

**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
STONECREEK MEADOWS PLANNED UNIT DEVELOPMENT**

This Declaration of Covenants, Conditions and Restrictions, hereinafter called "Declaration," is made and executed in the City of Washington, Washington County, State of Utah, this 14th day of May, 2004, by STONECREEK MEADOWS, LLC, a Utah limited liability company, hereinafter called "Declarant."

RECITALS

A. Declarant is the owner of certain real property located in the City of Washington, County of Washington, State of Utah, which is more particularly described below.

B. Declarant will convey the property subject to certain protective covenants, conditions, restrictions, reservations, liens, charges, and assessments as provided hereafter.

C. The STONECREEK MEADOWS HOMEOWNERS ASSOCIATION, a Utah non-profit corporation, will be formed or has been formed to administer the terms of the Declaration.

D. Declarant desires to provide for preservation and enhancement of the property values and amenities of the property and for maintenance of the Common Area. To this end and for the benefit of the Property and of the Owners thereof, Declarant desires to subject the Properties referred to in Recital A, as well as those described in Exhibit A attached hereto, if said lands or any part thereof become annexed to the STONECREEK MEADOWS PLANNED UNIT DEVELOPMENT PHASE 1, to the covenants, conditions, restrictions, easements, charges, and liens hereinafter set forth, each and all of which are for the benefit of the Property and each Owner thereof.

DECLARATION

Declarant declares that all of the Property described below shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, conditions, reservations, assessments, charges, and liens, and to the Plat Map recorded concurrently. This is for the purpose of protecting the value and desirability of said Property. This Declaration and the Official Plat Map shall be construed as covenants of equitable servitude which shall run with the land and shall be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

The Property is located in the City of Washington, Washington County, State of Utah, and is more particularly described as follows:

Stonecreek Meadows Planned Unit Development Phase 1

A PARCEL OF LAND LOCATED IN BLOCK 2, OF THE PETER NEILSON'S ENTRY OF THE NORTHWEST ¼, OF SECTION 26, TOWNSHIP 42 SOUTH, RANGE 15 WEST SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT N89°31'55"E, 386.46 FEET ALONG THE CENTER SECTION LINE FROM THE WEST ¼ CORNER OF SAID SECTION 26 (BRASS CAP) AND RUNNING THENCE N00°52'34"E 884.30 FEET; THENCE S88°57'26"E 125.00 FEET; THENCE N00°52'34"E 12.86 FEET; THENCE S88°57'26"E 575.39 FEET; THENCE N00°52'00"E 8.58 FEET; THENCE N89°24'00"E 123.97 FEET; THENCE S00°48'38"W 127.35 FEET; THENCE N89°24'00"E 5.94 FEET; THENCE S00°52'00"W 780.89 FEET TO THE SOUTH LINE OF SAID SECTION 26, THENCE N89°02'31"W 830.54 FEET ALONG THE SECTION LINE TO THE POINT OF BEGINNING, THE ABOVE DESCRIBED PARCEL CONTAINS 743,530 SQUARE FEET OR 17.069 ACRES MORE OR LESS.

ARTICLE I

DEFINITIONS

The following definitions control in this Declaration. Words and phrases not defined in this Article shall be given their ordinary meaning.

Section 1. "Board of Directors" means and refers to the governing board of the Association.

Section 2. "Common Area" means and refers to all real property (including the improvements thereto) owned by the Association or hereafter acquired for the common use and enjoyment of the Members and not dedicated for use by the general public. The Declarant may increase the amount of the Common Area by deeding additional property to the Association. Specifically excepting from Common Area all dedicated public streets and Lots platted on the Official Plat of "STONECREEK MEADOWS PLANNED UNIT DEVELOPMENT PHASE 1," as recorded on the Official Records of the Washington County Recorder and as the same may hereafter be modified, amended, supplemented or expanded in accordance with the provisions of this Declaration or supplements to this Declaration which are to occur in conjunction with the expansion of Project.

Section 3. "Conservation Area" means and refers to that portion of the Common Area set forth on Exhibit B, attached hereto and made a part hereof, on which Declarant anticipates granting a conservation easement prior to granting title of said portion of the Common Area to the Association as contemplated herein.

Section 4. “Conveyance” means and refers to an actual conveyance of fee title to any Lot to any Owner by warranty deed or other document of title.

Section 5. “Declarant” means and refers to STONECREEK MEADOWS, LLC, a Utah limited liability company, its successors and assigns, if such successors or assigns shall acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development.

Section 6. “Declaration” means and refers to this Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the Office of the Recorder of Washington County, State of Utah, and any amendments thereto.

Section 7. “Expandable Land” means and refers to those portions of land set forth in Exhibit B attached hereto and made a part hereof, which sets forth property which Declarant may obtain in order to expand the STONECREEK MEADOWS PLANNED UNIT DEVELOPMENT PHASE 1.

Section 8. “Family” means persons related by blood or marriage, by legal adoption, or by operation of law.

Section 9. “Homeowners Association” or “Association” means and refers to the STONECREEK MEADOWS HOMEOWNERS ASSOCIATION, a Utah nonprofit corporation, its successors and assigns.

Section 10. “Home,” “Living Unit” or “Unit” means and refers to a structure which is designed and intended for use and occupancy as a single family residence, together with all improvements located on the Lot concerned which are used in conjunction with such residence. Multiple family dwellings are not included in this definition and are not allowed in the Project.

Section 11. “Limited Common Areas” means and refers to those Common Areas as referred to herein and designated on the plat as reserved for use of a certain Lot to the exclusion of the other Lot owners within the Development. Limited Common Areas shall include the areas designated as Limited Common Areas on the official plat and pertaining to a specific Lot or which lead to or are associated with a certain Lot or both, subject to the provisions of this Declaration. Limited Common Areas are a subcategory of and are included in Common Areas.

Section 12. “Lot” means and refers to any plot of land shown upon any recorded subdivision map of the Property, and specifically excepting the Common Areas and areas dedicated to the use of the general public.

Section 13. “Member” means and refers to every person or entity holding membership in the Association.

Section 14. “Mortgagee” means and refers to any person named as a first mortgagee or beneficiary, owner or holder of a first deed of trust.

Section 15. “Owner” or “Lot Owner” means and refers to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract purchasers, but excluding those having an interest merely as security for the performance of an obligation.

Section 16. “Plat” or “Plat Map” means and refers to the STONECREEK MEADOWS PLANNED UNIT DEVELOPMENT PHASE 1, as recorded in the Office of the County Recorder of Washington County, State of Utah, and as the same may hereafter be modified, amended, supplemented, or expanded in accordance with the provisions of this Declaration or supplements to this Declaration which may occur in conjunction with the expansion of the Project as provided herein. “Plat” and “Plat Map” shall also mean and refer to subsequent official Plats as the same may be filed in the Office of the Washington County Recorder from time to time by Declarant, with each such Plat or Plat Map designating additional Lots and Common Area added to and lying within the Expandable Property.

Section 17. “Property,” “Properties” or “Project” means and refers to that certain real property herein before described and such additions thereto as may hereafter be subject to this Declaration or any supplements to this Declaration to all or any portion within the Expandable Land and containing such complementary or amended provisions for such additional land as are required herein.

Section 18. “Supplementary Declaration” means and refers to any supplementary declaration of covenants, conditions, and restrictions, or similar instrument, which may extend the provisions of this Declaration to all or any portion within the Expandable Land and containing such complementary or amended provisions for such additional land as are required.

Section 19. “Utilities” means and refers to public utilities, including, but not limited to, sewer, water, drainage, natural gas, telephone, electricity, and cable television.

ARTICLE II PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment to Common Area. Every Lot Owner shall have a right and easement of use and enjoyment including, but not limited to, the right of ingress and egress to and from his Lot and in and to the Common Area, which easement is appurtenant to and passes with title to every Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and Bylaws and with the approval of two-thirds (2/3) of each Class of Members, to borrow money for the purpose of improving the Common Area and in aid thereof to mortgage said property; the rights of any such mortgagee in said property to be subordinate to the rights of the Owners hereunder;

(b) The right of the Association to suspend the voting rights of a Member for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for each separate violation of the Association's published

Rules and Regulations. Notwithstanding the foregoing, for any continuing and ongoing violation of the Association's published Rules and Regulations, the Member's voting right will be suspended until the rule or regulation is complied with.

(c) With the approval of all the holders of first mortgage liens on Lots, and Owner approval as provided below, the right of the Association to sell, exchange, hypothecate, alienate, encumber, dedicate, release or transfer all or part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as agreed to by the Members. The granting of easements for public utilities or 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. No such dedication, sale or transfer shall be effective unless (i) all Owners consent in writing to the dedication, sale or transfer, or (ii) an instrument has been signed by two-thirds (2/3) of each Class of Members agreeing to such dedication, sale, or transfer.

