

When Recorded Return to:
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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
ROYAL OAK ESTATES, LLC
(A Planned Unit Development)**

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
ROYAL OAK ESTATES, LLC.
(A Planned Unit Development)

THIS DECLARATION made and executed this First day of November, 2006, by ROYAL OAK ESTATES, LLC., a Utah Limited Liability Company with its principle place of business located in Salt Lake City, Utah, (hereinafter referred to as "Declarant").

RECITALS:

A. Declarant is the record owner of that certain tract of Property more particularly described in Article II of this Declaration.

B. Declarant desires to provide for preservation of the values and amenities of the Property and for maintenance of the Common Areas. To this end, and for the benefit of the Property and of the Owners thereof, Declarant desires to subject the Property described in Article II of this Declaration and the various Lots now or hereafter contained within the entire tract hereinafter described to the covenants, conditions, restrictions, easements, charges, assessments, obligations, and liens hereinafter set forth.

C. Declarant deems it desirable for the efficient preservation of the values and amenities of the Property, to create an entity which possesses the power to maintain and administer the Common Areas, to collect and disburse the assessments and charges hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarant has, in conjunction with recordation of this Declaration, caused or will cause to be incorporated under the laws of the State of Utah, as a nonprofit corporation, the ROYAL OAK ESTATES HOMEOWNERS' ASSOCIATION.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of the Property described in Article II hereof shall be held, transferred, sold, conveyed, occupied and used subject to the covenants, conditions, restrictions, easements, charges, assessments, obligations, and liens hereinafter set forth.

I. DEFINITIONS

1.1. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the ROYAL OAK ESTATES HOMEOWNERS' ASSOCIATION, A UTAH NONPROFIT CORPORATION. A copy of which is attached hereto at Exhibit "B".

1.2. Association shall mean and refer to the ROYAL OAK ESTATES HOMEOWNERS' ASSOCIATION, a Utah nonprofit corporation.

1.3. Board shall mean and refer to the Board of Trustees of the Association as duly elected in accordance with the terms and conditions of the Articles of Incorporation and Bylaws of the Association.

1.4. Bylaws shall mean and refer to the Bylaws of the ROYAL OAK ESTATES HOMEOWNERS' ASSOCIATION, A UTAH NON-PROFIT CORPORATION. A copy of which is attached hereto at Exhibit "C".

1.5. Common Areas shall mean and refer to that part of the Property which is not included with the Lots which is owned by the Association for the common use and enjoyment of the Owners, together with all improvements thereon and all easements appurtenant thereto including but not limited to private utility lines and fixtures and other personal property owned by the Association when the context so requires. The Common Area shall also include any portion of the individual Lots which is designated as "Road". The Common Areas are specifically described and identified in the Plat of the ROYAL OAK ESTATES, A PLANNED UNIT DEVELOPMENT as "PARCEL A - COMMON AREA" and as "Royal Creek Cove, Royal Pine Cove, and Royal Birch Cove" – "Private Roads".

1.6. Royal Oak Estates, PUD shall mean and refer to the ROYAL OAK ESTATES, A PLANNED UNIT DEVELOPMENT

1.7. Declarant shall mean and refer to ROYAL OAK ESTATES, LLC and its successors, assigns, officers, and authorized agents.

1.8. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions.

1.9. Development shall at any point in time mean, refer to, and consist of the Subdivision then in existence.

1.10. Living Unit shall mean and refer to a structure which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on or with respect to the Lot concerned which are used in connection with such residence.

1.11. Lot shall mean and refer to any one of the separately numbered and individually described plots of land described on a Plat: (a) which is intended to be owned individually, rather than by an association of Owners or in common by Owners of different lots; and (b) which is intended to be used as the site of a single Living Unit.

1.12. Member shall mean and refer to every person who holds a membership in the Association. However, where a Lot may be owned by more than a single person, the term "Member" with regard to representation within the Association shall in no case carry any greater weight than a single person. Likewise, in determining the constitution of a quorum only a single person from each individual Lot shall be counted toward the necessary percentage of Members required.

1.13. Mortgage shall mean any mortgage, deed of trust or trust deed of the act of encumbering any Lot or any property by a mortgage, trust deed or deed of trust.

1.14. Mortgagee shall mean any person named as a mortgagee of a mortgage or beneficiary under or holder of a deed of trust.

1.15. Owner shall mean and refer to the person who is the Owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided interest in any Lot. Notwithstanding any applicable theory relating to a mortgage, deed of trust or like instrument, the term "Owner" shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof. In no case shall the term "Owner" be construed to include or refer to Declarant.

1.16. Parcel shall mean and refer to the Property which is subject to this Declaration, which is filed for record in the office of the County Recorder of Salt Lake County, Utah, is separately subject to the terms of this Declaration with the intention that it shall thereby comprise the Development. The real property described in Article II of this Declaration constitutes the Parcel.

1.17. Plat shall mean and refer to any subdivision plat, any plat of a planned unit development, or any plat or map similar to any of the foregoing: (a) which covers the Property; (b) which describes or creates one or more Lots; (c) on which or in an instrument recorded in conjunction therewith there is expressed the intent that the Subdivision created by the Plat shall comprise the Development; and (d) which is filed for record in the office of the County Recorder of Salt Lake County, Utah. Recorded prior to this Declaration as entry number 7881188 in book 8450, page 3456 of the records of the Salt Lake County, Utah Records office, is the subdivision plat of Cottage Pines PUD. Said subdivision plat constitutes a Plat.

1.18. Property shall mean and refer to all of the real property which is covered by a Plat.

1.19. Subdivision shall mean and refer to the entire residential development which is created and covered by a Plat.

II. PROPERTY DESCRIPTION

2.1. Submission. The Property which is and shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Declaration consists of the following-described real property situated in Salt Lake City, State of Utah.

SEE THE LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND INCORPORATED HEREIN BY REFERENCE.

EXCLUDING all presently existing or to be constructed or installed sewer lines, water mains, gas lines, electrical conduits, telephone lines, and related facilities to the extent that they are located outside the Lots included with the above-described tract; provided, however, that lines and systems specifically conveyed to the Association by Declarant shall not be included within this exclusion.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across and through and under the above-described tract and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or any assignee of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct a Living Unit on each and every Lot; and (ii) to improve the Common Areas with such facilities, including, but limited to, roads, recreational facilities, walkways and various landscaped areas, designed for the use and enjoyment of all the Members as Declarant may reasonably determine to be appropriate. If, pursuant to the foregoing reservation, the above-described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities; all patent reservations and exclusions; all mineral reservations of record and rights incident thereof; all instruments of record, as of the date of recording of this Declaration, which affect the above-described tract or any portion thereof, including without limitation, any mortgage; all visible easements and rights-of-way; and all easements and rights-of-way of record.

III. MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appurtenant to the Lot in which the Owner has the necessary interest, and shall not be separated from the Lot to which it appertains.

3.2. Voting Rights. The Association shall have the following described two classes of voting membership:

(a) Class A. Class A Members shall be all of the Owners other than the Declarant. Class A Members shall be entitled to one vote for each Lot in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any Lot.

(b) Class B. The Class B member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for

Membership in the Association. The Class B Membership shall automatically cease and be converted to a Class A membership on the first to occur of the following events:

- i. When the total number of votes held by all Class A Members equals or exceeds the total number of votes held by the Class B Member; or
- ii. The expiration of Seven (7) years after the date on which the first conveyance to a Lot purchaser is made.

3.3. Multiple Ownership Interests. In the event there is more than one Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of the such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

3.4. Record of Ownership. Every Owner shall promptly cause to be duly filed of record the conveyance document (or in the case of contract buyer, a copy of the sales contract) to him of his Lot. Each Owner shall file a copy of such conveyance document (or contract) with the secretary of the Association with a transfer fee of \$25.00, who shall maintain a record of ownership of the Lots. Any Owner who mortgages his Lot or any interest therein by a mortgage which has priority over the lien of any assessment provided herein shall notify the secretary of the Association of the name and address of the Mortgagee and also of the release of such Mortgage; and the secretary of the Association shall maintain all such information in the records of ownership. Any cost incurred by the Association in obtaining the information about an Owner as specified herein which is not furnished by such Owner shall nevertheless be at the expense of such Owner and shall be reimbursed to the Association as a "Reimbursement Assessment" in accordance with the provisions of Article V.

