Townhome subject to all terms and conditions of the Master Declaration, the Canyons SPA Documents, this Declaration and the Rules and Regulations.

(b) Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Townhome, or in any part of the Lot, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Townhome, or shall in any way increase the rate of insurance for the Project or the Association, or cause any insurance policy to be canceled or to cause a refusal to renew the same, or which will impair the structural integrity of any Townhome.

(c) Signs. No signs advertising Townhomes for sale or rent may be displayed on the Lot or on any portion of the Property, unless first approved by the Board or the Design Review Board, and the RVMA, and unless such signs comply with any and all local ordinances. Notwithstanding the preceding sentence, until all Townhomes in the Project have been sold, the Declarant shall have the right to advertise Townhomes for sale, provided Declarant complies with the requirements of Summit County with respect to such advertising.

(d) Animals. No animals or birds of any kind shall be raised, bred, or kept in any Townhome; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept, provided that they are not kept, bred or maintained for commercial purposes, and that they are kept under reasonable control at all times. Any such dog shall be kept on a leash at all times that the dog is in the Common Elements. Owners shall prevent their pets from soiling any portions of the Common Elements and in the event a pet does soil a portion of the common Elements the Owner or person in control of such pet shall immediately clean up after the pet. Owners shall prevent their pets from annoying or interfering with equestrian riders in the Project. Owners maintaining dogs on their Lots shall keep the dogs leashed at all times unless said Owners have installed a fence or underground electric fence (with the approval of the Board or

Design Review Committee) to prevent the dogs from leaving their respective Lot. The Board may enact reasonable rules respecting the keeping of animals within the Project, including noise restrictions, and may designate certain areas in which animals may not be taken or kept, or may require the specific animals not be allowed on any part of the Property.

(e) Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Lot, and shall not be allowed to accumulate thereon. All garbage or trash receptacles, including recyclable containers, shall be stored in the garage except on trash collection days. Trash, garbage and other waste shall not be kept except in sanitary containers and shall be kept in the garage. No waste equipment, garbage cans, or storage piles may be kept outside of the Townhome structure (including garage).

(f) Radio and Television Antennas. No alteration to or modification of a central radio or television antenna system or cable television system, whichever is applicable, shall be permitted, and no Owner may be permitted to construct, use or operate his own external radio, television antenna, or other electronic antenna without the consent of the Board. No Citizens Bank or other transmission shall be permitted on the Property. The location of any satellite dish, or other receiver, placed on the exterior of a Townhome must first be approved by the Design Review Board.

(g) Clothes Line. No exterior clothes lines shall be erected or maintained on a Lot and there shall be no outside laundering or drying of clothes

(h) Power Equipment and Car Maintenance. The use by a Owner of power equipment, including without limitation snow blowers, leaf blowers and power washers, or car maintenance of any nature shall be governed by the Association Rules and Regulations.

(i) Recreational Vehicles. No boats, trailers, recreational vehicles, trucks or commercial vehicles belonging to Owners or other residents of a Townhome shall be parked or stored in or upon any of the Common Elements, or any Limited Common Areas. Any boats, trailers, recreational vehicles, trucks or commercial vehicles belonging to Owners or other residents of the Townhome must be stored and kept within the Owner's garage. An Owner shall be entitled to temporarily store recreational vehicles on the Owner's driveway for not more than 48 hours in any 7 day period. Said parking regulation shall be strictly enforced.

(j) Parking Restrictions. No parking shall be allowed on the street in front of the Townhomes or Lots. No permanent parking shall be allowed in front of the garages of the Townhomes. Only temporary guest parking shall be allowed in the designated guest parking locations and in front of the garages of the Townhomes. For purposes of this section, temporary shall mean that a guest will not be allowed to park a vehicle in the guest parking locations and in front of the garage of the Townhome for more than 48 hours in any 7 day period. Said parking regulation shall be strictly enforced.

(k) Window Covers. Curtains and drapes (with a white lining), shutters, or blinds of a neutral color may be installed as window covers, subject to the Board's absolute discretion. No window shall be covered with aluminum foil or similar material. No window tinting or mullions shall be allowed without the prior written approval of the Design Review Board.

(l) Sculptures/Flags. No outdoor sculptures and/or flags shall be permitted except by written approval of the Design Review Board.

(m) Patio Fences. Perimeter fencing will not be allowed without prior written approval of the Board. Fencing is defined to mean fences, along or near lot lines or fencing not connected with a building or structure. Interior fencing, screens or walls, which are associated with or connected to a Townhome, including screening of any exterior air conditioning equipment, are permitted if they are of such design materials and height as may be approved by the Design Review Board.

(n) No Patio/Deck Storage. No storage of any kind shall be permitted on decks or patios. Patio furniture and portable barbecue grills in good condition may be maintained on decks and patios.

(o) Compliance with Rules and Regulations. No Owner shall violate the rules and regulations for the use of the Lots, Townhomes, Common Elements and Limited Common Areas as adopted from time to time by Declarant or the Board.

(p) No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article VIII or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the recent or future validity or enforceability, of any such restrictive covenants, and the Owner shall assume all risks of the validity and enforceability thereof and by acquiring the Lot agrees to hold Declarant harmless therefrom.

(q) Enforcement Power. The Board shall have the power, subject to the primary power of the Master Board of the Master Association, to enforce the covenants and restrictions contained in this Declaration, but only as said covenants and restrictions relate to the Project, and to collect assessments on behalf of the Association.

(r) Recreation Area Risks. The Project is located in a mountain area with certain inherent risks and inconveniences as further described in the Master Declaration. In addition, the Project is in close proximity to a public skiing facility and golf course which may generate an unpredictable amount of disturbances as further described in the Master Declaration.

8.5. Variances. Subject to approval by RVMA & the County, the Design Review Board may from time to time authorize variances from compliance with any provision of the Design Standards, if any, when circumstances such as topography, natural obstructions, or aesthetic, environmental or planning objectives or considerations may so warrant; provided, however, that no variance granted shall, in the reasonable opinion of the Design Review Board, constitute a material violation of the standards for the Project set forth in Section 8.3 of this Declaration. Each such variance must be approved by a majority of the members of the Design Review Board. If such variance is granted, no violation of this Declaration or the Design Standards, if any, shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive or to render unenforceable any of the terms and provisions of this Declaration for any purpose except as to the particular Lot and the provisions and



circumstances covered by the variance, nor shall the granting of a variance be deemed to set a precedent with respect to any subsequent requests for variances. The Design Review Board shall not delegate to any single member or group of members of the Design Review Board or to any other person the power to grant variances pursuant to this Section 8.5. Any request for variance must be in writing and specify the variance requested and the reasons for such variance. A request for a variance shall be reviewed by the Design Review Board within thirty (30) business days after its receipt of a written request for the same. The Design Review Board shall provide written notification of approval or disapproval. Notification of disapproval shall include a reasonably detailed explanation of the reasons for such disapproval. In the event that the Design Review Board shall fail to act within said thirty (30) day period, the requested variance shall be deemed disapproved, and within fifteen (15) days from said date the Design Review Board shall provide written notification of the reasons for such disapproval.