(d) The right of the Association, with the approval of two-thirds (2/3) of each Class of Members to enter into agreements or leases which provide for use of the Common Area by a similar association in consideration for use of the Common Area and facilities of the other association, or for cash consideration.

(e) The right of the Association to take such steps as is reasonably necessary or desirable to protect the Common Area against foreclosure.

(f) The right of Declarant and Association to grant and reserve easements and rights-of-way through, under, over and across the Common Area for installation, maintenance and inspection of lines and appurtenances for public or private utilities and construction of additional Homes.

(g) The right of Declarant to grant a conservation easement in any portion of the Conservation Area prior to Declarant's transfer of title to said Conservation Area to the Association; or, in the alternative, the right of Declarant to convey outright any portion of the Conservation Area for the purpose of conservation, with restrictions in the conveyance to that effect.

(h) The right of the City of Washington and any other governmental entity or quasi-governmental body having jurisdiction over the Property to access and have rights of ingress and egress over and across any street, parking area, walkway, or open spaces contained within the Property for purposes of providing police and fire protection and providing any other governmental or municipal service.

(i) The terms of this Declaration.

(j) The right of the Association to make, publish and enforce rules and regulations pertaining to the use of all Common Area and facilities by Owners, guests, invitees and tenants of Owners.

Section 2. Delegation of Use. Any Owner may designate, in accordance with the Bylaws, his right of enjoyment to the Common Area to the members of his family, his tenants, guests or contract purchasers who reside on the Property. All such use by family members, tenants, contract purchasers or guests shall be subject to this Declaration, including all supplements and amendments thereto, the Bylaws, and the Rules and Regulations. Any damage caused to the Common Area or property owned by the Association by a Member or by a person who has been delegated the right to use and enjoy such Common Area by an Owner shall create a debt to the Association. Debts owed to the Association as a result of damage to the Common Area shall be an assessment charged to the Lot Owner as provided in Article IV.

Section 3. Title to Common Area. Declarant covenants that it will on or prior to the conveyance of the first Lot in a particular phase, convey to the Association fee simple title to all Common Area within said phase, subject to the further provisions of this Section. Declarant further agrees that it will discharge all liens and encumbrances on said Common Area on or before the sale and closing of the first Lot in each phase, except for (i) any state of facts an accurate survey may show, (ii) covenants, restrictions, easements, encumbrances and liens created by or pursuant to this Declaration, and (iii) easements and rights-of-way of record.

It is anticipated that Declarant shall deed a conservation easement in or shall convey outright for purposes of conservation some or all of the land identified as Conservation Area in this Declaration. Said deed will be to a lawfully established charity organized for the purpose of holding interests in real property for conservation. Declarant agrees that said grant or deed shall not diminish the right of the Association or its members to enter and use the Conservation Area, once deeded from Declarant to the Association, for purposes not inconsistent with the general purpose of the conservation easement or conveyance. It being understood that the Declarant may require additional time to arrange for and complete the grant or conveyance, Declarant shall not be required to deed the Conservation Area to the Association upon sale of the first Lot, but shall have any additional reasonable time required to first complete the grant or conveyance, followed by transfer of the balance of the Conservation Area, if any so remains, to the Association as required herein.

Section 4. Limitation of Homeowners Association. The Association shall not be entitled to take any of the following actions unless at least two-thirds (2/3) of the first mortgagees (based on one vote for each Lot mortgaged) or two-thirds (2/3) of the Class A Members shall have first given their prior written approval:

(a) To act, or by omitting to act, to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area owned, directly or indirectly, by the Association for the benefit of the Lots. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Area is not a transfer within the meaning of this clause.

(b) To act, or by omitting to act, to change, waive, or abandon any scheme of regulations or their enforcement pertaining to the architectural design or the exterior appearance of Lots or Homes, the exterior maintenance of the Lots or Homes, the maintenance of the Common Area, or the upkeep of the Common Area.

(c) To fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount equal to at least one hundred percent (100%) of the insurable value (based on current replacement cost).

(d) To use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement, or reconstruction of the Common Area.

(e) Except that nothing contained herein shall be construed to limit or prohibit the right of the Board of Directors from entering into joint use agreements with neighboring associations for the purpose of enhancing and promoting the property rights of Owners consistent with the spirit and intent of this Declaration.

Section 5. Encroachments. If any portion of a Home constructed, or if any portion of a Home reconstructed so as to substantially duplicate the Home originally constructed, encroaches upon the Common Area or other Lots, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the development, or due to the installation of necessary items or appurtenances to the Home including, but not limited to, patios, heating/cooling units, eaves, etc., a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. The Declarant shall also be a Member of the Association. With respect to the Membership of Owners, Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Board of Directors. The Board of Directors shall initially consist of three (3) members. Declarant reserves the right to appoint the Board of Directors and to exercise all powers and responsibilities associated with the Board of Directors until December 31, 2013.

Section 3. Classes of Membership. The Association shall have two (2) classes of membership:

(a) **Class A.** Class A Members shall be all Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned.

(b) **Class B.** The Class B Member shall be Declarant and shall be entitled to five (5) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) when the eighty percent (80%) of all Lots owned in the Project by Declarant are sold; or

(ii) on December 31, 2013.

(c) Changes in Voting Procedure. If Declarant shall exercise its option to expand and add additional Lots, then at such time as additional subdivision plats are filed, the voting shall be adjusted accordingly, and Declarant may regain its Class B voting status for all Lots owned, even if previously converted to Class A status in prior phases and according to the terms hereof.

(d) Multiple Ownership Interests. In the event there is more than one (1) Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any such Owner, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is immediately made by another Owner of the same Lot. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

(e) Limitation on Members' Votes. Electing members to the Board of Directors shall be subject to the reservation in Article III, Section 2.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments. Declarant (as applicable) and Members, for each Lot owned within the Property, hereby covenant, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to the Association (i) annual assessments, (ii) special assessments, and (iii) additional assessments as set forth in this Declaration. Assessments shall be levied, fixed, established and collected from time to time as provided below. The assessments, together with interest, costs and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Notwithstanding any assessment obligation otherwise described in this section, Declarant shall pay no assessment (annual, special or additional) unless a Home owned by Declarant is constructed on a Lot and is occupied as a residence.

Section 2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the maintenance, health, safety, and welfare of residents of the Property. The use made by the Association of funds obtained from assessments may include payment of the cost of taxes and insurance on the Common Area; management and

supervision of the Common Area; repair and maintenance of the Common Area; establishing and funding a reserve to cover the repair or replacement of improvements within the Common Area; and any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration or its Articles of Incorporation.

Section 3. Non-Applicability of Assessments to Declarant. For all unsold lots, Declarant and Declarant's successors in interest shall not be responsible for nor required to pay any assessments. Assessments shall be assessed to Lots only after they have been conveyed to an Owner by Declarant or Declarant's successor in interest.

Section 4. Basis and Maximum of Annual Assessments. Each Lot on which a Living Unit has been constructed and which is certified for occupancy shall be assessed according to the schedule set forth below. The annual assessment for each Lot shall be determined by the Board of Directors setting an annual base assessment.

The Board of Directors shall fix the base annual assessment at an amount not in excess of the maximum allowed.

(a) Until December 31, 2004, the maximum annual base assessment shall be \$240.00 per Lot (or \$20.00 per month).

(b) From and after December 31, 2004, the maximum annual assessment may be increased each year not more than fifteen percent (15%) above the maximum assessment for the previous year without approval of two-thirds (2/3) of the Members of each Class. Any such vote must be taken at a meeting to be called for this purpose.

(c) The limitations hereof shall not apply to any change in the maximum and basis of the assessments undertaken incident to (i) a merger or consolidation which the Association is authorized to participate in under its Articles of Incorporation, or (ii) an expansion of the Project in phases.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association, upon assent of two-thirds (2/3) of Class A Members at a meeting called for this purpose, may levy in any assessment year a special assessment applicable to the year for the purpose of (i) defraying, in whole or in part, the cost of any construction (including new construction), reconstruction, repair or replacement of any capital improvement upon the Common Area, including fixtures and personal property related thereto; and (ii) such other purpose as two-thirds (2/3) of all Class A Members approve.

Section 6. Reserve Fund. The Association shall maintain a reserve fund, funded by annual assessments. Special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement upon the Common Area, including fixtures and personal property related thereto on any phase of the Project, will be allowed only after the reserve fund has been expended and not replenished.

