

WHEN RECORDED, MAIL TO:

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SLEEPY RIDGE POD C - AMENDED

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SLEEPY RIDGE POD C - AMENDED**

This Declaration of Covenants, Conditions and Restrictions, hereinafter referred to as the "Declaration" is made and executed this ____ day of _____, 2009, by S.R. North Land, LLC, a Utah limited liability company, referred to herein as the "Declarant."

1. RECITALS.

1.1. Declarant intends, by this Declaration, to create a single family residence community consisting of the Lots identified on the Plat, to be constructed in one (1) phase (the "Project"). The Project is located in Orem, Utah County, State of Utah.

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

NOW, THEREFORE, for the foregoing purposes, the Declarant adopts the following covenants, conditions and restrictions to govern the development, use, maintenance and management of this Project:

2. DEFINITIONS.

2.1. Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Section 2.

2.2. Act shall mean the Utah Community Association Act (Title 57, Chapter 8a, Utah Code, as amended).

2.3. Amendment shall mean any amendment to this Declaration made in accordance with the Declaration and the Act.

2.4. Assessable Lot shall mean each Lot, except for Exempt Lots.

2.5. Association shall mean the Sunset Village at Sleepy Ridge Homeowners Association, a Utah non profit corporation, which Association exists as an association of the Owners of the Lots, subject to the provisions of the Act.

2.6. Backyard(s) shall mean the exterior areas of a Lot to the back and/or side of a Home, as depicted on the Plat, which are Limited Common Areas and Facilities, and around the perimeter of which an Owner may erect a fence, so long as the style, material, height, and location of such fence is approved by the Management Committee prior to construction, and an opening or gate is installed between the fence and the exterior fencing of the Project, having a width of at least 4 feet. The Backyard also includes any improvements (such as landscaping, sprinkler systems, and the like) which are within the perimeter of the Backyard, extending to the heavens above and to the center of the earth.

2.7. Bylaws shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit A, as amended from time to time.

2.8. Capital Improvement shall mean any improvement with a useful life of more than three (3) years.

2.9. Common Areas and Facilities shall mean all portions of the Project which are not Homes, and as described in Section 6.1 hereof.

2.10. Common Assessments shall mean those assessments described in Section 19 to fund the Common Expenses, and include Regular Common Assessments and Special Common Assessments.

2.11. Common Expense Account shall mean one or more deposit or investment accounts of the Association into which are deposited the Common Assessments.

2.12. Common Expenses shall mean all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities and all other expenses denominated as Common Expenses by this Declaration or by the Act.

2.13. Cost of Living Index shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1967 = 100 compiled by the Bureau of Labor Statistics, United States Department of Labor. The Index for December 1982-1984 is the reference base index. Declarant may select any other comparable index that measures changes in the cost of living.

2.14. Declarant shall mean S.R. North Land, LLC, a Utah limited liability company, and any successor owner of the Property where ownership is conveyed in connection with a written instrument assigning all or part of Declarant's rights and obligations under this Declaration to such successor owner. Any Owner who acquires a Lot without such additional written assignment of Declarant's rights shall not be deemed to be a "Declarant" or to have any Declarant rights.

2.15. Declarant Affiliate means any person directly or indirectly controlling, controlled by or under common control with Declarant, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which Declarant (or another Declarant Affiliate) is a general partner, managing member or controlling shareholder.

2.16. Declarant's Control Period means that period of time beginning as of the date of this Declaration, and terminating on the earlier of (a) the date when the Declarant ceases to own a Lot in the Project, or (b) for six (6) months after a certificate of occupancy has been issued for the last Lot owned by Declarant in the Project.

2.17. Exempt Lot(s) shall mean each Lot in the Project while owned by Declarant or a Declarant affiliate, until the earliest to occur of (i) the acquisition of title to the Lot by a person or entity other than Declarant or a Declarant Affiliate, or (ii) the one hundred twentieth (120th)

day after the municipal authority having jurisdiction thereover issues a certificate of occupancy for the Lot.

2.18. Home shall mean the single family residence erected on a Lot, including all portions of the interior, exterior, structure, and systems of such building. Any garage attached to a Home is also considered part of the Home.

2.19. Lease shall mean any agreement for the leasing or rental of any portion of the Project.

2.20. Limited Common Areas and Facilities shall mean those portions of the Lots, or a portion of the Common Areas and Facilities allocated by the Declaration or the Act, and as may be shown on the Plat, for the exclusive use of one or more, but fewer than all, of the Lots, as more particularly described in Section 7.1 below. Except as otherwise stated herein, expenses pertaining to the maintenance or repair of Limited Common Areas and Facilities shall be borne by the Association.

2.21. Lot shall mean a physical portion of the Project designed for separate ownership and occupancy as described in Section 5 hereof. Each Lot contains one separate Home.

2.22. Lot Number shall mean the number, letter or combination of numbers and letters that identifies only one Lot in the Project, which may also be the actual street address of the Lot.

2.23. Management Committee shall mean the Board of Directors of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

2.24. Manager shall mean the person, firm or company, if any, designated from time to time by the Association to manage, in whole or in part, the affairs of the Association and the Project.

2.25. Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Lot or any part thereof or interest therein is encumbered. A First Mortgage is a Mortgage having priority as to all other Mortgages encumbering a Lot or any part thereof or interest therein.

2.26. Mortgagee shall mean (i) any persons or entities named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, (ii) any successor to the interest of such person or entity under such Mortgage, or (iii) any insurer or guarantor of such person or entity under such Mortgage.

2.27. Owner shall mean any person or entity at any time owning in fee simple a Lot within the Project as such ownership is shown by the records of the County Recorder of Utah County, State of Utah. The term "Owner" shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.28. Plat shall mean the plat of the Sleepy Ridge POD C - Amended, to be recorded in connection with the recordation of this Declaration in the office of the County Recorder of Utah County, State of Utah.