8.6. Final Plans. Upon approval of preliminary plans and specifications, the Owner shall proceed to prepare final construction plans and specifications, including a final Landscape Plan, which shall conform to the plans and specifications approved by the Design Review Board. Not later than the date on which the final plans and specifications are submitted to the appropriate governmental authority for the issuance of building permits, the Owner shall submit copies of the final plans and specifications and final Landscape Plan to the Design Review Board. Prior to the commencement of construction, the Design Review Board shall have the right to determine whether the final plans and specifications and Landscape Plan conform with the approval previously granted by the Design Review Board. Such determination shall be made within ten (10) business days of the date final plans and specifications are delivered to the Design Review Board. The Design Review Board to provide such notice within said ten (10) day period shall be deemed approval.

8.7. Inspection. The Design Review Board shall have the right and authority to monitor construction of the Improvements to see that such Improvements are in compliance with the plans and specifications which have been approved by the Design Review Board. The Design Review Board shall notify the Owner in writing of any failure to comply with the plans and specifications approved by the Design Review Board. This right of inspection shall expire thirty (30) days after the Design Review Committee shall have received a written notice of completion of construction from the Owner.

8.8. Notice of Noncompliance. If the Association determines that any Improvements have been constructed without approval of the Design Review Board or were not constructed in substantial compliance with the description and materials furnished to and any conditions of approval imposed by the Design Review Board, then the Association or the Design Review Board shall notify the Owner in writing of such noncompliance. Such notice shall specify the noncompliance and shall require the Owner to take such action as may be necessary to remedy the noncompliance within thirty (30) days of the date of such notice or in the event such noncompliance is not reasonably capable of being remedied within said thirty (30) days, then within such time, the Owner shall have commenced such action as shall be required to remedy the noncompliance and shall diligently prosecute the same to completion.

8.9. Correction of Noncompliance. If the Owner does not comply with the notice sent pursuant to Section 8.8, then the Association may, in its discretion, record a notice of noncompliance against the Lot on which the noncompliance exists, may remove or correct

the noncomplying Improvement and, in such event, the Owner shall reimburse Declarant or the Association, as applicable, upon demand, for any and all expenses incurred in connection therewith. If such expenses are not reimbursed within thirty (30) days of notice thereof, the Board shall levy a Specific Assessment in accordance with the provisions of Section 6.4. The Association shall have standing and authority to enforce in courts of competent jurisdiction the Design Standards, if any, and the decisions of the Design Review Board. The right to remedy or remove any noncomplying Improvement shall be in addition to all other rights and remedies which the Association may have at law, in equity or under this Declaration, including specifically, but without limitation, the right to injunctive relief from a court of competent jurisdiction to stay construction or compel removal of a noncomplying Improvement. Should the Association be required to enforce the provisions hereof by legal action, the attorney's fees and costs incurred, whether or not judicial proceedings are involved, shall be collectible from the Owner.

8.10. No Liability. No member of the Design Review Board shall be personally liable for civil claims arising from acts or omissions made in the performance of duties as a member of the Design Review Board, unless the acts or omissions are the result of the intentional misconduct of such member. Plans and specifications are not reviewed for (i) engineering, architectural, building code or any other code design requirements, (ii) compliance with zoning or other applicable municipal ordinances or regulations, or (iii) compliance with the requirements of any public utility. Neither the approval of plans and specifications by the Design Review Board, nor the compliance of such plans and specifications to the Design Standards, if any, shall be construed to constitute any acknowledgement, warranty or representation by Declarant, the Association or the Design Review Board as to the technical sufficiency, adequacy or safety of any Improvement or the compliance with applicable building codes, regulations or laws, including specifically, but without limitation, the Americans With Disabilities Act of 1990, as amended, and any regulations adopted pursuant thereto.

8.11. Delegation of Design Review. The Design Review Board may, in its discretion, assign, delegate or withdraw all or any portion of its responsibility and authority under this Article VIII to an Association or another body of the Design Review Board's choosing. In the event of such assignment or delegation, the body named by the Design Review Board shall possess all of the powers granted under this Article VIII and shall conduct itself in accordance with the standards and requirements outlined herein.

8.12. Exclusions. The provisions of this Article VIII shall not be applicable to the Common Elements, Project Signs and any and all Improvements related thereto.

8.13. Application to Declarant. The provisions of this Article VIII, including specifically the Design Standards, if any, do not apply to Townhomes and/or Common Elements originally constructed or to be constructed by the Declarant.

## **ARTICLE IX**

### **Mortgagee Protection**

9.1. Mortgagee Protection. No breach of any of the covenants, conditions, restrictions, or limitations contained in this Declaration shall defeat or render invalid the

lien of any Mortgage made in good faith and for value; provided, however, that all such covenants, conditions, restrictions or limitations contained herein shall be binding upon an Owner whose title is derived through foreclosure, trustee's sale or by deed or assignment in lieu of foreclosure.

9.2. Notice of Noncompliance to Mortgagee. From and after the time a Mortgagee makes written request to the Association therefore, the Association shall notify such Mortgagee in writing in the event that the Owner of a Lot encumbered by the Mortgage held by such Mortgagee neglects, for a period of thirty (30) days or more, to cure any failure on the part of such Owner to perform any of its obligations under this Declaration.

9.3. Priority of Assessment Lien. The lien or claim against a Lot for unpaid Assessments levied by the Association pursuant to this Declaration shall be subordinate to a Mortgage affecting such Lot which has been recorded prior to the date such Assessment became due. A Mortgagee who comes into possession of the Lot pursuant to its Mortgage or a deed or assignment in lieu of foreclosure shall take the same free of such lien or claim for unpaid Assessments or charges, but only to the extent of Assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder or delivery of a deed or assignment in lieu of foreclosure, except that such Mortgagee shall be responsible for the payment of a pro rata share of such prior Assessments or charges resulting from a pro rata reallocation thereof to all Lots, including the Lot in which the Mortgagee is interested. No Assessment, charge, lien or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not being a burden to a Mortgagee coming into possession pursuant to its Mortgage or a deed or assignment in lieu of foreclosure shall be collected or enforced against a Mortgagee, a successor in title to a Mortgagee or the Lot affected or previously affected by the Mortgage concerned (to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgagee interested in such Lot).

9.4. Financial Information. Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association during reasonable business hours. From and after the time a Mortgagee makes written request to the Association therefor, and at the expense of such Mortgagee, the Association shall furnish to such Mortgagee copies of such financial reports or writings summarizing or reflecting the financial position or history of the Project as may be prepared for distribution to or use by the Owners generally.

9.5. Article Supersedes Others. In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Article IX, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations, or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

9.6. Amendment to Article. No amendment to the Article IX which has the effect of diminishing the rights, protection, or security afforded to Mortgagees shall be accomplished or effective unless (i) Mortgagees holding security in at least seventy-five percent (75%) of the Lots in the Project, (ii) seventy-five percent (75%) of the Class A member and (iii) the Class B member (if applicable), have all given their prior written approval to such amendments. Any amendment to this Article IX shall be accomplished by an instrument executed by the Association and filed for record in the office of the County

Recorder of Summit County, State of Utah. In any such instrument, an officer of the Association shall certify under penalties of perjury that the prior written approval of first Mortgagees required by this Article IX as a condition to amendment has been obtained.

