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MASTER DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS OF  
WOLF CREEK RESORT  
A MASTER PLANNED UNIT DEVELOPMENT  
WEBER COUNTY, UTAH

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MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF  
WOLF CREEK RESORT

RECITALS

This Declaration, made on the date hereinafter set forth by WOLF STAR, INC., a Nevada Corporation ("Declarant"), is made with reference to the following facts:

A. Declarant is the owner of a certain tract of real property located in Weber County, Utah and more particularly described as:

Lots 1 through 14, inclusive, and lot A, as shown on that certain map entitled "WOLF STAR, PHASE I, PLAT A" filed in the Office of the Recorder of Weber County on September 7, 1982 in Book 24 of Maps at Page 56 et seq.

All of the property described above and all of the improvements thereon shall be referred to as the "Project".

B. The Project possesses great charm and natural beauty which Declarant intends to preserve through the use of a coordinated plan of development and the terms of this Declaration. It is anticipated that the plan will provide for comprehensive land planning, harmonious and appealing landscaping, improvements, and the establishment of separate Maintenance Associations for portions of the Project. It is assumed that each purchaser of property in the Project will be motivated to preserve these qualities through community cooperation and by enforcing not only the letter but also the spirit of this Declaration. The Declaration is designed to complement local governmental regulations, and where conflicts occur, the more restrictive requirements shall prevail.

C. It is desirable for the efficient management and preservation of the value and appearance of the Project to create a corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Project; maintaining and administering any Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding assessments and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Project and the Owners. Wolf Creek Resort Master Homeowners Association ("Association"), a master homeowners association and a nonprofit corporation, has been incorporated under the laws of the State of Utah for the purpose of exercising the powers and functions aforesaid.

D. Each Owner shall receive fee title to his Lot, a Membership in the Association, and for such other interests as are provided herein.

E. 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 master planned unit development.

NOW THEREFORE, it is hereby declared that the Project shall be held, sold, conveyed, leased, rented, encumbered and used subject to the following Declaration as to division, easements, rights, Assessments, liens, charges, covenants, servitudes, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land and shall be binding on and for the benefit of Declarant, its successors and assigns, the Association, its successors and assigns and all subsequent Owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project, and shall, further, be imposed upon all of the Project as a servitude in favor of each and every other Owner thereof as the dominant tenement.

ARTICLE 1

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

1.1 "Architectural Control Committee" or "Committee" shall mean the committee created pursuant to Article 12.

1.2 "Architectural Control Guidelines" or "Guidelines" shall mean the written review standards, if any, promulgated by the Architectural Control Committee as provided in subarticle 12.3.

1.3 "Articles" shall mean the Articles of Incorporation of the Association as amended from time to time.

1.4 "Assessments" shall mean the Regular and Special Assessments levied against each Lot and its Owner by the Association as provided in Article 6.

1.5 "Association" shall mean the WOLF CREEK RESORT MASTER HOMEOWNERS ASSOCIATION, a Utah nonprofit corporation, the Members of which shall be the Owners of Lots within the Project.

1.6 "Board" shall mean the Board of Trustees of the Association.

1.7 "Bylaws" shall mean the Bylaws of the Association as amended from time to time.

1.8 "Condominium", "Condominium Unit", "Condominium Record of Survey Map", and "Condominium Project" shall mean as those terms are defined in the Condominium Ownership Act of 1963, Title 57, Chapter 8, Utah Code Annotated, 1953, as amended, or any successor statute hereinafter enacted.

1.9 "Common Area" shall mean (i) any real property within the Project, which is owned by the Association for the use and benefit of the Members, (ii) any leases, easements, or other rights over Project property which are owned by the Association for the use and benefit of the Members, and (iii) any portion of the Project which is owned by the Members as tenants-in-common but which is maintained by the Association for the use and benefit of the Members.

Common Area may be annexed to the Project pursuant to the annexation provisions of the Project Documents.

1.10 "Declarant" shall mean WOLF STAR INC., a Nevada Corporation, or any successor-in-interest by merger or by express assignment of the rights of, or a portion of the rights of Declarant hereunder by an instrument executed by Declarant and (i) recorded in the Office of the Weber County Recorder, and (ii) filed with the Secretary of the Association.

1.11 "Declaration" shall mean this instrument as amended from time to time.

1.12 "Developer" shall mean any person, other than Declarant, who owns five or more Lots in the Project for the purpose of selling or leasing them to members of the general public. For the purposes of this subarticle the term "leasing" shall relate to a lease for a period of greater than one (1) year.

1.13 "Dwelling" shall mean a residential dwelling unit together with garages and/or other attached structures on the same Lot, and in the case of a Condominium all elements of a Condominium Unit as defined in the declaration of covenants, conditions and restrictions or Condominium Record of Survey Map for the Condominium Project.

1.14 "Improvement" shall mean Structures, as defined herein, substantial plants such as trees, hedges, shrubs and bushes and major landscaping of every kind. "Improvement" shall also mean any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface or subsurface water from, upon, under or across any portion of the

Project. "Improvement" shall also mean any utility line, conduit, pipe or other related facility or equipment.

1.15 "Lot" shall mean one of the fourteen (14) residential lots of the Project designated on the Map as Lots 1 through 14, inclusive, and each of which is designed to be improved with a dwelling structure.

Additional Lots may be annexed to the Project pursuant to the annexation provisions of the Project Documents. Where a subsequent Phase includes Condominiums the definition of "Lot" herein shall include each Condominium included within that Phase. Where a subsequent phase includes Timeshare Interests, a Lot which has been further subdivided into Timeshare Interests shall nonetheless constitute one Lot.

1.16 "Individual Charges" shall mean those charges levied against an Owner or Maintenance Association by the Association as provided in subarticle 6.5.

1.17 "Maintenance Association" shall mean any incorporated or unincorporated association (other than the Association) which is formed to facilitate the management, maintenance and/or operation of any portion of the Project (i) which portion of the Project is owned by a group of Owners, as tenants-in-common, who are members of such association; or (ii) which portion of the Project is owned by such association for the benefit of a group of Owners who are members of such association.

1.18 "Map" shall mean that subdivision map entitled: "WOLF STAR, PHASE 1, PLAT A", filed in the Office of the Recorder of Weber County on September 7, 1982, in Book 24 of Maps, Page 56 et seq, incorporated herein by this reference.

In addition, "Map" shall include any recorded map for a Phase of the Project.

1.19 "Member" shall mean a person entitled to membership in the Association as provided herein.

1.20 "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust. An "Institutional" Mortgagee is a Mortgagee that is a bank or savings and loan association or Mortgage company or other entity chartered or licensed under federal or state laws whose principal business is lending money on the security of real property, or any insurance company or any federal or state agency. A "First Mortgage" or "First Mortgagee" is one having priority as to all other Mortgages or holders of Mortgages encumbering the same Lot or other portions of the Project. A "First Mortgagee" shall include any holder, insurer, or guarantor of a First Mortgage on a Lot or other portion of the Project. Any and all Mortgagee protections contained in the Project Documents shall protect Declarant as the holder of a Mortgage or other security interest in any Lot or Timeshare Interest in the Project.

1.21 "Owner" shall mean the person or entity holding a record fee simple ownership interest in a Lot, including Declarant, and contract sellers. "Owner" shall not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

1.22 "Permit" shall mean the permit, if any, issued by the California Department of Real Estate or any successor state agency pursuant to the California Out-of-State Land Promotions Law (Business and Professions Code Section 10249 et seq) as it may be amended from time to time. The Declarant may, but shall not be obligated to, sell Lots in the Project to purchasers in California. References in the Project Documents to a Permit shall not be construed as a representation by Declarant that such a Permit has been applied for, will be applied for, has been issued or will be issued for the Project but are included for the sole purpose of assisting the Declarant in qualifying the Project for a Permit when and if he chooses to do so. Where any right contained in the Project Documents is limited by an event which is defined in relation to the issuance of a Permit, and no such Permit has been issued, such limiting event shall be deemed to have not yet occurred and such right shall continue to exist unlimited by such event.

Under no circumstances shall "Permit" be interpreted to mean a land use or building permit as issued by Weber County, Utah.

1.23 "Phase" shall mean that real property included within the Project on the date of recordation of this Declaration as the first Phase and any parcel of real property which becomes part of the Project pursuant to the annexation provisions of the Project Documents as a subsequent Phase.

1.24 "Project" shall mean the real property located in Weber County, Utah and more particularly described as:

Lots 1 through 14, inclusive, and Lot A, as shown on that certain map entitled "WOLF STAR, PHASE 1, PLAT A" filed in the Office of the Weber County Recorder on September 7, 1982 in Book 24 of Maps at Page 56 et seq; and all improvements erected thereon.

In addition, "Project" shall include any Phases annexed pursuant to the annexation provisions of the Project Documents.

1.25 "Project Documents" shall mean the Articles, Bylaws, Declaration, Rules and Regulations of the Association, Architectural Control Guidelines, and any Declaration of Annexation recorded pursuant to the annexation provisions of the Project Documents.

1.26 "Rules and Regulations" shall mean the rules and regulations promulgated by the Association to further govern the possession, use and enjoyment of the Project as amended from time to time.

1.27 "Structure" shall mean any tangible thing or device to be fixed permanently or temporarily to real property including but not limited to any Dwelling, as defined herein, building, garage, driveway, walkway, concrete pad, asphalt pad, gravel pad, porch, patio, shed, greenhouse, bathhouse, tennis court, pool, barn, stable, fence, wall, pole, sign, antennae, or tent.

1.28 "Timeshare Interest(s)" shall mean that portion of a Lot resulting from the division of that Lot into fractional interests which entitle the owner thereof to recurring exclusive annual possessions of the Lot for a fixed period of less than one year. A Lot which has been further subdivided into Timeshare Interests shall nonetheless constitute one Lot for the purposes of the Project Documents.

ARTICLE 2

DESCRIPTION OF PROJECT  
RIGHTS OF OWNERS, DECLARANT

2.1. Description of Project

2.1.1 Project

The Project shall consist of all of the real property described in subarticle 1.24, and all of the improvements thereon.

2.1.2 Lots

The Project consists of fourteen (14) residential lots designated on the Map as Lots 1 through 14, inclusive. Each Lot is designed to be improved with a dwelling structure. The Lots do not include any Common Area.

2.1.3 Common Area

Common Area may be annexed to the Project pursuant to the annexation provisions of the Project Documents.

2.1.4 Incidents of Lot Ownership, Inseparability

Every Lot shall have appurtenant to it the following interests:



- (i) a Membership in the Association, and
- (ii) a non-exclusive easement for use, enjoyment, ingress and egress over any Common Area subject to such restrictions and limitations as are contained in the Project Documents and subject to other reasonable regulation by the Association.

Such interests shall be appurtenant to and inseparable from ownership of the Lot. Any attempted sale, conveyance, hypothecation, encumbrance or other transfer of these interests without the Lot shall be null and void. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Lot shall automatically transfer these interests to the same extent.

2.1.5 Owner's Obligation to Maintain Lot

Except where such duties have been delegated to a Maintenance Association, each Owner shall maintain, repair and replace his Lot, and all Improvements thereon, in a safe, sanitary and attractive condition. In the event that an Owner fails to maintain his Lot as provided herein in a manner which the Board reasonable deems necessary to preserve the appearance and/or for value of the Project, the Board may notify the Owner of the work required and demand that it be done within a reasonable and specified period. In the event that the Owner fails to carry out such maintenance within said period, the Board shall, subject to the notice and hearing requirements of subarticle 7.2.1.2, have the right to enter upon the Lot to cause such work to be done and Individually Charge the cost thereof to such Owner. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot, the Board shall have the right to immediately enter upon the Lot to abate the emergency and Individually Charge the cost thereof to such Owner.