2.29. Project shall mean the Property, the Lots, the Common Areas and Facilities and all improvements submitted by this Declaration to the provisions of the Act.

2.30. Property shall mean that certain real property situated in the County of Utah, State of Utah, more particularly described in Section 3 below, on which the Lots and other improvements are located.

2.31. Regular Common Assessments shall mean the annual assessments levied by the Association to pay the budgeted Common Expenses.

2.32. Special Common Assessments shall mean assessments, which the Association may levy from time to time, in addition to the Regular Common Assessments, for unexpected Common Expenses or other purposes as provided herein.

2.33. Total Votes of the Association shall mean the total number of votes appertaining to all Lots, as described in Section 20 hereof.

3. DESCRIPTION OF THE PROPERTY.

3.1. The Property on which the Lots and improvements are located is situated in Orem, Utah County, Utah, and more particularly described as follows:

[see Exhibit "B", attached hereto].

The Homes will reflect modern architecture and will be constructed primarily of stucco and rock exterior and wood framing and other contemporary, high-quality construction materials.

4. CONFIRMATION OF SUBMISSION TO ACT.

Declarant hereby confirms and acknowledges that the Property, the Lots and all other improvements thereon are subject to the provisions of the Act. All of said Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said Project; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit on the Property and shall be binding on any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors.

5. DESCRIPTION OF LOTS.

The boundary lines of each Lot are as set forth on the Plat. Each Lot contains a Home and an outside portion for landscaping, driveways, walkways, and other exterior or yard features associated with such Home and/or Lot.

The Owners shall also be responsible for the maintenance and repair of their own Homes. Owners shall keep their Homes in a state of good condition and repair. No Owner shall make any material alteration to the physical appearance of such Owner's Home without advance approval from the Management Committee. Each Owner shall also be responsible for snow removal on the driveways and walkways located on such Owner's Lot. Except as otherwise provided herein, the Association shall be responsible for all other maintenance on each Lot.

6. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES.

6.1. The Common Areas and Facilities shall mean and include those portions of the Property that are not part of the Homes including, but not by way of limitation, those portions of the Lots which are not Homes, the grounds and recreational facilities, if any, and certain parking areas in the Project, if any, designated as part of the Common Areas and Facilities on the Plat; the areas used for storage of janitorial supplies and maintenance equipment and materials, if any; installations of all central services, including power, light, gas, hot and cold water, secondary water, landscaping sprinkler systems, heating, ventilating and garbage collection; tanks, pumps, motors, fans, ducts and, in general, all apparatuses and installations existing for common use; all utility pipes, lines or systems servicing two or more Homes, and not exclusively servicing only one Home; all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities on the Plat; the non-public roadways, streets and walkways; and all repairs and replacements of any of the foregoing. Notwithstanding anything in this Declaration seemingly to the contrary, although portions of the Lots are Common Areas and Facilities, title to such portions of the Lots shall remain with the Owner, subject only to the easements granted to the Association and the other Owners for the use of the Common Areas and Facilities described in this Declaration.

6.2. All fencing, rock walls, and entry features along the perimeter of the Property which are installed by the Declarant are and shall be Common Areas and Facilities. The Association hereby assumes and is hereafter responsible for all obligations to maintain and repair said fencing, rock walls, and entry features, and any expenses for the same shall be Common Expenses of the Association.

7. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES.

7.1. To the extent that any improvements, facilities, mechanisms, equipment, utilities or utility lines or installations, or areas in the Project pertain solely to one or more Homes, but not all of the Homes, they shall be deemed and considered Limited Common Areas and Facilities. By way of example, and without limiting the generality of the preceding sentence, as any driveways or walkways that connect to or provide access to one (1) or more Homes, and Backyards, shall be Limited Common Areas and Facilities. Similarly, any utility lines, installations, mechanical systems or the like which connect or provide service to only one Home shall be deemed Limited Common Facilities of that Home affected. Owners may not reallocate Limited Common Areas and Facilities between or among Lots in which they have an interest. Except as expressly stated herein, the Association shall have the responsibility for the maintenance, repair or replacement of any Limited Common Areas or Facilities. The Owners

shall be responsible for the maintenance and repair of their own Homes, and for the snow removal of the driveways and walkways located within their individual Lots.

7.2. Backyards are Limited Common Areas and Facilities for the Lot on which they are located. An Owner may only erect a fence with prior approval of the Association. Any such fence shall also be a Limited Common Area and Facility. However, maintenance and repair of the fences erected by Owners are the sole responsibility of the Owners to which the Backyard pertains. Any and all fences erected around backyards must have gates or openings of a minimum 4 foot width to enable maintenance personnel and equipment to access the Backyard, and to pass through. For clarification purposes, every fence line erected by an Owner around a Backyard must have this minimum 4 foot wide gate or opening, thus a Backyard created by the Home on one side, two fence lines on either side, and the Property perimeter at the rear shall have two 4 foot wide gates or openings, one in each line of fence on either side. This 4 foot wide opening should be placed at the rear of the Backyard, along the Property perimeter. All such gates must be left unlocked, or at the option of the Association, may be equipped with a lock for which Association maintenance personnel have a key or access code. The Association shall have a perpetual easement under, over, through and across such fence and such fenced portion of such Backyard for repairs and maintenance of Common Areas and Limited Common Areas and Facilities.

8. NATURE AND INCIDENTS OF LOT OWNERSHIP.

8.1. Each Lot is a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration. No Owners may subdivide their Lots.

8.2. Subject to the limitations contained in this Declaration, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use such Owner's Home and any Limited Common Areas and Facilities designated for exclusive use by such Owner or all Owners.

