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**THIRD AMENDED DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE COTTAGES NORTH.
(Phases I, II, & III)**

Pursuant to the authority granted under Paragraph 3 of Article XI of the Declaration of Covenants and Restrictions of the Cottages North (Phase I) which was recorded November 25, 1986, as entry No. 305499, in Book 433, and Pages 236-263, records of the Washington County Recorder, said Declaration, the Amendment of Declaration of Covenants, Conditions, and Restrictions of Cottages North (Phase I) which was recorded November 16, 1993 as entry No. 0044969, in Book 0772, records of the Washington County Recorder and the Second Amendment of Declaration of Covenants, Conditions, and Restrictions of Cottages North (Phases I & II) are hereby amended as hereinafter set forth. This Third Amended Declaration of Covenants, Conditions and Restrictions (hereafter "Declaration") is made and executed this 17th day of October 2008 - by COTTAGES NORTH HOMEOWNERS ASSOCIATION, INC., a Utah nonprofit corporation, (hereinafter referred to as "Declarant" and or "the Association").

RECITALS

A. Declarant is the administrator of those certain parcels of real property (collectively the "Property") described in Exhibits "A", "B" and "C" of this Declaration. The property consists of a planned unit development with certain Common Areas for the mutual benefit of the Owners of the Lots therein.

B. Declarant desires to provide for the preservation and enhancement of the property values and for maintenance of the Common Areas. To this end and for the benefit of the Property and of the Owners thereof, the Declarant desires to subject the Property described in Exhibit "A", "B" and "C" of this Declaration to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which are for the benefit of the Property and each Owner thereof.

C. Declarant deems it desirable, for the efficient preservation of the values and amenities of the property to create an entity which possesses the power to maintain and administer the Common Areas, to collect and disburse the assessments and charges hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarant has heretofore been incorporated under the laws of the State of Utah as a nonprofit corporation, THE COTTAGES NORTH HOME OWNERS ASSOCIATION.

NOW, THEREFORE, for the foregoing purposes, Declarant declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, and as set forth in the plat previously recorded.

I. DEFINITIONS

When used in this Declaration (including that portion hereof under "RECITALS"), the following terms shall have the meaning indicated.

1. Declaration shall mean and refer to this instrument as the same may hereafter be modified, amended, supplemented, or expanded in accordance with the provisions hereof (and in particular in accordance with the provisions of Article XI) concerning amendments or supplements to this Declaration.

2. Plat shall mean and refer to the plat of "THE COTTAGES NORTH" consisting of 1 page, executed and acknowledged by Declarant's predecessor, prepared and certified by L. R. Pope, a registered Utah Land Surveyor, and recorded in the office of the County Recorder of Washington County, Utah, also as the same may hereafter be modified, amended, supplemented, or expanded in accordance with the provisions of Article XI concerning amendments or supplements to this Declaration.

3. Property shall mean and refer to all of the real property which is covered by the Phase I, Phase II and Phase III Plats, a description of which is stated in Exhibits "A", "B" and "C" of this Declaration.

4. Lot shall mean and refer to any of the separately numbered and individually described plots of land shown on the Phase I, Phase II, and Phase III Plats.

5. Common Areas shall mean and refer to that portion of the property which is not included within the Lots, including all improvements other than utility lines now or hereafter constructed or located thereon.

6. Limited Common Areas shall refer to those portions of Common Area designated on the Plats which are reserved for the exclusive use of the Lot Owner or their tenants or invitees. Specifically, back yard areas, side yards, driveways, and designated parking areas shall be Limited Common Areas, but reserving unto the Association rights of access for its maintenance duties as described herein.

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

8. Party Wall and Party Fence shall mean and refer to each wall or fence placed on the dividing line between the Lots.

9. Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Washington County, Utah) of a fee or an undivided fee interest in a Lot. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Owner shall not mean or include a Mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lien thereof.

10. Association shall mean and refer to The Cottages North Homeowners Association.

11. Articles and By-Laws shall mean and refer to the Articles of Incorporation and the By-Laws of the Association.

12. Board of Trustees and the Board shall mean and refer to the Board of Trustees of the Cottages North Homeowners Association.

13. Member shall mean and refer to every person who holds membership in the Association.

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

15. Development shall mean and refer to The Cottages North created by this Declaration as it exists at any given time.

16. Declarant shall mean and refer to The Cottages North Homeowners Association, Inc., its successors and assigns, or with any successor or assign to whom all or substantially all of its interest in the Development is conveyed.