9.7. Notices to Mortgagee. Any notice to a Mortgagee under this Article IX shall be in writing and shall be sufficient for all purposes if personally delivered or if sent by first-class mail, postage prepaid, and addressed to the Mortgagee at the address for notices from time to time specified by the Mortgagee in writing to the Association. Any such notice shall be given in the manner specified in Section 11.1 of this Declaration.

## **ARTICLE X Insurance**

10.1. Insurance. The Association shall at all times maintain in force insurance meeting the following requirements:

(a) Blanket Insurance. A “master” type policy of property insurance shall be maintained covering the entire Project (excluding the interiors of the Lots which must be insured under the Owner insurance provisions described in Section 10.8 below), including: Common Elements; Limited Common Areas; all Lots including all Townhomes; fixtures, machinery, building service equipment, personal property and supplies comprising a part of the Common Elements maintained for the service of the Project or owned by the Association, but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a “master” or “blanket” type policy of property insurance are intended to denote single entity insurance coverage. At a minimum, such “master” or “blanket” policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard “all risk” endorsement, where such endorsement is available. Such “master” or “blanket” policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage.

(b) Replacement Endorsements; Deductibles. If the Board deems such advisable and as long as it is available at a reasonable cost, the insurance policy described in Section 10.1(a) shall include either of the following endorsements to assure full insurable value replacement cost coverage: (i) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (ii) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one hundred percent (100%) of the property’s insurable replacement cost but no more). Unless the Board otherwise determines, the maximum deductible amount for such a policy covering the Common Elements shall be Ten Thousand Dollars (\$10,000.00) and for losses related to individual Lots that are covered by such a policy, the deductible related to each individual Townhome shall be Ten Thousand Dollars (\$10,000.00). Funds to cover these deductible amounts shall be included in the Association’s operating reserve account, subject to the Board’s right to

recover such deductible amounts from persons or Owners whose gross negligence gave rise to the damages and claims under a policy covering the Common Elements.

(c) General Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Elements, Townhome exteriors, public ways in the Project, all other areas of the Project that are under the Association's ownership or supervision. The coverage limits under such policy shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least Three Million Dollars (\$3,000,000.00) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Alternatively, the Association may obtain an umbrella policy for such general liability coverage as determined by the Board in its sole and exclusive discretion. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Elements, and Townhome exteriors. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location and use, including but not limited to (where economically feasible and if available), bailee's liability, garage keeper's liability, host liquor liability, contractual and all-written contract insurance, workers' compensation and employer's liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Association and to each First Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

(d) Fidelity Bonds. The Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, Board members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where some or all of the responsibility for the handling of funds has been delegated to an officer, the officer shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. In addition, the Board shall, within a reasonable time period, submit evidence to the Association that it has secured such fidelity insurance. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association, at any given time during the term of each bond.

(e) Designation of Insured. The name of the insured under each policy required to be maintained by Section 10.1 shall be the Association for the use and benefit of the individual Owners. (Said Owners shall be designated by name if required by law.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized representative of the Association, including any trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such trustee (each of whom shall be referred to herein as

the "Insurance Trustee"), for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

10.2. Required Endorsements. Each policy required to be maintained by Section 10.1 shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

10.3. Additional Provisions. Each policy required to be maintained by Section 10.1 shall provide, if available, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect or individual Owners which is not in the control of such Owners collectively or the Association; and the policy is primary in the event the Owner has other insurance covering the same loss.

10.4. Board Duties. In contracting for the policies of insurance required to be maintained by Section 10.1, the Board shall make reasonable efforts to secure (where economically feasible and reasonably available) coverage commonly required by private mortgage investors for projects similar in construction, location and use.

10.5. Additional Insureds. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any Insurance Trustee, who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

10.6. Insurance Provider Performance Requirements. Each insurance policy maintained pursuant to the foregoing Sections 10.1(a), 10.1(c), and 10.1(d) shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has an A- or better general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (i) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, Mortgagee, the Board, or the Association; (ii) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (iii) the policy

includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Board, the Association, or Owner) from collecting insurance proceeds. The provisions of this Article X shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

10.7. Annual Review. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration.

10.8. Owner to Insure. Notwithstanding anything in the Article X to the contrary, it shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's Lot and Townhome and personal property and furnishings and on any upgrade made to the structures and fixtures of the Owner's Lot and Townhome. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Lot and Townhome as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverages obtained by such Owner shall affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage, nor shall such coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any such diminution of insurance proceeds to the Association as a result of insurance coverage maintained by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a default Assessment, with the understanding that the Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners. Each Owner shall be responsible to provide insurance coverage for the amount of any additional value to any Lot caused by any improvement to the Lot made by such Owner and not initially made by Declarant, including, but not limited to, the value of structural upgrades or fixtures supplied by the Owner, or if the applicable insurance is to be provided by the Association, for any additional insurance costs associated with such increased value due to such Improvements. Upon reasonable request by the Board, each Owner shall cause an insurer which has issued an insurance policy under this Section to issue a certificate or a memorandum of insurance to the Association evidencing that the Owner has procured the appropriate insurance coverage for his, her or its Lot as required by this Declaration. Any insurance obtained pursuant to this Section shall not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association. In the event an Owner does not provide evidence of insurance within a reasonable time period as determined by the Board, then the Association may procure such physical damage insurance on behalf of the Owner as required by this Section and the Association shall be entitled to collect the amount of such insurance premium from the Owner as if the amount were a Specific Assessment, with the understanding that the Board on behalf of the Association may impose and foreclose a lien for the payment due.

10.9. No Duplication of Insurance. Notwithstanding the foregoing, the Association shall not be obligated to obtain any coverage which would duplicate or overlap to a

significant degree with the insurance coverage obtained by the Master Association on the Project.

## **ARTICLE XI Miscellaneous Provisions**

11.1. Notices. Upon acquisition of title to a Lot, each Owner shall provide written notice to the Association of such Owner's address (email address preferred) for purposes of furnishing notices in connection with this Declaration. The Association shall maintain a record of the notice addresses furnished by the Owners. The address provided by an Owner shall be used for any notice required to be given under this Declaration and if no such address shall have been provided, then the address used by Summit County for the mailing address of real property tax statements for such Lot shall be used for such notice. All notices to be given pursuant to this Declaration shall be sufficient if given by email, by personal service, by guaranteed overnight delivery service or by being mailed postage prepaid, certified or registered mail, return receipt requested, to the prescribed address. Any time period provided in the giving of any notice hereunder shall commence upon the date of personal service, the date after delivery to the guaranteed overnight delivery service or two (2) days after mailing certified or registered mail. Notice of the regular annual meeting of the Members shall be sent as set forth in the Bylaws.

11.2. Amendment. Except where otherwise specifically provided in this Declaration, this Declaration may be amended upon the affirmative vote of a majority of the Class A members and Class B member, by class; PROVIDED, HOWEVER, such amendment shall recite that a vote of the Owners has been properly taken and that the amendment has been approved in accordance with the provisions hereof, which shall be certified by an officer of the Association and shall be recorded in the office of the Summit County Recorder, State of Utah. Any such amendment shall take effect upon such recordation. Each Owner makes, constitutes and appoints the Association the true and lawful attorney-in-fact of said Owner to act in said Owner's name, place and stead to make, execute, sign, acknowledge and file with respect to the Project such amendments to this Declaration as may be required by law or by vote taken pursuant to the provisions of this Declaration. Any amendment to this Declaration which shall require the express consent of a specified party shall be accomplished only by an amendment executed by both the Association and the party from whom such consent shall be required which shall be filed for record in the office of the County Recorder of Summit County, State of Utah.