8.3. Each Owner shall keep the exterior of such Owner's Home, including the exterior and door of the garage, if any, in a good state of repair. Any additions or modifications to the exterior design, look, architecture, color, or scheme of a Home may only be performed with prior approval from the Management Committee. In the event that any exterior of a Home should fall into a state of disrepair, and in the event that the Owner of such Home should fail to correct such state of disrepair promptly following written notice from the Management Committee, the Management Committee shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Home (including any garage) and correct or eliminate said state of disrepair.

9. TITLE TO LOTS.

9.1. Title to a Lot within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

9.2. Title to no part of a Lot within the Project may be separated from any other part thereof during the period of ownership, and each Lot shall always be conveyed, devised, encumbered and otherwise affected only as a complete Lot. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Lot, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Lot, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Association as herein set forth.

9.3. No Owner shall be permitted to timeshare or to allow any other form of interval ownership or interval right-to-use form of timesharing of any Lot or Home within the Project.

9.4. The Common Areas and Facilities located within a Lot shall be owned by the Owner of such Lot, but shall be subject to the easements and rights granted in this Declaration to the Association and the other Owners for the use of such Common Areas and Facilities.

9.5. Each Owner shall have the right to encumber such Owner's interest in a Lot (including the Common Areas and Facilities located thereon) with a Mortgage. Any Mortgage of any Lot within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

9.6. No labor performed or services or materials furnished with the consent of or at the request of an Owner may be the basis for the filing of a lien against the Lot of any other Owner, or against any part thereof, or against any other property of any other Owner, unless the other Owner has expressly consented to or requested the performance of such labor or furnishing of such services. Express consent shall be deemed to have been given by the Owner in the case of emergency repairs thereto. Labor performed or services or materials furnished for the Project, if authorized by the Association and provided for in the Declaration, shall be deemed to be performed or furnished with the express consent of each Owner. The Owner may remove such Owner's Lot from a lien against two or more Lots or any part thereof by payment to the holder of the lien of the fraction of the total sums secured by such lien which is attributable to such Owner's Lot.

10. RESTRICTIONS ON USE.

The Lots, Homes and Common Areas and Facilities, including but not limited to the Limited Common Areas and Facilities, except as otherwise permitted in writing by the Management Committee, shall be used in accordance with the following restrictions:

10.1. All Homes are intended to be used for single-family residential housing purposes and are restricted to such use, provided, however, that (i) Homes may be rented for long term rentals, and (ii) home-based businesses which have no impact on the Project beyond the ordinary impact of residential use are permissible.

10.2. No noxious, destructive or offensive activity shall be carried on or placed in or upon any Lot, or in the Common Areas, or Limited Common Areas, or any part thereof, which shall interfere with the legal rights of other Owners nor shall anything be done therein which is

or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property. Without limiting the breadth of the foregoing, aluminum foil, newspapers, or any other similar materials may not be used to cover the windows in any Home. The Common Areas and Facilities shall be used only in a manner which is consistent with their community nature and the use restrictions applicable to the Lots. Without limiting the breadth of the foregoing sentence: (i) no automobile or other vehicle shall be parked at any location within the Project which impairs or tends to impair vehicular or pedestrian access within the Project or to and from its various parts; (ii) no garments, rugs, or other household items, or wash lines of any kind may be hung, erected, or maintained outside of an Owner's Home; (iii) no Owner shall discard or permit any items to fall from the windows of such Owner's Home; (iv) no dogs are permitted on common areas unless the dog is on a leash; and (v) each pet owner must immediately remove any animal droppings and dispose of them in a garbage container.

10.3. No signs, flags or advertising devices of any nature, including, without limitation, informational or directional signs or devices or campaign or political signs, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Management Committee, except as may be necessary temporarily to caution or warn of danger. If the Management Committee consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Management Committee.

10.4. Except for trained assistance animals for the disabled or for similar purposes, no more than two (2) pets shall be allowed per Lot, without the prior written approval of the Management Committee.

10.5. No Lots, or portions thereof, may be further divided or subdivided, sold or conveyed so as to be held in divided ownership (as opposed to community property, tenancy in common, or other form of joint undivided ownership).

10.6. Except as otherwise permitted by this Declaration, no Owner shall, without the prior written consent of the Management Committee, make or permit to be made any alteration, improvement or addition in or to any Lot.

10.7. There shall be no obstruction of the Common Areas and Facilities by any Owner, other than the Owner's right to erect a fence around such Lot's Backyard, the style, material, height and location of such fence to be approved by the Management Committee. Parking a vehicle in a driveway or other designated area in the Common Areas and Facilities is not an obstruction of the Common Areas and Facilities. Owners shall neither store nor leave any of their personal property in the Common Areas and Facilities, other than Limited Common Areas and Facilities appurtenant to their Lot, except with the prior consent of the Management Committee.

10.8. Nothing shall be done or kept in any Lot or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Lot which would increase the rate of

insurance on the Project or any part thereof over what the Association, but for such activity, would pay, without the prior written consent of the Management Committee. Nothing shall be done or kept in any Lot or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner or guest, lessee, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or his guests, lessees, licensees or invitees.

10.9. Each Owner shall comply strictly with all reasonable rules and regulations adopted by the Association for the governance of the Lots, the Common Areas and the Project, as such rules and regulations may be modified, amended and construed by the Association in the sole discretion of its Management Committee.

10.10. Any Lease agreement between an Owner and a lessee respecting a Lot shall be subject in all respects to the provisions of this Declaration and the Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the Lease. All such Lease agreements shall be in writing and a copy of the Lease shall be filed with the Association. Other than the foregoing, there is no restriction on the right of any Owner to lease such Owner's Lot. An Owner shall be responsible and liable for any damage to the Project caused by its tenant.