Section 7. Declarant Subsidy. Declarant or its assigns shall have the obligation to subsidize the Association until Declarant's rights as a Class B Member terminate as provided in Article III, Section 3. Subsidization shall be defined as the payment of the reasonable cost needs of the Association for ordinary and necessary maintenance expenses of the Common Area of uncompleted (i.e., all Lots not being sold to first-time buyers) phases of the Project (excluding construction, reconstruction, repair or replacement of any capital improvement upon the Common Area, including fixtures and personal property related thereto).

Section 8. Notice and Quorum for any Action Authorized Under Article IV, Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Article IV, Sections 3 and 4, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast two-thirds (2/3) of all the votes of each Class of Members shall constitute a quorum. If the required quorum is not present, another meeting shall be called subject to the same notice requirement, and the required quorum of the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 9. Rate of Assessment. Annual and special assessments shall be fixed at uniform rates for all Lots and may be collected on a monthly basis.

Section 10. Date of Commencement of Annual Assessments; Regular Assessments; Due Dates. The assessment provided for herein shall commence to accrue on the first day of the month following conveyance to an Owner. The first assessment shall be adjusted according to the number of months remaining in the calendar year. In the absence of a determination by the Board of Directors as to the amount of said assessment, the assessment shall be an amount equal to ninety percent (90%) of the maximum assessment provided above.

The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates for payment of said assessment shall be established by the Board of Directors.

The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. Furthermore, a first mortgage holder, upon request, is entitled to a written certificate from the Association advising of any default by the Lot Owner of any obligation not cured within sixty (60) days. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 11. Effect of Non-Payment of Assessments; Remedies of the Association.

(a) **Non-Payment.** Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the Association shall have the remedies provided in subsection (b) below.

(b) **Remedies.** For any delinquent payment as provided in subsection (a) above, the Association shall be entitled to all or any combination of the following remedies against a Member whose assessment is delinquent:

- (1) File a notice of lien on the Lot.
- (2) Bring an action at law against the Owner personally obligated to pay for the following:
 - a. the principal amount of the unpaid assessment;
 - b. interest from the date of delinquency at a rate of eighteen percent (18%) per annum, or such other rate as the Board of Directors may establish from time to time; and
 - c. all court costs and attorney fees.
- (3) Foreclose the lien against the Lot to satisfy judgment rendered for the full amount of the delinquent assessment, including interest, costs and attorney fees as specified above.
- (4) Levy, as an additional sum to such delinquent assessment, all expenses for preparation of the notice of lien (whether or not prepared by an attorney), court costs, interest and reasonable attorney fees.
- (5) Withhold and interrupt any or all services performed by the Association in behalf of the delinquent Member.

(c) **Right to Bring Action.** Each Owner, by his acceptance of a deed to a Lot, hereby expressly grants to the Association, its successors, assigns or agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association, acting on behalf of the Lot Owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 12. Non-use and Abandonment. No Owner may waive or escape personal liability for the assessments provided for herein, nor release the Lot owned by him from the liens and charges hereof, by non-use of any Common Area or abandonment of his Lot.

Section 13. Subordination of Lien to Mortgages. The lien created hereunder upon any Lot shall be subject and subordinate to and shall not affect the rights of the holder of the

indebtedness secured by any first mortgage (meaning a mortgage with first priority over other mortgages) or equivalent security interest on any Lot, made in good faith and for value, recorded prior to the date any such assessment becomes due. Any holder of a first mortgage lien or equivalent security interest on a Lot who comes into possession by virtue of foreclosure of a mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale will take said Lot and the improvements appurtenant thereto free of any claims for unpaid assessment charges against said Lot which accrue prior to the time such holder comes into possession of the Lot, except for the claims for a share of such expenses or charge resulting from a reallocation of such assessment or charges to all Lots including the mortgaged Lot. Any first mortgagee, who obtains title to a Lot in the development pursuant to the remedies in the mortgage/deed of trust or through foreclosure of the mortgage/deed of trust or any other security instrument, shall not be liable for more than six (6) months of the Lot's unpaid dues or charges which have accrued before the acquisition of title to the Lot by the mortgagee through foreclosure. However, no such sale or transfer shall relieve such Lot from liability for any assessments which thereafter become due or from the lien thereof.

Section 14. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) All Properties dedicated to and accepted by any local public authority;
- (b) The Common Area; and
- (c) Lots owned by Declarant, except for Lots owned by Declarant on which a unit is constructed which is occupied as a residence.

Section 15. Additional Assessments. In addition to the annual assessments and special assessments for capital improvements authorized herein, the Association shall levy such assessments as may be necessary from time to time for the purpose of repairing and restoring the damage or disruption resulting to the streets or other Common Areas from the activities of the City of Washington in maintaining, repairing or replacing utility lines and facilities thereon, it being acknowledged that the ownership of utility lines, underground or otherwise, is in the City up to and including the meters for individual Units, and that they are installed and shall be maintained to City specifications.

Section 16. Pool and Pavilion Improvements. Once seventy-five percent (75%) occupancy is reached in the Project, the Association shall hold a vote for approval of construction of a pool and pavilion. Declarant shall set aside \$150.00 per Lot for the installation of landscaping and construction of parking areas associated with the pool and pavilion, which amount shall be deposited with the general operating account of the Association upon the closing of each sale of a new Lot by the Declarant. If the improvements are voted for, then an assessment shall be levied on each Lot to acquire the remaining funds to construct the pool and associated improvements. The Association shall approve and direct the design and construction of the improvements.

ARTICLE V
SEPARATION WALLS

Section 1. Separation Walls. Declarant shall construct a block landscaping wall bordering the Project along 2000 South Street which separates the Project from other developments and public rights-of-way; said wall shall be deemed a separation wall and shall be a part of the Common Area. Separation walls shall also include yard walls which separate lots from one another. It is the intent of Declarant that all such separation walls shall be deemed to be owned and maintained by the Association. Any walls constructed by Lot Owners for the purpose of separating the Common Area from Lots shall be considered the responsibility of the Lot Owner of the adjoining lot to construct, repair and maintain, and shall not be considered separation walls under this Declaration.

Section 2. General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Article, general rules of law regarding separation walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 3. Repair and Maintenance. The Association shall be responsible for the cost of reasonable repair and maintenance of separation walls as defined in Section 1 above. The Association shall have the right to enter upon any Owner's Lot for the purpose of repairing and maintaining separation walls. No changes or alterations to separation walls shall be made by Lot Owners without approval of the Architectural Control Committee. The cost of repair for damage caused to separation walls by the willful or negligent acts of Lot Owners or their guests and assigns shall be a lien upon such Owner's Lot and shall be added to the annual assessment as provided in Article IV.

Section 4. Destruction by Fire or Other Casualty. If a separation wall is destroyed or damaged by fire or other casualty, the Association may restore it, and if other Owners or the Association thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, except as to the right of any such Owner or the Association to call for a larger contribution from the Owners under any rule of law regarding liability for negligent or willful acts or omissions.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner or the Association who by negligent or willful act causes a separation wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner or the Association to contribution from any other Owner and/or the Association under this Article shall be appurtenant to the land and shall pass to such successors in title or assignees of the Association.

Section 7. Arbitration. In the event of any dispute arising concerning a separation wall, each party shall choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and the decision shall be by a majority of all the arbitrators.

Section 8. Applicability. This Article shall be applicable to walls defined as separation walls in the provisions of Section 1 above.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. The Board of Directors of the Association shall appoint a three (3) member committee (hereinafter sometimes referred to as "ACC"), the function of which shall be to insure that all exteriors of Homes and landscaping within the Property harmonize with existing surroundings and structures. Declarant shall have the right to appoint members of the ACC until the happening of either of the following events, whichever occurs earlier: (i) December 31, 2007; or (ii) within one hundred twenty (120) days after eighty percent (80%) of the Lots owned by Declarant in the Project are sold. When Declarant ceases to have the power to appoint, it shall give written notice of this event to each Lot Owner and thereafter the Lot Owners shall, within sixty (60) calendar days, select new members of the ACC by one (1) vote for each Lot. The initial ACC members shall be elected for terms of one, two and three years each, and thereafter ACC members shall be elected for terms of three years. The ACC need not be composed of Owners. If such ACC is not appointed, the Board itself shall perform the duties required of the ACC. No member of the ACC shall receive any compensation or make any charge for services rendered. The ACC shall adopt reasonable rules and regulations for the conduct of its proceedings and to carry out its duties and may fix the time and place for its regular meetings and such extraordinary meetings as may be necessary, and shall keep written minutes of its meetings, which shall be open for inspection upon request. The ACC shall establish procedures for the submission of plans for approval, provided said procedures do not conflict with the provisions contained herein. The ACC shall also establish, from time to time, a fee to accompany said application for approval, made payable to the ACC. At no time shall said fee exceed \$100.00 per application for approval.