11.3. Amendment by Declarant. Declarant reserves and shall have the sole right to (i) amend this Declaration without the vote or consent of any Owner for the purpose of curing any inconsistency between the provisions contained herein, (ii) amend this Declaration without the vote or consent of any Owner in any manner which does not adversely affect the substantive rights of existing Owners, or Mortgagees, and (iii) to amend this Declaration without the vote or consent of any Owner during the first two (2) years after the same has been recorded to comply with the request of any Mortgagee referred to in Article IX. The foregoing amendments may be made without the joinder or approval of any Owner, Mortgagee or the Association.



11.4. Condemnation. In the event that all or any part of the Common Elements is taken through condemnation or is conveyed to a condemning authority under threat of condemnation, the entire condemnation award or proceeds shall be used first to pay costs and expenses incurred to restore the remaining portions of the Common Elements to the condition that existed prior to such taking and any portion that shall remain thereafter shall be allocated to all Owners in the same proportion as used in the allocation of Common Expenses. Costs and expenses incurred in restoring such Common Elements or other areas which shall be in excess of said condemnation award allocable to the Common Elements shall be a Common Expense and may be included in a Special Assessment made to all Owners. Subject to the rights of any Mortgagee, should the Improvements on any Lot be taken by eminent domain or be conveyed by the Owner by deed in lieu thereof, the proceeds therefrom shall be used first to restore the remaining Improvements on the Lot.

11.5. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property and Project for a term of seventy-five (75) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless terminated at the end of any such period by the affirmative vote of two-thirds (2/3) of the Owners. No such termination shall terminate any Easement granted herein and all such Easements shall survive any termination of this Declaration and may be extinguished only in the manner provided by law for the termination of an easement.

11.7. No Merger. The easements, covenants and restrictions and other provisions contained in this Declaration shall remain in full force and effect despite the fact that any of the Lots may be owned by the same persons from time to time. It is the express intent of the Declarant to create a common scheme for the development and operation of the Project which will not be terminated by the doctrine of merger or otherwise unless this Declaration is terminated in accordance with the provisions hereof.

11.8. Assignment of Declarant's Rights and Remedies. Any and all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any person, corporation, association or other entity which assumes such assigned duties of Declarant hereunder, including the Association. In the event that Declarant attempts to assign less than all of the rights, powers and reservations of Declarant set forth herein, then any such assignment must specify which rights, powers and reservations are being assigned and the only party that shall be permitted to exercise a right reserved or granted unto Declarant shall be the party to whom such right has been assigned. To be effective, such assignment must be in writing, must be recorded in the office of the Summit County Recorder, State of Utah, and must specifically refer to the rights, powers and reservations of Declarant hereunder which are being assigned. Upon acceptance of such assignment by any such person or entity (such acceptance may be shown, among other ways, by execution of such assignment by such assignee, or by such assignee recording the assignment in the office of the Summit County Recorder, State of Utah) and recording of such assignment in the office of the Summit County Recorder, State of Utah, said assignee shall, to the extent of such assignment, assume, and be deemed to have assumed, Declarant's duties hereunder and shall have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment and recording, and to the extent thereof, the party making such assignment shall be relieved from all liabilities, obligations and duties hereunder arising from and after the date of such assignment. Anything contained elsewhere herein to the contrary notwithstanding, the mere

conveyance or transfer of ownership of the Property by Declarant to any person or party, whether by deed or other instrument of conveyance, shall in no way convey any right, power or reservation of Declarant hereunder. A successor to Declarant by reason of any merger or consolidation of the then Declarant shall automatically be deemed to have assumed Declarant's duties hereunder and shall have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein.

11.9. Violation Creates Nuisance. Any violation of any provision, covenant, condition or equitable servitude contained in this Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any party entitled to enforce the provisions of this Declaration.

11.10 Violation of Law. Violation of any federal, state, municipal or local law, ordinance, rule or regulation, pertaining to the ownership, occupation or use of any Property or Improvements within the Project, is hereby declared to be a violation of this Declaration and shall be subject to any and all of the enforcement procedures set forth in this Declaration.

11.11. No Third-Party Beneficiary. This Declaration has been executed and recorded for the benefit of Declarant, the Association and the Owners. Unless otherwise set forth herein with specificity which shall include the name of the party intended to be benefited by a specific provision of this Declaration, no other party shall be construed to be an intended third-party beneficiary of any of the rights, duties or obligations set forth herein, and no party other than Declarant or an Owner shall, therefore, have the right to enforce any provision hereof, unless such right shall be specifically set forth herein.

11.12. Words of Conveyance. The use of the word "grant," and any form thereof, as used in provisions of this Declaration to create or preserve easements, licenses or other rights and privileges described herein, shall be deemed to be construed in such manner as shall be required to give effect to the easement, license, right or privilege intended to be created or preserved by such provisions and, to the extent necessary to effect such result, any use of the word "grant," or any form thereof, shall be deemed to include such other words of conveyance (e.g., reserve, quitclaim, convey, transfer, etc.) as may be required to give effect to the easement, license, right or privilege intended to be created or preserved.

11.13. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

11.14. Gender and Number. In this Declaration, unless the context requires otherwise, the masculine, feminine and neuter genders and the singular and the plural shall be deemed to include one another, as appropriate.

11.15. Captions. The titles, headings and captions used herein are for convenience only and are not a part of this Declaration and shall not be considered in construing, nor shall the same be used to limit or amplify, the terms and provisions hereof.

11.16. Invalidity of Provision. If any provision of this Declaration as applied to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent

permissible by law) any other provision of this Declaration, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of the Declaration as a whole.

11.17. Exhibits. All exhibits to this Declaration are incorporated herein by this reference.

11.18. Governing Law. This Declaration and the exhibits attached hereto shall be governed by and construed under the laws of the State of Utah.

[Remainder of Page Left Intentionally Blank—Signature Page Follows]

SIGNATURE PAGE  
TO

DECLARATION  
OF  
COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS  
FOR THE  
FROSTWOOD TOWNHOMES

EXECUTED to be effective the day same shall be recorded in the office of the Summit  
County Recorder, State of Utah.

DATED this 2<sup>nd</sup> day of Dec., 2015.

DECLARANT: FROSTWOOD 6, LLC  
A Utah limited liability company

By: [Signature]  
Name: Kent Hoggan  
Title: manager

ACKNOWLEDGMENT

STATE OF UTAH                    )  
  ) SS:  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this 2<sup>nd</sup> day of  
December, 2015 by Kent Hoggan, manager of FROSTWOOD 6, LLC, a Utah  
limited liability company, and said Kent Hoggan duly acknowledged to me he  
executed the same for and on behalf of FROSTWOOD 6, LLC.

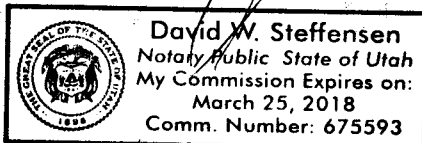
[Signature]  
NOTARY PUBLIC  


Exhibit A

Legal Description of the Property

All of Parcel F6, of the First Amended Master Development of Plat of Frostwood, a Planned Community on Record at the Summit County Recorder's Office, Entry No. 799952. Contains 4.69 acres more or less.