11. ASSOCIATION AND MANAGEMENT COMMITTEE.

11.1. Each Owner shall be entitled and required to be a member of the Association. There shall be two (2) classes of Membership in the Association, as set forth in Section 20 herein. Membership will begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Lot is held by more than one person, the membership appurtenant to that Lot shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Lot is held. An Owner shall be entitled to one membership for each Lot owned by him. Each membership shall be appurtenant to the Lot to which it relates and shall be transferred automatically by conveyance of that Lot. Ownership of a Lot within the Project cannot be separated from the Association membership appurtenant thereto, and any devise, encumbrance, conveyance or other disposition of a Lot shall constitute a devise, encumbrance, conveyance or other disposition, respectively, of such Owner's membership in the Association and the rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Lot.

11.2. The Association shall be governed by the following provisions:

11.2.1. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of at least three (3) natural persons as provided in the Bylaws. The

Management Committee shall be elected as provided in this Declaration and in the Bylaws.

11.2.2. Except as otherwise provided herein, the Management Committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration and the Bylaws, including but not limited to the following:

11.2.2.1. To make and enforce all rules and regulations covering the operation and maintenance of the Project and the Lots.

11.2.2.2. To carry out through a Manager those of its functions which are properly the subject of delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association or Management Committee, shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Management Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself.

11.2.2.3. To engage the services of accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor.

11.2.2.4. To operate, maintain, repair, improve and replace the Common Areas and Facilities.

11.2.2.5. To determine and pay the Common Expenses.

11.2.2.6. To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Section 19 hereinafter.

11.2.2.7. To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

11.2.2.8. To open bank accounts on behalf of the Association and to designate the signatories therefor.

11.2.2.9. To purchase, hold, sell, convey, mortgage or lease any one or more Lots in the name of the Association or its designee.

11.2.2.10. To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Management Committee, the Association or the Project in excess of \$5,000 (as measured in 2007 dollars and thereafter adjusted by the Cost of Living Index) without the prior approval of a majority of the Total Votes of the Association at a meeting or by written ballot distributed to Owners by mail; provided, any settlement which would be paid from proceeds of

insurance which may be settled by the Association's insurance carrier and which in either case results in no actual liability of funds of the Association in excess of \$5,000 shall not require Association approval.

11.2.2.11. To obtain insurance for the Association with respect to the Common Areas and Facilities, as well as worker's compensation insurance, as needed.

11.2.2.12. To repair or restore the Project following damage or destruction or a permanent taking by the power of, or power in the nature of, eminent domain, or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Act.

11.2.2.13. To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Management Committee and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

11.2.2.14. To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Bylaws. The Association or the Management Committee shall make available to the Owners, Mortgagees and the holders, insurers and guarantors of the First Mortgage on any Lot current copies of the Declaration, Bylaws and other rules governing the Project and other books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

11.2.2.15. To do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repair of any Lot if the same is necessary to protect or preserve the Project.

11.2.2.16. To prepare, adopt, amend and disseminate budgets and other information from time to time in accordance with the terms of the Bylaws.

11.2.2.17. To grant conveyances, easements and rights-of-way over the Common Areas and Facilities.

11.2.2.18. Members of the Management Committee, the officers and any assistant officers, agents and employees of the Association (i) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (ii) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (iii) shall have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue

of acts performed by them, except for their own willful misconduct or bad faith, nor for acts performed for them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse or condition of the Project, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

11.2.2.19. When a member of the Management Committee is sued for liability for actions undertaken in his role as a member of the Management Committee, the Association shall indemnify him for his losses or claims, and undertake all costs of defense, until and unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Management Committee who so acted. Members of the Management Committee are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose gross negligence gave rise to the damages.

11.2.3. Neither the Management Committee nor the Manager, if any, shall sell any Property of the Association except as permitted by the Act and this Declaration.

12. MAINTENANCE, ALTERATION AND IMPROVEMENT.

12.1. Except as specifically stated otherwise herein, the Management Committee, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and Facilities (including the Limited Common Areas and Facilities), and the Backyards, and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair, including, without limitation, the landscaping, sprinkling systems, and open space areas included within the Common Areas and Facilities. Except as specifically stated otherwise herein, the Management Committee shall also be responsible for maintenance, repair and replacement of Common Areas and Facilities (including the Limited Common Areas and Facilities) within the Project, and any items located within or used in connection with the Common Areas and Facilities. The costs associated with the maintenance, replacement and repair of the Common Areas and Facilities (including the Limited Common Areas and Facilities) shall be a Common Expense.

12.2. Some of the Common Areas and Facilities are or may be located such that they may be conveniently accessible only through the Lots. The Association shall have the irrevocable right to have access to each Lot (but not the Home thereon) and to all Common Areas and Facilities from time to time during such reasonable hours as may be necessary for the cleaning, repair or replacement of any Common Areas and Facilities or for making any emergency repairs at any time and when necessary to prevent damage to the Common Areas and Facilities. The Association shall also have the irrevocable right to have access to any Lot when necessary in connection with any cleaning, maintenance, repair, replacement, painting, landscaping, construction or reconstruction for which the Association is responsible or for the purpose of abating a nuisance or a known or suspected dangerous or unlawful condition. Such

entry shall be made with as little inconvenience to the Owners as is practicable under the circumstances and any damage caused thereby shall be repaired by the Association.

12.3. Additions or Capital Improvements to the Project which cost no more than \$5,000 may be authorized by the Management Committee alone. Additions or Capital Improvements the cost of which exceeds \$5,000 must, prior to being constructed, be authorized by at least a majority of the undivided ownership in the Project. Any additional or Capital Improvements which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed, be authorized by at least sixty-six percent (66%) of the Project's undivided ownership interest. For purposes of this Section 12.3, "materially alter the nature of the Project" shall mean any addition or Capital Improvement that changes the project from residential to any other use, such as commercial or any form of timesharing.