2.1.6 Maintenance Association's Obligation to Maintain

A Maintenance Association may be made responsible for the maintenance of a portion of a Phase of the Project by a recorded declaration of covenants conditions and restrictions approved by all owners of that portion of a Phase or by a Declaration of Annexation annexing such Phase and recorded pursuant to Article 11.

A Maintenance Association shall maintain, repair and replace its area of responsibility, and all Improvements thereon, in a safe, sanitary and attractive condition. Such maintenance responsibility shall include but shall not be limited to the control of all weeds and other unsightly vegetation, rubbish, trash, garbage and landscaping visible from other portions of the Project. In the event that a Maintenance Association fails to maintain its area of responsibility as provided herein in a manner which the Board reasonably deems necessary to preserve the appearance and/or value of the Project, the Board shall notify the Maintenance Association of the work required and demand that it be done within a reasonable and specified period. In the event that the Maintenance Association fails to carry out such maintenance within said period, the Board shall, subject to the notice and hearing requirements of subarticle 7.2.1.2, have the right to enter upon said area of responsibility to cause such work to be done and Individually Charge the cost thereof to such Maintenance Association. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of a Maintenance Association to maintain its area of responsibility, the Board shall have the right to immediately enter upon said area of responsibility to abate the emergency and Individually Charge the cost thereof to such Maintenance Association.

2.1.7 Encroachment Easements

Each Owner is hereby declared to have an easement appurtenant to his Lot, over all adjoining Lots and any Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of a building, or any other cause. The Association is hereby declared to have an easement appurtenant to any Common Area over all adjoining Lots for the purpose of accommodating any

Common Area encroachment due to engineering errors, errors in original construction, settlement, or shifting of a building or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or any Common Area or by any Common Area over Lots shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

2.1.8 Delegation of Use; Contract Purchasers, Lessees, Tenants

Any Owner may temporarily delegate his rights of use and enjoyment in the Project to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject however, to the Project Documents. However, if an Owner of a Lot has sold his Lot to a contract purchaser, leased or rented it, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Lot is occupied by such contract purchaser, lessee or tenant. Instead, the contract purchaser, lessee or tenant, while occupying such Lot, shall be entitled to use and enjoy the Project and may delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of his occupancy. During the period of time that an Owner's Lot is occupied by a contract purchaser such contract purchaser may be given proxies to exercise such Owner's voting rights (as to such Lot) in the Association. Each Owner shall notify the secretary of the Association of the names of any contract purchasers, lessees or tenants of such Owner's Lot. Each Owner, contract purchaser, lessee or tenant also shall notify the secretary of the Association of the names of all persons to whom such Owner, contract purchaser, lessee or tenant has delegated any rights of use and enjoyment in the Project and the relationship that each such person bears to the Owner, contract purchaser, lessee or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners.

2.1.9 Responsibility for Common Area Damage

The cost of repair or replacement of any portion of any Common Area resulting from the willful or negligent act of an Owner, his contract purchasers, lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the joint responsibility of such Owner to the extent that it is not covered by insurance maintained by the Association. The Association shall cause such repairs and replacements to be made and the cost thereof may be levied as an Individual Charge against such Owner.

2.2 Rights of Declarant

2.2.1 Reservation of Easements to Complete, Sell

Declarant hereby reserves in itself and its successors and assigns the following easements over the Project to the extent reasonably necessary to complete and sell, lease, rent or otherwise dispose of the Lots;

(i) easements for ingress and egress, drainage, encroachment, maintenance of temporary structures, operation and storage of construction equipment and vehicles, for doing all acts reasonably necessary to complete or repair the Project, or develop subsequent Phases, or to discharge any other duty of Declarant under the Project Documents or sales contracts or otherwise imposed by law.

(ii) easements for activity reasonably necessary to sell, lease, rent or otherwise dispose of the Lots.

These easements shall exist until the earlier of (i) the date on which the last Lot is sold by Declarant or (ii) four (4) years from the original issuance of the most-recently-issued Permit for a Phase of the Project.

Declarant covenants to use the above easements in a manner that will reasonably minimize any adverse impact upon the possession, use and enjoyment of the Project by the Owners.

2.2.2 Declarant's Right to Timeshare

It is acknowledged that Declarant contemplates developing and/or converting some or all of the Project into Timeshare Interests. Declarant shall have the right to develop and/or convert (and sell, lease or rent the interests created therein) any Lot that he owns into Timeshare Interests, including but not limited to the appurtenant interests in any Common Area and nothing in the Project Documents shall be read to prohibit his right to do so. Declarant's right to develop and/or convert some or all of the Project into Timeshare Interests shall be subject to the approval of any governmental agency having jurisdiction over such development and/or conversion.

2.3 Utilities

2.3.1 Rights and Duties

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections are located or installed within the Project, the Owner of each Lot served by said connections shall be entitled to the non-exclusive use and enjoyment of such portions of said connections as service his Lot. Every Owner shall pay all utility charges which are separately metered or billed to his Lot. Every Owner shall maintain all utility installations located in or upon his Lot except for those installations maintained by the Association, a Maintenance Association, or utility companies, public or private. The Association, Maintenance Associations and utility companies shall have the right, at reasonable times after reasonable notice to enter upon the Lots, Common Area, or other portions of the Project to discharge any duty to maintain Project utilities.

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections, are located within the Project, the Owner of a Lot served by said connections shall have the right, and is hereby granted an easement to the full extent necessary therefore, to at reasonable times after reasonable notice enter upon Lots, any Common Area or other portions of the Project or to have his agents or the utility companies enter upon the Lots, any Common Area, or other portions of the Project to maintain said connections.

In the event of a dispute between Owners with respect to the maintenance, repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then the matter shall be submitted to the Board for arbitration.

2.3.2 Easements for Utilities and Maintenance

Easements over and under the Project for the installation, repair, maintenance and replacement of sanitary sewer, water, electric, gas, and telephone lines, cable or master television antenna lines, and drainage facilities, as shown on the Map of the Project, or as may be hereafter required to serve the Project, are hereby reserved to Declarant (subject to the limitations of subarticle 2.2.1) and the Association, together with the right to grant and transfer the same.

ARTICLE 3

USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Project and each Lot therein is subject to the following:

3.1 Golf Course Lots

The Project is adjacent to the Wolf Creek Country Club, a privately owned facility. Certain of the Lots adjoin the fairways of the golf course operated by such country club. It is acknowledged that the golf course may expand in the future and that additional Lots may come to adjoin the fairways of the golf course. It is accepted that such Lots are subject to golf balls unintentionally passing on, over and across said Lots.

3.2 Use of Individual Lots

No Lot shall be occupied and used except for single family residential purposes by the Owners, their contract purchasers, lessees, tenants, or guests, and no trade or business shall be conducted therein, except that Declarant, its successors or assigns, may use any Lot in the Project owned by Declarant for a model home site and/or sales office and except that Declarant shall have the right to timeshare some or all of the Project as provided in subarticle 2.2.2 and except that the Association, or its agent, may use the Common Area and/or any Lot which it owns, leases or rents as a property management office or any Lot which it owns, leases or rents as a resident manager's dwelling and except that a Maintenance Association, or its agent, may use any Lot which it owns, leases or rents as a property management office or a resident manager's dwelling. Notwithstanding the foregoing, any Lot in the Project may be used for commercial purposes if the Declaration of Annexation annexing it to the Project expressly permits such use.

3.3 Nuisances

No noxious, illegal, or offensive activities shall be carried on on any Lot, nor on any part of the Project, 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 Lot, or which shall in any way increase the rate of insurance for the Project or for any other Lot, or cause any insurance policy to be cancelled or cause a refusal to renew the same.

3.4 Parking

Unless otherwise permitted by the Board, no motor vehicles shall be parked or left on any portion of the Project other than within a Lot's, driveway or garage or carport or parking place or a Common Area parking place.

No truck larger than three-quarter (3/4) ton, nor trailer, nor motor home, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor vehicles designed and operated as off the road equipment for racing, dragging and other sporting events, shall be permitted on the Project for longer than twenty-four hours without the consent of the Board.

3.5 Signs

No sign of any kind shall be displayed to the public view from any Lot or from any Common Area or from any other portion of the Project without the approval of the Board except (i) one sign of customary and reasonable dimensions advertising a Lot for sale, lease or rent displayed from a Lot, and (ii) such signs as may be used by Declarant or its assignees for the purpose of selling Lots as permitted by subarticle 2.2.1.

3.6 Animals

Unless expressly authorized by the Board, no animals of any kind shall be raised, bred, or kept on any portion of the Project; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept on a Lot, provided that they are not kept, bred or maintained for any commercial purposes, and provided that they are kept under reasonable control at all times. No animal shall be permitted outside of the Lot of the Owner of such animal unless such animal is under the control of a responsible person by means of a leash or other reasonable restraint. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept.

3.7 Garbage and Refuse Disposal

All rubbish, trash and garbage and other waste shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. Rubbish, trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from the view of other portions of the Project, except for the scheduled day for trash pick-up.

3.8 Radio and Television Antennas

No Owner may construct, use, or operate his own external radio, television or other electronic antenna without the consent of the Board. No Citizens Band or other transmission shall be permitted from the Project without the consent of the Board.

3.9 Right to Lease, Rent

Nothing in this Declaration shall prevent an Owner from leasing or renting his Lot. However, any lease or rental agreement shall be in writing and be expressly subject to the Project Documents and any lease or rental agreement must specify that failure to abide by such provisions shall be a default under the lease or rental agreement.

3.10 Clothes Lines

No exterior clothes lines shall be erected or maintained and there shall be no outside laundering or drying of clothes without the consent of the Board.

3.11 Power Equipment and Car Maintenance

No power equipment, work shops, or car maintenance of any nature, other than emergency repair, shall be permitted on the Project without the consent of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

3.12 Drainage

No Owner shall do any act or construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the approval of the Board.

3.13 Mineral Exploration

No portion of the Project shall be used in any manner to explore for or to remove any oil or other hydrocarbons, minerals of any kind, gravel, or earth substance. No drilling, exploration, refining, quarrying, or mining operations of any kind shall be conducted or permitted to be conducted thereon; nor shall wells, tanks, tunnels, mineral excavations, shafts, derricks, or pumps used to mine or drill for any substances be located on the Project. No drilling for water or geothermal resources or the installation of such wells shall be allowed unless specifically approved in the Declaration of Annexation for that Phase.

3.14 Mailboxes

There shall be no exterior newspaper tubes or freestanding mailboxes except those approved by the Board.

3.15 Barbeques

There shall be no exterior fires, except barbeque fires contained within receptacles designed for such purpose or outside fireplaces approved by the Board. No Lot Owner shall allow the condition of his Lot to be such as to constitute a fire hazard.

3.16 Sports Equipment

No basketball, standard or other fixed sports apparatus shall be erected or attached to any structure if such apparatus would be visible from other portions of the Project, unless approved by the Board.

3.17 Diseases and Insects

No Owner shall permit any thing or condition to exist upon his Lot that shall induce, breed, or harbor infectious plant or tree diseases or noxious insects.

3.18 Water Use

No stream or body of water within the Project shall be used for swimming or boating without the approval of the Board. No docks, piers, or floats shall be allowed in any stream or body of water without the approval of the Board.