17. Front Yard Area shall mean and refer to the yard area of each Living Unit.

II. DESCRIPTION OF PROPERTY

The property which is associated with the Development and which is and shall be held, transferred, sold, conveyed and occupied subject to the provisions of this Declaration consists of the real property situated in Washington County, State of Utah, and more particularly described in Exhibits "A", "B" and "C" attached hereto and incorporated herein by this reference.

The living units shall be single family dwellings made of wood frame construction, with brick or stone accents and stucco or vinyl siding and asphalt or tile roofs.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above described parcels of real property.

ALL OF THE FOREGOING IS SUBJECT TO: all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above described land or any portion thereof, including without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies otherwise existing; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above described land at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through, and under the above described land and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant:

- (i) To construct improvements as Declarant deems to be appropriate, and to do all things reasonably necessary or proper in connection therewith;
- (ii) To improve portions of the Property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners or Declarant or as such assignee or successor may reasonably determine to be appropriate.

If, pursuant to the foregoing reservations, the above described land or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist.

III. MEMBERSHIP AND VOTING RIGHTS

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

2. Voting Rights. Members shall be entitled to one vote for each Lot in which the interest required for membership in the Association is held. In no event, however, shall more than one vote exist with respect to any Lot.

3. Multiple Ownership Interests. In the event there is more than one Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is 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.

IV. PROPERTY RIGHTS IN COMMON AREAS

1. Easement of Enjoyment. Each Member 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 Areas. Such right and easement shall be appurtenant to and shall pass with title to each Lot and in no event shall be separated therefrom. Any Member may grant the use and enjoyment described herein to any tenant, lessee, or contract purchaser who resides on such Member's Lot.

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

All of Lot _____ of The Cottages North, Phase I, II or III according to the official plat thereof, subject to the Declaration of Conditions, Covenants and Restrictions, all on file in the office of the Washington County Recorder.

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

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

(a) The right of the Association to suspend a Member's right to the use of any amenities included in the Common Areas for any period during which an assessment on such Member's Lot remains unpaid and for a period not exceeding ninety (90) days for any infraction by such Member of the provisions of this Declaration or of any rule or regulation promulgated by the Association;

(b) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas;

(c) The right of the County of Washington and any other governmental or governmental body having jurisdiction over the property to access and rights of ingress and egress over and across any street, parking area, walkway, or open spaces contained within the Property for purposes of providing police and fire protection and providing any other governmental or municipal service;

(d) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by two-thirds (2/3) of the vote of the membership which Members present in person or by proxy are entitled to cast at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting and the action proposed shall be sent to all Members at least ten (10) days but not more than thirty (30) days prior to the meeting date.

V. ASSESSMENTS

1. Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with an interest in a Lot, be deemed to covenant and agree to pay to the Association the monthly and the special assessments described in this Article, together with the hereinafter provided for interest, late fees, and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the Lot with respect to which such assessment is made; and (b) the personal obligation of the person who is the owner of such Lot at the time the assessment falls due. No Owner may exempt himself or his Lot from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Lot. Any such liens, however, shall be subordinate to the lien or equivalent security interest of any first Mortgage on the unit recorded prior to the date any such common expense assessments become due.

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 Areas; maintenance, repair, replacement, and improvement of the Common Areas; common utilities; cable television (if elected to be provided on a group basis by the Board); payment of maintenance on Owner's Lots or Living Units; management and supervision of the Common Areas; establishing and funding a reserve to cover the cost of major repair or replacement of improvements within the Common Areas; 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.

3. Base for Assessment. Each Living Unit which is certified for occupancy and each unimproved Lot which has been conveyed to an Owner shall be assessed at a same and equal rate.

4. Special Assessments. In addition to the monthly assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part, any expense or expenses not reasonably capable of being fully paid with funds generated by monthly assessments, including but not limited to the cost of any construction, reconstruction, or unexpectedly required repair or replacement in connection with the Common Areas. Any such special assessment in excess of \$100 per Lot per calendar year must be assented to by more than fifty percent (50%) of the votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) days but not more than thirty (30) days prior to the meeting date.

5. Quorum Requirements. The quorum required for any action authorized by Section 4 above shall be as follows: at the first meeting called the presence of Members or of proxies entitled to cast fifty percent (50%) of all outstanding votes shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirements set forth in Paragraph 4) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting.

6. Equal Rate of Assessment. Both assessments shall be fixed at a uniform (equal) rate.

7. Monthly Assessment Due Dates. The monthly assessments provided for herein shall commence as to all Lots on the date a deed is delivered to the purchaser of a Lot or the date of occupancy under an occupancy agreement whichever first occurs. The first monthly assessment shall be adjusted according to the number of days remaining in the month of conveyance, contract, or occupancy, as the case may be. At least 15 days prior to the effective date of any change in amount of the monthly assessment, the Association shall give each Owner written notice of the amount and the first due date of the assessment concerned.