12.4. No Owner shall enlarge or otherwise modify the exterior of his/her Lot or Limited Common Area or add any devices or structures such as, for illustration and not limitation, fences, greenhouses, solariums, room additions, enclosing decks, hot tubs, unless and until the Owner has received written consent from the Management Committee. The Management Committee may function by itself or may appoint a committee to be charged with the responsibility of keeping the Project's exterior and common areas consistent in appearance.

In the event the Management Committee grants the Owner the right to convert Common Area into Limited Common Area or convert Limited Common Area into Common Area, the entire cost of any such improvement or modification shall be borne by the Owner. Ownership interests in the Common Areas shall also be amended to reflect the additional private ownership of the Owner, increasing the Owner's interest and concurrently reducing the Ownership interests of the other Owners. The Owners need not consent to such an amendment. Moreover, the Owner shall pay all expenses associated with the preparation, execution and recordation of any amendments reflecting such conversion.

Should any such improvement or modification affect the cost of the Association's utility insurance, painting, staining or other expense, such expense affected shall be added to the affecting Owner's monthly assessment. Further, any such additional expense affected thereby and applicable to non-yearly periodic maintenance projects such as for illustration, but not limited to, roofing, staining or painting shall also be added to any special assessment of the Owner.

13. INSURANCE.

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

13.1.1. A "master" or "blanket" type policy of property insurance shall be maintained covering the entire Project, including: Common Areas and Facilities; fixtures, building service equipment, personal property and supplies comprising a part of the Common Areas or Facilities or owned by the Association, but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are

intended to denote single entity insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Project in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. If the Management Committee deems such advisable, the insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent (100%) of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). Unless the Management Committee otherwise determines, the maximum deductible amount for such a policy covering the Common Areas and Facilities shall be Two Thousand Dollars (\$2,000) and for losses related to individual Lots that are covered by such a policy, the maximum deductible related to each individual Lot shall be One Thousand Dollars (\$1,000.00). Funds to cover these deductible amounts shall be included in the Association's operating reserve account

13.1.2. The name of the insured under each policy required to be maintained by the foregoing Section 13.1.1 shall be the Association for the use and benefit of the individual Owners. (Said Owners shall be designated by name, if required.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

13.1.3. The Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated

maximum of funds, including reserve funds, in the custody of the Association, or the Manager, as the case may be, at any given time during the term of each bond.

13.1.4. The Owners shall pay for and maintain their own liability insurance coverage covering the contents of their own Lots. Notwithstanding the foregoing, the Association may elect, where the buildings of two or more Lots are connected (such as a twin home) to purchase liability insurance coverage for such building(s) and assess the cost equitably between the corresponding Owners.

Each insurance policy maintained pursuant to the foregoing provisions shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Management Committee, or the Association; (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Management Committee, the Association, or Owner) from collecting insurance proceeds.

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

14. DESTRUCTION OR DAMAGE.

14.1. All of the Owners irrevocably constitute and appoint the Association as their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from any Owner shall constitute an appointment by said grantee of the Association as his or her attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted. All insurance proceeds shall be payable to the Association except as otherwise provided in this Declaration.

14.2. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Lot and the Common Areas and Facilities having substantially the same vertical and horizontal boundaries as before.

14.3. In the event all or any part of the Project is damaged or destroyed, the Association shall proceed as follows:

14.3.1. The Association shall give timely written notice to any holder of any First Mortgage on a Lot who requests such notice in writing in the event of substantial damage to or destruction of any part of the Common Areas or Facilities or a Lot subject to such First Mortgage.

14.3.2. As soon as practicable after an event causing damage to or destruction of any part of the Project, the Association shall obtain complete and reliable estimates of the costs to repair and reconstruct the part of the Project damaged or destroyed.

14.3.3. If the proceeds of the insurance maintained by the Association equal or exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out.

14.3.4. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than sixty-five percent (65%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Association shall levy a Special Common Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Common Assessment shall be allocated and collected as provided in Section 19.1.3 hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

14.3.5. If the proceeds of the insurance maintained by the Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if sixty-five percent (65%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, but only if within one hundred (100) days following the damage or destruction, Owners entitled to vote at least fifty-one percent (51%) of the votes of the Total Votes of the Association vote to carry out such repair and reconstruction. If, however, the Owners do not, within one hundred (100) days after such damage or destruction, elect by a vote of at least fifty-one percent (51%) of the votes of the Total Votes of the Association to carry out such repair and reconstruction, the Association shall record in the office of the County Recorder of Utah County, State of Utah, a notice setting forth such facts. Upon the recording of such notice, the following shall occur:

14.3.5.1. The Common Areas and Facilities not located upon a Lot shall be deemed to be owned in common by the Owners, in equal shares based on the number of Lots in the Project;

14.3.5.2. Any liens affecting any of the Common Area and Facilities not located upon a Lot shall be deemed to be transferred, in accordance with the

existing priorities, to the undivided interest of the respective Owners in the Project; and

14.3.5.3. The Common Areas and Facilities not located upon a Lot shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners in equal shares based on the number of Lots in the Project, after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Common Areas and Facilities not located upon a Lot owned by such Owner.

14.3.5.4. In no event shall an Owner of a Lot or any other party have priority over the holder of any First Mortgage on such Lot with respect to the distribution to such Lot of any insurance proceeds.

14.4. If the damage or destruction is to be repaired or reconstructed as provided above, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect the repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Lot and the Common Areas and Facilities having the same vertical and horizontal boundaries as before. 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 architectural plans and specifications.

14.5. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from Common Assessments shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners equally.

14.6. This Section 14 shall not be amended unless Owners entitled to vote at least sixty-six percent (66%) of the Total Votes of the Association consent and agree to such amendment and such consent and agreement is reflected in an instrument duly executed by the Association and recorded in accordance with the provisions of this Declaration.