No Owner of a Lot contiguous to a stream or body of water shall have any rights over or above those of other Members with respect to use of the water, the land thereunder, or the water therein. No person shall acquire or be divested of title to any land adjacent to or beneath such water within the Project due to accretion, erosion, or change in water levels. No Lot shall be contoured or sloped, nor may drains be placed upon any Lot, so as to encourage drainage of water from such Lot into any body of water without the approval of the Architectural Control Committee.

3.19 Maintenance Association Use Restrictions

Nothing herein shall prevent Declarant, a Developer or a Maintenance Association from adopting use restrictions for a Phase or portion of the Project which are more restrictive than those set forth herein, provided that such restrictions shall in no way modify the provisions hereof.

3.20 Fair Housing

No Owner shall either directly or indirectly forbid or restrict the conveyance, encumbrance, lease, mortgaging or occupancy of his Lot to any person of a specified race, color, religion, ancestry or national origin.

3.21 Compliance with Project Documents

Each Owner, contract purchaser, lessee, tenant, guest, invitee, or other occupant of a Lot or user of any Common Area shall comply with the provisions of the Project Documents.

ARTICLE 4

THE ASSOCIATION MEMBERSHIP AND VOTING

4.1 Association

Wolf Creek Resort Master Homeowners Association, a Utah nonprofit corporation, shall be the Association.

4.2 Management of Project

The management of the Project shall be vested in the Association in accordance with the Project Documents and all applicable laws, regulations and ordinances of any governmental or quasi governmental body or agency having jurisdiction over the Project.

4.3 Membership

Each Owner and Co-Owner shall be a Member of the Association, subject to the Project Documents and shall remain a Member thereof until such time as his ownership ceases for any reason at which time his Membership in the Association shall automatically cease.

4.4 Transferred Membership

Membership in the Association shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership of the Lot to which

it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. Any transfer of title to a Lot or interest in it shall operate automatically to transfer the appurtenant Membership rights in the Association to the new Owner.

4.5 Voting

The Association shall have two (2) classes of voting Membership established according to the following provisions:

4.5.1 Class A Membership

Class A Members shall be all Owners, except Declarant and Developers, and shall be entitled to one vote for each Lot owned. When more than one person or entity owns a Lot, all such persons and entities shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

4.5.2 Class B Membership

The Class B Members shall be Declarant and Developers, who shall be entitled to three votes for each Lot owned. Said Class B Membership shall be automatically converted to Class A Memberships and said Class B Membership shall forever cease to exist on the occurrence of whichever of the following is first in time:

- (A) when the total votes held by the Class A Members equal the total votes held by the Class B Members, or
- (B) the fourth anniversary of the original issuance of the most-recently-issued Permit for a Phase of the Project; or
- (C) the twentieth anniversary of the original issuance of the Permit for the first Phase of the Project to receive a Permit.

Each Developer covenants to cooperate with Declarant in developing Wolf Creek Resort into a cohesive community. Each Developer acknowledges that in order for Declarant to properly develop the Project into a cohesive community Declarant must maintain certain minimal control over the Association. In order to secure each Developer's duty of cooperation each Developer shall give to Declarant, upon demand, as necessary in the opinion of Declarant to secure such rights, irrevocable (to the extent permitted by Utah law) and revocable proxies to exercise all of each Developer's voting rights in the Association. Such proxies shall be expressly terminable as to a given Lot, no later than the conveyance of that Lot to a member of the general public.

4.6 Voting Requirements

Any action by the Association which must have the approval of the Membership before being undertaken shall require the vote or written assent of the Members as follows.

4.6.1 Generally

Except as provided in subarticles 4.6.2 and 4.6.3, the specified percentage (or if not specified a majority) of the voting power of each class of the Members who are present at a properly noticed meeting at which a quorum is present, shall be required.

4.6.2 Exception: Approval of Members other than Declarant

Except as provided in subarticle 4.6.3, where a provision of the Project Documents requires the approval of the Members other than Declarant it shall be read to require, at a properly noticed meeting at which a quorum is present:

(A) while there are two (2) outstanding classes of Membership, the vote of the prescribed percentage (or if not prescribed a majority) of the voting power present of each class; or

(B) after conversion of the Class B to Class A Membership the vote of a majority of the voting power of the Members present as well as the vote of the prescribed percentage (or if not prescribed a majority) of the voting power of Members present other than Declarant.

4.6.3 Exception: Special Director Election; Completion Enforcement

Provisions in the Project Documents which provide for (i) the election or removal of Special Trustees as provided at Bylaws subarticle 4.2 and 4.3 (3), or (ii) the enforcement of Declarant's completion bond, if any, as provided at Declaration Article 10; shall be read to require the vote of a majority of the voting power of Members other than Declarant at a properly noticed meeting at which a quorum is present.

4.7 Co-Owner Votes

The vote for each Lot may not be cast on a fractional basis. If the Co-Owners of a Lot are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one Co-Owner exercises the vote of a particular Lot, it shall be conclusively presumed for all purposes that he was acting with the authority and consent of all other Co-Owners of the same Lot. If more than one Co-Owner exercises the vote for a particular Lot, their votes shall not be counted and shall be deemed void.

4.8 Record Date

The Association shall fix, in advance, a date as a record date for the determination of the Members entitled to notice of and to vote at any meeting of the Association and entitled to cast written ballots. The record date shall be not less than ten (10) days nor more than ninety (90) days prior to any meeting or taking action.

4.9 Commencement of Voting Rights

Voting rights attributable to any Lot shall not vest until Assessments have been levied against that Lot.

4.10 Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

4.11 Board of Trustees

The affairs of the Association shall be managed by the Board of Trustees, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws.

ARTICLE 5

ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

5.1 Generally

The Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article 5 or elsewhere in the Project Documents or reasonably necessary to operate the Project. In addition, the Association shall have all the powers and rights of a nonprofit corporation under the laws of the State of Utah.



The Association shall act through its Board of Trustees and the Board shall have the power, right and duty to act for the Association except that actions which require the approval of the Members of the Association shall first receive such approval.

The powers, rights, duties and limitations of the Association set forth in this Article 5 and elsewhere in the Project Documents shall rest in and be imposed on the Association concurrently with the close of escrow for the first sale of a Lot in the Project.

5.2 Enumerated Rights

In addition to those Association rights which are provided elsewhere in the Project Documents the Association shall have the following rights:

5.2.1 Delegation

To elect, employ, appoint, to assign and to delegate the rights and duties of the Association to officers, employees, agents and independent contractors.

5.2.2 Enter Contracts

To enter contracts with third parties to furnish goods or services to the Project subject to the limitations of subarticle 5.4.

5.2.3 Borrow Money

To borrow money and with the approval by vote or written assent of a majority of the voting power of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

5.2.4 Dedicate and Grant Easements

To dedicate or transfer all or any part of any Common Area to any public agency, authority or utility or any other entity for such purposes and subject to such conditions as may be agreed to by the Association; provided, however, that no such dedication or transfer shall be effective unless (i) such dedication or transfer is approved by a majority of the voting power of each class of Members, and (ii) an instrument in writing is signed by the Secretary of the Association certifying that such dedication or transfer has been approved by the required vote or written assent.

5.2.5 Establish Rules and Regulations

To adopt reasonable rules not inconsistent with this Declaration, the Articles, the Bylaws, or any Declaration of Annexation for a Phase of the Project, relating to the use of any Common Area and all facilities thereon, and the conduct of Owners and their contract purchasers, lessees, tenants and guests with respect to the Project and other Owners. Pursuant to those Rules and Regulations, the Association shall have the right to limit the number of guests of an Owner utilizing any Common Area and the right to charge reasonable admission and other fees for the use of any recreational facility situated on any Common Area. A copy of the Rules shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Project.

5.2.6 Entry

To enter upon any portion of the Project, including any Lot after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the performance by the Association of its duties under this Declaration. In the event of an emergency such right of entry upon any Lot shall be immediate.

5.3 Enumerated Duties

In addition to those Association duties which are imposed elsewhere in the Project Documents the Association shall have the following duties:

5.3.1 Manage, Maintain Common Area

The Association shall manage, operate, maintain, and repair any property acquired by or subject to the control of the Association, including personal property, in a safe, sanitary and attractive condition.

Common Area may be annexed to the Project pursuant to the annexation provisions of the Project Documents. The Declaration of Annexation annexing such Common Area shall clearly provide for the responsibilities that the Association shall have with respect to such Common Areas.

5.3.2 Enforce Project Documents

To enforce the provisions of the Project Documents by appropriate means as provided at Article 7.

5.3.3 Levy and Collection of Assessments and Individual Charges

To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles 6 and 7.

5.3.4 Taxes and Assessments

To pay all real and personal property taxes and assessments and all other taxes levied against any Common Area, personal property owned by the Association or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, that they are paid or that a bond or other security insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

To prepare and file annual tax returns with the Federal government and the State of Utah and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association.

5.3.5 Water and Other Utilities

To acquire, provide and pay for utility services as necessary for any Common Area.

5.3.6 Legal and Accounting

To obtain and pay the cost of legal and accounting services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents.

5.3.7 Insurance

To obtain and pay the cost of insurance for the Project as provided in subarticle 8.1.

5.3.8 Bank Accounts

To deposit all funds collected from Owners pursuant to Articles 6 and 7 hereof and all other amounts collected by the Association as follows:

(A) All funds shall be deposited in a separate bank account ("General Account") with a bank located in the State of Utah. The Association shall keep accurate books and records regarding such account. Funds deposited in such account may be used by the Association only for the purposes for which such funds have been collected.

(B) Funds which the Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required by good business practice shall, within ten (10) days after deposit in the General Account, be deposited into an interest bearing account with a bank or savings

and loan association selected by the Association, or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested which shall all herein be collectively referred to as the "Reserve Account". Funds deposited into the Reserve Account shall be held in trust and may be used by the Association only for the purposes for which such amounts have been collected.

5.3.9 Annual Report of Domestic Nonprofit Corporation

To make timely filings of the annual report required by Section 16-6-97 et seq. of the Utah Nonprofit Corporation and Cooperative Association Act. Such annual report shall be made on forms prescribed and furnished by the Secretary of State of Utah and shall be delivered to the Secretary of State between the first day of January and the first day of April of each year, except that the first annual report shall be filed between the first day of January and the first day of April of the year next succeeding the calendar year in which its certificate of incorporation was issued by the Secretary of State.

5.3.10 Preparation and Distribution of Financial Information

To regularly prepare budgets and financial statements and to distribute copies to each Member as follows:

(A) A pro-forma operating statement (budget) for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year;

(B) A balance sheet (as of an accounting date which is the last day of the month closest in time to six (6) months from the date of close of escrow for the first sale of a Lot in the Project) and an operating statement for the period from the date of the first closing to said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the number of the Lot and the name of the Owner assessed;

(C) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year as defined below:

- (1) A balance sheet as of the last day of the fiscal year;
- (2) An operating (income) statement for said fiscal year;
- (3) A statement of changes in financial position for said fiscal year;

For any fiscal year in which the gross income to the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00) the annual report referred to above shall be prepared by an independent accountant; if the annual report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized Officer of the Association that the statements were prepared without an audit from the books and records of the Association.

5.3.11 Maintenance and Inspection of Books and Records

To cause to be kept adequate and correct books of account, a register of Members, minutes of Member and Board meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project and to present a statement thereof to the Members at the annual meeting of Members, or at any special meeting when requested in writing by twenty-five percent (25%) of the voting power of Members other than Declarant.