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

9. Effect of Non-payment, Remedies. Any assessment not paid when due shall, together with the hereinafter provided for interest, late fees and costs of collection, be, constitute, and remain a continuing lien on the Lot, provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the Lot recorded prior to the date any such assessments become due. The person who is the Owner of the Lot at the time the assessment falls due shall be and remain personally liable for payments. Such personal liability shall not pass to the Owner's successors in title unless expressly assumed by them. If the assessment is not paid within thirty (30) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum plus a late payment service charge equal to five percent (5%) of each delinquent amount due, and the Association may, in its discretion, bring an action either against the Owner who is personally liable or to foreclose the lien against the Lot. Any judgment obtained by the Association shall include reasonable attorney's fees, court costs, and each and every other expense incurred by the Association in enforcing its rights.

10. Tax Collection From Lot Owners by Washington County Authorized. It is recognized that under the Declaration the Association will own the Common Areas and that it will be obligated to pay property taxes to Washington County. It is further recognized that each Owner of a Lot is a Member of the Association and as part of his monthly assessment will be required to pay to the Association his pro-rata share of such taxes. Notwithstanding anything to the contrary contained in this Declaration, or otherwise, Washington County shall be, and is, authorized to collect such prorata share (on equal basis) of taxes directly from each Owner by inclusion of said share with the tax levied on each Lot. To the extent allowable, Washington County is hereby directed so to do. In the event that the assessor shall separately assess Common Areas to the Association, the Board of Trustees may require, in its discretion, a special assessment to pay such taxes, or they may be included in the regular assessment budget.

VI. OPERATION AND MAINTENANCE

1. Maintenance of Lots and Living Units. Each Lot and Living Unit shall be maintained by the Owner thereof so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any other Lot or Living Unit. The Association shall have no obligation regarding maintenance or care of Lots or Living Units except as provided in Paragraph 2 of this Article VI.

2. Operation and Maintenance by Association. The Association, by its duly delegated representative, shall provide for such maintenance and operation of the Common Areas as may be necessary or desirable to make them appropriately usable in conjunction with the Lots and to keep them clean, functional, attractive, and generally in good condition and repair. The front, back and side yards of each unit shall be maintained by the Association, provided that Lot Owners may elect, by so notifying the Board, to maintain all or a portion of their back and/or side yards provided that the portion maintained by the Lot Owner be properly maintained, and there shall be no reduction in assessment by virtue of such maintenance by a Lot Owner. Notwithstanding the provisions regarding Lot and Living Unit maintenance by Owners, in the event an Owner of any Lot in the Property shall fail to maintain his Lot in a manner satisfactory to the Architectural Control Committee or the Board, the Association, after approval by 2/3 vote of the Board, shall have the right, through its agents, employees, or through an independent contractor to enter upon such Lot and repair, maintain, and restore the portion of the Lot being maintained by the Owner (but not the interior of the Living Unit). The costs incurred by the Association in maintaining, repairing or restoring those portions of a lot maintainable by the Owner shall then be added to and become an assessment and lien against the lot as described in Section V. of this Declaration.

In addition to maintenance upon the Common Area, the Association may, but is not obligated to, in order to keep any such Lot and/or Living Unit attractive and generally in good condition and repair, provide exterior maintenance upon each Lot and Living Unit which is subject to assessment hereunder; as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, fences, walkways and other exterior improvements. Any such exterior maintenance shall be with the approval of the Architectural Control Committee or the Board and the Owner of the Lot subject to such exterior maintenance shall be given 60 days notice prior to the commencement of such exterior maintenance. Such Owner shall have the right to perform such maintenance on his own behalf subject to the reasonable approval of the Architectural Committee or the Board. To the extent the costs of any such exterior maintenance are borne by the Association, such costs shall be added to and become a part of the assessment to which such Lot is subject.

3. Utilities. The Association shall pay for the monthly cable television (if elected to be provided by the Board), water, sewer, and garbage pickup for each Lot unless billed direct to the Lot Owners by the City of St. George or other provider. Each Lot Owner shall pay for all other utility services which are separately billed or metered to individual Lots by the utility or other party furnishing such service.

4. Insurance. The Association shall secure and at all times maintain the following insurance coverages:

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

(b) A comprehensive policy or policies insuring the Owners, the Association, and its directors, officers, agents, and employees against any liability incident to the ownership, use or operation of the Common Area, which may arise among themselves, to the public, and to any invitees or tenants of the Property or of the Owners. Limits of liability under such insurance shall not be less than \$1,000,000 for all claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage, liability for non-owned or hired automobile, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use. Such policies shall be issued on a comprehensive liability basis, shall provide a cross-liability endorsement pursuant to which the rights of the named insureds 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 other Owners.