15. TERMINATION.

15.1. Except as otherwise provided in this Declaration, including but not limited to Section 14 hereof, the Project may be terminated only by agreement of Owners entitled to vote at least sixty-six percent (66%) of the Total Votes of the Association at a meeting of Owners duly called for such purpose at which a quorum is present.

15.2. All of the Owners may remove the Project from the provisions of the Act by an instrument duly recorded to that effect, provided that the holders of all liens affecting any of the Lots consent or agree by instruments duly recorded that their liens are transferred to each Lot separately in an amount equal to of the total lien amount divided by the number of Lots in the Project.

15.3. A termination agreement may provide that all of the Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.

15.4. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 15.1 and 15.2. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Association as trustee for all Owners. Thereafter, the Association has all powers necessary and appropriate to affect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the relative value of each Lot. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Lot in accordance with the terms of this Declaration. During the period of that occupancy right, each Owner and their successors in interest remain liable for all assessments and other obligations imposed on Owners by this Declaration.

15.5. Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and Mortgagees as their interests may appear. Following termination, Mortgagees holding Mortgages on the Lots which were recorded before termination may enforce those liens in the same manner as any lien holder.

16. EMINENT DOMAIN.

16.1. Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more Lots or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Management Committee and each Owner shall be entitled to notice thereof and the Management Committee shall, and the Owners at their respective expense may, participate in the proceedings incident thereto.

16.2. With respect to the Common or Limited Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Owner's interest therein. After such determination, each Owner shall be entitled to a share in the damages in the same proportion as his ownership interest in the Common Areas and Facilities. This provision does not prohibit a majority of the Owners from authorizing the Management Committee to use such damages or awards for replacing or restoring the Common

Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Declaration and the Plat are duly amended.

16.3. With respect to one or more Lots or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damage or destruction pursuant to Section 14 above and shall be deposited with the Management Committee as trustee. Even though the damages or awards may be payable to one or more Owners, the Owners shall deposit the damages or awards with the Management Committee as trustee. In the event an Owner refuses to so deposit his award with the Management Committee, then at the option of the Management Committee, either a Special Common Assessment shall be made against the defaulting Owner and his Lot in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Owner.

16.4. In the event the Project is removed from the provisions of the Act pursuant to Section 15 above, the proceeds of the damages or awards shall be distributed or used in accordance with the Owners respective undivided interest in the Common Areas and Facilities.

16.5. If one or more Lots are taken, in whole or in part, and the Project is not removed from the provisions of the Act, the taking shall have the following effects:

16.5.1. If the taking reduces the size of a Lot and the remaining portion of the Lot may be made tenantable, the Lot shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owners of the Lot. The balance of the award, if any, shall be distributed to the Mortgagee to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owner.

16.5.2. If the taking destroys or so reduces the size of a Lot that it cannot be made tenantable, the award shall be distributed to the Mortgagee of the Lot to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owners thereof. The remaining portion of such Lot, if any, shall become a part of the Common Areas and Facilities and shall be placed in condition for use by all Owners in the manner approved by the Management Committee. The ownership interest in the Common Areas and Facilities appurtenant to the Lots that continue as part of the Project shall be equitably adjusted to distribute the ownership of the Common Areas and Facilities among the reduced number of Owners.

16.6. Changes in Lots, in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Section 16 shall be evidenced by an Amendment to this Declaration and the Plat, which need not be approved by the Owners.

17. MORTGAGEE PROTECTION.

17.1. The Association shall maintain and have current copies of the Declaration, the Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First

Mortgages that are secured by Lots in the Project. Generally, these documents shall be available during normal business hours.

17.2. The lien or claim against a Lot for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Lot if the First Mortgage was recorded before the delinquent assessment was due, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Lot shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Lot affected or previously affected by the First Mortgage concerned.

17.3. In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required hazard insurance described in 13.1.1 lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

17.4. No provision of this Declaration gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Lots or the Common Areas and Facilities.

18. AMENDMENT.

18.1. Except as provided elsewhere in this Declaration, any amendment to this Declaration or the Plat shall require the affirmative vote of at least sixty-six percent (66%) of the Total Votes of the Association cast in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Utah County Recorder of an instrument executed by the Association. In such instrument an officer or a member of the Management Committee of the Association shall certify that the vote required by this Section for amendment has occurred.

19. ASSESSMENT OF LOTS BY THE ASSOCIATION.

19.1. The making and collection of Common Assessments by the Association from Owners of Lots for their share of Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

19.1.1. Declarant, for each Lot owned by Declarant which is not an Exempt Lot, and each Owner, other than Declarant, by becoming an Owner of a Lot is deemed to covenant and agree to pay Assessments to the Association in accordance with this

Declaration. Each such Owner shall be liable for a proportionate share of the Common Expenses, such share being the same as the ownership interest in the Common Areas and Facilities appurtenant to the Lot owned by the Owner. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserve expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Article 19 shall be the Common Expense Account. Common Assessments shall include both Regular Common Assessments and Special Common Assessments. Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Association in accordance with the provisions of this Declaration and the Bylaws. Regular Common Assessments shall be levied against each separate Lot annually.

19.1.2. The Association may not impose a Regular Common Assessment per Lot which is more than 20% greater than the previous year's Regular Common Assessment, without first obtaining the vote of Owners, constituting a quorum, casting a majority of the Total Votes of the Association at a meeting of the Association. The Association shall provide notice, by first class mail to all Owners, of any increase in the Regular Common Assessments not less than fifteen (15) nor more than sixty (60) days prior to the date the increased Regular Common Assessment is due.