The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members, of

the Board, and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Association or at such other place within the Project as the Board of Trustees shall prescribe. The Board shall establish reasonable rules with respect to:

(A) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(B) Hours and days of the week when such an inspection may be made;

(C) Payment of the cost of reproducing copies of the documents requested by a Member.

Every Trustee shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents.

5.3.12 Statements of Status

To provide, upon the request of any Owner or Mortgagee, a written statement setting forth the amount, as of a given date, of any unpaid Assessments or Individual Charges against any Owner or Lot. Such statement, for which a reasonable fee may be charged, shall be binding upon the Association in favor of any person who may rely thereon in good faith. Such written statement shall be provided within ten (10) days of the request.

5.3.13 Architectural Control

To maintain architectural control over the Project and appoint Architectural Control Committees in connection therewith, pursuant to Article 12.

5.4 Enumerated Limitations

Except with the approval of a majority of the total voting power of Members other than Declarant, the Board shall be prohibited from taking any of the following actions:

(1) Entering into a contract with a third person wherein the third person will furnish goods or services for any Common Area or to the Association for a term longer than one (1) year with the following exceptions:

(A) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

(B) A contract with a public utility company if the rates charged for the materials or services are regulated by a public utilities entity; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(C) Prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured.

(D) Lease agreements for laundry room fixtures and equipment of not to exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(2) Incurring aggregate expenditures for capital improvements to any Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(3) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(4) Paying compensation to Trustees or to Officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may reimburse a Trustee or Officer for expenses incurred in carrying on the business of the Association;

(5) Filling a vacancy on the Board created by the removal of a Director.

#### ARTICLE 6

#### ASSESSMENTS

##### 6.1 Agreement to Pay Assessments and Individual Charges; Vacant Lot Exemption

Declarant for each Lot owned by it, hereby covenants and agrees, and each Owner, by acceptance of a deed for a Lot, is deemed to covenant and agree for each Lot owned, to pay to the Association all Regular Assessments and all Special Assessments (collectively "Assessments"), and all Individual Charges, to be established and collected as provided in this Declaration and in the other Project Documents. Notwithstanding the foregoing, the Declarant and any other Owner of a Lot which does not include a structural improvement for human occupancy shall be exempted from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and the use of the structural improvements. The exemption may include, but shall not necessarily be limited to:

- (1) Roof replacement;
- (2) Exterior maintenance;
- (3) Walkway and carport lighting;
- (4) Refuse disposal;
- (5) Cable television; and
- (6) Domestic water supplied to a dwelling unit.

Any such exemption from the payment of Assessments shall be in effect only until a notice of completion of the structural improvement has been recorded or until 120 days after the issuance of a building permit for the structural improvement, whichever first occurs.

##### 6.2 Purpose of Assessments

The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Association as set forth in the Project Documents.

##### 6.3 Regular Assessments

The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating the Project during the fiscal year and to accumulate reserves to pay costs anticipated in future years. Not less than ninety (90) days before the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distribute to each Owner, a proposed pro forma operating statement or budget for the forthcoming fiscal year. Any Owner or Mortgagee may make written comments to the Board with respect to said pro forma operating statement. The pro forma operating statement shall be prepared consistently with the prior fiscal year's operating statement and shall include adequate reserves for contingencies and for maintenance, repairs and replacement of the Common Area improvements or Association personal property likely to need maintenance, repair or replacement in the future.

Not more than ninety (90) days nor less than sixty (60) days before the beginning of each fiscal year, the Board shall meet for the purpose of establishing the Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the proposed pro forma operating statement or budget, and written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, shall establish the Regular Assessment for the forthcoming fiscal year; provided, however, that the Board may not establish a Regular Assessment for any fiscal year which is more than twenty percent (20%) greater than the Regular Assessment for the immediately preceding fiscal year without the approval of a majority of the voting power of the Association residing in Members other than Declarant. Notwithstanding the preceding sentence, that portion of a Regular Assessment increase which is attributable to the annexation of a Phase pursuant to subarticle 11.1.1 shall not be counted in determining whether or not membership approval of the Assessment increase is required. Not less than sixty days before the beginning of each fiscal year the Board shall distribute to each Owner a final copy of the pro forma operating statement or budget for the forthcoming fiscal year. Regular Assessments shall be payable in equal monthly installments due on the first day of each month, unless the Board adopts some other basis for collection.

6.4 Special Assessments

6.4.1 General

If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on any Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may, in its discretion, provide for the payment in installments of such Special Assessment over the remaining months of the fiscal year or levy the Assessment immediately against each Lot. Special Assessments shall be due on the first day of the month following notice of their levy.

6.4.2 Limitation on Special Assessments

Any Special Assessment which singly or in the aggregate with previous Special Assessments for the fiscal year would amount to more than five percent (5%) of the budgeted gross expense of the Association for the fiscal year, shall require approval of a majority of the voting power of the Association residing in Members other than Declarant. Notwithstanding the foregoing, that portion of a Special Assessment(s) increase which is attributable to the annexation of a Phase pursuant to subarticle 11.1.1 shall not be counted in determining whether or not membership approval of the Assessment(s) is required.

6.5 Individual Charges

Individual Charges may be levied against an Owner or Maintenance Association (i) as a monetary penalty imposed by the Association as a disciplinary measure for the failure of the Owner or Maintenance Association to comply with the Project Documents, or (ii) as a means of reimbursing the Association for costs incurred by the Association for repair of damage to any Common Areas and facilities for which the Owner or Maintenance Association was responsible, or to otherwise bring the Owner and his Lot or Maintenance Association and its Property into compliance with the Project Documents. Individuals Charges against an Owner or a Maintenance Association shall not be enforceable through the lien provisions of the Project Documents. Notwithstanding the foregoing, charges imposed against a Lot and its Owner consisting of reasonable late payment penalties and/or charges to reimburse the Association for loss of interest, and/or for costs reasonably incurred (including attorney's fees) in the efforts to collect delinquent Assessments shall be fully enforceable through the lien provisions of the Project Documents.

6.6 Allocation of Regular and Special Assessments

Regular and Special Assessments shall be levied against each Lot (and its Owner) equally based on a fraction the numerator of which is one (1) and the denominator of which is the total number of Lots in the Project.

6.7 Commencement of Assessments and Individual Charges

The right to levy Assessments and Individual Charges shall commence as to all Lots in the Project or any Phase thereof on the close of escrow for the first sale of a Lot in the Project or Phase Thereof. Regular Assessments shall commence as to all Lots in any Phase of the Project on the first day of the month following the date of close of escrow for the first sale of a Lot in that Phase. Thereafter, Regular Assessments shall be levied on the first day of the first month of the fiscal year.

6.8 Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges

The Assessments, together with late charges, interest, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each Assessment is made, the lien to become effective upon recordation of a Notice of Delinquent Assessment. If an installment of any Assessment is unpaid when due, the entire Assessment shall become immediately due and payable.

All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees incurred in collecting delinquent Assessments and Individual Charges, shall be the personal obligation of the Owner of such Lot at the time when the Assessments or Individual Charges fell due. If more than one person or entity was the Owner of a Lot at the time the Assessments or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charge shall be joint and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by him. No Owner may exempt himself from liability for his Assessments or Individual Charges obligation by waiver of the use or enjoyment of any of the Project.

ARTICLE 7

ENFORCEMENT OF RESTRICTIONS

7.1 General

The Association or any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner shall have the right to enforce independently of the Association any Assessment, Individual Charge, or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Lot in the manner provided by law. In the event the Association or any Owner shall employ an attorney to enforce the provisions of the Project Documents, against any Owner, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by an Owner shall bear interest at eighteen percent (18%) per annum from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in the Project Documents, commencing fifteen (15) days after repayment is demanded. All enforcement powers of the Association shall be cumulative. Failure by the Association or any Owner, to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

7.2 Specific Enforcement Rights

In amplification of, and not in limitation of, the general rights specified in subarticle 7.1 above, the Association shall have the following rights:

7.2.1 Enforcement by Sanctions

7.2.1.1 Limitation

The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Lot on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association.

7.2.1.2 Disciplinary Action

The Association may impose reasonable monetary penalties, temporary suspensions of reasonable duration (not to exceed thirty (30) days per violation) of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Project Documents. Notwithstanding the foregoing, the Association shall have no right to interfere with an Owner's right of ingress or egress to his Lot.

Before disciplinary action authorized under this subarticle can be imposed by the Association the Owner against whom such action is proposed to be taken shall be given notice and the opportunity to be heard as follows:

(a) The Board shall give written notice to the Owner at least fifteen (15) days prior to the meeting at which the Board will consider imposing disciplinary action. Such notice shall set forth those facts which the Board believes justify disciplinary action, and the time and place of the meeting;

(b) At such meeting the Owner shall be given the opportunity to be heard, including the right to present evidence, either orally or in writing, and to question witnesses;

(c) The Board shall notify the Owner in writing of its decision within three (3) days of the decision. The effective date of any disciplinary action imposed by the Board shall not be less than eight (8) days after the date of said decision.

7.2.2 Suit to Collect Delinquent Assessments or Individual Charges

A suit to recover a money judgment for unpaid Assessments or unpaid Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees shall be maintainable by the Association. In the case of unpaid Assessments such suit shall be maintainable without foreclosing or waiving the lien securing such unpaid Assessments.

7.2.3 Enforcement of Lien

If there is a delinquency in the payment of any Assessment or installment on a Lot, any amounts that are delinquent together with the late charges, interest (eighteen percent (18%) per annum), costs of collection and reasonable attorneys' fees, shall be a lien against that Lot upon the recordation in the office of the County Recorder of a Notice of Delinquent Assessment. The Notice of Delinquent Assessment shall be signed by an authorized representative of the Association and shall state the amount of the delinquent Assessment, a description of the Lot assessed, and the name of the record Owner(s). Such lien shall be prior to all other liens and encumbrances, recorded or unrecorded, except only:



(A) Tax and special assessment liens on the Lot in favor of any assessing agency or special district; and

(B) First Mortgages on the Lot recorded prior to the date that the Notice of Delinquent Assessment was record.

The Notice of Delinquent Assessment shall not be recorded unless and until the Board or its authorized representative has delivered to the delinquent Owner, not less than fifteen (15) days before the recordation of the Notice of Delinquent Assessment, a written demand for payment, and unless the delinquency has not been cured within said fifteen (15) day period.

After the recording of the Notice of Delinquent Assessment, the Board or its authorized representative may cause the Lot with respect to which a Notice of Delinquent Assessment has been recorded to be sold in the same manner as a sale is conducted under Utah law for the exercise of powers of sale, or through judicial foreclosure. In connection with any sale under Utah law for the exercise of a power of sale, the Board is authorized to appoint its attorney, any officer or Trustee, or any title insurance company authorized to do business in Utah as trustee for purposes of conducting the sale. If a delinquency including Assessments and other proper charges is cured after recordation of the Notice of Delinquent Assessment but before sale, or before completing a judicial foreclosure, the Board or its authorized representative shall cause to be recorded in the office of the County Recorder a certificate setting forth the satisfaction of such claim and release of such lien. The Association, acting on behalf of the Owners, shall have the power to bid upon the Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey the Lot.

#### 7.2.4 Transfer by Sale or Foreclosure

In a sale or transfer of the Lot, the personal obligation for delinquent Assessments or Individual Charges shall not pass to the transferee unless expressly assumed by him. The sale or transfer of any Lot shall not effect the Assessments lien. However, the sale or transfer of any Lot pursuant to the exercise of a power of sale or judicial foreclosure involving a default under a First Mortgage shall extinguish the lien for Assessments which became due prior to such sale or transfer. No transfer of the Lot as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former beneficiary of the First Mortgage or another person, from liability for any Assessments or Individual Charges thereafter becoming due or from the lien thereof.