IV. PROPERTY RIGHTS IN COMMON AREAS

4.1. Easement of Enjoyment. Each Member shall have a right and easement of use and enjoyment in and to the Common Areas. Such right and easement shall be appurtenant to and shall pass with title to each Lot and in no event shall be separated there from. Any Member may delegate the right and easement of use and enjoyment described herein to any family member, tenant, lessee or contract purchaser who resides on such Member's Lot.

4.2. Form for Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Lot shall describe the interest or estate involved substantially as follows:

Lot No. _____, contained within the Royal Oak Estates, PUD, as identified in the Plat recorded as entry number _____, in Book _____, at Page _____, of the official records of the Salt Lake County Recorder. TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas and private streets described and provided for in said Plat, this Declaration, and in the Record of Survey Map in the official record of the Salt lake County Recorder.

Whether or not the description employed in any such instrument is in the above-specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot.

4.3. Transfer of Title. Within 30 days of the later to occur of the following, Declarant agrees to convey to the Association title to the Common Areas free and clear of all liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities, and subject to the easement rights outlined in Section 4.1 above and any liens of any mortgagees on such easement rights):
(1) substantial completion of the Common Area; or (2) closing on the sale of a minimum of twelve (12) lots in the Subdivision.

4.4. Limitation on Easement. A Member's right and easement of use and enjoyment concerning the Common Areas and Private Streets shall be subject to the following:

- (a) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas;
- (b) The right of the Architectural Control Committee to approve and designate the point of access from a Lot to the Private Streets in accordance with the requirements of Article VIII.

(c) The right of Cottonwood Heights City and any other governmental or quasi-governmental body having jurisdiction over the Property to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children, and providing any other governmental or municipal service; and

(d) The right of the Association to dedicate or transfer all or any part of the Common Areas, the Private Streets and any sewer, water and storm drain trunk lines to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by (i) all holders of first Mortgages secured by Lots and (ii) by two-thirds (2/3) of the vote of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for that purpose written or printed notice setting forth the purpose of the meeting and the action proposes shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

V. ASSESSMENTS

5.1. Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a Lot, be deemed to covenant and agree to pay to the Association the assessments described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the Lot with respect to which such assessment is made; and (b) the personal obligation of the person who is the Owner of such Lot at the time the assessment falls due. No Owner may exempt himself or his Lot from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Lot. In a voluntary conveyance of a Lot, the grantee shall be jointly and severally liable with the grantor for all such unpaid assessments, late payment fees, interest and costs of collection, including reasonable attorneys fees, which shall be a charge and continuing lien on the Lot at the time of the conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

5.2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purposes described in the Articles of Incorporation. The use made by the Association of funds obtained from assessments may include, but is not limited to, payment of the cost of taxes and insurance on the common Areas; maintenance (including snow removal from portions of Common Areas intended for vehicular or pedestrian traffic), repair and improvements of the Common Areas; establishing and funding a reserve to cover major repair or replacement of improvements within the Common Areas; and any expenses necessary or desirable to enable the Association to perform or fulfill its obligations, functions or purposes under this Declaration, the Bylaws, or the Articles of Incorporation, including professional services fees incurred for managers, accountants, attorneys, or other service professionals.

5.3. Monthly Assessment. Monthly assessment amounts (referred to herein as "Monthly Assessment") shall be based on an annual review of all costs incurred by the Association throughout the prior year, any deficiencies from the prior year, any reasonable estimations of anticipated increases in the current year, and the amount allotted for the Sinking Fund, as described below. Each Owner shall be assessed an amount equal to 1/15th of the total assessment which amount shall be payable in monthly installments as provided for herein. For Lots not yet sold to Owners by Declarant, Declarant shall contribute 1/15th of the total assessment payable in monthly installments for each such Lot. At the end of each annual period all amounts in excess of fifteen percent (15%) of the total costs incurred by the Association during the past annual period shall be refunded. The refund shall be given pro-rata to those contributing based upon the amount that each Owner or the Declarant have contributed to the total. In no case shall the refund include any amounts contributed to the Sinking Fund.

5.4. Sinking Fund. Declarant shall establish the amount to be allotted to a separate fund from each Monthly Assessment to cover major repairs or replacement of the common area improvements or infrastructure. Said amount shall be based on the expected useful life of the Common Area improvements and infrastructure and the anticipated repair and replacement costs. This fund (referred to herein as the "Sinking Fund") shall be administered by the Board, but shall not be refunded except by a unanimous vote of all members of the Association.

5.5. Maximum Monthly Assessment. As of the date under Section 5.10. each Lot shall be subject to a Monthly Assessment of not more than one hundred and fifty dollars (\$150.00). From and after the date set under Section 5.10. the maximum Monthly Assessment may be increased or decreased so long as the change is assented to by not less than a majority of the members other than the Declarant, present in person or represented by proxy at a meeting duly called for such purposes. Written notice setting forth the purpose of the meeting shall be sent to all Members at least Ten (10) but not more than Thirty (30) days prior to the meeting date. The Board of Trustee of the Association may from time to time and in its discretion set the amount of the Monthly Assessment at any sum not in excess of the then applicable maximum amount.

5.6. Initial Assessment. An initial assessment shall be due and payable from each Owner on the date the closing occurs on the Lot, or if the sale is by way of a contract of sale, on the date the contract is executed by the parties thereto. The amount of the initial assessment shall be two times the amount of the maximum Monthly Assessment referred to in Section 5.5.

5.7. Special Assessments. From and after the date set under Section 5.10. the Association may levy special assessments (referred to herein as "Special Assessments") for the purpose of defraying, in whole or in part: (a) any expense or expenses not reasonably capable of being fully paid with funds generated by the Monthly Assessments; or (b) the cost of any construction, reconstruction or unexpectedly required repair or replacement in connection with the Common Areas. Any Special Assessments must be

assented to by not less than a majority of the Members other than the Declarant (or if the two class voting structure is still in effect as provided herein, a majority of the votes of each Class of Members), present in person or represented by proxy are entitled to cast at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least Ten (10) but not more than Thirty (30) days prior to the meeting date.

5.8. Reimbursement Assessment on Specific Lot. In addition to the Monthly Assessment and any Special Assessments authorized above, the Board may levy at any time assessments (referred to herein as "Reimbursement Assessments") (a) on each Lot specifically benefited by any improvement to adjacent roads, sidewalks, planting areas or other portions of the Common Areas made on the written request of the Owner of the Lot to be charged; (b) on each Lot the Owner or occupant of which shall cause any damage to the Common Areas necessitating repairs; and (c) on each Lot as to which the Association shall incur any expense for maintenance or repair work performed, or enforcement action taken, pursuant to the provisions of this Declaration (all or part of the foregoing being sometimes referred to as "Reimbursement Assessment"). The aggregate amount of any such Reimbursement Assessments shall be determined by the cost of such improvements, repairs, maintenance or enforcement action, including all overhead and administrative costs and attorney's fees, and shall be allocated among the affected Lots according to the special benefit or cause of damage or maintenance or repair work or enforcement action, as the case may be, and such Reimbursement Assessment may be made in advance of the performance of work. If a special benefit arises from any improvement which is part of the general maintenance obligations of the Association, it shall not give rise to a Reimbursement Assessment against the Lots benefited.

5.9. Uniform Rate of Assessment. Unless provided otherwise herein, assessments shall be fixed at a uniform rate for all Lots conveyed to or occupied by an Owner.

5.10. Monthly Assessment Due Dates. The Monthly Assessments provided for herein shall commence as to all Lots on the date a deed is delivered to the purchaser of the first Lot purchased, or if the sale is by way of a contract of sale, on the date the contract is executed by the parties thereto, or the date of occupancy agreement, or the date the Owner actually takes possession of a Lot, whichever first occurs. The first Monthly Assessment shall be adjusted according to the number of days remaining in the month of conveyance, contract or occupancy as the case may be. Thereafter all Monthly Assessments shall be due and payable on the first day of each month.