Section 2. Submission to ACC. No Home, accessory or addition to a Home, landscaping, or other improvement of a Lot shall be constructed, maintained, or accomplished, and no alteration, repainting or refurbishing of the exterior of any Home shall be performed, unless complete plans and specifications therefor have first been submitted to and approved by the ACC. The ACC may require that such plans and specifications be submitted for its review as it deems necessary, including but not limited to: floor plans, site plans, drainage plans, elevation drawings, landscape drawings, and descriptions or samples of exterior materials and colors. For any construction requiring a building permit, approval must be obtained from the ACC before plans are submitted to Washington City for the approval of said building permit.

Section 3. Standard. In deciding whether to approve or disapprove plans and specifications submitted to it, the ACC shall use its best judgment to insure that all improvements, construction, landscaping, and alterations on Lots within the Property conform to and harmonize with existing surroundings and structures. The ACC may, by majority vote, promulgate rules and regulations to guide it in its activities. Sixty percent (60%) of the Lot Owners, by one (1) vote for each Lot, may amend, adopt or repeal any rule or regulation adopted by the ACC.

Section 4. Approval Procedure. Any plans and specifications submitted to the ACC shall be approved or disapproved by it in writing within thirty (30) days after submission. In the event the ACC fails to take any action within such period, it shall be deemed to have approved the material submitted.

Section 5. Construction. Once begun, any improvements, construction, landscaping, or alterations approved by the ACC shall be diligently pursued to completion. If reasonably necessary to enable such improvement, construction, landscaping or alteration, the person or persons carrying out the same shall be entitled to temporary use and occupancy of unimproved portions of the Common Area in the vicinity of the activity.

Section 6. Disclaimer of Liability. Neither the ACC nor any member thereof acting in good faith shall be liable to the Association or any Owner for any damage, loss, or prejudice suffered or claimed on account of:

- (a) The approval or rejection of, or the failure to approve or reject, any plans, drawings or specifications;
- (b) The development or manner of development of any of the Property; or
- (c) Any engineering or other defect in approved plans and specifications.

Section 7. Non-Waiver. The approval of the ACC of any plans and specifications for any work done or proposed shall not constitute a waiver of any right of the ACC to disapprove any similar plans and specifications subsequently submitted.

Section 8. Exception for Declarant. The foregoing provisions of this Article shall not apply to any improvement, construction, landscaping, or alteration which is carried out by Declarant on any Lot or on any part of the Common Area and which occurs at any time during the seven (7) year period following the date on which this Declaration is filed for record in the Office of the County Recorder of Washington County, State of Utah. Declarant shall further have the right to designate the location and design of any Common Area amenities, provided that Declarant shall not be required to provide any such amenities by virtue of this Section.

Section 9. Declarant's Obligation. Declarant hereby covenants in favor of each Owner:

- (a) That all Homes erected by it, or caused to be erected by it, and all improvements of the Common Area accomplished by it shall be architecturally compatible with respect to one another; and
- (b) That on or before seven (7) years from the date on which this Declaration is filed for record in the Office of the County Recorder of Washington County, State of Utah, there shall be substantially completed and usable as part of the Common Area all open spaces in the locations shown on the plat.

ARTICLE VII
DEVELOPMENT STANDARDS

Section 1. Intent. The intent of the STONECREEK MEADOWS PLANNED UNIT DEVELOPMENT PHASE 1 Development Standards is to respect the climatic conditions and environment of the region and to maintain and enhance Project property values. Also within this intent, it is important to allow individual ideas to flourish and enrich the Project, provided that standards are maintained.

These Development Standards provide an overall framework and comprehensive set of guidelines to allow the Project to develop and progress in an orderly and cohesive manner. They also establish a process for judicious review of proposed new developments and changes within the Project. These Development Standards additionally set forth the means by which the standards and guidelines contained herein may be changed and amended to better serve the needs of an evolving Project.

These standards have been adopted by the Board of Directors of the STONECREEK MEADOWS HOMEOWNERS ASSOCIATION and the Architectural Control Committee pursuant to this Declaration.

To the extent that any local government ordinance, building code or regulation requires a more restrictive standard than that found in these Development Standards, the local government standard shall prevail. To the extent that the local ordinance is less restrictive than these Development Standards or this Declaration, the Development Standards and this Declaration shall prevail.

Section 2. Development Standards.

(a) **Building Type.** All Lots shall be used only for single family residential purposes, and no professional or commercial use shall be made of the same, or any portion thereof, nor shall any resident's use of a Lot endanger the health or disturb the reasonable enjoyment of any other owner or resident. The building or structure permitted to be erected, placed or permitted to be located on any Lot within the project shall be a detached single family dwelling, with an enclosed private garage for not less than two (2) nor more than four (4) vehicles. The height of the garage door header shall be limited to the height of the roofline of the house and shall not in any event exceed ten (10) feet. No carport or other outdoor or partially enclosed parking facility shall be permitted. All construction shall be of new materials, except that used brick may be used as long as it conforms with the building and subdivision ordinances of the City of Washington. All structures shall be constructed in accordance with the zoning and building ordinances of City of Washington. "Family" is defined to mean persons related by blood or marriage, by legal adoption, or by operation of law.

(b) **Building Location – City Ordinance.** The setbacks required by the City of Washington with respect to Planned Unit development shall govern. Side yards are to

conform to existing City of Washington building ordinances related to Planned Unit Developments.

(c) Driveways. Driveways shall be constructed out of concrete or other hard materials approved by the Architectural Control Committee. Driveways consisting of cinders, sand, gravel, asphalt, or dirt shall not be permitted on any Lot. There shall be sufficient driveway parking of not less than two (2) vehicles per Lot.

(d) Basements. Basements may be permitted on certain Lots following the completion of a soils report and review by a soils engineer of record. All basement construction must first be approved by the Architectural Control Committee.

(e) Easements. Easements for installation and maintenance of utilities, drainage facilities, and ingress and egress are reserved as shown upon the recorded Plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow or drainage channels in the easements, or which may impede ingress and egress. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(f) Yard Walls and Fences. Yard walls and/or fences shall be of brick, block or stone, shall conform to the standards defined by the Architectural Control Committee, and shall be approved by the Architectural Control Committee. No chain link, wire, or wood fences will be permitted. Walls or fences are intended to enhance the privacy of the residents of such Lot, and should not unreasonably interfere with the view from any neighboring Lot. No fence or wall shall be erected, placed or altered on any Lot nearer to any street than the minimum building setback lines unless approved by the ACC. Rear and side yard walls must be constructed to the back of the home on the Lot prior to final building inspection by the City of Washington.

General rules of law and written agreements shall apply to yard walls and fences in relation to maintenance, repair, and liability for negligent acts and omissions, where not specifically addressed by this Declaration.

(g) Temporary and Other Structures. No structure of a temporary nature; trailer, bus, house, tent, shack, garage, or other outbuilding shall be used at any time as a residence either temporarily or permanently. No old or second-hand structures shall be moved onto any of said Lots. It being the intention hereof that all dwellings and other buildings to be erected on said Lots, or within the Project, shall be new construction of good quality workmanship and materials.

(h) Site Review. Prior to the commencement of construction of any dwelling, garage, storage building, fence, wall, pool, or improvements on any Lot of this Project, plot plans and/or construction drawings shall be submitted and approved by the Architectural Control Committee.

(i) **Landscaping.** Landscaping of the front yard of any Home must be completed prior to final building inspection by the City of Washington. All property shall be landscaped appropriately with lawn, trees, shrubs, etc., and all landscaping shall be maintained at a reasonable standard compatible with other Homes in the Project. Shrub and tree planting on corner Lots shall be located so as not to create a hazard for the movement of vehicles along streets. No trees or shrubs shall be planted on any corner. All landscaping must be approved by the Architectural Control Committee.

(j) **Site Distance at Intersections.** No fence, wall, or hedge which obstructs sight lines at elevations between two (2) and six (6) feet above the roadway shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points thirty (30) feet from the intersection of the street property lines extended. The same sight line limitation shall apply on a driveway or alley. No tree shall be permitted to remain within such distance of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of sight lines.

(k) **Architectural Controls.** No building shall be erected, placed, or altered on any Lot until the construction plans and specifications and plans showing the location of the structure have been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation.