Exhibit B

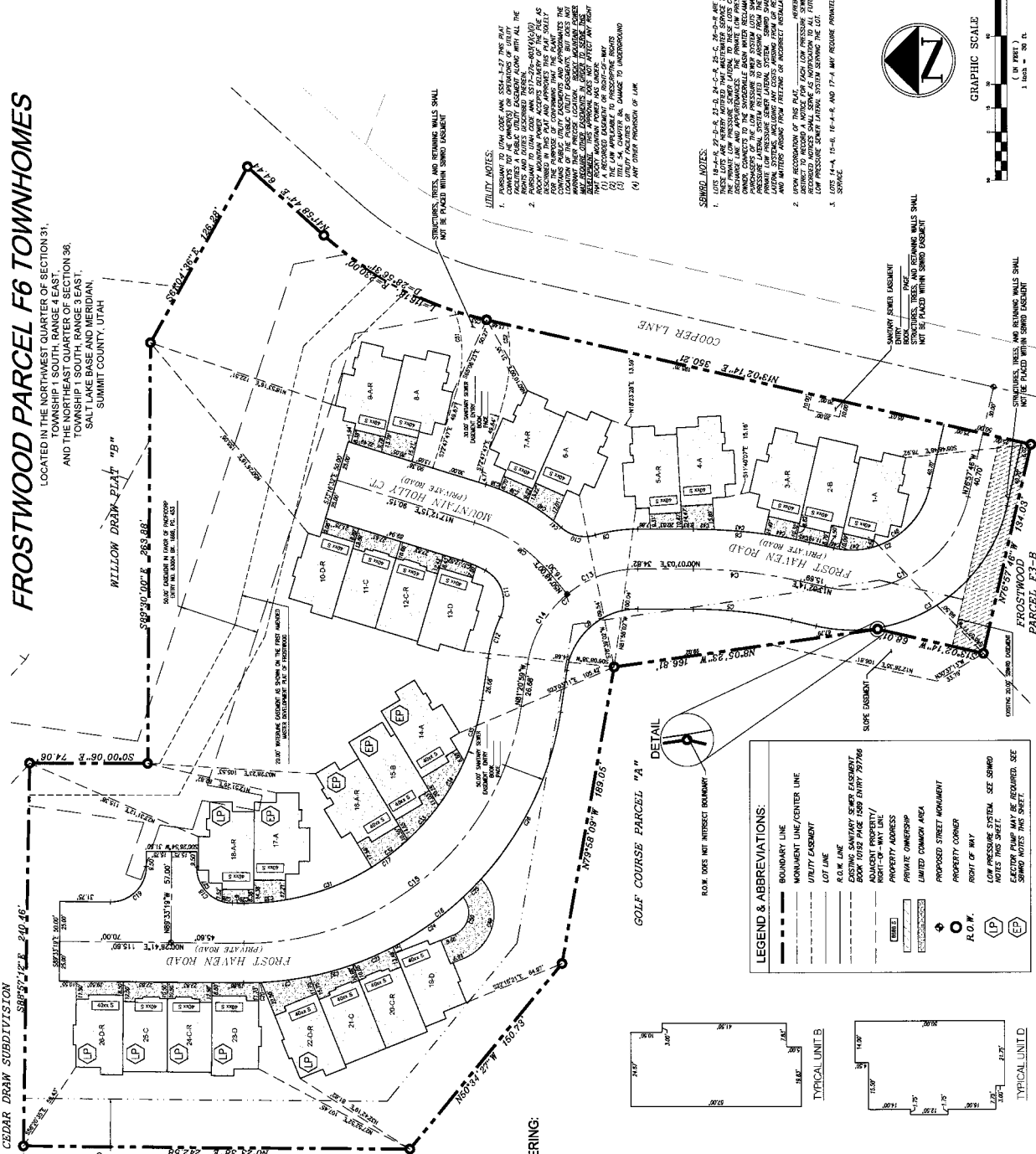
Plat for the Project

# FROSTWOOD PARCEL F6 TOWNHOMES

LOCATED IN THE NORTHWEST QUARTER OF SECTION 31,  
 TOWNSHIP 1 SOUTH, RANGE 4 EAST,  
 AND THE NORTHEAST QUARTER OF SECTION 36,  
 TOWNSHIP 1 SOUTH, RANGE 3 EAST,  
 SANGRE DE CRISTO MERIDIAN,  
 SUMMIT COUNTY, UTAH