5.11. Assessment Due Date. Any assessment, provided for herein, that is not paid within ten (10) days of due date thereof shall be deemed late and subject to a late fee of \$25.00. At least fifteen (15) days prior to the effective date of any change in the amount of the Monthly, the Association shall give each Owner written notice of the amount and the first due date of the assessment concerned.

5.12. Certificate Regarding Payment. Upon the request of any Owner or prospective purchaser or encumbrancer of a Lot, the Association shall issue a certificate stating whether or not all assessments respecting such Lot are current and, if not, the amount of the delinquency. Such certificate shall be conclusive in favor of all persons who in good faith rely thereon.

5.13. Effect of Non-Payment; Remedies. Any assessment not paid when due shall, together with the hereinafter provided for interest and costs of collection, be, constitute and remain a continuing lien on the affected Lot; provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the Lot recorded prior to the date any such assessments became due. If the assessment is not paid within sixty (60) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum and the Association may bring an action either against the Owner who is personally liable or to foreclose the lien against the Lot. Any judgment obtained by the Association shall include reasonable attorneys' fees, court costs, and each and every expense incurred by the Association in enforcing its rights.

5.14. Tax Collection by County Authorized. It is recognized that under the Declaration the Association will own the Common Areas and that it will be obligated to pay property taxes to Salt Lake County. It is further recognized that each Owner of a Lot as a Member of the Association will be required to reimburse the Association for his pro rata share of such taxes paid. Notwithstanding anything to the contrary contained in the Declaration, Salt Lake County shall be authorized to collect such pro rata share of taxes directly from each Owner by inclusion of said share with the tax levied on each Lot.

VI. DUTIES AND POWERS OF THE ASSOCIATION/BOARD OF TRUSTEES

6.1. Duties of the Association. Without limiting any other duties which may be imposed upon the Association by its Articles of Incorporation, the Bylaws, or this Declaration; the Association shall have the obligation and duty to do and perform each and every one of the following for the benefit of the Owners and the maintenance and improvement of the Property:

- (a) The Association shall accept all Owners as members of the Association.
- (b) The Association shall accept title to all Common Areas conveyed to it by Declarant.
- (c) The Association shall maintain, repair, and replace all landscaping and improvements in the Common Areas.
- (d) The Association shall provide mowing and trimming of all lawns within the Subdivision.
- (e) The Association shall provide snow removal within the Subdivision on all Common Areas intended for vehicular traffic. In addition, the Association shall provide snow removal from any sidewalk running parallel to the street.
- (f) Unless otherwise agreed to in writing by the Association, each Owner's

responsibility to care for his/her Lot shall include, but not be limited to, the following items:

i. Each Owner shall have the obligation to provide exterior maintenance of his Living Unit including but not limited to painting, repair, replacement and care of roofs, gutters, down spouts, exterior building surfaces, and landscaping installed by an Owner or his predecessor in title. Each Owner shall paint, repair, and otherwise maintain the exterior and interior of his Living Unit and shall maintain all mechanical devices, including but not limited to, appurtenant electrical, plumbing and heating, ventilating and air conditioning systems.

ii. In the event that the need for maintenance or repair of Common Areas as specified herein is caused through the willful or negligent acts of an Owner, the Board may cause such repairs to be made by the Association and the cost of such maintenance or repair (and administrative expenses equal to ten (10%) percent of such costs) shall be added to and become part of the Reimbursement Assessment as provided herein.

(g) To the extent not assessed to or paid by the Owners directly, the Association shall pay all real property taxes and assessments levied upon any portion of the Common Areas, provided that the Association shall have the right to contest or compromise any such taxes or assessments.

(h) The Association shall obtain and maintain in force the policies of insurance required by the provisions of this Declaration.

(i) The Association may employ a responsible corporation, partnership, firm, person or other entity as the Managing Agent to manage and control the Common Areas, subject at all times to direction by the Board, with such administrative functions and powers as shall be delegated to the Managing Agent by the Board. The compensation of the Managing Agent shall be such as shall be specified by the Board. Any agreement appointing a Managing Agent shall be terminable by either party, with or without cause and without payment of any termination fee, upon thirty (30) days written notice thereof; and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. Any Managing Agent may be an independent contractor and not an agent or employee of the Association.

6.2. Powers and Authority of the Association. The Association shall have all the powers set forth in its Articles of Incorporation and its Bylaws, together with its general powers as a nonprofit corporation, and the power to do any and all things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration, including the power to levy and collect assessments as hereinafter provided. Without in any way limiting the generality of the foregoing, the Association shall have the following powers:

(a) The Association shall have the power and authority at any time and from time to time and without liability to any Owner for trespass, damage or otherwise, to enter upon any Lot for the purpose of maintaining and/or repairing such Lot or any improvement thereon, if for any reason the Owner fails to maintain and repair such Lot or improvement, or for the purpose of removing any improvement constructed, reconstructed, refinished, altered or maintained upon such Lot in violation of the provisions of this Declaration. The Association shall have the right to permit access to the Subdivision through any and all entrances, subject to governmental requirements, and to

close all or any portion of a Private Street to such extent as may be legally sufficient to prevent a dedication thereof or the accrual of any right therein to any person or the public. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or in the name and behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration, the Rules and Regulations, the Architectural Guidelines, or to enforce by mandatory injunction or otherwise all of the provisions of this Declaration.

(b) In fulfilling any of its duties under this Declaration, including its duties for the maintenance, repair, operation or administration of the Common Areas (and exterior repairs of Living Units to the extent necessitated by the failure of the Owners of such Lots) or in exercising any of its rights to construct, maintain and repair improvements or other work upon any of the Common Areas, and provided that any contract for goods or services having a term of more than one (1) year shall state that it may be terminated by either party at the end of the first year or at any time thereafter upon no less than ninety (90) days written notice, the Association shall have the power and authority (i) to pay and discharge any and all liens placed upon any Common Areas on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair, operation or administration and (ii) to obtain, contract and pay for, or to otherwise provide for:

i. Construction, maintenance, repair and landscaping of the Common Areas (and exterior repairs of Living Units upon Lots to the extent necessitated by the failure of Owners of such Lots to perform such repairs) on such terms and conditions as the Board shall deem appropriate.

ii. Such insurance policies or bonds as the Board may deem appropriate for the protection or benefit of Declarant, the Association, the members of the Board and the Owners;

iii. Such utility services, including (without limitation) water, sewer, trash removal, snow removal, electrical, telephone and gas services, as the Board may from time to time deem desirable;

iv. The services of architects, engineers, attorneys and certified public accountants and such other professional or nonprofessional services as the Board may deem desirable;

v. Fire, police and such other protection services as the Board may deem desirable for the benefit of the Owners or any of the Property; and

vi. Such materials, supplies, furniture, equipment, services and labor as the Board may deem necessary.

(c) The Board may delegate by resolution or contract to a Managing Agent any of its powers under this Declaration; provided, however, that the Board cannot delegate to such Managing Agent the power to execute any contract binding on the Association for a sum in excess of One Thousand Dollars (\$1,000.00), nor the power to sell, convey, mortgage, or encumber any Common Areas.

6.3. Association Rules. The Board from time to time and subject to the provisions of this Declaration, may adopt, amend, repeal and enforce rules and regulations (referred to herein as "Rules and Regulations") governing, among other things: (a) the use of the Common Areas; (b) the use of any roads or utility facilities owned by the Association; (c)

the collection and disposal of refuse; (d) the maintenance of animals on the Property; (e) the use of Living Units for business or rental purposes; and (f) other matters concerning the use and enjoyment of the Property and the conduct of residents. The Board may also adopt guidelines (referred to herein as "Architectural Guidelines") for the construction of Living Units. Rules and Regulations and/or Architectural Guidelines adopted by the Board may be enforced in accordance with the provisions herein regarding the enforcement of land use restrictions.