(c) A fidelity policy or policies to protect against dishonest acts on the part of Trustees, Officers, Manager, Employees of the Association and all others (including volunteers) who handle or are responsible for handling funds of the Association. This 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 one-hundred percent (100%) of the Association's estimated annual operating expenses including 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 cancelled 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.

The following additional provisions shall apply with respect to insurance:

- (1) In addition to the insurance described above, the Association shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the Property in construction, nature, and use.
- (2) All policies shall be written by a company holding a rating of Class IV or better from Best's Insurance Reports or equivalent rating. Each insurer must be specifically licensed in the State of Utah.
- (3) The Association shall have the authority to adjust losses.
- (4) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their Mortgagees.

(5) Each policy of insurance obtained by the Association shall, if reasonably possible, provide: A waiver of the insurer's subrogation rights with respect to the Association, the Owners, and their respective directors, officers, agents, employees, invitees, and tenants; that it cannot be cancelled, suspended, or invalidated due to the conduct of any particular Owner or Owners; that it cannot be cancelled, suspended, or invalidated due to the conduct of the Association or of any director, officer, agent or employee of the Association without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Owners.

(6) Notwithstanding any provisions to the contrary herein, so long as the Mortgagee or its designee holds a mortgage or beneficial interest in a trust deed on a Lot in the Development or owns a Lot, insurance policies shall meet all requirements and contain such other coverage and endorsements as may be required from time to time by the Mortgagee or its designee.

(7) All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the mortgaged premises are located. The mortgagee clause must provide that the insurance carrier shall notify the first Mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

(d) **Review of Insurance.** The Board shall periodically, and whenever requested 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 action taken on such review to the Owner of each Lot and to the holder of any mortgage on any Lot who shall have requested a copy of such report. Copies of every policy of insurance procured by the Board shall be available for inspection by the Owner.

(e) **Lots and Living Units Not Insured by Association.** The Association shall have no duty or responsibility to procure or maintain any fire, liability, extended coverage or other insurance covering any Lot or Living Unit and acts and events occurring thereon. Accordingly, each Owner shall secure and keep in force at all times fire and extended coverage insurance at least equal to that commonly required by private institutional mortgage investors. The policy shall provide, as a minimum, fire and extended coverage insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy. The amount of coverage shall be sufficient so that in the event of any damage or loss to the Mortgaged premises of a type covered by the insurance, the insurance proceeds shall provide at least the lesser of compensation equal to the full amount of damage or loss, compensation to the first Mortgagee under the Mortgage equal to the full amount of the unpaid principal balance of the Mortgage Loan. However, the Board may choose to obtain a master policy of insurance. If the Board elects to do so, such policy shall be in an amount equal to full replacement value of all Living Units on the Lots with a co-insurance clause and each Owner of such Lots shall be designated as additional insureds. The cost of such insurance shall be part of the assessment for such Lot.

(f) **Unacceptable Policies.** Policies are unacceptable where, under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Lot Owner or Mortgagee or to Mortgagee's designee; or by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by carrier's board of directors, policyholders, or members; or the policy includes any limiting clauses (other than insurance conditions) which could prevent the Lot Owner, Mortgagee or Mortgagee's Designee from collecting insurance proceeds.

(g) **Flood Insurance.** The Development is not located in an area identified by the Housing and Urban Development as an area having special flood hazards. In the event that at some future time the Development should be declared to be in such flood area, a blanket policy of flood insurance on the Project shall be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Living Units comprising the Development or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less. The name of the insured under each required policy must be in form and substance as that required by the Federal Home Loan Mortgage Corporation at any given time.

5. **Manager.** The Association may carry out through a manager any of its functions which are properly the subject of delegation. Any Manager so engaged may be an independent contractor or an agent or employee of the Association, shall be responsible for managing the Property for the benefit of the Association and the Owners, and shall, to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself.

6. **Terms of Management Agreement.** Any agreement for professional management of the Property, or any other contract providing for services of the Declarant, sponsor, or builder, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

7. **Party Walls and Party Fences.** Each wall or fence, which shall serve and separate any adjoining Units, shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

The cost of reasonable repair and maintenance of a party wall or fence shall be shared in equal proportions by the Owners who make use of the wall or fence.

If a party wall is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

If a party fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, the Association may restore it in accordance with Section VI herein.