(l) **Residence/Minimum Square Footage and Building Height.** The minimum total square footage of living area on the first level above ground and located within the area of a foundation for any residential dwelling constructed on any Lot within the Project, exclusive of porches, balconies, patios, decks and garages, shall be not less than one thousand four hundred (1,400) square feet. Where the Home is two (2) story, then ground level of Home must be a minimum of one thousand two hundred (1,200) square feet exclusive of garage space and the entire Home must be at least one thousand eight hundred (1,800) square feet, exclusive of porches, balconies, patios, decks and garages. No Home shall consist of more than two (2) stories.

Building height shall be measured from the elevation of the Lot to the highest point of the roofline of a Home. Single-story Homes shall not exceed twenty-five (25) feet in height. Two-story Homes shall not exceed thirty-five (35) feet in height.

(m) **Construction Materials.** In order to promote a harmonious community development and protect the character of the neighborhood, the following guidelines are applicable to the Property:

(1) Home style, design, alterations, and additions will conform to standards established by the Architectural Control Committee.

(2) Stucco, rock, and brick are acceptable for exterior walls and wall coverings. All homes must include a minimum coverage of fifteen percent (15%) stone or brick on the front elevation. Other materials may be used as approved by the Architectural Control Committee, and shall be of materials indigenous to the area. Colors of all exterior materials must be earth tones and approved by the Architectural Control Committee. "Earth tones" does not include white or gray.

(3) Roofing materials will be limited to tile. No asphalt shingles, built up roofs, or wood shakes will be allowed. No mansard roofs will be allowed. Dome structures of any type will not be allowed.

(4) All air conditioning equipment, utility pipes, antennas and utility equipment shall be placed discreetly as possible and covered with landscaping or fence materials. Roof mount air conditioning equipment will not be allowed.

(n) Onsite Construction Required. In order to promote a harmonious community development and to protect the character of the neighborhood, all homes must be constructed onsite. Pre-fabricated, modular, or mobile homes are not allowed.

(o) Exterior Lighting. Exterior lighting should be maintained for purposes of security and visual harmony. Exterior lighting should be directed away from adjacent residences and away from the vision of passing motorists.

(p) Electronic or Broadcast Reception Hardware. Television antennas and satellite dishes must be placed on the back or side of the Home so as not to be obvious or obtrusive from the street. Antennas for any purpose other than for television reception are prohibited.

(q) Time of Construction Completion. All living unit construction shall be completed within one (1) year of the date such construction is commenced. Owners must commence construction of a living unit on a Lot within two (2) years of acquiring title to the Lot.

(r) Maintenance of Lot During Construction/Fine. Contractors or sub-contractors as owner/builders must provide on-site dumpsters during construction and are required to clean up the site daily to maintain a clean work site during construction. On-site dumpsters must be located off public streets and placed in the front yard of the Home. Dirt or mud from the construction site or elsewhere, dispersed, directly or indirectly, on the public streets within the Project must be cleaned up within twenty-four (24) hours by the contractor or subcontractor as owner/builder. Contractors or subcontractors as owner/builders shall be responsible for any concrete cracked as a result of construction activities. The Association may levy a Five Hundred Dollar (\$500) fine against a violator of this provision. The fine shall be a charge on the Land and shall be a continuing lien on the Lot as provided in Article IV.

(s) Lateral and Subjacent Support and Drainage. An Owner's activities which effect the lateral or subjacent support, or both, of adjacent Landowners shall be responsible for damages proximately caused by such activities. Owners shall be responsible for all damage proximately caused by drainage from their Lot(s) to adjacent Landowners.

(t) Preferred Builder. Approval of the general contractor by the ACC shall be required previous to any work being commenced within the Project. Declarant shall have the exclusive right to designate a Preferred builder for any Lot in the Project. Owner/builders are not permitted unless the Owner is a licensed contractor approved by the ACC.

Section 3. Re-Subdivision of Lots. No Lot in this Project shall be divided, subdivided, partitioned, parceled or broken up into smaller lots or units. Consolidation of two Lots into one, or three Lots into two, may be done at the option of Declarant.

Section 4. Damages. Any damage inflicted on existing improvements such as curbs, gutters, streets, or concrete sidewalks by the Owner or their guests, assigns, agents or independent contractors of any particular Lot must be repaired as soon as possible after such damage is discovered, and expense of such repair shall be borne by the Owner. Damages repaired by the Association shall be an assessment to the Lot as provided in Article IV. An Owner may be required by the Association to sign a statement acknowledging the condition of curbs and sidewalks adjacent to the Owner's Lot prior to commencement of construction.

ARTICLE VIII

OPERATION AND MAINTENANCE

Section 1. Maintenance by the Association. All areas maintained by the Association shall be maintained so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any Lot.

The Association shall maintain all exterior landscaping, including all grass, shrubs, plants and trees, on and associated with the Common Area and Limited Common Area, except that the Association shall have no responsibility to maintain or pay for maintenance of any area described herein as Conservation Area. The Association may elect to make improvements or maintenance to the Conservation Area, consistent with any conservation restrictions in place, and upon agreement with any third party holding title to the Conservation Area. Maintenance of all private area landscaping on each Lot, including front, rear, and side yards, shall be the sole responsibility of the Owner of such Lot.

Section 2. Maintenance by Owner. Each owner shall be solely responsible for maintenance of his Lot and the exterior of his home. In the event any owner shall fail to perform this maintenance in a manner consistent with the terms of this Declaration, the Directors shall have the right to enter upon such Lot to have maintenance performed on the Lot and exterior of the Home. The cost of such maintenance shall be added to and become part of the assessment to which such Lot is subject under Article IV above.

No Lot Owner shall be permitted to allow the accumulation of rubbish or other unsightly items on or around his Lot. In the event any Owner shall allow such an accumulation in a manner inconsistent with the terms of this Declaration as determined by the ACC, the Board of Directors shall have the right to enter upon such Lot to clean up the Lot and exterior of the Living Unit. The cost of such clean up shall be added to and become part of the assessment to which such Lot is subject under Article IV above.

Each Owner shall, to the extent reasonably feasible, control the growth and proliferation of noxious weeds and other flammable materials on his Lot so as to minimize the fire and other hazards to surrounding Lots, living units, the Common Areas, and surrounding properties, and shall otherwise comply with any applicable ordinances, laws, rules, or regulations pertaining to the removal and/or control of noxious weeds. Noxious weeds shall mean and refer to those plants which are injurious to crops, livestock, land, or public health.

Section 3. Utilities. Each Lot Owner shall pay for all utility services which are separately billed or metered to individual Lots, including water, sewer, garbage, electrical, cable television and telephone service as the same may be provided by the CITY OF WASHINGTON or other party furnishing such service.

Section 4. Repair of Damage Caused by an Owner, His Tenants, Guests, Invitees and Pets. Any damage caused to the Common Area and facilities, including personal property owned by the Association, by an Owner, his tenant, guest, invitee, minor child or any animal or pet under the control of or owned by any one or a combination of the foregoing shall create an assessable debt owed by such Owner to the Association. If the Owner does not adequately repair the damage, the Association, after approval of a majority vote of the Board of Directors, shall have the right, through its agents, employees, or through an independent contractor, to repair the damage. The costs incurred by the Association in repairing the damage shall be added to and become an assessment against the Lot as described in Article IV of this Declaration, and the same may be enforced and collected as provided in said Article. Any repair work of damage undertaken by the Owner or agent of Owner pursuant to this Section must first submit plans to the ACC and obtain its approval.

Section 5. Access at Reasonable Hours. For the purpose solely of performing the maintenance required by this Article, the Association, its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot at reasonable hours.

Section 6. Management Agreements. The Board may employ a manager or other persons who may contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association. Any contract with a person or firm appointed as a manager or managing agent shall be terminable by the Association for cause upon thirty (30) days written notice thereof. Any such contract, and any other contract with a third person wherein the third person is to furnish goods or services for any Common Area or the Association, shall be limited to a duration of one (1) year; provided, however, that such contracts

may be renewable for successive one (1) year periods with the approval, for each such period, by a vote or written consent of a majority of the Board of Directors.

Section 7. Rules and Regulations. The Association shall have authority to promulgate and enforce such reasonable rules, regulations and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to ensure that the Property and the Common Area are maintained and used in a manner consistent with the interests of the Owners. The Association also has authority to adopt a schedule of monetary fines that may be imposed on Owners for the willful violation of rules that have been duly adopted and published by the Association, provided that such fines in all cases shall be reasonable and shall be subject to review and hearing by the Board if contested. Any such fine imposed and not contested, or any such fine upheld after review and hearing by the Board shall be payable within thirty (30) days. Unpaid fines may be assessed against a Lot and collected as provided in Article IV. Reasonable rules may include, but shall not be limited to, rules to allocate the fair use of all Common Area.