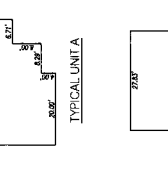
### CURVE DATA

| SEGMENT | LENGTH | RADIUS | DELTA  | TANGENT | CHORD  | CHORD BEARING |
|---------|--------|--------|--------|---------|--------|---------------|
| C1      | 117.81 | 20.00  | 70.07  | 20.00   | 180.00 | S179°45'E     |
| C2      | 78.54  | 60.00  | 80.00  | 30.00   | 70.71  | S179°45'E     |
| C3      | 107.66 | 100.00 | 100.00 | 50.00   | 114.37 | S179°45'E     |
| C4      | 87.45  | 300.00 | 128.11 | 12.87   | 87.50  | N00°00'00"E   |
| C5      | 92.01  | 300.00 | 128.11 | 12.87   | 87.50  | N00°00'00"E   |
| C6      | 63.33  | 300.00 | 128.11 | 12.87   | 87.50  | N00°00'00"E   |
| C7      | 63.33  | 300.00 | 128.11 | 12.87   | 87.50  | N00°00'00"E   |
| C8      | 63.33  | 300.00 | 128.11 | 12.87   | 87.50  | N00°00'00"E   |
| C9      | 27.00  | 50.00  | 180.00 | 15.00   | 27.00  | N00°00'00"E   |
| C10     | 27.00  | 50.00  | 180.00 | 15.00   | 27.00  | N00°00'00"E   |
| C11     | 33.37  | 22.50  | 80.70  | 20.18   | 30.66  | N00°00'00"E   |
| C12     | 33.37  | 22.50  | 80.70  | 20.18   | 30.66  | N00°00'00"E   |
| C13     | 48.00  | 70.00  | 80.70  | 20.18   | 47.10  | N00°00'00"E   |
| C14     | 31.50  | 70.00  | 80.70  | 20.18   | 30.34  | N00°00'00"E   |
| C15     | 31.50  | 70.00  | 80.70  | 20.18   | 30.34  | N00°00'00"E   |
| C16     | 31.50  | 70.00  | 80.70  | 20.18   | 30.34  | N00°00'00"E   |
| C17     | 31.50  | 70.00  | 80.70  | 20.18   | 30.34  | N00°00'00"E   |
| C18     | 31.50  | 70.00  | 80.70  | 20.18   | 30.34  | N00°00'00"E   |
| C19     | 31.50  | 70.00  | 80.70  | 20.18   | 30.34  | N00°00'00"E   |
| C20     | 1.37   | 200.00 | 270.11 | 2.70    | 1.37   | N00°00'00"E   |
| C21     | 30.37  | 200.00 | 64.41  | 15.19   | 30.37  | N00°00'00"E   |
| C22     | 30.37  | 200.00 | 64.41  | 15.19   | 30.37  | N00°00'00"E   |
| C23     | 27.97  | 200.00 | 74.00  | 14.81   | 27.94  | N00°00'00"E   |
| C24     | 54.00  | 200.00 | 45.81  | 27.11   | 53.81  | N00°00'00"E   |
| C25     | 14.04  | 200.00 | 45.81  | 27.11   | 14.00  | N00°00'00"E   |
| C26     | 117.81 | 200.00 | 70.00  | 20.00   | 118.10 | N00°00'00"E   |
| C27     | 28.00  | 25.00  | 150.00 | 15.00   | 28.00  | N00°00'00"E   |
| C28     | 28.00  | 25.00  | 150.00 | 15.00   | 28.00  | N00°00'00"E   |
| C29     | 6.00   | 100.00 | 270.11 | 6.00    | 6.00   | N00°00'00"E   |
| C30     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C31     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C32     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C33     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C34     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C35     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C36     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C37     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C38     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C39     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C40     | 26.17  | 100.00 | 74.13  | 10.08   | 26.12  | N00°00'00"E   |
| C41     | 6.00   | 100.00 | 270.11 | 6.00    | 6.00   | N00°00'00"E   |
| C42     | 11.17  | 300.00 | 21.01  | 3.58    | 11.13  | N00°00'00"E   |
| C43     | 31.48  | 300.00 | 67.90  | 10.71   | 31.48  | N00°00'00"E   |
| C44     | 20.04  | 300.00 | 37.10  | 6.00    | 20.04  | N00°00'00"E   |
| C45     | 6.00   | 300.00 | 137.10 | 6.00    | 6.00   | N00°00'00"E   |
| C46     | 3.34   | 300.00 | 298.07 | 1.87    | 3.34   | N117°00'00"E  |
| C47     | 28.00  | 300.00 | 298.07 | 14.87   | 28.00  | N117°00'00"E  |
| C48     | 28.00  | 300.00 | 298.07 | 14.87   | 28.00  | N117°00'00"E  |
| C49     | 28.00  | 300.00 | 298.07 | 14.87   | 28.00  | N117°00'00"E  |
| C50     | 28.00  | 300.00 | 298.07 | 14.87   | 28.00  | N117°00'00"E  |
| C51     | 52.06  | 52.00  | 361.74 | 28.00   | 51.31  | N00°00'00"E   |
| C52     | 52.06  | 52.00  | 361.74 | 28.00   | 51.31  | N00°00'00"E   |
| C53     | 28.00  | 200.00 | 270.11 | 28.00   | 28.00  | N172°04'11"W  |



### LEGEND & ABBREVIATIONS:

|       |  |
|-------|--|
| ---   | BOUNDARY LINE  |
| - - - | MONUMENT LINE/CENTER LINE  |
| ---   | UTILITY EASEMENT   |
| - - - | LOT LINE   |
| - - - | E.O.W. LINE  |
| ---   | EXISTING SANITARY SEWER EASEMENT<br>BOOK 10182 PAGE 1589 ENTRY 79796 |
| ---   | ADJACENT PROPERTY/<br>PROPERTY ADDRESS                               |
| ---   | PRIVATE OWNERSHIP  |
| ---   | LIMITED COMMON AREA  |
| ---   | PROPOSED STREET MONUMENT   |
| ---   | PROPERTY CORNER  |
| ---   | RIGHT OF WAY   |
| ---   | LOW PRESSURE SEWER/SEE SHEDD<br>NOTES THIS SHEET                     |
| ---   | EASEMENT/SEE SHEDD<br>NOTES THIS SHEET                               |



UNIT NUMBER  
 UNIT PLAN  
 REVERSE PLAN  
 (WHERE NOTED)

### UTILITY NOTES:

- PERMIT TO LUMP CODE AND 554.1-2.7 THIS PLAN IS SUBJECT TO THE UTILITY COMPANY'S AND ALL THE RIGHTS AND OBLIGATIONS THEREOF.
- STRUCTURES, TREES, AND RETAINING WALLS SHALL NOT BE PLACED WITHIN SMOG EASEMENT.
- STRUCTURES, TREES, AND RETAINING WALLS SHALL NOT BE PLACED WITHIN SMOG EASEMENT.

### SMOG NOTES:

- LOTS 1A-4, 11-6, 21-8, 24-8, 24-8, 25-8, 26-8, 27-8, 28-8, 29-8, 30-8, 31-8, 32-8, 33-8, 34-8, 35-8, 36-8, 37-8, 38-8, 39-8, 40-8, 41-8, 42-8, 43-8, 44-8, 45-8, 46-8, 47-8, 48-8, 49-8, 50-8, 51-8, 52-8, 53-8, 54-8, 55-8, 56-8, 57-8, 58-8, 59-8, 60-8, 61-8, 62-8, 63-8, 64-8, 65-8, 66-8, 67-8, 68-8, 69-8, 70-8, 71-8, 72-8, 73-8, 74-8, 75-8, 76-8, 77-8, 78-8, 79-8, 80-8, 81-8, 82-8, 83-8, 84-8, 85-8, 86-8, 87-8, 88-8, 89-8, 90-8, 91-8, 92-8, 93-8, 94-8, 95-8, 96-8, 97-8, 98-8, 99-8, 100-8.
- UPON RECONSTRUCTION OF THIS PLAN, THE OWNER SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE UTILITY COMPANY AND THE STATE OF UTAH FOR THE INSTALLATION OF ALL NECESSARY UTILITY LINES AND STRUCTURES.
- LOTS 14-4, 15-4, 16-4, 17-4, 18-4, 19-4, 20-4, 21-4, 22-4, 23-4, 24-4, 25-4, 26-4, 27-4, 28-4, 29-4, 30-4, 31-4, 32-4, 33-4, 34-4, 35-4, 36-4, 37-4, 38-4, 39-4, 40-4, 41-4, 42-4, 43-4, 44-4, 45-4, 46-4, 47-4, 48-4, 49-4, 50-4, 51-4, 52-4, 53-4, 54-4, 55-4, 56-4, 57-4, 58-4, 59-4, 60-4, 61-4, 62-4, 63-4, 64-4, 65-4, 66-4, 67-4, 68-4, 69-4, 70-4, 71-4, 72-4, 73-4, 74-4, 75-4, 76-4, 77-4, 78-4, 79-4, 80-4, 81-4, 82-4, 83-4, 84-4, 85-4, 86-4, 87-4, 88-4, 89-4, 90-4, 91-4, 92-4, 93-4, 94-4, 95-4, 96-4, 97-4, 98-4, 99-4, 100-4.



**infinity CONSULTANTS**  
 2876 Executive Parkway, Suite 182  
 Lehi, Utah 84043 • Tel: 801.541.3040

RECORDED # \_\_\_\_\_  
 STATE OF UTAH, COUNTY OF SUMMIT, RECORDED AND FILED AT THE REQUEST OF:  
 DATE: \_\_\_\_\_ TIME: \_\_\_\_\_  
 BOOK: \_\_\_\_\_ PAGE: \_\_\_\_\_  
 FEE \$ \_\_\_\_\_ SUMMIT COUNTY RECORDER

Exhibit C

Bylaws for the Frostwood Townhomes Homeowners Association, Inc.