6.4. Limitation of Liability. No member of the Board acting in good faith shall be personally liable to any Owner, guest, lessee or any other person for any error or omission of the Association, its representatives and employees, the Board, any committee or the Managing Agent.

6.5. Insurance. The Association shall secure and at all times maintain the following insurance coverage:

(a) Policy or policies of fire and casualty insurance, with extended coverage endorsement, for the full insurable replacement value of all improvements comprising a part of the Common Areas. The name of the insured under each such policy shall be in form and substance similar to: "The Royal Oak Estates Homeowner's Association for use and benefit of the individual Lot Owners and Mortgagees, as their interests may appear".

(b) A policy or policies insuring the Owners, the Association, and its trustees, officers, agents, and employees against any liability incident to the ownership, use or operation of the Common Areas which may arise among themselves, to the public, and to any invitees or tenants of the Property or of the Owners. Limits of liability under such insurance shall be not less than \$500,000 for any one person injured; \$3,000,000 for all persons injured in any one accident; and \$100,000 for property damage resulting from one occurrence. Such policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement pursuant to which the rights of the named insured as between themselves are not prejudiced.

(c) The following additional provisions shall apply with respect to insurance:

i. In addition to the insurance described above, the Association shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the Property in construction, nature and use.

ii. All policies shall be written by a company holding rating of "AA" or better from Best's Insurance Reports.

iii. The Association shall have the authority to adjust losses.

iv. Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their mortgagees.

v. Each policy of insurance obtained by the Association shall, if reasonably possible, provide: a waiver of the insurer's subrogation rights with respect to the Association, the Owner, and their respective trustees, officers, agents, employees, invitees, and tenants; that it cannot be canceled, suspended or invalidated due to the conduct of any particular Owner or Owners; that it cannot be canceled, suspended or

invalidated due to the conduct of the Association or of any director, officer, agent or employee of the Association without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by Owners.

6.6. Quorum. Except as may otherwise be provided herein or by statute, more than forty percent (60%) of the Owners present or represented at any meeting shall constitute a quorum for the adoption of decisions. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting and reschedule for a time no earlier than 48 hours, and no later than thirty (30) days after the time set for the original meeting. No notice of such rescheduled meeting shall be required except an announcement thereof at the original meeting. A quorum for the transaction of business at the rescheduled meeting shall be thirty percent (50%) of the Owners present or represented at the meeting.

6.7. Board of Trustees. The affairs of the Association shall be governed by a Board elected by the Association. The number of persons on the Board may be changed by amendment to the Bylaws of the Association. The Board shall have the power to manage the affairs of the Association in accordance with this Declaration and the Bylaws. The Declarant may appoint and remove all members of the Board, all officers of the Association and exercise all powers and responsibilities delegated by this Declaration to the Association, its officers and the Board as long as Declarant is the holder of any Class B stock in the Association.

(a) The Common Areas of the Subdivision shall be managed, operated, and maintained by the Association through the Board exclusively as agent of, and in the name of, the Association and any act performed by the Board pursuant to this Declaration or the Bylaws, as the same may be amended from time to time, shall be deemed to be performed by the Board for and on behalf of the Association as its agent. The Association shall be responsible to keep all such -Common Areas in good, clean, attractive, safe and sanitary condition, order, and repair; provided however, that each Owner shall keep their Lot and Living Unit in a clean, sanitary, and safe condition. The Association shall be responsible for the maintenance and repair of any improvements within the Common Area..

6.8. Authority of the Board. In addition to any other authority or power of the Board enumerated elsewhere in this Declaration or the Bylaws, the Board shall have, and is hereby granted, the following authority and powers to perform their duties:

(a) The authority, without the vote or consent of the Owners or of any other person(s), to grant or create, on such terms as it deems advisable, utility and similar non-exclusive easements over, under, across and through the Common Areas.

(b) The authority to execute and record, on behalf of all the Owners, any

amendment to the Declaration or Plat which has been approved by the vote or consent necessary to authorize such amendment.

(c) The power to sue and be sued.

(d) The authority to enter into contracts which in any way concern the Association, so long as any vote or consent of the Owners necessitated by the subject matter of the agreement has been obtained.

(e) The power and authority to convey or transfer any interest in real property authorized by the Owners having an interest therein.

(f) The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as such action has been authorized by any vote or consent which is necessary under the circumstances.

(g) The authority to license persons not otherwise entitled to use any of the recreational areas and facilities to use the same from time to time as the Board deems appropriate upon payment of fees prescribed by it to help defray the cost of maintenance thereof

(h) The power and authority to borrow money, provided that no indebtedness for borrowed funds shall exceed at any given time the sum of \$5,000.00 without the prior written approval of a majority of the Owners at a meeting duly called at which a quorum is present.

(i) The authority to promulgate such reasonable Rules and Regulations, and procedures as may be necessary or desirable to aid the Board in carrying out any of its functions or to insure that the Common Areas are maintained and used in a manner consistent with the interest of the Owners.

(j) The power and authority to perform any other acts and to enter into any other transactions which may be reasonably necessary for the Board to perform its functions as agent of the Association.

Any instrument executed by the Board that recites facts which, if true, would establish the Board's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

6.9. Managing Agent. The Board may carry out any of its functions which are capable of delegation through a Managing Agent. Any Managing Agent retained for such purposes must be an individual or entity experienced and qualified in the field of property management. The Managing Agent so engaged shall be responsible for managing the Association for the benefit of the Owners and shall, to the extent permitted by law and the terms of the agreement with the Board, be authorized to perform any of the functions or acts required or permitted to be performed by the Board itself. Any agreement for such professional management of the Association which may be entered into by the Board or the Association, shall call for a term not to exceed two (2) years, if negotiated by Declarant or 1 to 3 years if negotiated by the Board or the Association and shall provide that for cause such Management Agreement may be terminated by the Board or by the Association upon at least thirty (30) days written notice.

6.10. Composition of Board. The Board shall be composed of no less than three (3) and no more than ten (10) members. At or after the first annual meeting of the Association, the members of the Board shall be elected. The term of office of Board members shall be as set forth in the Bylaws. The Board Members shall hold office until their respective successors have been elected and hold their first meeting. Only Owners, and agents of Corporate Owners shall be eligible for Board membership.

VII. USE RESTRICTIONS

7.1. Lots and Living Units. All Lots are intended to be improved with Living Units and are restricted to such use. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any Lot or Living Unit except as provided in Rules and Regulations adopted by the Board. Each Living Unit shall be used only as a single-family residence. No Lot or Living Unit shall be used, occupied, or altered in violation of law, so as to jeopardize the support of any other Living Unit, so as to create a nuisance or interfere with the rights of any Owner, or in a way which would result in an increase in the cost of any insurance covering the Common Areas.

7.2. Building Features and Materials.

(a) Living Unit Location. Each Living Unit shall be oriented as approved by the Architectural Control Committee and in accordance with the requirements of any applicable public agency.

(b) Living Unit Orientation. Each Living Unit shall be oriented in conformance with Architectural Control Committee. Each Owner accepts the fact that any other Owner of property may change, impair, obstruct or otherwise affect any view that such Owner may have enjoyed at the time of the purchase of his Lot.

(c) Garages. Garages must be fully enclosed, accommodate a minimum of three cars, and be equipped with an automatic garage door opener. Garage doors will be approved by the Architectural Control Committee. Carports or any temporary structure are not acceptable substitutes for garages.

(d) Exterior Building Wall Materials. With the exception of dormers, pop-outs, chimneys, or bays that have been approved by the Architectural Control Committee for alternative finishes, the exterior finish of all Living Units shall be composed of Masonry of a type, design and color as approved by the Architectural Control Committee. Any alternative finish shall consist of stucco, wood, or hard board siding.

(e) Roof, Soffit and Fascia. Roofing material shall be restricted to slate, tile, thirty year architectural grade fiberglass or other materials approved by the Architectural Control Committee. Fascia and soffit materials shall be fabricated of aluminum, copper, wood or hard board material, and in colors approved by the Architectural Control Committee.