### ARTICLE 8

#### INSURANCE, DESTRUCTION, CONDEMNATION

##### 8.1 Insurance

In addition to other insurance required to be maintained by the Project Documents, the Association shall maintain in effect at all times the following insurance:

##### 8.1.1 Liability Insurance

During any period of time that the Association owns or maintains any Common Area, the Association shall obtain and maintain comprehensive public liability insurance insuring the Association, the Board, the Declarant, Owners, occupants of Lots, their respective family members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership, use or maintenance of such Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include

coverage against any liability customarily covered with respect to projects similar in construction, location, and use.

8.1.2 Casualty Insurance

During any period of time that the Association owns or maintains any Common Area, the Association also shall obtain and maintain a policy of casualty insurance for the full replacement value (without deduction for depreciation) of all of the improvements within the Common Area. Such insurance shall include coverage against any risk customarily covered with respect to projects similar in construction, location, and use. The form, content, term of the policy, its endorsements and the issuing company shall meet the standards of and be satisfactory to all First Mortgagees. The policy shall name as insured the Association for the benefit of the Owners and Declarant, as long as Declarant is the Owner of any Lot, and all Mortgagees as their respective interests may appear, and may contain a loss payable endorsement in favor of any trustee described in subarticle 8.1.3.

8.1.3 Trustee

All casualty insurance proceeds payable under Sections 8.1.2 for losses to real property and improvements may be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall appear. Said trustee shall be a commercial bank or trust company in the County in which the Project is located that agrees in writing to accept such trust.

8.1.4 Other Insurance

The Board shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association. The Board also shall purchase and maintain fidelity coverage against dishonest acts on the part of Trustees, Officers, managers, trustees, employees or volunteers who handle or who are responsible to handle the funds of the Association, and such fidelity bonds shall name the Association obligee, and shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, including reserves. In connection with such fidelity coverage, an appropriate endorsement to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The Board shall also purchase and maintain insurance on personal property owned by the Association, and any other insurance that it deems necessary, that is required by any First Mortgagee or is customarily obtained for projects similar in construction, location and use.

8.1.5 Owner's Liability Insurance

An Owner may carry whatever personal and property damage liability insurance with respect to his Lot that he desires.

8.1.6 Owner's Fire and Extended Coverage Insurance

Each Owner shall obtain and maintain fire, casualty and extended coverage insurance for the full replacement value of all of the improvements on his Lot. Notwithstanding the foregoing this subarticle shall be deemed satisfied where a Maintenance Association has obtained fire, casualty and extended coverage insurance for an Owner's Lot (including condominiums). An Owner may insure his personal property.

8.1.7 Officer and Director Insurance

The Association may purchase and maintain insurance on behalf of any Trustee, Officer, or member of a committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against such liability under applicable law.

8.1.8 Waiver of Subrogation

All property and liability insurance carried by the Association, or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, Trustees, Officers, Committee members, Declarant, Owners, their family, guests, agents and employees.

8.1.9 Notice of Cancellation

All insurance carried by the Association shall require the insurer to notify any First Mortgagee requesting such notice at least fifteen (15) days in advance of the effective date of any reduction or cancellation of the policy.

8.1.10 Annual Review of Policies

All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate in light of increased construction costs, inflation or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interest of the Association.

8.1.11 Payment of Premiums

Premiums on insurance maintained by the Association shall be a common expense funded by Assessments levied by the Association.

8.2 Destruction

8.2.1 Minor Destruction Affecting any Common Area

Notwithstanding subarticle 8.2.2 the Board shall have the duty to repair and reconstruct any Common Area without the consent of Members and irrespective of the amount of available insurance proceeds, in all instances of destruction where the estimated cost of repair and reconstruction does not exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

8.2.2 Major Destruction Affecting any Common Area

8.2.2.1 Destruction; Proceeds Exceed 85% of Reconstruction Costs

If there is a total or partial destruction of any Common Area, and if the available proceeds of the insurance carried pursuant to subarticle 8.1 are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, any Common Area shall be promptly rebuilt unless, within forty-five (45) days from the date of destruction, Members then holding at least seventy-five (75%) percent of the voting power of each class determine that repair and reconstruction shall not take place.

8.2.2.2 Destruction; Proceeds Less than 85% of Reconstruction Costs

If the proceeds of insurance carried pursuant to subarticle 8.1 are less than eighty-five percent (85%) of the costs of repair and reconstruction, repair and reconstruction of any Common Area shall not take place unless, within forty-five (45) days from the date of destruction, Members then holding at least a majority of the voting power of Members other than Declarant determine that repair and reconstruction shall take place.

8.2.2.3 Special Assessment to Rebuild

If the determination is made to rebuild, the Association may levy a Special Assessment against all Lot Owners to cover the cost of rebuilding not covered by insurance proceeds.

8.2.2.4 Rebuilding Contract

If the determination is made to rebuild, the Board shall obtain bids from at least two (2) reputable contractors, and shall award the repair and reconstruction work to the most reasonable bidder in the opinion of a majority of the Board. The Board shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

8.2.2.5 Rebuilding Not Authorized

If the determination is made not to rebuild, then, any insurance proceeds and any other funds held for rebuilding of any Common Area shall be distributed among the Lots on the same basis as their Regular Assessment obligation, and between the Lot Owner and his Mortgagee(s) as their interests shall appear.

8.2.3 Destruction Affecting Lots (except Condominiums)

If there is a total or partial destruction of a Lot, the Owner thereof shall have the following options;

(i) the Owner shall rebuild or repair the Lot in substantial conformity with its appearance, design, and structural integrity immediately prior to the damage or destruction.

Notwithstanding the foregoing, any Owner of an affected Lot may apply to the Architectural Control Committee for reconstruction of his Lot in a manner which will provide for an exterior appearance and/or design which is different from that which existed prior to the date of the destruction. Application for such approval shall be made in compliance with the provisions of Article 12; or

(ii) the Owner shall clear all structures from the Lot and shall landscape it in a manner which is approved by the Architectural Control Committee. Failure to rebuild the Lot shall not relieve the Lot or its Owner from any Assessment obligation.

Rebuilding or landscaping shall be commenced within a reasonable time after of the date of the damage or destruction and shall be diligently pursued to completion.

For the purposes of this subarticle 8.2.3 individual Condominiums shall be excluded from the definition of "Lot".

8.3 Condemnation

8.3.1 Condemnation Affecting Common Area

8.3.1.1 Sale in Lieu

If an action for condemnation of all or a portion of any Common Area is proposed or threatened by any entity having the right of eminent domain, then on the written consent of seventy-five percent (75%) of the Owners and subject to the rights of all Mortgagees, the Common Area, or a portion of it may be sold by the Board. The proceeds of the sale shall be distributed among the Lots on the same basis as their Regular Assessment obligations and between the Lot Owners and their Mortgagees as their respective interests shall appear.

8.3.1.2 Award

If any Common Area, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the Owners and their respective Mortgagees. If the

judgment of condemnation does not apportion the award then the award shall be distributed as provided in subarticle 8.3.1.1.

8.3.2 Condemnation Affecting Lots

If an action for condemnation of all or a portion of, or otherwise affecting a Lot is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, the Lot shall be deemed deleted from the Project and the Owners and Mortgagees of the affected Lot, upon receiving the award and any portion of the reserve funds of the Association reserved for the Lot, shall be released from the applicability of the Project Documents and deemed divested of any interest in the Common Area.

ARTICLE 9

MORTGAGEE PROTECTIONS

9.1 Mortgages Permitted

Any Owner may encumber his Lot with Mortgages.

9.2 Subordination

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers any Lot or other portion of the Project, made in good faith for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

9.3 Effect of Breach

No breach of any provision of this Declaration shall invalidate the lien of any Mortgage in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

9.4 Non-Curable Breach

No Mortgagee who acquires title to a Lot by foreclosure or by deed in lieu of foreclosure or assignment-in-lieu of foreclosure shall be obligated to cure any breach of this Declaration that is non-curable or of a type that is not practical or feasible to cure.

9.5 Right to Appear at Meetings

Any Mortgagee may appear at meetings of the Members and the Board.

9.6 Right to Furnish Information

Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.

9.7 Right to Examine Books and Records, Etc.

The Association shall make available to Owners, prospective purchasers and First Mortgagees, current copies of the Project Documents and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any First Mortgagee shall be entitled, upon written request, to an audited financial statement for the immediately preceding fiscal year, free of charge. Such financial statement shall be furnished by the Association within a reasonable time following such request.

9.8 Owners Right to Ingress and Egress

There shall be no restriction upon any Owners' right of ingress and egress to his Lot, which right shall be perpetual and appurtenant to his Lot ownership.

9.9 Notice of Intended Action

Upon written request to the Association, any First Mortgagee shall be entitled to timely written notice of:

a. Any proposed amendment to the Project Documents effecting a change in (i) the boundaries of any Lot or the exclusive easement rights appertaining thereto, if any, (ii) the interests in the general or limited common elements appertaining to any Lot or the liability for common expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Lot or (iv) the purposes to which any Lot or the common elements are restricted;

b. Any proposed termination of the legal status of the Project as a Planned Unit Development.

c. Any condemnation loss or casualty loss which affects a material portion of the Project or any Lot on which there is a First Mortgage held, insured, or guaranteed by such requesting party.

d. Any delinquency in the payment of Assessments or Individual Charges owed by an Owner of a Lot subject to a First Mortgage held, insured, or guaranteed by such requesting party which remains uncured for a period of sixty (60) days.

e. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

f. Any proposed action which would require the consent of a specified percentage of First Mortgagees as specified in subarticles 9.10, 9.11, 9.12, 9.13, 9.14, and 9.15.

9.10 "Eligible First Mortgagee"

The term "Eligible First Mortgagee" shall mean a First Mortgagee (as defined in subarticle 1.20) who has requested notice in accordance with the provisions of subarticle 9.9 above.

9.11 Approval by First Mortgagees

Any provision in this Article 9 or elsewhere in the Project Documents which requires approval by Eligible First Mortgagees shall be read to require the approval of the specified percentage (or if not specified a majority) of the votes cast by Eligible First Mortgagees, based on one (1) vote for each First Mortgage held, insured or guaranteed.

9.12 Restoration Conformity

Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications for the Project, unless other action is approved by fifty-one percent (51%) of the Eligible First Mortgagees.

9.13 Termination Generally

Except as provided in subarticle 9.12, any election to terminate the legal status of the Project as a planned unit development must be approved by sixty-seven percent (67%) of the voting power of the Association and sixty-seven percent (67%) of the Eligible First Mortgagees.

9.14 Termination after Destruction or Taking

Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Project must be approved by fifty-one percent (51%) of the Eligible First Mortgagees.

9.15 Reallocation of Interest in the Common Area

No reallocation of interests in the Common Area resulting from a partial condemnation or partial destruction of the Project shall be effected without the approval of fifty-one percent (51%) of the Eligible First Mortgagees.

9.16 Termination of Professional Management

When professional management has been previously required by any First Mortgagee, any decision to establish self management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and fifty-one percent (51%) of the Eligible First Mortgagees.