BYLAWS OF THE  
FROSTWOOD TOWNHOMES HOMEOWNERS ASSOCIATION, INC.

A Nonprofit Corporation of the State of Utah

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act, UCA §§ 16-6a-101, et seq (the "URNCA"), the Board of Trustees of the Frostwood Townhomes Homeowners Association, Inc., a Utah Nonprofit Corporation (the "Association"), hereby adopts the following Bylaws. Any capitalized terms not defined herein shall have the meaning given to them in the Declaration of Covenants, Conditions, Easements and Restrictions (the "CC&Rs") for the Frostwood Townhomes (the "Subdivision") and/or the Master Declaration of Covenants, Conditions and Restrictions (the "Master CC&Rs") for Frostwood Townhomes, a planned unit development.

ARTICLE I

NAME AND PRINCIPAL OFFICE

- 1.1. Name. The name of the association is as follows:  
  
FROSTWOOD TOWNHOMES HOMEOWNERS ASSOCIATION, INC.
- 1.2. Office. The office of the Association will be that address identified with the office of the President: 5911 South Fashion Blvd., Suite 200, Salt Lake City, Utah 84107.

ARTICLE II

MEMBERS AND MEETINGS

- 2.1. Membership. The Members (collectively, the "Members") of the Association shall be the owners of Parcels (sometimes referred to as Units or Parcels on the Plat) (collectively, the "Parcels") in the Subdivision. Membership is deemed an appurtenance to each Parcel, and shall pass automatically to the owner of each Parcel upon conveyance of title.
- 2.2. Annual Meetings. The annual meeting of the Members shall be held at the time and place designated by the Board of Trustees of the Association by delivering proper notice of the annual meetings as set forth in § 2.5 below. The purpose of the annual meeting is the election of trustees (the "Trustees") and to consider such other business as necessary for the benefit of the Association. The annual meeting will be held in June of each year with Trustees taking their offices effective July through June for no more than a three year term, except as provided below:

If the Trustees are not elected at the annual meeting, the existing Trustees shall continue to serve until their successors are named in a special meeting. Trustees will be elected to staggered terms initially.

Voting of Members for the election of the Trustees shall be governed by § 4.9 of the CC&Rs.

- 2.3. Special Meetings. Special meetings of the Members may be called by the Board of Trustees or by the President of the Association, by the Declarant, by the Class B Owner, or by Class A Members of the Association, if entitled to vote, representing a majority of the total voting power within the Association. Any notice of special meetings shall state the time, place, and date of the meetings, and the matters to be considered at that meeting. When a special meeting is called by the Members of the Association, the notice shall be in writing and delivered to the President of the Board.
- 2.4. Place of Meetings. Meetings may be held within the State of Utah at a location to be determined by the Board of Trustees.
- 2.5. Notice of Meetings. The Board of Trustees shall cause written or printed notice of the date, time, place and purpose of all meetings of the Members in the manner and time set forth in § 16-6a-103 and § 16-6a-704 of the URNCA.

Each Member shall register his or her physical address and e-mail address with the Association, and it shall be the obligation of the Member to provide notice of any change of address(es) to the Association. If there are multiple owners of a Parcel, they must designate one of them to receive the notice of the meetings on their behalf.

- 2.6. Members of Record and Voting. Upon purchasing a Parcel in the Subdivision, each Owner shall promptly notify the Association of their ownership status. The Association may require a copy of the deed or other instrument under which he or she acquired title to the Parcel.

The persons appearing as Members of the Association, in person or by proxy are entitled to one vote per owned Parcel. Persons unable to attend a meeting in which a vote is taken may cast a proxy vote if given in writing and presented to the Secretary of the Association personally or through another Parcel owner.

- 2.7. Majority Attendance at Meetings. At any meeting of the Members, the presence of Members of the holding a simple majority of voting interest in the Association (i.e., if Class B is entitled to vote, then a simple majority of interest of the Class B members; if Class A is entitled to vote, then a simple majority of interest of the Class A members), in person or by proxy, shall constitute a quorum.
- 2.8. Simple Majority. On any matter placed before the Members for a vote, the matter shall be considered passed if there is an affirmative vote of the majority of the votes entitled to be cast by the Members constituting a quorum. Election of the Board of

Trustees and other matters may be voted by secret ballot or by show of hands or such other means as the officer conducting the meeting shall determine.

- 2.9. Waiver of Irregularities. Any inaccuracies, irregularities, or errors in any call for a meeting or notice of meeting, inaccuracies or irregularities in the determination of the presence of a majority of the votes entitled to be cast or acceptance of proxies are deemed waived unless there is an objection stated at the meeting prior to the vote being taken.
- 2.10. Informal Action. Any act which is required to be taken or approved at a meeting may be taken or approved without a formal meeting if Members holding a majority of the total voting power at the meeting consent to the action in writing prior to the action being taken.

The Members may hold meetings for which formal notice was not given if the Members waive notice prior to the meeting.

### ARTICLE III

#### BOARD OF TRUSTEES

- 3.1. General Powers. The Board of Trustees shall have authority to manage and control the property and affairs of the Association. The Board of Trustees may exercise all powers conferred upon them by law, by the Articles of Incorporation, by the CC&Rs or by these Bylaws, including, without limitation, conveying, transferring or otherwise disposing of all of any portion of the Common Elements and other property under the control and management of the Association, including Limited Common Areas, making assessments against Members for payment of their portion of the Common Expenses as provided and defined in the CC&Rs; making assessments against Members for payment of fees, fines and interest for violations of the CC&Rs; provided, however, that those powers which are specifically reserved to the Members by law, the Articles of Incorporation or the CC&Rs shall be exercised only by the Members.
- 3.2. Number, Tenure, Executive Committee. There shall be three (3) Members of the Board of Trustees who shall serve as the officers of the Association as follows: President, Secretary and Treasurer.

The Board of Trustees shall each serve for a term of three (3) years. Trustees may serve as often as elected. The Trustees shall serve until the annual meeting at the end of the respective terms in which a Trustee's successor is elected, and the Trustee shall continue to serve until his successor has assumed office; provided, however, that a Trustee may resign at any time by giving written notice to the Association and upon such resignation a replacement Trustee may be appointed by the Class B member until the end of the Declarant Control Period, or by the remaining Trustees after the end Declarant Control Period, to complete the term of

the Trustee who resigned. At each annual meeting, only those Trustees whose terms have expired will stand for election.

3.3. Qualifications. During the Declarant Control Period a board member does not have to be an owner of a Parcel in the Subdivision. After the Change of Control Date, at least two (2) of the Board Members shall each be the owner of a Parcel in the Subdivision.

3.4. Board Meetings and Special Meetings. The Board of Trustees shall have at least one meeting per year. The Board of Trustees may meet as often as they see fit, and as required by law or the Articles for purposes of approving annual reports, tax returns, reviewing fiscal and budgetary reports and similar matters. Board of Trustees meetings will be closed for “executive or exigent agenda items” as determined by the Board of Trustees. Such items may include, but not limited to, legal matters, personnel discussions or for real estate property deliberations.

Special Meetings may be called by the Chairman of the Board of Trustees or by a majority of the Board of Trustees by giving notice to the other Board members. Notice of meetings of the Board of Trustees will be given in writing or by telephone not more than thirty (30) days, and not less than five (5) days prior to the date of the meeting.