(f) Accessory Structures. Patio structures, trellises, sunshades, gazebos, sheds, and any other appurtenant buildings shall be constructed of materials consistent with the colors, textures and materials approved for the Living Unit and shall be integral to the

architecture of the house and are subject to prior approval of the Architectural Control Committee, and Cottonwood Heights City.

(g) Chimneys. Chimneys of approved exterior materials may not exceed the height required by appropriate governmental agencies. Exposed metal flues are not acceptable; all chimneys shall be covered with a hood to hide the flue system.

(h) Fences and Walls. Subject to the exceptions set forth below and except as to fences installed by Declarant, fencing may be installed by each Lot Owner on rear and side yards and shall be constructed of a dark colored wrought iron, dark colored aluminum, black chain-link, or masonry, in accordance with the approval by the Architectural Control Committee. Homes adjacent to Royal Lane will keep and maintain the wrought iron fence installed by the developer, and maintain a 2' "foliage green area" on the east side of the wrought iron fence .

i. Fences shall not extend past the mid-point of any Living Unit and shall not exceed six (6) feet in height.

(i) Window Coverings. All window coverings whether interior or exterior are subject to prior approval of the Architectural Control Committee.

(j) Mechanical Equipment. Air conditioning units are not permitted on roofs or through windows. No swamp coolers shall be allowed.

(k) Gas and Electric Meters. Meter locations are to be designed into the architecture of the Living Unit.

(l) Exterior Lighting. All exterior lighting shall be subject to approval by the Architectural Control Committee and subject to the following provisions:

- i. All outside lights on all homes shall be of consistent finish and style.
- ii. Street lighting and any replacements thereto shall remain as originally installed in terms of location and style.
- iii. No landscape lighting shall be allowed prior to review and approval by the Architectural Review Committee.

(m) Landscape Site Preparation Guidelines. All demolition, clearing, grubbing, stripping of soil, excavation, compaction and grading must be performed within the confines of a Lot with approval of the Architectural Control Committee.

(n) County and Other Approval. Approval of any improvements by the Architectural Control Committee does not waive the requirement for any other required public agency review or permit approval process. By approving plans, the Architectural Control Committee takes no responsibility for plan conformity to any other criteria other than the requirements of this Declaration and any Architectural Guidelines.

(o) Metal Awnings. All awnings, "lean-tos", patio covers are subject to prior approval of the Architectural Control Committee.

(p) Clothes Lines. No clothes lines shall be installed or maintained outside any Living Unit.

7.3. Landscaping and Common Areas Improvements.

(a) Any landscaping or yard improvements are subject to prior approval of the Architectural Control Committee. This restriction includes, but is not limited to, sports courts, pools, pet accommodations, and hot tubs.

(b) Except for the construction of a Living Unit which is approved in accordance with the procedures set forth in Article VIII, each Owner shall be restricted from removing or modifying trees (4 inches in caliper or larger) which are located upon and naturally grow upon such Owner's Lot, unless the same shall be dead or dying and the

removal has been approved by the Architectural Control Committee. Each such Owner shall be responsible at his own cost and expense to maintain and water all such trees, including any which Declarant may have installed upon such Lot during development of the Subdivision or which are installed by Owner (or predecessor) after approval by the Architectural Control Committee in accordance with the requirements of Article VIII. All trees, shrubs and other vegetation (excluding annuals) to be installed to the front of any Living Unit or the side yard of any Lot abutting a Private Street shall be approved by the Architectural Control Committee prior to installation. The addition to, modification of or removal of trees and other approved vegetation (including removal of the same because of death which is not thereafter replaced by substitute approved vegetation) without the prior approval of the Architectural Control Committee shall be deemed a violation of the requirements of Owner to maintain the same and the Architectural Control Committee shall have the right to require Owner to restore such area to its prior approved condition at the sole cost of Owner. In the event Owner fails to restore such area as required herein, the Association shall have the right to restore the same and the cost of such restoration together with administrative expenses equal to ten percent (10%) of such costs, shall be added to and become part of the Reimbursement Assessment to which such Lot is subject. The provisions of this Section relating to the removal of trees and shrubs shall not be applicable or binding upon Declarant with respect to the initial clearing, grading and landscaping of the Property including the development of Common Areas and the installations of utilities serving the Subdivision.

(c) No portion of the Lot outside the Living Unit or approved Accessory Structures shall be used for storage of equipment or personal belongings.

7.4. Recreational Vehicles. No boats, recreational vehicles, trailers, large trucks and commercial vehicles belonging to Owners or other residents of the Property shall be parked within the Subdivision, except temporary parking not to exceed forty-eight (48) hours. No motor vehicles of any kind shall be repaired in the Subdivision. These restrictions shall not apply to emergency repairs to vehicles. Any motor vehicle must be kept in an enclosed garage.

7.5. Pets. No animals other than small household pets shall be kept or allowed on any Lot, in any Living Unit, or within any part of the Common Areas. Whenever a pet is allowed to leave a Living Unit, it shall be kept on a leash or in a cage. No animals may be bred for commercial purposes. No pets shall be allowed to make an unreasonable amount of noise or otherwise become a nuisance. The exterior structure for the care, housing or confinement of any such pets shall be maintained by Owner and approved by the Architectural Control Committee and in no case shall such structure be placed other than behind the Living Unit. Any Owner or other resident within the Development who violates this Section shall be subject to such penalties or fines as the Board by resolution or as regulation may provide. The term "small household pets" shall be limited to small to medium sized domesticated dogs, cats, common household birds, and fish. No dogs that exceed 21 inches in height measured at the back hips may be kept in or on a Lot. No dog of any breed that is commonly known as an aggressive breed shall be allowed— including but not limited to pit bulls or rottweilers. Owners shall be responsible for the

immediate removal of any animal excrements left by the pet of said Owner in the Common Areas. Any exceptions are subject to prior approval of the Architectural Control Committee.

7.6. Common Areas. The Common Areas of the Development shall be improved and used only for the following purposes:

- (a) Vehicular and pedestrian access to and from and movement within the Development, and space for temporary vehicular parking.
- (b) Recreational use by Owners and occupants of Living Units and their guests.
- (c) Beautification of the Development.
- (d) Such other uses as shall be determined from time to time by the Board for the benefit of members of the Association, following consultation with the Architectural Control Committee.

7.7. Exterior Fires. No exterior fires, other than those contained within receptacles manufactured and sold for grilling or barbecuing purposes, shall be allowed.

7.8. Insurance. No use shall be made of any Living Unit which shall cause the improvements within the Development or any part thereof to be uninsurable against loss by fire or other perils included in insurance contracts, or cause such insurance to be canceled or suspended, or cause any company issuing such insurance to refuse renewal thereof. Each Owner shall be responsible for securing insurance presently known as homeowners special form coverage (Form 3, or better). An Owner may be required to obtain flood insurance as a condition to obtaining any financing covering any improvements upon a Lot.

7.9. Machinery and Equipment. No machinery or equipment of any kind shall be placed, used, operated or maintained in or adjacent to any Lot without prior approval of the Board.

7.10. Maintenance and Repair. No Living Unit, building, structure (including interiors thereof), or landscaping upon any Lot shall be permitted to fall into disrepair and, subject to the requirements herein as to approval by the Architectural Control Committee, each such building, structure, or landscaping at all times shall be kept in good condition and as appropriate, adequately painted or otherwise finished by its Owner. Such obligation shall extend, but shall not be limited to, the painting, repair, replacement and care of roofs, gutters, down spouts, and exterior building surfaces.

7.11. Nuisances. No rubbish or debris of any kind shall be placed or permitted by an Owner upon or adjacent to any Lots, so as to render such Lot or portion thereof unsanitary, unsightly, offensive, or detrimental to other Owners. No Living Unit or Lot shall be used in such manner as to obstruct or interfere with the employment of occupants of other Living Units or Lots. Without any of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices (except security devices used exclusively for

security purposes) shall be located or placed on Lots or in Living Units. Usage of any outdoor sport courts or swimming pools shall not be allowed prior to 7:00 a.m. or after 10:00 p.m.