ARTICLE IX

INSURANCE

Section 1. INSURANCE ON LOTS AND HOMES. THE ASSOCIATION SHALL HAVE NO DUTY OR RESPONSIBILITY TO PROCURE OR MAINTAIN ANY FIRE, LIABILITY, FLOOD, EARTHQUAKE OR SIMILAR CASUALTY COVERAGE FOR A LOT OR HOME, OR FOR THE CONTENTS OF ANY HOME. THE ASSOCIATION ALSO SHALL HAVE NO DUTY TO INSURE AGAINST ANY NEGLIGENT ACTS OR EVENTS OCCURRING AT OR ON A LOT OR IN A HOME.

Section 2. Assessments. Funds for insurance to be maintained by the Association shall be provided for from annual assessments as allowed in Article IV.

Section 3. Required Insurances. The Association shall secure and at all times maintain the following insurance coverages:

(a) **Multi-Peril Coverage.** A multi-peril type policy covering the Common Area and facilities. Such policy shall provide coverage against loss or damage by the standard extended coverage endorsement, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, fire, earthquake, hailstorm, water damage, and such other risks as customarily are covered with respect to projects similar to this Project in its construction, location, and use. As a minimum, such policy shall provide coverage on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage specified in the policy, but not less than 100% of the full insurable value (based upon replacement cost). Such policy shall include an "agreed amount endorsement" or its equivalent, a "demolition endorsement" or its equivalent, an "increased cost of construction endorsement" or its equivalent, and a "contingent liability from operation of building laws endorsement" or its equivalent.

(b) Broad-Form Public Liability Coverage. A comprehensive policy insuring the Owners, the Association, its Directors, officers, agents and employees against all damage or injury caused by their negligence to the public, invitees, tenants or Owners on the Common Area. Limits of the liability under such coverage shall not be less than \$1,000,000 for all claims for personal injury or property damage, or both, arising out of a single occurrence. Such policy or policies shall be issued on a comprehensive liability basis, shall provide that cross-insurers as between themselves are not prejudiced, and shall contain "a severability of interest" clause or endorsement to preclude the insurer from denying the claim of an Owner in the development because of negligent acts of the Association or others.

(c) Fidelity Coverage. A fidelity policy or policies to protect against dishonest acts on the part of a Director(s), officer(s), manager, employee(s) of the Association and all others, including volunteers, who handle or are responsible for handling funds of the Association. The fidelity coverage shall name the Association as the obligee or insured and shall be written in an amount sufficient to offer the protection reasonably required, but in no event less than 100% of the reserves. The fidelity bond or insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of employee or similar expression. Said policy shall also provide that it may not be canceled or substantially modified (including cancellation for non-payment of premiums) without at least thirty (30) days prior written notice to all first mortgagees of Lots.

Section 4. Additional Provisions. The following additional provisions shall apply with respect to insurance:

(a) Approval of Policies. All policies shall be written by a reputable company approved by the Board of Directors.

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

(c) Flood Insurance. In the event that some part of the Project is now or may in the future be classified by the Housing and Urban Development as an area having special flood hazards, a blanket policy of flood insurance on the flood areas shall be maintained in an amount customarily required in projects of this type to ensure against flood damage.

(d) Premiums Maintained in the Name of the Association as Director. Premiums for all insurance coverage obtained by the Association shall be written in the name of the Association as Director for each of the Home Owners.

(e) Review of Insurance Policies. The Board of Directors shall periodically, and whenever demand is made by twenty percent (20%) or more of the Owners, review the adequacy of the Association's insurance program and shall report in writing the

conclusions and actions of any mortgagee or any Lot who shall have requested a copy of such report. Copies of every policy of insurance procured by the Board of Directors shall be available for inspection by the Owners.

(f) Rebuilding After Damage or Destruction. In the event of damage or destruction by fire or other casualty to any Properties covered by insurance written in the name of the Association as trustee for the Owners, the Board of Directors shall, with concurrence of the Mortgagee, if any, and upon receipt of insurance proceeds, contract to rebuild or repair such damage or destroyed portions of the Properties to as good a condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, whose accounts are insured by a federal governmental agency, with the proviso agreed to by said bank or institution that such funds may be withdrawn only by the signatures of at least two (2) members of the Board of Directors. The Board of Directors shall advertise for sealed bids with any licensed contractors. The contractors shall be required to provide a full performance and payment bond for the repair, construction, or rebuilding of destroyed property. In the event the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding, or both, to the same condition as formerly, the Board of Directors shall levy a special assessment against all Owners in such proportions as the Board of Directors deems fair and equitable in light of the damage sustained.

ARTICLE X

EASEMENTS

Section 1. Minor Encroachments. Each Lot and the Common Area shall be subject to an easement for encroachment created by construction, repair, shifting, settling or movement, and overhangs as designed or constructed by the Declarant, as well as for the installation of necessary items or appurtenances of the Home including, but not limited to, patios, heating/cooling units, eaves, etc. A valid easement for said encroachment and for the maintenance of same, so long as it stands, shall and does exist.

Section 2. Utilities Easement. There is hereby granted and conveyed to the CITY OF WASHINGTON, gas companies, cable television companies, and telephone companies, their successors and assigns, a blanket easement upon, across, over and under all of the Common Area, for ingress, egress, installation, replacing, repairing and maintaining all utilities at such location or locations as said entity deems appropriate. By virtue of this easement, it shall be expressly permissible for the providing electrical, cable television and/or telephone company to construct and maintain the necessary equipment on said property and to affix and maintain electrical, cable television and/or telephone wires, circuits and conduits on, across and under the Common Area.

An easement is further granted to all police, fire protection, ambulance, trash collection and all similar persons to enter upon the streets and Common Areas, in the performance of their duties. Notwithstanding anything to the contrary contained in this Article, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said property except as (i) initially planned and approved by the Declarant, or thereafter approved by

the Board of Directors, or (ii) as required by the CITY OF WASHINGTON. Should any company furnishing a service conveyed by the general easement herein provided request a specific easement by separate recordable document, Declarant shall have the right to grant such easement on said property without conflicting with the terms hereof.

Section 3. Easements for Ingress and Egress. An easement is hereby granted to the Association, its officers, agents, employees and to any management company selected by the Association to enter in or to cross over the Common Areas and any Lot to perform the duties of maintenance and repair of Home, yard and landscape area, or Common Area provided for herein. The Declarant expressly reserves to itself, its successors and assigns, a perpetual easement and right, at their own risk, to cross the Common Area, by the streets, roads, paths, or walkways established or hereafter established on said property by the Declarant, for the purpose of having access for ingress and egress to such other adjacent property upon which Declarant has or may create additional subdivisions.

Section 4. Easements by Declarant. Declarant reserves the right to enter upon, connect to, access, or otherwise make use of the streets, water lines, sewer lines, drainage lines, power lines and other utilities on the property in the process of developing new phases and/or adjacent properties.

ARTICLE XI

ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Declarant. Declarant reserves the right and option to expand the Property and annex all or any part of the Expandable Land. (See Exhibit A hereto for the legal description of the Expandable Land.) The annexation of such land shall become effective upon the recordation in the Office of the County Recorder of Washington County, State of Utah, of a Supplementary Declaration which (i) describes the land to be annexed or incorporated by reference within the description contained in the Expandable Land portion of the Plat, (ii) declares that the annexed land is to be held, sold, conveyed, encumbered, leased, occupied and improved as part of the Property subject to the Declaration, and (iii) sets forth such additional limitations, restrictions, covenants and conditions as are applicable to the annexed land. When such annexation becomes effective, the annexed land shall become part of the Property and shall be subject to the terms of the covenants, conditions and restrictions, which terms, covenants, conditions and restrictions run with the land, of this Declaration or any supplements or amendments thereto. Such annexation may be accomplished in one or more annexations or phases without limitation as to size or location within the Expandable Land.

Section 2. Limitation on Annexation. Declarant's right to annex said land to the Property shall be subject to the following limitations:

(a) The annexed land must be part of the Expandable Land described in Exhibit A hereto.

(b) Any additional subdivisions annexed hereto by Declarant shall be comprised exclusively of residential single family residences, architecturally compatible

to the existing Homes; substantially similar to the Homes already constructed; and constructed out of similar materials. Declarant shall have the sole discretion to develop the Common Area in said additions and to include any facilities or amenities thereon that Declarant deems necessary.