3.5. Quorum. A quorum at a meeting of the Board of Trustees will consist of a simple majority of the Board of Trustees. Members of the Board of Trustees may be counted as present if they are participating in the meeting by telephone. No proxies will be given among members of the Board of Trustees, and no individual Trustee shall have the authority to act on behalf of the Association in his or her capacity as a Trustee.

3.6. Compensation. The Board of Trustees shall serve without compensation, provided that their reasonable out of pocket expenses for Association business, including the costs of attending Board of Trustees meetings held outside of the Association area, may be reimbursed by the Association.

3.7. Resignation or Removal. Any Trustee may resign at any time. Any Trustee may be removed prior to the end of his or her term of office by an affirmative vote of the Members. Three (3) consecutive, unexcused absences from the Board of Trustees meetings shall constitute reason for removal.

3.8. Vacancies. Vacancies on the Board of Trustees may be filled by appointment of a successor by the Class B member until the end of the Declarant Control Period, or by the remaining Trustees after the end Declarant Control Period, provided that any such appointee will be confirmed or rejected at the next regular meeting of the Members. Any such Trustee is to fill the balance of the vacant term which he or she has filled, and may stand for election at the expiration of that term.

3.9. Informal Action by Trustees. The Trustees may take any action they could take in a formal meeting without a formal meeting, provided that the action taken is authorized in advance in writing signed by a majority of the Board of Trustees, and further provided that all of the Trustees must have been given an opportunity to

approve or reject the action. The Trustees may waive notice of meetings by signing written waivers at the time of the meeting. Minutes of all Board of Trustees meetings will be kept, and when a meeting is held without prior notice, the minutes will reflect the written waiver of notice.

- 3.10. Standing Committee and Ad Hoc Committees. The Trustees may take action to form Standing Committees, such as the Design Review Board, or Ad Hoc Committees, for the purpose of addressing specific issues or concerns of the Association. Such committees will report to the Board of Trustees and shall be time limited in their service. All committees will be reviewed for completion of duties and “sun setting” on an annual basis.

A member of the Board of Trustees will chair any Standing Committee whereas As Hoc Committees may be formed and chaired by anyone selected by the Board of Trustees.

## ARTICLE IV

### OFFICERS

- 4.1. Number. The Officers of the Association shall consist of a President, Secretary and Treasurer. The Board of Trustees may also appoint any other officers, standing or ad-hoc committee chairs as it deems appropriate.
- 4.2. Appointment Tenure. The Officers, as members of the Board of Trustees, will be elected at their annual meeting and will serve for a three year term.
- 4.3. Qualifications. All Officers must be Members of the Board of Trustees.
- 4.4. Duties of the President of the Board. The President of the Board shall preside at meetings of the Board and at meetings of the Members. He/She may sign, on behalf of the Association, all legal documents approved by the Board of Trustees, including deeds and mortgages and other contracts and shall have such other powers and responsibilities assigned to him/her in the CC&Rs or the Bylaws. In the event that the President of the Board resigns or is removed from office, he/she will still retain his position as a Trustee until such time as he/she is removed by the Members or resigns as a Trustee.
- 4.5. Duties of the Secretary. The Secretary is responsible to keep accurate records of the Members of the Association and the transfer of their interests to others, to keep minutes at the meeting of the Association and Board of Trustees, and cause notice of any meetings to be issued as called for in these Bylaws, to file annual reports, and to perform all other assignments designated to the Secretary by the Board of Trustees.
- 4.6. Duties of the Treasurer. The Treasurer shall be responsible for keeping the accounts of the Association and shall perform all other assignments designated to the Treasurer by the Board of Trustees.

- 4.7. Resignation or Removal. Any Officer may resign at any time. Any Officer may be removed by a majority vote of the Board of Trustees prior to the end of his or her term of office by an affirmative vote of the Members who are entitled to vote.

## ARTICLE V

### INDEMNIFICATION

- 5.1. Indemnification Against Third Party Actions. The Association shall defend and indemnify the Board of Trustees and Officers against actions, claims, and suits brought by third parties against them individually which arise from the exercise of their obligations and duties as Trustees to the fullest extent provided under Utah law. This shall include all civil, administrative, criminal, or investigative actions whether brought by an individual or a governmental agency. The indemnification shall extend to the payment of board and officer insurance premiums, reasonable attorney's fees incurred in the defense of such action, including fees for independent counsel, and the payment of any fine, settlement, or judgment.
- 5.2. Indemnification Against Member Actions. The Association shall defend and indemnify the Board of Trustees against all actions, claims and suits brought by Members of the Association against them individually which arise from the exercise of their obligations and duties as Trustees and Officers to the fullest extent provided under Utah law. This shall include all civil, administrative, criminal or investigative actions whether brought by an individual or a governmental agency. The indemnification shall extend to the payment of reasonable attorney's fees incurred in the defense of such action, including fees for independent counsel, and the payment of any fine, settlement, or judgment.
- 5.3. Request for Indemnification. When any Trustee or Officer of the Association received notice of any action referred to above, he or she must give notice to the President of the Board and to the Board of Trustees, stating the nature of the claim, the claimant, and providing all pertinent information about the claim. The Board of Trustees, in the case of an action against an officer or employee, or against a single Trustee, may vote to indemnify the officer, employee or Trustee. In the event that the action is against the Board of Trustees as a whole, or names more than a single Trustee individually, and the claim is entirely covered by and within the policy limits of the Association's Insurance coverage, the Board of Trustees may vote to indemnify itself and the individuals named. In the event that the claim exceeds the limits of any insurance coverage, or is not covered, the Board of Trustees may not agree to indemnify itself without presenting the matter to the Association Members who are entitled to vote for a vote at a special meeting called for that purpose.
- 5.4. Liability Insurance. The Board of Trustees shall cause the Association to purchase (i) liability insurance and property insurance as required by the CC&Rs or (ii) other insurance determined to be necessary by the Board as permitted by the CC&Rs, including insurance to specifically cover the indemnity obligations described above.

ARTICLE VI

AMENDMENT

- 6.1. Amendment of any Prior Bylaws: Conformity with the URNCA. These Bylaws shall amend and replace all other Bylaws, if any, heretofore entered into and executed for the Association. These Bylaws shall comply with the terms and provisions of the URNCA and any and all actions necessary to do so shall be taken, including, without limitation, providing that the terms "Trustees" and "Board of Trustees" contained herein shall, to the extent necessary, be deemed "Trustees" and "Board of Trustees," respectively, under the URNCA.
- 6.2. Amendment. These Bylaws may be amended by the Members of the Association from time to time by a majority vote of the Members who are entitled to vote present at a meeting called for that purpose. Notification to Members of proposed Bylaws revisions must be received at least 14 calendar days before the meeting called for the purpose of amending said Bylaws.
- 6.3. Roberts Rules of Order. In so far as possible, Roberts Rule of Order will prevail as the procedural guideline for conducting meetings of the Board of Trustees and/or Association.

ADOPTED THIS 2<sup>nd</sup> DAY OF Dec. 2015.

The Class B Member/Declarant:

Frostwood 6, LLC:

By: \_\_\_\_\_

Kent A. Hoggan, Manager