7.12. Antennas/Satellite Dishes. No Citizen Band, Ham, or other radio antennas shall be installed or maintained on any Lot or Living Unit. Television Antennas shall only be allowed in the attic area of a Living Unit. No large satellite dishes shall be installed or maintained on any Lot or Living Unit. Installation of any Antenna or Satellite Dish that is visible from the exterior of a Living Unit is subject to prior approval of the Architectural Control Committee.

7.13. Right of Entry. During reasonable hours, any member of the Architectural Control Committee or any member of the Board, or any officer or authorized representative of any of them, shall have the right to enter upon and inspect any Lot, and the improvements thereof, to ascertain whether or not the provisions of this Declaration and the Rules and Regulations of the Board or of the Association have been or are being complied with.

7.14. Signs. No signs whatsoever (including, without limitation, political signs) shall be erected or maintained on any Lot, except:

- (a) Such signs as may be required by legal proceedings.
- (b) Construction identification signs, placed and maintained only during construction of a Living Unit, not exceeding four feet wide and four feet high, for each Living Unit.
- (c) A "For Sale" or "For Rent" sign, to the extent permitted by the Architectural Control Committee.

7.15. Trash Containers and Collection. Insofar as possible, all refuse containers shall be stored at the side of a Living Unit except to make them available for collection and then only for the shortest time necessary to effect such collection.

7.16. Enforcement of Land Use Restrictions. The following persons shall have the right to exercise or seek any remedy at law or in equity to enforce strict compliance with this Declaration:

- (a) Declarant, so long as it has any interest in any of the Property; or
- (b) The Association.

The prevailing party in an action for the enforcement of any provisions of this Declaration shall be entitled to collect court costs and reasonable attorney's fees. In no case shall this Declaration create any direct right of action by any Owner independent of the Association.

7.17. Exception for Declarant. Notwithstanding the restrictions contained in this Article VII, as long as Declarant is the holder of any Class B stock, Declarant shall have the right to use any Lot or Living Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and/or sale of all Lots owned by the Declarant, even though said activity is expressly restricted herein.

VIII. ARCHITECTURAL CONTROL

8.1. Architectural Control Committee. The Board of Trustees of the Association shall appoint a three-member Committee (referred to herein as the "Architectural Control Committee"), the function of which shall be to insure that all improvements and landscaping within the property harmonize with existing surroundings and structures. The Architectural Control Committee need not be composed of Owners. If such a Architectural Control Committee is not appointed the Board itself shall perform the duties required of the Architectural Control Committee.

8.2. Submission to Committee. No Living Unit, accessory building or structure or addition to a Living Unit and no landscape additions and changes shall be constructed or maintained, and no alteration, repainting, or refurbishing of the exterior of any Living Unit, nor of any court enclosure, except as herein otherwise mentioned, shall be performed, unless complete plans and specifications therefor have first been submitted to and approved by the Architectural Control Committee. All such plans and specifications shall be consistent with Architectural Guidelines which shall be from time to time adopted by the Board.

8.3. Standard. In deciding whether to approve or disapprove plans and specifications submitted to it, the Architectural Control Committee shall use its best judgment to insure that all improvements, construction, landscaping and alterations on Lots within the Property conform to and harmonize with existing surroundings and structures and that such proposed improvements enhance the value and aesthetics of the Subdivision.

8.4. Approval Procedure. Any plans and specifications submitted to the Architectural Control Committee shall be submitted on a form provided by the Architectural Control Committee and in duplicate. A preliminary review of design

drawings will be required with a final review to be made of working drawings. Upon completion of each review, one set of plans will be retained by the Association and the remaining set of plans will be returned to the property owner. All plans and specifications shall be approved or disapproved by it in writing within fifteen (15) days after submission. In the event the Architectural Control Committee fails to take any action within such period it shall be deemed to have approved the material submitted.

8.5. Architectural Review Fees. The following architectural review fees (made payable to the Association) are required with the submittal of plans and specifications: \$100.00 for architectural, landscaping, fencing and lighting drawings.

8.6. Bond/Security Deposit. The Architectural Control Committee will require that an Owner post a bond, cash security deposit or irrevocable letter of credit in a form satisfactory to the Architectural Control Committee, in an amount not to exceed \$1,000.00, in favor of the Association, as a condition to approving any proposed work or improvement. No person shall commence any work or improvement until any and all such bonds, security deposits and letters of credit have been properly posted with the Architectural Control Committee. The deposit is intended to assure the proper clean-up of dirt and debris and the repair of any damage to the landscaping, streets or other property within the Subdivision, caused by Owner or his agents in the construction of improvements.

8.7. Address for Submittal. Plans and specifications for the construction and installation of any and all improvements within Royal Oak Estates, PUD shall be submitted and approved by the Architectural Control Committee (prior to submittal to any required governmental agency) at the following address:

Royal Oak Estates PUD
7367 Creek Road
Cottonwood Heights City, Utah 84093

The Board of Trustees of the Association has the authority to change the address for the submittal of plans and specifications.

8.8. Construction. Construction of any improvements on any Lot is subject to prior approval of the Architectural Control Committee. Once the Lot is purchased, a home must be built on said Lot within 3 years of the original purchase, even if ownership of the Lot changes.

(a) Once begun, any improvements, construction, landscaping, or alterations approved by the Architectural Control Committee shall be diligently prosecuted to completion:

i. The exterior construction of all structures on any Lot shall be completed within a period of one (1) year following commencement of construction.

ii. If reasonably necessary to enable such improvement, construction, landscaping or alteration, the person or persons carrying out the same shall, subject to approval of the Board, be entitled to temporary use and occupancy of unimproved portions of the Common Areas in the vicinity of the activity.

(b) Owners and builders shall clean up all trash and debris on the construction site at the end of each week. Trash and debris shall be removed from each construction site at least once a week to a dumping location off-site of the development. Lightweight material, packaging and other items shall be covered or weighted down to prevent wind from blowing such materials off the construction site. Owners and builders are prohibited from dumping, burying or burning trash anywhere on the Lot.

(c) Each property owner and builder shall be responsible for providing adequate sanitary facilities for his construction personnel. Portable toilets or similar temporary toilet facilities shall be located only on the site itself or in areas approved by the Architectural Control Committee.

(d) Construction crews shall not park on, or otherwise use, other lots or any open spaces. All construction vehicles and machinery shall be parked only in areas designated by the Architectural Control Committee.

8.9. Minimum Living Unit Size. Excluding garage and unfinished interior space, each Rambler Living Unit shall be not less than 2800 square feet above ground in size (Excluding any interior space below ground). Two-Story Living Units will have a minimum "footprint" of 2200 square feet on the main floor. (Excluding any interior space below ground).

8.10. Replacement after Loss of Living Unit. In the event of loss or destruction of any Living Unit, the replacement structure shall be generally consistent in style, size and orientation as the original Living Unit.

8.11. Landscaping. All landscaping shall be completed prior to occupancy of the Living Unit, unless otherwise approved by the Architectural Control Committee.

8.12. Failure to Complete Construction or Landscaping. Failure of an Owner to complete the construction or landscaping as required in this Article shall result in damages to the Association and shall be grounds for assessing liquidated damages in the amount of \$2,500 for each year that the construction or landscaping remains incomplete. The liquidated damages shall be treated as Special Assessments pursuant to the provisions of this Declaration regarding Special Assessments.

8.13. Liability for Damages. The Architectural Control Committee shall not be held liable for damages by reason of any action, inaction, approval, or disapproval by it with respect to any request made pursuant to this Article VIII.

8.14. Exception for Declarant. The foregoing provisions of this Article VIII shall not apply to any improvement, construction, landscaping, or alteration which is carried out by Declarant on any Lot or on any part of the Common Areas and which occurs at any time during the seven (7) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

IX. RIGHTS OF FIRST MORTGAGEE

Notwithstanding anything to the contrary contained herein, the following provisions shall apply:

9.1. Notice of Default. In the event an Owner neglects for a period of thirty (30) days or more to cure any failure on his part to perform his obligations under this Declaration, the Association shall give written notice of such fact to the holder of any first mortgage covering such Owner's Lot.