(c) Declarant's right to annex land to the Property shall expire ten (10) years after this Declaration is filed of record in the Office of the County Recorder of Washington County, State of Utah.

(d) If additional subdivisions are created by Declarant pursuant to the terms of this Article, the Owners in said additions shall be Members of the Association and shall have the same rights to the use and enjoyment of the Common Area of the Association as any other Member. The Common Area in any such additional subdivisions as set forth therein shall be deeded by Declarant to the Association, free and clear of all encumbrances and liens prior to the conveyance of the first Lot on said Plat and the Association must accept the deed to said Common Area.

(e) Declarant reserves unto itself and its assigns the right to create Common Area and facilities within the annexed land. No assurances can therefore be made with respect to such items.

Section 3. Supplementary Declaration. The annexation authorized above shall be made by filing of record a Supplementary Declaration of Covenants, Conditions, and Restrictions or similar instrument, with respect to the annexed property which shall extend the plan of this Declaration to such property.

Such Supplementary Declaration contemplated above may contain such complementary additions 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 annexed property and as are not inconsistent with the plan of this Declaration.

The recordation of such Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter all of the Owners of Lots in said real property shall automatically be Members of the Association.

Section 4. Declarant's Right to Amend. Until all portions of the expandable land are included in the Project, or until the right to enlarge the Project through the addition of tracts or subdivisions terminates, whichever event first occurs, Declarant shall have, and is hereby vested with, the right to unilaterally amend the Declaration or the Plat, or both, as may be reasonable, necessary or desirable (i) to adjust the boundaries of the Lots, including adding or deleting Common Area (by filing an appropriate amended plat) to accommodate design changes or changes in type of Homes or adjustments to Lot configuration; (ii) to more accurately express the intent of any provisions of the Declaration in the light of then existing circumstances or information; (iii) to better ensure, in light of existing circumstances or information, workability

of the arrangement which is contemplated by the Declaration; or (iv) to facilitate the practical, technical, administrative or functional integration of any additional tract or subdivision into the Project. Nothing in this Section shall impair Declarant's unilateral right to amend during the first two years based on Article XV below.

Section 5. Expansion of Definitions. In the event the Property is expanded, the Definitions used in this Declaration automatically shall be expanded to encompass and refer to the Property as so expanded, e.g., "Property" shall mean the real property described herein, plus any additional real property annexed by a Supplementary Declaration or by Supplementary Declarations, and reference to this Declaration shall mean this Declaration as so supplemented.

ARTICLE XII

USE RESTRICTIONS

Section 1. Residential Use. No Owner shall occupy or use his Home, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the Owner and the Owner's Family or the Owner's lessees or guests.

Section 2. Fee Conveyed. Each Lot shall be conveyed as a separately designated and legally described freehold estate, the Owner taking title in fee simple, subject to the terms, conditions, and provisions hereof.

Section 3. Uses Permitted by Declarant During Construction. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant on the building of said Homes to maintain during the period of construction and sale of said Homes, upon such portion of the premises as Declarant deems necessary, such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of said Homes, including, but without limitation, a business office, storage area, construction yard, signs, model Homes and sales office.

Section 4. Commercial Activities. Lots shall not be used for, or in connection with, the conduct of any trade, business, professional or commercial activity of any kind without applying for a Conditional Use Permit to the CITY OF WASHINGTON, subject to approval by the Board of Directors.

Section 5. Household Pets Permitted. No animals, livestock or poultry of any kind may be raised, bred, or kept on any Lot or in the Common Area, except that dogs, cats or other household pets, not to exceed two (2) dogs and/or two (2) cats with a total not to exceed three (3) animals, may be kept in Homes or upon any Lot, provided that they are not kept, bred or maintained for any commercial purpose and are restricted to the Owner's premises or on a leash under the handler's control. Animals shall not be allowed to run free on the Owner's Lot. Pets shall not be kept if they create noise that, in the opinion of the Association, constitutes a nuisance.

Section 6. Signs. No signs of any kind shall be displayed to the public view on any Lot except; one professional sign of not more than one (1) square foot in size; one sign

advertising the property for sale or rent of not more than five (5) square feet in size; or signs used by the Builder or Developer to advertise the property during the construction and sales period.

Section 7. Obstruction of the Common Area. There shall be no obstruction of the Common Area. Nothing shall be stored in the Common Area without the prior consent of the Board of Directors.

Section 8. Prohibited Uses. No noxious or offensive activities shall be carried on in any Lot or in the Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance to the Owners.

Section 9. Vehicles. All motorcycles, trail bikes, three-wheel powered devices, motor powered scooters, automobiles, and two- or four-wheel drive recreational type vehicles are to be operated only by individuals with driver's licenses and only on established streets and parking areas. Such vehicles are specifically prohibited from all other portions of the Common Areas, and are to be used on said streets only for ingress and egress or access purposes and not for recreational purposes anywhere in the Project.

Section 10. Recreational Vehicle Storage. Recreational Vehicles (RVs) should be stored to the side or back of the Home. The RV should not at any point exceed ten (10) feet in height. The storage area, if necessary to make it unobtrusive when viewed from the street, must be screened from the street by fence or by other means allowed under this Declaration or by the Architectural Control Committee. No RV shall be parked in the street or in the driveway of a Home for more than two (2) days.

Section 11. Oil and Mining Operations. No drilling, quarrying or mining operations of any kind shall be permitted upon or in any Lot or upon the Common Area.

Section 12. Hazardous or Toxic Wastes. No bulk storage of hazardous materials, hazardous wastes, hazardous substances, or toxic substances or any toxin regulated by any federal or state statute or regulation may be stored upon the Property; specifically, but not by way of limitation, including garages of the Homes.

Section 13. Alteration of Common Area. Nothing shall be altered or constructed, or removed from the Common Area, except with the written consent of the Board of Directors.

Section 14. Time Sharing Prohibited. Neither Declarant nor an Owner of any Lot shall allow or permit any form of time sharing ownership.

Section 15. Leases. Any lease agreement between an Owner and a lessee shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, Articles of Incorporation of the Association, and the Bylaws of said Association, and all Rules and Regulations enacted and published by the Board of Directors, and that any failure by lessee to comply with the terms of such documents shall be a default under the lease. Furthermore, all leases shall be in writing and a copy of each signed lease shall be left in the office of the Association by the Owner. Any damage caused by the lessee, including guests

of lessee, to the Common Area and exteriors of the buildings shall be an additional assessment upon the Lot as provided by Article IV.

Section 16. Recreational Vehicles. No recreational vehicle may be parked within the Common Area or upon the driveways of each Home for longer than a two (2) day period. In no event shall any recreational vehicle be used for camping or for overnight accommodations by the Lot Owner or by the Lot Owner's guests in and on the Common Area of the development or on the driveways of the Homes. Other than as provided above, recreational vehicles must be parked behind the front foundation line of a Home. The Board of Directors is specifically empowered to enforce this provision by having vehicles in violation towed and stored at the Owner's expense.

ARTICLE XIII

INHERENT RISKS OF PONDS AND RIVERS

Section 1. Assumption of Risks. By taking title to a Lot, every Owner will be deemed to be aware of and agreed to, and will be deemed to have explained and made known to said Owner's spouse, children, other relatives, visitors, invitees, guests and business associates who come into the Project to visit or at the invitation of said Owner (collectively the "Informed Persons"), the facts that (a) the project is surrounded by ponds and contains a river; (b) that said ponds and river pose inherent risks of danger, including drowning and suffering injury, including without limitation, death, physical or emotional injury, or damage to person, property or third parties, all of which injuries or damage may require costly emergency evacuation and/or emergency or continuing medical care; and (c) that eliminating the risks of living in an environment such as the Project—for example, by entirely surrounding the Project with fences or walls, or by placing warning signs in every possible dangerous location—would be anathema to the Owner's decision to live in this particular environment, and would greatly reduce the beauty of and the views from the Project, which beauty and views the Owner is deemed to want more than removal of such risks. Therefore, every Owner and every Informed Person shall be deemed, by virtue of coming onto the Project, to have made the voluntary decision to confront the risks posed by the ponds and river, and to have accepted and assumed all of the risks posed by the ponds and river included in or surrounding the Project, whether or not such ponds or river are located within the Project, including Common Areas or outside the boundaries of the Project.

Nothing contained in this provision is intended to absolve the Declarant from its duty to abide by all applicable zoning and building ordinances, including when applicable, any ordinance of the City of Washington requiring the Declarant to construct walls, unless the same is waived through official action of said municipality.