9.17 Approval of Material Changes

The approval of sixty-seven percent (67%) of the voting power of the Association and fifty-one percent (51%) of the Eligible First Mortgagees shall be required to materially amend any provisions of the Project Documents or to add any material provisions thereto which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, Assessment liens or subordination of such liens;
- c. Reserves for maintenance, repair and replacement of any Common Areas, or any other portions of the Project which the Association has a duty to maintain, repair and replace;
- d. Insurance or Fidelity Bonds;
- e. Rights to use any Common Areas;
- f. Responsibility for maintenance and repair of the several portions of the Project;
- g. Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project; notwithstanding the foregoing, this provision shall not be read to require membership or Mortgagee approval of annexation pursuant to plan as provided in subarticle 11.1.1;
- h. Boundaries of any Lot;
- i. The interests in the general or limited Common Areas, if any;
- j. Convertibility of Lots into Common Areas or Common Areas into Lots.
- k. Leasing of Lots;
- l. Imposition of any right of first refusal or similar restriction on the right of a Lot Owner to sell, transfer, or otherwise convey his Lot;
- m. Any provisions which are for the express benefit of First Mortgagees.

An addition or amendment to the Project Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. A First Mortgagee who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

Notwithstanding the foregoing, subarticle 9.17 shall not be read to require membership or Mortgagee approval of annexation pursuant to plan as provided in subarticle 11.1.1.

9.18 Inapplicability of Right of First Refusal

The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of first refusal or similar restriction.

No "right of first refusal" contained in the Project Documents shall impair the rights of a First Mortgagee to:

- a. Foreclose or take title to a Lot pursuant to the remedies provided in the Mortgage, or
- b. Accept a deed (or assignment) in lieu of foreclosure in the event of default by a Mortgagor, or
- c. Sell or lease a Lot acquired by the Mortgagee.

9.19 First Mortgagee Assessment Liability

Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage or foreclosure of the Mortgage shall not be liable for such Lot's unpaid Assessments or Individual Charges which accrue prior to the acquisition of title to such Lot by the Mortgagee.

9.20 Restriction on Certain Changes

Unless at least sixty-six and two-thirds percent (66 2/3%) of the First Mortgagees (based on one vote for each First Mortgage owned) or sixty-six and two-thirds percent (66 2/3%) of the Owners other than Declarant have given their prior written approval, the Association shall not:

- a. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Area (the granting of easements for public utilities or for other public purposes consistent with the intended use of such Common Area by the Association shall not be deemed a transfer within the meaning of this clause); or
- b. Change the method of determining the Assessments, or other charges which may be levied against a Lot Owner; or
- c. By act or omission change, waiver or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of Lots, the maintenance of the Common Area party walks or common fences and driveways, or the upkeep of lawns and plantings in the Project; or
- d. Fail to maintain fire and extended coverage on insurable Common Area and other portions of the Project which the Association has a duty to insure on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or
- e. Use hazard insurance proceeds for losses to any Common Area or other Project improvements for other than the repair, replacement or reconstruction of such Common Area or improvements.

9.21 Distribution; Insurance and Condemnation Proceeds

No provision of the Project Documents shall give a Lot Owner, or any other party, priority over any rights of the First Mortgagee of the Lot



pursuant to its Mortgage in the case of a distribution to such Lot Owner of insurance proceeds or condemnation awards for losses to or a taking of the Lot and/or Common Area.

9.22 Taxes

First Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area and First Mortgagees making such payments shall be owed reimbursement therefore from the Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all First Mortgagees of Lots duly executed by the Association, and an original or certified copy of such agreement shall be possessed by Declarant.

9.23 Maintenance Reserves

Association Assessments or charges shall include an adequate reserve fund for maintenance, repairs, and replacement of those elements of the Project that must be replaced on a periodic basis and shall be payable in regular installments rather than by special assessments.

9.24 Notice of Default

A First Mortgagee, upon request, shall be entitled to written notification from the Association of any default in the performance by the affected Lot Owner of any obligation under the Project Documents which is not cured within sixty (60) days.

9.25 Contracts

Any agreement for professional management of the Project or any other contract providing for services of the Declarant shall not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

9.26 Subsequent Phases

Improvements to the Project in subsequent Phases shall be consistent with first Phase improvements in terms of quality of construction. All Common Area Improvements in subsequent Phases shall be substantially completed or otherwise satisfactorily provided for prior to annexation.

All taxes and other assessments relating to subsequent Phases, covering any period prior to the annexation, shall be paid or otherwise satisfactorily provided for prior to annexation.

No subsequent Phase shall be annexed to the Project without the prior written consent of each of FHA, VA and FNMA that holds, insures or guarantees any Mortgage on a Lot in the Project at the time of such annexation. Notwithstanding the foregoing, this provision shall not be read to require FHA, VA or FNMA approval of annexation pursuant to plan as provided in subarticle 11.1.1. Any of FHA, VA and FNMA who receives a written request to approve annexation of a subsequent Phase who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such Phasing.

9.27 Working Capital Fund

If required by FHA, VA, FNMA or FHLMC as a condition of qualifying the Project for any mortgage purchase, guarantee, insurance or other related program, a working capital fund shall be established for the Project by the contribution to such fund, by the Owners and Declarant, of a sum equal to two monthly Regular Assessment installments for each Lot owned.

9.28 Compliance with FHA/VA, FHLMC and FNMA Requirements

Declarant intends that the Project shall comply with all of the requirements of the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), and the Federal National Mortgage Association ("FNMA"). All casualty and liability insurance covering any portion of the Project encumbered by a Mortgage held by the FHLMC or FNMA or insured or guaranteed by FHA/VA shall therefore conform to the FHA/VA, FHLMC and FNMA requirements. Declarant and all Lot Owners also agree that in the event the Project or the Project Documents do not comply with the FHA/VA, FHLMC, or FNMA requirements, the Board and each Owner shall take any action or adopt any resolutions required by Declarant or any First Mortgagee to conform such Project Documents, or the Project, to the FHA/VA, FHLMC, or FNMA requirements.

9.29 Conflicts

In the event of a conflict between any of the provisions of this Article 9 and any other provisions of this Declaration, the provisions of this Article 9 shall control.

ARTICLE 10

ENFORCEMENT OF DECLARANT'S DUTY TO COMPLETE THE PROJECT

Where any Common Area improvements in the Project have not been completed prior to the issuance of a Permit, and where the Association is obligee under a bond or other arrangement ("Bond") to secure performance of the commitment of Declarant to complete such improvements, the Board shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the Bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the Board shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension. A special meeting of Members of the Association for the purpose of voting to override a decision by the Board not to initiate action to enforce the obligations under the Bond or on the failure of the Board to consider and vote on the question, shall be held not less than thirty-five (35) days nor more than forty-five (45) days after receipt by the Board of a petition for such meeting signed by Members representing five percent (5%) or more of the total voting power of the Association. At such special meeting a vote of a majority of the voting power of the Association residing in Members present other than Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

ARTICLE 11

ANNEXATION

11.1 Annexing Additional Property

Additional real property may be annexed to the Project, become subject to the Project Documents, and subject to the rights, powers and duties of the Association by either of the following methods:

11.1.1 Annexation Pursuant to Plan

Declarant intends to progressively develop the Project into a planned community on a phased basis. It is anticipated that subsequent Phases will consist of individual projects such as standard lot subdivisions, planned unit developments, condominium projects and timeshare projects. The Project will be predominantly residential in nature but subsequent phases may include commercial subdivisions. As necessary to implement this plan

Declarant reserves the right to annex all or any part of the real property described in Exhibit A ("Annexable Property") in whatever sized Phases and in whatever order that Declarant, in his sole discretion, deems advisable. Moreover Declarant reserves the right for himself and/or for a Developer with Declarant's approval, to subject all or any portion of the Annexable Property to one or more declarations of covenants, conditions and restrictions which may subject said real property to the jurisdiction of a Maintenance Association. Although Declarant shall have the right to annex all or any portion of the Annexable Property, Declarant shall not be obligated to do so and makes no representation with respect to whether or not said real property will ever be developed or annexed.

Where a subsequent Phase includes Condominiums the definitions of "Lot" herein shall include each condominium included within that Phase.

Where a subsequent phase includes Timeshare Interests, a Lot which has been further subdivided into Timeshare Interests shall nonetheless constitute one Lot for the purposes of the Project Documents. The declaration of covenants, conditions and restrictions converting Lots into Timeshare Interests or the Declaration of Annexation annexing Timeshare Interests to the Project may make reasonable arrangements regarding (i) the exercise by Owners of Timeshare Interests of voting rights in the Association provided that no Lot shall exercise more than one vote (except for Class B treble voting), and (ii) the payment of Assessments hereunder provided that a full Assessment allocation shall be paid for each Lot except that provisions may be made to guarantee the ownership, use and enjoyment of the owner of a Timeshare Interest who has paid his proportionate share of a full Assessment allocation notwithstanding the fact that another owner of a Timeshare Interest in the same Lot has not.

It is anticipated that subsequent Phases may consist of areas which are subject to easements for use, enjoyment, ingress and egress for bicycle and pedestrian traffic. Such areas may be designated as Common Areas to be owned and maintained by the Association for the use and benefit of the Members of Wolf Creek Resort.

It is recognized and accepted that, at the time of its annexation, portions of the Annexable Property may be owned by Developers. It is also recognized and accepted that in order for Declarant to properly develop the Project into a cohesive community he must maintain certain minimal control of the Association. In order to insure the necessary control Declarant reserves the right to condition his approval of annexation of a Phase upon the execution by the Developer of irrevocable (to the extent permitted by Utah law) or revocable proxies to exercise all of the Developer's voting rights in the Association. Such proxies shall be terminable as to a given Lot, no later than the conveyance of that Lot to a member of the general public.

The Annexable property or any portion thereof, may be annexed by its Owner to and become a part of the Project, subject to the Project Documents, and subject to the rights, powers and duties of the Association without the assent of the Association or its Members, on condition that:

11.1.1.2 Any annexation pursuant to this subarticle shall be made with the written consent of Declarant and no later than four (4) years from the date of the original issuance of the most-recently-issued Permit for any Phase of the Project;

11.1.1.3 Any annexation pursuant to this subarticle shall not result in an unreasonable diminution of the benefits to, or an unreasonable increase in the burdens upon, existing Owners in the Project and shall be consistent with the phasing plan presented with the application for the original Permit for the sale of Lots in the Project. Declarant anticipates that the total number of Lots annexed pursuant to this subarticle 11.1.1 will be approximately sixteen hundred (1,600) Lots.

11.1.1.4 A Declaration of Annexation shall be recorded by the Owner and Declarant covering the real property to be annexed. Said Declaration shall incorporate this Declaration by reference and may contain such complimentary additions to and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added real property, and as are not inconsistent with the scheme of this Declaration. The Declaration of Annexation shall contain, among other items, designation of any Lots or Common Areas for the purpose of this Declaration and the duties of the Association with respect thereto,

11.1.2 Annexation Pursuant to Approval

Upon the approval of sixty-six and two-thirds percent (66 2/3%) of the voting power of the Association residing in Members other than Declarant, the owner of any real property who desires to annex it to the Project, to subject it to the Project Documents and to subject it to the rights, powers and duties of the Association shall record a Declaration of Annexation in the manner described in the subarticle 11.1.1.4 (except that no approval of Declarant shall be required other than that required as part of the Membership approval.