9.2. Abandonment, Termination, Etc. Unless all of the holders of first mortgages on the individual Lots have given their prior written approval, neither the Association nor the Owners acting as a group shall be entitled by act, omission or otherwise:

- (a) To abandon or terminate the Development or to abandon or terminate the arrangement which was established by the Declarant and the Plat;
- (b) To partition or subdivide any Lot or the Common Areas;
- (c) To abandon, partition, subdivide, encumber, sell, hypothecate, transfer or otherwise encumber all or any part of the Common Areas except for the creating of easements and similar purposes consistent with the intended use of the Common Areas; or
- (d) To use hazard insurance proceeds resulting from damage to any part of the development for any purposes other than the repair, replacement, or reconstruction of such improvements.

9.3. Notice of Substantial Damage or Destruction. If requested in writing by any mortgagee or secured party, the Association shall provide notice in writing in the event that there occurs any substantial damage to or destruction of any Living Unit or any part of the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of \$15,000. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction.

9.4. Condemnation of Eminent Domain Proceedings. The Association shall give written notice to all holders of any first mortgage lien or equivalent security interest of any condemnation proceedings or proposed acquisition of a Living Unit or of any portion of the Common Areas within ten (10) days after the Association learns of the same.

9.5. Hazard Policy to Include Standard Mortgagee Clause. Each hazard policy of the insurance on the Lots or in favor of the Association on the Common Areas shall include the standard mortgagee clause which either shall be endorsed to provide that any

proceeds shall be paid to the Association for the use and benefit of mortgagees as their interests may appear, or shall be otherwise endorsed to fully protect the interest of mortgagees. In addition, the mortgagee clause shall provide that the insurance carrier shall notify each mortgagee at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

9.6. Rights Upon Foreclosure of Mortgage. The lien of the assessments provided herein shall be subordinate to the lien of any First Mortgage upon such Lot; and the holder of a first mortgage on a Lot who comes into possession of the Lot by virtue of foreclosure of such first Mortgage, or in lieu of foreclosure obtains possession by deed or assignment, or any purchaser at a foreclosure sale, will take the Lot free of any claims for unpaid assessments and charges against the Lot which accrue prior to the time such holder comes into possession of the Lot, except for claims for an adjustment in the allocation of any assessment due to the inadequacy of past assessment amounts and which adjustment is charged equally to all Lots including the mortgaged Lot and is charged after the holder comes into possession of the mortgaged Lot.

9.7. Mortgagees' Rights Concerning Amendments. No amendment to this Declaration, the By-Laws or the Articles of Incorporation, which materially and adversely impacts the security of the mortgagees, shall be accomplished or effective unless at least two-thirds (2/3) of the mortgagees (based on one vote for each Lot) of the individual Lots have given their prior written approval to such amendment.

9.8. Mortgagees' Rights to Inspect Association Records. The holders of first Mortgages shall have the right upon reasonable notice and during business hours to inspect and copy at their own expense all books and financial records of the Association.

X. DESTRUCTION OF IMPROVEMENTS

10.1. Damage to Common Area. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Area, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained as required herein, for reconstruction or repair of the Common Area, shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Common Area shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is inadequate to complete the restoration and repair, the Board shall levy a Reimbursement Assessment for the deficiency and proceed with such restoration and repair.

10.2. Damage to Living Units. Except as otherwise provided in this Declaration, in

the event of any destruction of any Living Unit or Living Units, it shall be the duty of the Owner(s) of the Living Unit or Living Units to restore and repair the same to its/their former condition, as promptly as practical, under the supervision of the Board. The proceeds of any insurance maintained as required herein, for reconstruction or repair of the Living Unit or Living Units, shall be made available and utilized for such purpose, unless otherwise provided herein. The Living Unit or Living Units shall be reconstructed or rebuilt substantially in accordance with original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than the estimated cost of restoration and repair, the Owner(s) of the Living Unit or Living Units shall be responsible for the deficiency, and the Board shall have the power to levy a Reimbursement Assessment to secure payment of the deficiency. In the event more than one Living Unit is damaged or destroyed, the available insurance proceeds shall be allocated according to the estimated costs of repair and restoration of each Living Unit.

10.3. Alternate Plans for Restoration and Repair. Notwithstanding the provisions of Paragraph 10.1 and 10.2, the Association shall have the right, by a vote of seventy-five percent (75%) of the voting power of the Association, to make alternate arrangements respecting the repair, restoration or demolition of the damaged portion of the Property. The alternate plan may provide for special allocation of insurance proceeds, modification of design, or special allocation of any necessary assessments. Any plan adopted pursuant to this subparagraph shall be adopted within sixty(60) days of the damage or destruction and shall be supported by the vote of any Owner whose Living Unit has been physically damaged, to the extent the proposed plan affects the reconstruction of such Living Unit. Any such alternate arrangements shall be subject to the approval of the Architectural Control Committee.

10.4. Appraisal of Damage. In the event the parties affected by damage or destruction to the Property cannot agree, within twenty (20) days of the date of the damage, on the estimated cost of repair or the allocations referred to in this Article, the Association shall appoint three (3) independent appraisers having at least five (5) years full-time appraisal experience in Salt Lake County, Utah, to appraise the damage and establish allocations among various damaged portions of the Property. Within twenty (20) days after the selection of the appraisers, a majority of the appraisers shall set the estimated damages and allocations. If a majority of the appraisers are unable to agree within the stipulated period of time, the average of the three (3) appraisals shall be utilized. If, however, the low appraisal and/or the high appraisal are/is more than fifteen percent (15%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If both the low appraisal and the high appraisal are disregarded, the middle appraisal shall be utilized. The cost of the appraisals required by this subparagraph shall be paid by the Association and reimbursed by the Owners through a Reimbursement Assessment.

10.5. Interior Damage. With the exception of any casualty or damage insured against by the Association pursuant to the provisions of this Declaration, restoration and repair of any damage to the interior of any individual Living Unit, including without

limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Living Unit so damaged. In the event of a determination to rebuild the Property after partial or total destruction as provided in this Article, such interior repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Control Committee as provided herein.

XI. MISCELLANEOUS

11.1. Notices. Any notice required or permitted to be given to any Owner or Member under the provisions of this Declaration shall be deemed to have been properly furnished if mailed, postage prepaid, to the person who appears as a member or Owner, at the latest address for such person appearing in the records of the Association at the time of mailing.

11.2. Amendment. Subject to the provisions of Article IX of this Declaration, any amendment hereto shall require (i) the affirmative vote of at least two-thirds (2/3) of all Class A membership votes, which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose; and so long as the Class B membership exists, (ii) the written consent of the Declarant, which consent shall rest in the unilateral discretion of Declarant.

(a) Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

(b) Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by the President or Vice President of the Association, and by the Declarant if the Class B Membership then exists. In such instrument the President or Vice President of the Association shall certify that the vote required by this Section for amendment has occurred.

11.3. Consent in Lieu of Voting. In any case in which this Declaration requires for authorization or approval of a transaction the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Members entitled to cast at least the stated percentage of all membership votes outstanding in connection with the Class of membership considered. The following additional provisions shall govern any application of this Section:

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Member.

(b) The total number of votes required for authorization or approval under this Section shall be determined as of the date on which the last consent is signed.

(c) Except as provided in the following sentence, any change in ownership of a Lot which occurs after consent has been obtained from the Owner thereof shall not be considered or taken into account for any purpose. A change in ownership which would

otherwise result in an increase in the total number of Class A votes outstanding shall, however, be effective in that regard and shall entitle the new Owner to give or withhold his consent.

(d) Unless the consent of all Members whose memberships are appurtenant to the same Lot are secured, the consent of none of such Members shall be effective.