Section 2. Release from Indemnification. Every Owner, by taking title to a Lot, shall be deemed (a) to have released and forever discharged, and to have agreed to indemnify and hold harmless, the Association and the Declarant from any and all claims, demands, losses, damages, or injuries or causes of action, which are in any way connected with or result from involvement or contact with the ponds and/or river within and surrounding the Project, including any such claims, demands, or causes of action which allege negligent acts or omissions or the Association or the Declarant; (b) to have released the Association and the Declarant from any duty that either

may have to protect the Owner from these risks, which Owner by taking title to a Lot, has acknowledged he or she does not want eliminated because of the detrimental impact on the aesthetics and beauty of the Project that would result from eliminating such risks; and (c) to have agreed to indemnify and hold harmless the Association and the Declarant from any and all claims or causes of action which are brought by or on behalf of the Informed Persons with respect to any matters similar to those from which the Owner has released and indemnified the Association and the Declarant pursuant to the previous provisions of clauses (a) and (b) of this paragraph 2. The releases and indemnification contained in this paragraph 2 shall include an indemnification by the Owner of the Association and the Declarant from any and all attorneys' fees and costs incurred by either of them in enforcing their rights under the provisions of this Article.

Section 3. Execution of Release and Indemnification. In addition to any notwithstanding the provisions of paragraph 2 of this Article as set forth above, each and every Owner taking title to a lot agrees, as a condition of being a member of the Association and as a condition of being entitled to use all of the Common Areas of the Project, to execute and deliver to the Association and the Declarant a "Residents" Agreement, Release and Acknowledgement of Risk in the form attached hereto as Exhibit "C". Until said document has been executed and delivered to the Association, for the benefit of both the Association and the Declarant, by each and every person who becomes an Owner of a lot in the Project, the Association shall have the right to disallow the use of all Common Areas, including the roads of the Project, by said Owner, it being understood that an inherent part of being an Owner in the Project is the obligation to execute and deliver said document.

Section 4. Rules and Regulations. Notwithstanding the provisions of paragraphs 1, 2, and 3 of this Article, the Association, and its Board of Directors, shall have the right, in furtherance of their rights and duties set out in Article II of this Declaration, the Articles and Bylaws, and other law, to enact and adopt such rules and regulations governing the use of and access to the ponds and river in and around the Project, and to develop such signage, trails, look-out points, walls, fences and other barriers (collectively "Signs and Barriers"), as they deem reasonable and prudent to control and maintain access to and the use of the ponds and river in and around the Project. The purpose of promulgating such rules and regulations and constructing and developing any such signs and barriers will not be to eliminate the risks, or even necessarily to ameliorate the risks associated with the ponds and river, it being understood that all Owners have assumed those risks pursuant to, and for the reasons stated in the provisions of paragraphs 1, 2, and 3 of this Article. Rather the reason for promulgating such rules and regulations and developing such Signs and Barriers, if any are so promulgated or developed, will be to meet the desires and needs of the Member of the Association. For example, the Members of Association may desire to minimize the risk in one particular area by building a wall, or the Members may desire to minimize the impact to native vegetation in another particular point by building a lookout area pavilion. Such rules and regulations, and Signs and barriers, will allow the Association and its Member to balance how much risk posed by the ponds and river they want to face or allow to exist with impact on the aesthetics, views and vegetation and environment of the Project that occurs when rules, regulations, signs and barriers are developed. The Members of the Association through the ordinary operations of the Association shall be entitled to establish this balance, as they deem desirable.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or Declarant or its successors in interest, or any Owner shall have the right to sue for damages, or to enforce by any proceeding injunctive or otherwise, at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, Bylaws, or Articles of Incorporation. Specifically, the aggrieved party may seek to recover damages and for injunctive relief. Failure by the Association to enforce any covenant or restriction therein contained shall in no event be deemed a waiver of the right to do so thereafter. The prevailing party to any action brought to enforce the terms of this Declaration or any supplements or amendments thereto shall be entitled to costs and reasonable attorney fees.

Section 2. Severability, Construction and Validity of Restrictions. All of the conditions, covenants and restrictions contained in this Declaration shall be construed together, but if it shall at any time be held that any one of said conditions, covenants or restrictions, or any part thereof, is invalid, or for any reason becomes unenforceable, no other condition, covenant or restriction, or any part thereof, shall be thereby affected or impaired; and Declarant and Lot Owners, their successors, heirs or assigns shall be bound by each article, section, subsection, paragraph, sentence, clause and phrase of this Declaration irrespective of the fact that any article, section, subsection, paragraph, sentence, clause or phrase be declared invalid or inoperative or for any reason become unenforceable.

Section 3. Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representative, heirs, successors, and assigns for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years.

Section 4. Gender and Grammar. The singular wherever used in this Declaration shall be construed to mean the plural when applicable and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 5. Conflicts. In case of any conflict between this Declaration, as the same may be amended from time to time, and the Articles of Incorporation and the Bylaws of the Association, as they may be amended from time to time, the provisions of this Declaration shall be controlling.

ARTICLE XV

AMENDMENT

Except as otherwise provided herein, the Declarant or a party which succeeds to Declarant's role as sole developer of the Project may in its sole discretion, within the first two (2) years following the date first written above, amend this Declaration by an instrument bearing the signature of its authorized agent or representative. Following the expiration of such period, and until twenty (20) years following the date first written above, this Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, and thereafter, by an instrument signed by not less than sixty percent (60%) of the Lot Owners. Any such amendment shall be effective only upon recordation in the Office of the Recorder of Washington County, State of Utah. Prior to any material amendment to this Declaration, written notice shall be sent to all holders of first mortgage liens, setting forth said amendment and, if such amendment is being made by the Members, advising them of the date that the Members will vote on said amendment.

ARTICLE XVI

INITIAL REGISTERED AGENT AND INITIAL REGISTERED OFFICE

The address of the initial registered office of the Association shall be 206 North Painted Hills Drive, Ivins, Utah, 84738. The name of the registered agent at that address is F. KENT PINTUS.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has hereunto set his hand and seal the day and year first written above.

DECLARANT:



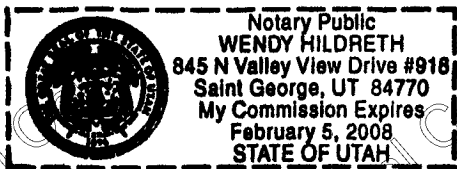
STONECREEK MEADOWS, LLC

By: F. Kent Pintus

Its: Authorized Agent

STATE OF UTAH,)
) : ss.
County of Washington)

On the 14th day of May, 2004, personally appeared before me F. KENT PINTUS, who being by me duly sworn did say that he is the Authorized Agent for STONECREEK MEADOWS, LLC, and that he executed the foregoing Declaration of Covenants, Conditions and Restrictions for Stonecreek Meadows Planned Unit Development in behalf of said limited liability company, being authorized and empowered to do so by the operating agreement of STONECREEK MEADOWS, LLC, and he did duly acknowledge before me that such limited liability company executed the same for the uses and purposes stated therein.



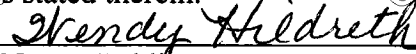

Notary Public

EXHIBIT A
CONSERVATION AREA

Insert legal description here.

EXHIBIT B
EXPANDABLE LAND

A PARCEL OF LAND LOCATED IN BLOCK 2, OF THE PETER NEILSON'S ENTRY OF THE NORTHWEST $\frac{1}{4}$, OF SECTION 26, TOWNSHIP 42 SOUTH, RANGE 15 WEST SALT LAKE BASE AND MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT N89°31'55"E, 386.46 FEET ALONG THE CENTER SECTION LINE AND N00°33'00"W, 16.50 FEET FROM THE WEST $\frac{1}{4}$ CORNER OF SAID SECTION 26 (BRASS CAP) AND RUNNING THENCE N00°33'00"W 1814.84 FEET; THENCE N42°41'34"E 912.26 FEET; THENCE N67°20'07"E 336.34 FEET TO A POINT THAT IS 16.50 FEET PERPENDICULAR TO AND WEST OF THE 1/16 LINE AS SHOWN ON THE CANTERWOOD ESTATES PHASE 1 AS RECORDED IN THE WASHINGTON COUNTY RECORDERS OFFICE; THENCE S00°39'54"E 1303.31 FEET PARALLEL TO SAID 1/16 LINE; THENCE S42°09'48"W 65.46 FEET; THENCE S00°39'54"E 1255.88 FEET TO THE SOUTHEAST CORNER OF SAID BLOCK 2; THENCE S89°31'55"W 897.31 FEET ALONG THE BLOCK LINE TO THE POINT OF BEGINNING, THE ABOVE DESCRIBED PARCEL CONTAINS 47.858 ACRES MORE OR LESS.