11.2 Effect of Annexation

Upon annexation of a new Phase, the annexed parcel shall become part of the Project, subject to the Project Documents and subject to the rights, powers and duties of the Association to the same extent as the first Phase of the Project. Without limiting the foregoing, the Owners of Lots in pre-existing Phase(s) shall continue to have the same rights with respect to the use of any Common Area located within their Phase(s), and shall acquire a non-exclusive easement for use, enjoyment, ingress and egress over any Common Area located within the new Phase, provided, however, that such rights shall be subject to the same conditions regarding use, enjoyment, ingress and egress as governs the pre-existing Phase(s). Upon the same conditions, the Owners of Lots in the new Phase shall acquire non-exclusive easements for use, enjoyment, ingress and egress in both any Common Area located within the pre-existing Phase(s) and any Common Area located within the new Phase. Assessments shall commence as to all Lots in the new Phase on the first day of the month following the date of close of escrow for the first sale of a Lot in such new Phase. The above described easements over the Project are hereby reserved for the benefit of Owners of Lots in subsequent Phases.

ARTICLE 12

ARCHITECTURAL CONTROL

12.1 Approval of Alteration and Improvements

12.1.1 General Limitation

Subject to the exceptions described at subarticle 12.1.2 no Improvement may be constructed, painted, altered or changed on any portion of the Project without the prior written approval of the Architectural Control Committee ("Committee").

12.1.2 Exemption

Notwithstanding subarticle 12.1.1, no Committee approval shall be required for (i) initial Improvements constructed by, at the direction of, or with the approval of Declarant; (ii) normal maintenance of exempt or previously approved Improvements; (iii) repair or rebuilding an exempt or previously approved Improvement; (iv) changes to the interior of an exempt or previously approved Structure; (v) work reasonably required to be performed in an emergency for the purpose of protecting any person or property from damage.

12.2 Architectural Control Committee

12.2.1 Number, Appointment, Terms

The Committee shall be composed of five (5) members. Declarant shall appoint all of the initial members, and all replacements therefore, until the first anniversary of the issuance of the original Permit for the first Phase of the Project to receive a Permit. Declarant reserves the right to appoint a majority of the members of the Committee until ninety percent (90%) of all Lots in the Project have been sold or until the fifteenth anniversary of the original issuance of the Permit for the first Phase of the Project to receive a Permit, whichever first occurs.

After one (1) year from the date of issuance of the original Permit for the first Phase of the Project, the Board shall have the right to appoint one (1) member of the Committee until ninety percent (90%) of all Lots in the Project have been sold or until the fifteenth anniversary of the original issuance of the Permit for the first Phase of the Project to receive a Permit, whichever first occurs. Thereafter the Board shall have the right to appoint all members of the Committee.

Members appointed to the Committee by the Board shall be from the Membership of the Association. Members appointed to the Committee by Declarant need not be members of the Association.

The terms of the initial members of the Committee shall be until the first anniversary of the issuance of the original Permit for the first Phase of the Project to receive a Permit. Thereafter, the terms of the Committee members shall be four (4) years. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Vacancies on the Committee caused by resignation or removal of a member shall be filled by the party empowered to originally appoint such member. No member of the Committee may be removed without the vote or written consent of the Board provided, however, that Declarant may change its designated members of the Committee without such vote or consent.

12.2.2 Operation

The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The requirements for valid Committee meetings and action shall be the same as that which is required for valid Board meetings and action as provided in the Bylaws. The Committee shall keep and maintain a record of all action from time to time taken by the Committee at meetings or otherwise, and shall maintain files of all documents submitted to it, along with records of its activities. Unless authorized by the Association, the members of the Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement by the Association for reasonable expenses incurred by them in connection with the performance of their duties.

12.2.3 Duties

The Committee may adopt Architectural Control Guidelines ("Guidelines") as provided in subarticle 12.3 and shall perform other duties imposed upon it by the Project Documents or delegated to it by the Board. The address of the Committee shall be the principal office of the Association as designated by the Board pursuant to the Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where current copies of the Guidelines shall be kept.

12.3 Architectural Standards, Guidelines

12.3.1 Committee Guidelines

The Board shall approve the initial Guidelines adopted by the Committee. The Committee may, from time to time, amend said Guidelines prospectively if approved by four (4) members of the Committee; otherwise Board approval shall be required for any amendment. Said Guidelines shall

interpret and implement the provisions of this Article 12 by setting forth more specific standards and procedures for Committee review. All Guidelines shall be in compliance with all applicable laws and regulations of any governmental entity having jurisdiction over Improvements on the Project, shall incorporate high standards of architectural design and construction engineering, shall be in compliance with the minimum standards of subarticle 12.3.2 and otherwise shall be in conformity with the purposes and provisions of the Project Documents.

A copy of the current Guidelines shall be available for inspection and copying by any Member at any reasonable time during business hours of the Association.

#### 12.3.2 Standards

The following minimum standards shall apply to any Improvements constructed on the Project:

(a) All Improvements shall be constructed in compliance with the applicable zoning laws, building codes, subdivision restrictions, and all other laws, ordinances and regulations applicable to Project Improvements.

(b) In reviewing proposed Improvements for approval, the Committee shall consider at least the following:

(1) Does the proposed Improvement conform to the purposes and provisions of the Project Documents?

(2) Is the proposed Improvement of a quality of workmanship and materials comparable to other Improvements that are proposed or existing on the Project?

(3) Is the proposed Improvement of a design and character which is harmonious with proposed or existing Improvements and with the natural topography in the immediate vicinity?

(4) Will the proposed Improvement unreasonably interfere with or otherwise impair the view or solar access of other portions of the Project.

#### 12.4 Committee Approval Process

##### 12.4.1 Approval Application

Any Owner proposing to construct, paint, alter or change any Improvement on the Project which requires the prior approval of the Committee shall apply to the Committee in writing for approval of the work to be performed and a proposed time schedule for performing the work. The Committee may charge an Owner a reasonable fee for application review.

In the event additional plans and specifications for the work are required by the Committee, the applicant shall be notified of the requirement within thirty (30) days of receipt by the Committee of his initial application or the application shall be deemed sufficiently submitted. If timely notified the applicant shall submit plans and specifications for the proposed work in the form and context reasonably required by the Committee and the date of his application shall not be deemed submitted until that date. Such plans and specifications may include, but are not limited to, showing the nature, kind, shape, color, size, materials and location of the proposed work, or the size species and location of any plants, trees, shrubs and other proposed landscaping.

##### 12.4.2 Review and Approval

Upon receipt of all documents reasonably required by the Committee to consider the application, the Committee shall proceed expeditiously to review all of such documents to determine whether the proposed work is in compliance with the provisions and purposes of the Project

Documents and all Guidelines of the Committee in effect at the time the documents are submitted. In the event the Committee fails to approve an application, it shall notify the applicant in writing of the specific matters to which it objects. In the event the Committee fails to notify the applicant within forty-five (45) days after receipt of all documents reasonable required to consider an application or a correction or resubmittal thereof of the action taken by the Committee, the application shall be deemed approved. One set of plans as finally approved shall be retained by the Committee as a permanent record. The determination of the Committee shall be final and conclusive and, except for an application to the Committee for reconsideration, there shall be no appeal therefrom.

12.4.3 Commencement, Completion of Approved Work

Upon receipt of the approval of the Committee, the applicant shall proceed to have the work commenced and diligently and continuously pursued to completion in substantial compliance with the approval of the Committee including all conditions imposed therewith. The approval of the Committee shall be effective for a period of one (1) year after the date of the approval subject to the right of the Committee to provide for a longer period at the time of its approval, or subsequently to extend the period upon a showing of good cause, and in the event the approved work is not commenced within the effective period of the approval, then the applicant, before commencing any work, shall be required to resubmit its application for the approval of the Committee.

All work approved shall be completed within one (1) year after the date of commencement, or such other reasonable period specified by the Committee at the time of approval, with the period of time subject to extension by the number of days that work is delayed by causes not under the control of the applicant or his contractor or as otherwise extended by the Board. Upon completion of approved work, the applicant shall give written notice thereof to the Committee.

If for any reason the Committee fails to notify the applicant of any noncompliance within sixty (60) days after receipt of said notice of completion from the applicant, the improvement shall be deemed to be completed in accordance with said approved plans.

12.4.4 Inspection, Non-Compliance

The Committee, or any authorized representative shall have the right at any reasonable time, after reasonable notice, to enter upon any portion of the Project for the purpose of determining whether or not any work is being performed or was performed in compliance with the Project Documents.

If at any time the Committee determines that work is not being performed or was not performed in compliance with the Project Documents or the Guidelines, whether based on a failure to apply for or obtain approval, a failure to comply with approval, a failure to timely commence or complete approved work or otherwise, the Committee shall notify the owner in writing of such non-compliance specifying the particulars of non-compliance, and demanding that the owner remedy such non-compliance within a reasonable and specified period.

In the event that the offending owner fails to remedy such non-compliance within the specified period the Committee shall notify the Board in writing of such failure. The Board shall, subject to the notice and hearing requirements of subarticle 7.2.1.2, have the right to remedy the non-compliance in any appropriate manner permitted by the Project Documents or otherwise permitted by law, or in equity, including but not limited to removing the non-complying Improvement, completing the non-complying Improvement, or recording a notice of non-compliance or non-completion on the property, as appropriate. The owner shall have the obligation to reimburse the Association for any costs incurred in enforcing these provisions and if the Association is not reimbursed upon demand the Board shall have the right to Individually Charge the cost thereof to such owner.

12.5 Waiver

The approval by the Committee of any plans, drawings, specifications for any Improvements constructed or proposed, or in connection with any other matter requiring the approval of the Committee under the Project Documents shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter submitted for approval. Where unusual circumstances warrant it, the Committee may grant reasonable variances from the architectural control provisions hereof or from the Guidelines. Such variances shall be made on a case-by-case basis and shall not serve as precedent for the granting of any other variance.

12.6 Estoppel Certificate

Within thirty (30) days after written demand is delivered therefor to the Committee by any Maintenance Association Owner or Mortgagee, and upon payment to the Association of a reasonable fee (as fixed from time to time by the Board), the Committee shall execute and deliver in recordable form, if requested, an estoppel certificate executed by any three (3) of its members, certifying, with respect to any portion of the Project, that as of the date thereof either (a) all Improvements made and other work done upon or within said portion of the Project comply with the Project Documents, or (b) such Improvements or work do not so comply in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Such statement shall be binding upon the Association and Committee in favor of any person who may rely thereon in good faith.

12.7 Liability

Neither the Declarant, the Committee, the Board nor any member thereof shall be liable to the Association or to any Owner or to any third party for any damages, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development of any portion of the Project, or (d) the execution and filing of an estoppel certificate pursuant to Article 12.6 or the execution and filing of a notice of noncompliance or noncompletion pursuant to Article 12.4.4, whether or not the facts therein are correct if the Declarant, the Board, the Committee or such member has acted in good faith on the basis of such information as may be possessed by him. Specifically, but not by way of limitation, it is understood that plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the Committee, the members thereof, the Association, the Members, the Board nor Declarant assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications.

## ARTICLE 13

GENERAL PROVISIONS13.1 Notices

Notices provided for in the Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or 48 hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the Owner's Lot. Notices to the Association shall be addressed to the address designated by the Association by written notice to all Owners.

13.2 Notice of Transfer

No later than five (5) days after the sale or transfer of any Lot under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Association in writing of such sale or transfer.



Such notice shall set forth: (i) the Lot involved; (ii) the name and address of the transferee and transferor; and (iii) the date of sale. Unless and until such notice is given, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association. Prior to receipt of any such notification by the Association, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

13.3 Construction, Headings

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a planned community and for the maintenance of the Project. The Article headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

13.4 Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

13.5 Exhibits

All exhibits referred to are incorporated herein by such reference.