11.4. Lease Provision. Any Owner may lease his Lot and such buildings as are situated thereon; provided, however, that any lease agreement between a Lot Owner and a lessee must be in writing, and must provide, inter alia, that:

(a) The terms of the lease shall in all respects be subject to the provisions of the Declaration, Articles of Incorporation of the Association and the By-Laws; and

(b) Any failure by the Lessee to comply with the terms of such documents shall constitute a default under the lease.

11.5. Assignability/Transfer of Declarant's Rights. All or any portion of the rights of Declarant under this Declaration or in any way relating to the property may be assigned. Declarant acknowledges that its rights under this Declaration have been assigned for collateral purposes to Wells Fargo Bank Northwest, N.A., f/k/a First Security Bank, N.A. (referred to herein as "Lender"). However, in the event that the original Declarant's rights, duties and obligations herein are assigned, foreclosed, sold, or otherwise transferred in any way, any successor in interest shall be bound to proceed with the development of the Subdivision in a manner that is consistent and harmonious with the architectural styles, building size, and building orientation presently planned and contemplated by Declarant.

11.6. Dissolution. Subject to the restrictions set forth in Article IX of this Declaration pertaining to mortgagee protection, the Association may be dissolved by the affirmative assent in writing of two-thirds (2/3) of the votes of each class membership. Upon dissolution of the Association all of its assets (including the Common Areas) may be dedicated or transferred to an appropriate public agency or authority to be used for purposes similar to those provided for in the By-laws, the Articles of Incorporation or this Declaration. In the event such dedication or transfer is not made or is not accepted, the Association's assets shall be transferred to a non profit corporation, trust, or other entity to be used for such similar purposes, and each Owner shall continue to be obligated to make assessment payments for the maintenance and upkeep of the Common Areas, common access roadways, curbs, gutters and sidewalks on a pro rata basis which conforms substantially with the assessment procedure, terms and conditions set forth herein.

11.7. Declarant's Covenant to Construct Common Areas. Declarant hereby covenants to construct and complete all Common Areas improvements and amenities indicated on the Plat within seven (7) years of the filing of this Declaration in the office of the County Recorder of Salt Lake County, Utah.

11.8. Enforcement by City. If the Association fails to maintain the Common

Areas, the common access roadways, along with the curbs, gutters and sidewalk, in good order and condition, Salt Lake City shall have the right, but not the obligation, upon giving the Association thirty (30) days notice in writing, to step in and do the necessary maintenance and management with the same right to lien the Lots and collect the costs thereof against the Owners as the Association has under this Declaration.

11.9. Severability. The invalidity or un-enforce ability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

11.10. Interpretation. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any party thereof, and any gender shall include the other gender.

11.11. Property Part of Development. The Property shall comprise the Royal Oak Estates, PUD.

11.12. Covenants to Run With Land. This Declaration and all provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of the Declarant, and all parties who hereafter acquire any interest in a Lot or in the Common Areas shall be subject to the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration; and failure to comply with any of the foregoing shall be grounds for an action by the Association or an aggrieved Owner for the recovery of damages, or for injunctive relief, or both. By acquiring any interest in a Lot or in the Common Areas, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

11.13. Effective Date. This Declaration and any amendment hereof shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

11.14. Disputes with Declarant. No right or cause of action, as against Declarant, shall arise by virtue of this Declaration to the benefit of any individual Owner or group of Owners, whether past or present, or the Association.

(a) Any dispute which shall arise between the Declarant and any individual Owner, group of Owners, or the Association and relating to the Property shall be settled by arbitration before and in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) shall be final and may be entered in any court having jurisdiction thereof.

(b) Any dispute which shall arise between the Declarant and present or past individual Owners or groups of Owners of the Association or the Association, shall be subject to the following limitations:

i. If the dispute relates to defects or conditions of any parcel of property and/or the improvements thereon, Declarant reserves the right at its sole option to buy back the subject property and improvements thereon or any portion thereof in full settlement and release of all claims or causes of action arising from defects or conditions of the property or portion of property for an amount equal to the amount of the purchase price plus the cost of any improvements made subsequent to purchase for which clear proof of the costs can be provided.

ii. No dispute, claim or controversy shall be formally commenced, filed or initiated prior to 60 days from the date that Declarant has been served a written notice of claim which clearly enunciates the claimant(s) name(s), address(es), and phone number(s), the circumstances or issues being complained of, the relief sought, and the basis for concluding that Declarant is responsible therefor. In the event that Declarant responds by serving upon the claimant(s) a written proposal for curing the circumstances or issues being complained of within the 60 days, then the time period prior to which any dispute, claim or controversy shall be formally commenced, filed or initiated shall be increased an additional 30 days within which the claimant(s) may respond. In the event that Declarant fails to respond within 60 days or the claimant(s) fail(s) to respond within 30 days as described above, the dispute, claim or controversy may be formally commenced.

iii. No dispute shall be commenced by the Association against the Declarant, the builders of the improvements on the Property, or the Developer without vote or agreement of Owners to which at least eighty-five percent (85%) of the votes in the Association are allocated.

iv. None of the foregoing provisions may be subsequently amended without vote or agreement of Owners to which at least eighty-five percent (85%) of the votes in the Association are allocated and written consent by the Declarant

11.15. Lender's Agreement of Subordination

11.16. Other Subordination.

EXECUTED the day and year first above written.

Royal Oak Estates, LLC

By: Barney Carlson

Barney J. Carlson

Managing Member

STATE OF UTAH } } ss.
COUNTY OF SALT LAKE
}

On the 22 day of November, 2006, personally appeared before me Barney Carlson, who being by me duly sworn, did say that he is the Managing Member of Royal Oak Estates, LLC., and that said instrument was executed on behalf of said Royal Oak Estates, LLC.

[Signature]
NOTARY PUBLIC, Residing at:

My Commission Expires:

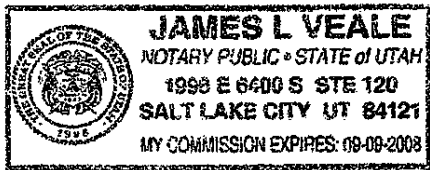


EXHIBIT A: LEGAL DESCRIPTION

BEGINNING AT A POINT ON THE QUARTER SECTION LINE SAID POINT BEING SOUTH 89°41'22" EAST 714.70 FEET FROM THE CENTER OF SECTION 34, TOWNSHIP 2 SOUTH, RANGE 1 EAST SALT LAKE MERIDIAN, AND RUNNING THENCE NORTH 00°32'55" WEST 674.00 FEET; THENCE NORTH 61°03'00" EAST 56.00 FEET; THENCE NORTH 00°00'47" WEST 26.79 FEET TO THE SOUTH LINE OF ROYAL LANE SUBDIVISION AS FILED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER, AND RUNNING ALONG SAID SUBDIVISION THE FOLLOWING (2) COURSES (1) SOUTH 89°41'00" EAST 38.82 FEET, (2) NORTH 23°45'00" EAST 128.98 FEET TO A POINT OF EXTENSION OF THE SOUTH BOUNDARY LINE OF ROYAL LANE SUBDIVISION #2 AS FILED WITH THE OFFICE OF THE SALT LAKE COUNTY RECORDER AND RUNNING ALONG SAID LINE AND LINE EXTENDED THE FOLLOWING THREE (3) COURSES (1) NORTH 83°24'00" EAST 125.95 FEET, (2) SOUTH 58°36'30" EAST 144.49 FEET, (3) SOUTH 38°43'00" EAST 33.50 FEET; THENCE SOUTH 00°32'52" EAST 761.03 FEET TO SAID QUARTER SECTION LINE THENCE NORTH 89°41'22" WEST 410.00 FEET TO THE POINT OF BEGINNING.

CONTAINS: 328,175 SQ FT OR 7.534 ACRES AND 15 LOTS

EXHIBIT B: ARTICLES OF INCORPORATION

EXHIBIT C: BYLAWS

EXHIBIT D: LIVING UNIT ORIENTATION

EXHIBIT E: ROYAL OAK ESTATES, LLC. PUD PLAT