19.1.3. In addition to the Regular Common Assessments, the Association may levy in any calendar year, Special Common Assessments applicable to that year only. However, in any fiscal year, except as otherwise provided in this Declaration, the Management Committee shall not, without the vote or written assent of Owners, casting a majority of the Total Votes of the Association at a meeting or by written ballot, levy Special Common Assessments which in the aggregate exceed 10% of the budgeted gross expenses of the Association for that fiscal year. The portion of any Special Common Assessment levied against a particular Lot shall be equal to the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Lot. These provisions with respect to the imposition or allocation of Special Common Assessments shall not apply when the special assessment against an Owner is a remedy utilized by the Management Committee to reimburse the Association for costs incurred in bringing the Owner and/or his Lot into compliance with the provisions of this Declaration, the Bylaws, rules and regulations of the Association, or any other governing instrument for the Project. The Management Committee shall provide notice by first class mail to all Owners of any Special Common Assessments not less than fifteen (15) nor more than sixty (60) days prior to the date such Assessment is due. Special Common Assessments shall be paid as determined by the Management Committee and the Management Committee may permit Special Common Assessments to be paid in installments extending beyond the fiscal year in which the Special Common Assessment is imposed.

19.1.4. All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Management Committee, from the date when due until paid. Furthermore, Owners who do not pay their Common Assessments when due shall be subject to a late fee of up to fifty dollars (\$50.00),

adjustable from year to year at the discretion of the Management Committee pursuant to the Cost of Living Index. All payments of Common Assessments shall be first applied to accrued interest and late fees, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Association may be made only against the Lots in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Lot(s). If the Owners' percentage interests in the Common Areas and Facilities are reallocated, assessments for Common Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

19.1.5. There shall be a lien upon the applicable Lot for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to the Declaration and the Act. The lien for unpaid Common Assessments and related charges shall be effective upon recordation in the Office of the Utah County Recorder of a written notice of lien by the Management Committee or the Manager. The written notice of lien shall set forth the amount of the Common Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Lot and a description of the Lot. No notice of lien shall be recorded until there is a delinquency in payment of the Common Assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the state of Utah for the enforcement of a mechanics lien which has been established in accordance with the provisions of Chapter 1, Title 38, Utah Code Ann., as amended from time to time. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Common Assessments against the Lot which shall become due during the period of foreclosure, and all such Common Assessments shall be secured by the lien being foreclosed. The Management Committee shall have the right and power in behalf of the Association to bid at any foreclosure sale and to hold, lease, mortgage or convey the subject Lot in the name of the Association. In furtherance of such foreclosure rights, the Association may bring an action at law against the Owner personally obligated to pay the same or the Association may foreclose the lien in accordance with the provisions of the Act. The Management Committee may appoint legal counsel or a title insurance company as a trustee for the purpose of exercising the power of sale in connection with non-judicial foreclosures as provided in Title 57, Chapter 1 Utah Code Ann. Provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1 Utah Code Ann. Each Owner hereby conveys all of its right, title and interest in its Lot to such trustee, in trust, with a power of sale, to secure each Owner's obligations under the Declaration, including but not limited to the obligation to pay all Common Assessments. The Association may, through its duly authorized agents, bid on the Lot at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The lien of the Association shall be superior (prior) to all other liens and

encumbrances except liens and encumbrances recorded before recordation of this Declaration, a First Mortgage on a Lot as provided for in Section 17.2 hereof and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on the Lot. The lien procedures described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. The Management Committee, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Lot. This statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Management Committee, the Common Area Manager and every Owner, in favor of all who rely on such statement in good faith.

19.1.6. The amount of any Common Assessment against any Lot shall be the personal obligation of the Owner of such Lot to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas and Facilities or by abandonment of his Lot or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

19.1.7. The personal obligation of an Owner to pay unpaid assessments against his Lot as described in Section 19.1.6 shall not pass to successors in title unless assumed by them; provided, however, that a lien to secure unpaid assessments shall not be impaired, nullified or otherwise affected by the sale or transfer of the Lot unless foreclosure by a First Mortgagee is involved in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

19.1.8. All Exempt Lots shall be exempt from the Assessments and membership in the Association (provided, however, that Declarant shall remain a Class B Member in the Association at all times so long as it owns a Lot, notwithstanding its temporary exemption status from the required Assessment payments). On the date on which a Lot loses its status of being an Exempt Lot (as set forth in Section 2.16), then it shall automatically be subject to its share of Assessments from that date forward.

19.2. Unless otherwise agreed upon by fifty-one percent (51%) of the members of the Association, the Management Committee shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established or for litigation involving such matters. Nevertheless, the Management Committee may authorize the temporary transfer of money from the reserve account to the Association's operating account from time to time to meet short-term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Association, and shall be restored and returned to the reserve account within three (3) years

of the date of the initial transfer; provided, however, the Management Committee may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Association, delay such restoration until the time it reasonably determines to be necessary. The Management Committee shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Common Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Common Assessment shall not be subject to the limitations set forth in Section 19.1.3 hereof. At least once every three (3) years the Management Committee shall cause a study to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Management Committee shall, thereafter, annually review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

19.2.1. Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of less than 30 years.

19.2.2. Identification of the probable remaining useful life of the components identified in subparagraph 19.2.1 above, as of the date of the study.

19.2.3. An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in subparagraph 19.2.1 above, during and at the end of its useful life.

19.2.4. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

For the purposes of this Section, the term "reserve account requirements" means the estimated funds which the Management Committee has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Association is obligated to maintain.

19.3. If an Owner shall at any time lease his Lot and shall default in the payment of Common Assessments, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid.

20. VOTING.

The Association shall have two (2) classes of Memberships which shall be entitled to the following voting rights:

20.1 Class A. Each Owner of a Lot, which is an Assessable Lot, shall be a Class A Member of the Association and each Owner is allotted one (1) vote per Lot owned. Each Class A Membership shall be held jointly by all Owners of such Lot. The number of votes appurtenant to each Lot shall have a permanent character, and, except as otherwise permitted and provided for in this Declaration, shall not be altered without the unanimous consent of all Owners expressed in a duly recorded Amendment. No Class A Members shall be entitled to vote until the Declarant's Control Period has terminated.