13.6 Easements Reserved and Granted

Any easements referred to in this Declaration shall be deemed reserved or granted as applicable, or both reserved and granted, by reference to this Declaration in a deed to any Lot.

13.7 Binding Effect

This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

13.8 Violations and Nuisance

Every act or omission whereby a covenant, condition or restriction of this Declaration is violated in whole or in part 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 Declarant, the Association or an Owner or Owners.

13.9 Violation of Law

Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any of the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth.

13.10 Singular Includes Plural

Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

13.11 Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Any recorded Declaration of Annexation for a subsequent Phase, Articles, Bylaws; Rules and Regulations of the Association and Architectural Control Guidelines.

13.12 Termination of Declaration

This Declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this Declaration is executed. After that time, this Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Declaration is revoked by an instrument executed by Owners of not less than three-fourths (3/4) of the Lots in the Project, and recorded in the Office of the Weber County Recorder within one year prior to the end of said 50-year period or any succeeding 10-year period.

ARTICLE 14

AMENDMENT

14.1 Amendment Prior to First Sale

Until sale of the first Lot Declarant shall have the right to amend this Declaration.

14.2 Amendment After the First Sale

After the first sale of a Lot this Declaration shall be amended as follows:

14.2.1 Two Class

So long as Class A and Class B Memberships exist, upon the vote or written assent of a majority of the voting power of each class.

14.2.2 Single Class

After conversion of Class B to Class A Memberships, upon the vote or written assent of a majority of the total voting power of the Association including a majority of the voting power of Members other than Declarant.

14.2.3 Specific Provisions

The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

14.3 Amendment to Satisfy Other State Laws

Declarant may sell Lots in the Project to purchasers in several states including California. In the event that the Project Documents do not comply with the requirements of any state in which Declarant intends to sell Lots, Declarant shall have the unilateral right, without the approval of the Board or of the Members, to amend the Project Documents as necessary to conform to the requirements of the applicable state including California. In the event of conflict between this subarticle 14.3 and any other provision of Article 14, this subarticle 14.3 shall control.

14.4 Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Board has executed, acknowledged and recorded in the Office of the County Recorder, an instrument expressing the amendment and certifying that the required approvals were received.

The undersigned, being the Declarant herein, has executed this Declaration on 23 August, 1982.

Declarant: WOLF STAR INC., a Nevada Corporation

By: John H. Raub  
Title: President

By: Roger H. Etkin  
Title: Secretary

Acknowledgements

STATE OF Nevada )  
COUNTY OF Washoe ) SS

On August 23, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Roger H. Etkin, known to me to be the Secretary of WOLF STAR, INC., A Nevada Corporation, whose name is subscribed to the within Declaration, and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.



VIRGINIA PICKERING  
Notary Public - State of Nevada  
Washoe County  
My Appointment Expires July 2, 1984

Virginia Pickering  
Notary Public in and for said  
County and State

STATE OF Nevada )  
COUNTY OF Washoe ) SS

On August 23, 1982, before me, the undersigned, a Notary Public in and for said County and State, personally appeared John H. Raub, known to me to be the President of WOLF STAR, INC., a Nevada Corporation, whose name is subscribed to the within Declaration, and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.



VIRGINIA PICKERING  
Notary Public - State of Nevada  
Washoe County  
My Appointment Expires July 2, 1984

Virginia Pickering  
Notary Public in and for said  
County and State

## Exhibit A (Page 1 of 4)

## Annexable Property Description

PARCEL NO. 1

A part of Sections 15, 16, 22, 23, 24, 26 and 27, Township 7 North, Range 1 East, Salt Lake Base & Meridian, U.S. Survey:

Beginning at the West Quarter Corner of said Section 22, and running thence North 3960 feet more or less along the Section Line to the Northerly Line of Parcel No. 22-006-0015 (Graham W. Doxey, et al); thence West 1320 feet more or less to the Westerly line of Parcel No. 22-006-0014 (Graham W. Doxey, et al); thence South 1320 feet more or less along said Line to the Section Line; thence West 1980 feet more or less along the Section Line to the Easterly Line of Parcel No. 22-006-0003 (Leslie E. and Carme L. Shaw Trust = 1/2 Harriner Ariel Shaw = 1/2); thence North 2640 feet more or less along said Line to the Quarter Section Line; thence East 4785 feet more or less along said Quarter Section Line; thence South 2640 feet more or less to the Section Line; thence East 9093.48 feet more or less along said Section Line to the Northeast corner of Section 23; thence South 2640 feet more or less along the Section Line to the West Quarter corner of Section 24, thence East 2640 feet more or less along the Quarter Section Line to the Center of said Section 24; thence South 2640 feet more or less along the Quarter Section Line to the South Quarter corner of said Section 24; thence West 2640 feet more or less along the Section Line to the Southeast Quarter corner of said Section 24; thence North 1320 feet more or less along the Section Line to the Sixteenth Section Line of Section 23; thence West 2642 feet more or less along the said Sixteenth Section Line to a point 2 feet perpendicularly distant Westerly from the Meridional Center Line of said Section 23; thence South 2640 feet more or less along a line parallel to and 2 feet perpendicularly distant Westerly from said Meridional Center Line of Sections 23 and 26 to the Sixteenth Section Line; thence West 2638 feet more or less along said Sixteenth Section Line to the Section Line; thence North 1155 feet more or less along said Section Line to the Southerly Line of Parcel No. 22-021-0061 (Bank of Utah Trustee = 1/2, First Security Bank of Utah, N.A. = 1/2); thence West 2640 feet more or less along said Southerly line to the Quarter Section Line; thence North 165 feet more or less along said Quarter Section Line to the Section Line; thence West 982.3 feet to the Easterly line of Parcel No. 22-021-0033 (John H. Laub and wife Cynthia); thence South 4°54' West 220 feet along said Easterly line to the Northerly line of Parcel No. 22-021-0041 (Harold R. Adair); thence North 89°38' West 160 feet along said Northerly Line

Exhibit A (Page 2 of 4)

Annexable Property Description

to the Westerly Line of said Parcel No. 22-021-0041 (Marcia B. Adair); thence South 4°54' West 172 feet along said Line to the Northerly Line of Parcel No. 22-021-0040 (Utah Power and Light Co.); thence North 76°50' West 515. feet more or less along said Northerly line to the Centerline of a County Road; thence Northerly 770 feet more or less along said Centerline of County Road; thence North 9°24' East 70 feet more or less to the boundary of a Recorded Subdivision, Patio Springs Unit No. 1, a Cluster Subdivision, Weber County, Utah; thence along the boundary of said Subdivision the following seven (7) courses: North 9°24' East 77.40 feet; North 85°00' East 6.00 feet; North 3°24' East 639.48 feet; South 85°24' East 208.50 feet; North 4°36' East 449.00 feet; North 43°36' East 306.61 feet; and North 22°50' West 355.85 feet; thence 108.33 feet along the Boundary Line extended; thence North 10°00' West 282.64 feet along the Boundary Line extended to the Boundary Line of said Subdivision; thence North 10°00' West 154.81 feet along said Boundary Line; thence North 89°31'15" West 1204.89 feet along said Boundary Line to the point of beginning.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

Zeane P. Smith (22-016-0015):

Part of the South 1/2 of Section 22, Township 7 North, Range 1 East, Salt Lake Base & Meridian, U.S. Survey:  
Beginning at a point which is due South 1551.52 feet and due West 458.97 feet from the Center of said Section 22 (Mon. in place); running thence Northeasterly along the arc of a regular curve to the left 101.51 feet (R = 2224.06 feet, Chord bears North 44°56'17" East 101.51 feet); thence North 43°37'50" East 169.28 feet; thence Northeasterly along the arc of a regular curve to the left 30.00 feet (R = 2669.00 feet, chord bears North 43°18'30" East 30.00 feet); thence South 43°45'16" East 300.00 feet; thence South 44°02'23" West 300.77 feet; thence North 43°45'16" West 300.00 feet to the place of beginning (P.O.B. is P.C. on Easterly right of way line of Wolf Creek Drive).

Contains 2.06 Acres

Exhibit A (Page 3 of 4)

Annexable Property Description

EXCEPTIONS: (Cont.)

Eden Water Works Company (22-016-0005)

Part of the Northeast Quarter of the Southeast Quarter of Section 22, Township 7 North, Range 1 East, Salt Lake Meridian: Commencing at a point marked by a stone set in the ground from which the Quarter Section corner to Sections 22 and 23, Township 7 North, Range 1 East, bears North 23°08' East 1203.2 feet distant; thence North 43°05' East 171.0 feet; thence South 35°46' East 175.0 feet; thence South 77°35' West 163.0 feet; thence North 47° West 77 feet to the place of beginning.

Containing 0.5 Acres more or less

Cosec and Company (22-017-0004)

Part of the North 1/2 of Section 22, Township 7 North, Range 1 East, Salt Lake Base and Meridian, U.S. Survey:

Beginning at the Northeast corner of Lot 21, WOLF CREEK SUBDIVISION NO. 1, running thence North 85°00' West 270.36 feet; thence South 52°57' West 349.04 feet; thence South 6°49'20" West 20.00 feet to the Northwest corner of Lot 19, said WOLF CREEK SUBDIVISION NO. 1; thence North 65°00' East 300.00 feet; thence North 74°00' East 289.60 feet to the point of beginning.

Lots 1, 6 through 10, and 13 through 21, WOLF CREEK SUBDIVISION NO. 1, Weber County, Utah; according to the official plat thereof.

Lots 22 through 27, 29 and 30, WOLF CREEK SUBDIVISION NO. 2, Weber County, Utah; according to the official plat thereof.

Parcel No. 1 minus exclusions 1610 acres, more or less

Exhibit A (Page 4 of 4)

Annexable Property Description

PARCEL NO. 2

A part of the West One-half of Section 27, Township 7 North, Range 1 East, Salt Lake Base & Meridian, U.S. Survey:

Beginning at a point 277.45 feet South on the Section line from the Northwest corner of said Section 27, and running thence South 1669.55 feet along the Section Line; thence East 519.42 feet along the Northerly line of Parcel No. 22-021-0022 (L. V. Colvin and wife Malba E.); thence North 12°45' East 445 feet more or less to a fence line along the Northerly line of Parcel No. 22-021-0045 (Homer LeLand Hopkins and wife Hazel M.); thence North 66°19' East 294.41 feet more or less along said fence; thence South 21°51' East 1587 feet more or less; thence North 69°23' East 1275 feet more or less along the Northerly line of Parcel No. 22-021-0053 (Irene R. Ogden) to the Centerline of a County Road; thence Northerly along the Centerline of said County Road 2600 feet more or less to a point that is 1127 feet more or less South 76°50' East and 277.45 feet South from the Northwest corner of said Section 27; thence North 76°50' West 1127 feet more or less along the South Line of Parcel No. 22-021-0030 (Utah Power and Light Company) to the point of beginning.

Contains 81 acres ±

- |  |   |
|--|---|
| 22-006-0019'<br>0004'  | 22-020-0001<br>0002<br>0005<br>0021<br>0022   |
| 22-016-0001<br>0002'<br>0004<br>0006 to 0009'<br>0014'<br>0016, 0017 | 22-020-0024<br>22-020-0025<br>22-021-0061<br>0033<br>0078<br>0079<br>0070<br>0031<br>0074<br>0029<br>0032<br>0073<br>0060 |
| 11<br>22-017-0001 TO 0003<br>0005<br>0006                            | 22-055-0001 TO 0014   |
| 22-018-0007 TO 0009<br>0011<br>0012                                  |   |
| 22-019-0007<br>0010<br>0011<br>0012                                  |   |