20.2 Class B. Declarant shall be a Class B Member of the Association and shall be the sole voting Member of the Association during the Declarant's Control Period.

After the termination of the Declarant's Control Period, at any meeting of the Association, each Owner of a Lot, either in person or by proxy, shall be entitled to vote the number of votes pertaining to their respective Lots.

21. EASEMENTS.

21.1. If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Home or Homes, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Home encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Home or Homes, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Lots. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

21.2. Improvements, including Homes, Common Areas and Facilities and Limited Common Areas and Facilities, constructed as subsequent phases of the Project may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment and the activities necessary to repair, maintain and operate such improvements is hereby granted.

21.3. Each Owner shall have the unrestricted right to ingress and egress over, upon and across the Common Areas and Facilities (other than over, upon and across Backyards which have been fenced) as necessary for access to such Owner's Lot, and to any Limited Common Areas and Facilities appurtenant to such Owner's Lot or Home, and shall have the right to the horizontal, vertical and lateral support of such Owner's Home and such rights shall be perpetual and shall be appurtenant to and pass with title to each Lot.

21.4. The Association shall have an easement to make such use of the Common Areas and Facilities and Backyards as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct and maintain the Common Areas and Facilities for use by the Owners and the Association. Any damage or destruction caused by the Association shall

be repaired by the Association in a commercially reasonable amount of time. Some of the Common Areas and Facilities are located within the Lots or may be conveniently accessible only through the Lots. The Association shall have the irrevocable right to have access to each Lot (but not the Home thereon) and to all Common Areas and Facilities from time to time during such reasonable hours as may be necessary for the maintenance, cleaning, repair (emergency or otherwise) or replacement of any Common Areas and Facilities or for making emergency repairs at any time therein necessary to prevent damage to the Common Areas and Facilities. In addition, agents of the Association may enter any Lot (but not the Home thereon) when necessary in connection with any cleaning, maintenance, repair, replacement, landscaping, construction or reconstruction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Association with funds from the Common Expense Account. Similarly, Owners shall have a right of reasonable access through the Common Areas and Facilities and other Lots (but not the Homes thereon) if reasonably necessary to access, repair, replace or maintain any Home or item appurtenant to such Home.

21.5. All conveyances of Lots within the Project shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

22. NOTICES.

Any notice permitted or required to be delivered as provided herein may be delivered either personally, by first class mail, by express mail or overnight courier service providing proof of delivery, or by telecopy or facsimile transmission. Notice to Owners shall be addressed to each Owner at the address given by such Owners to the Management Committee for the purpose of service of such notice or to the Lot of such Owner if no such address has been given to the Management Committee. Notice shall be deemed given when actually received if personally delivered or sent by overnight courier; if faxed, when the fax is received, except that if the fax is received at a time other than the normal business hours of the office at which it is received, on the next regular business day; and if by mail, the earlier of the day actually received or the third business day after the notice is deposited in the United States Mail, properly addressed and postage prepaid. Such address may be changed from time to time by notice in writing to the Management Committee.

23. NO WAIVER.

The failure of the Management Committee or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration or the Bylaws, to exercise any right or option herein contained or to serve any notice or institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or its agents or designees of the payment of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Management Committee of any provision hereof shall be

deemed to have been made unless expressed in writing and signed by the Management Committee.

24. ENFORCEMENT.

24.1. All Owners, guests or lessees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of the Declaration, the Bylaws, and the rules and regulations and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Declaration or the decisions of the Association. Owners shall have a similar right or action against the Association. Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Management Committee to impose monetary penalties, temporary suspensions of an Owner's right to the use of the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Management Committee shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Management Committee. The Management Committee may delegate to the Manager the power and authority to carry out disciplinary actions duly imposed.

24.2. The Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of the Declaration or the rules and regulations for the Project except pursuant to:

24.2.1. The judgment of a court; or

24.2.2. A foreclosure for the failure of an Owner to pay assessments duly levied by the Association.

24.2.3. The Association shall only be empowered to cause or require alteration or demolition of any construction to enforce any restrictions contained in this Declaration pursuant to judicial proceedings.

25. SEVERABILITY.

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

26. LAW CONTROLLING.

This Declaration and the Plat shall be construed and controlled by and under the laws of the State of Utah.

27. EFFECTIVE DATE. This Declaration shall take effect when recorded.

IN WITNESS WHEREOF, the Declarant has executed this instrument this ____ day of _____, 2009.

DECLARANT:

S.R. North Land, LLC, a Utah limited liability company



By: GORDON JONES

Its: MEMBER

STATE OF UTAH)

: ss.

COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this 16th day of October, 2009, by Gordon Jones, as member of S.R. North Land, LLC, a Utah limited liability company.

SEAL:




NOTARY PUBLIC

DECLARANT:

Ashley Palmer and Justin Palmer

Ashley Palmer
By: Ashley Palmer

Justin Palmer
By: Justin Palmer

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this 16 day of October, 2009.

[Signature] [Signature]

NOTARY PUBLIC

SEAL:

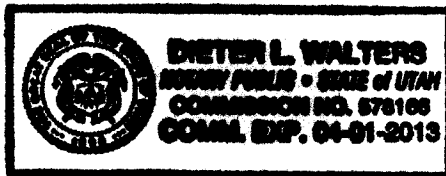


EXHIBIT A

Bylaws

EXHIBIT B

Legal Description of Property

Lots 1 through 40 inclusive, SLEEPY RIDGE POD "C" AMENDED, Orem, Utah, according to the official plat thereof on file in the office of the Utah County Recorder, Utah. Together with an easement interest in said Project's Common Areas, Limited Common Areas, and Facilities as identified on the official plat.

(66-291-0001 through 66-291-0040 inclusive)