In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefore by the Board, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

VII. USE RESTRICTIONS

1. Use of Common Areas. The Common Areas shall be used only in a manner consistent with their community nature and with the use restrictions applicable to Lots and Living Units. No admission fees, charges for use, leases, or other income generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Areas.

2. Use of Lots and Living Units. Each Lot has been or shall be improved with a Living Unit each to be used only as a single-family residence. No Lot or Living Unit shall be used, occupied, or altered in violation of law, so as to create a nuisance or interfere with the rights of any Owner or in a way which would result in an increase in the cost of any insurance covering the Common Areas.

3. Fences. No fences will be allowed unless installed by the Declarant, or approved by the Architectural Control Committee.

4. Non-residential Use. No part of the Property shall be used for any commercial, manufacturing, mercantile, storing, vending (except as may be installed as a convenience by the Association), or other such non-residential purposes.

5. Sign. No sign or billboard of any kind shall be displayed to the public view on any portion of the Property or any Lot advertising the property for sale or rent unless approved by the Board.

6. Quiet Enjoyment. No noxious or offensive trade or activity shall be carried on upon any Lot or any part of the Property, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the owners of his respective Living Unit or which shall in any way increase the rate of insurance.

7. Temporary Structures, Equipment, Motor Vehicles, Etc. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other out building shall be used on any lot at any time except as may be needed for construction purposes by the Owner. Any temporary structure utilized during construction shall be immediately removed at the completion of construction activities. No trailer, boat, truck larger than 3/4 ton, or similar equipment shall be permitted to be parked on the Property unless written approval is given by the Board.

8. Animals. No animals of any kind shall be raised, bred or kept on any Lot, except that cats or other quiet household pets may be kept on the Lots provided that they are not kept, bred or maintained for any commercial purpose or kept in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept on the Property which result in an annoyance by noise or otherwise, to Lot Owners. In general dogs shall not be allowed unless approved in writing by the Board with such conditions as the Board deems desirable, including, but not limited to, the right to cause the dog to be removed if the dog becomes an annoyance to other Lot Owners. All pets must be kept in a fenced Yard of the Lot or on a leash in the Common Areas.

9. Garbage Removal. All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. All clothes lines, wood piles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining Lots in the patio areas or in the unit.

10. Electronic Antennas. No television, radio or other electronic antenna, satellite dish or devise of any type shall be erected, constructed, placed or permitted to remain on the exterior of any Living Unit or structure on the Lots, unless approved in writing by the Board or the Architectural Control Committee.

VIII. ARCHITECTURAL CONTROL

1. Architectural Control Committee. The Board shall appoint a three-member Committee the function of which shall be to insure that all exteriors of Living Units and landscaping within the Property harmonize with existing surroundings and structures. The Committee need not be composed of Owners. If such a Committee is not appointed the Board itself shall perform the duties required of the Committee.

2. Submission to Committee. No Living Unit, accessory or addition to a Living Unit, landscaping, or other improvement of a Lot which is visible from the Common Areas shall be constructed, or maintained, and no alteration, repainting, or refurbishing of the exterior of any Living Unit shall be performed, unless complete plans and specifications therefore have first been submitted to and approved by the Architectural Control Committee.

3. Standard. In deciding whether to approve or disapprove plans and specifications submitted to it, the Committee shall use its best judgment to insure that all improvements, construction, landscaping, and alterations on Lots within the Property conform to and harmonize with existing surroundings and structures. The Board may formulate general guidelines and procedures. The adopted guidelines and procedures shall be incorporated in the Book of Resolutions and the Architectural Control Committee, or the Board, as the case may be, shall act in accordance with such guidelines and procedures.

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

5. Construction. Once begun, any improvements, construction, landscaping, or alterations approved by the Committee shall be diligently prosecuted 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 Areas in the vicinity of the activity.

6. Disclaimer of Liability. Neither the Architectural Committee, nor any member thereof acting in good faith shall be liable to the Association or to 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 Construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development or manner of development of any of the Property, or (d) any engineering or other defect in approved plans and specifications.

7. Nonwaiver. The approval by the Architectural Committee of any plans and specifications for any work done or proposed shall not constitute a waiver of any right of the Architectural Committee to disapprove any similar plans and specifications.

IX. CONDEMNATION

If at any time or times the Common Areas or any part thereof shall be taken or condemned by any authority having the power of eminent domain, the Association shall represent the lot owners in these proceedings, negotiations, settlements or agreements. All compensation and damages shall be payable to the Association and shall be used promptly by Association to the extent necessary for restoring or replacing any improvements on the remainder of the Common Areas. Upon completion of such work and payment in full therefore, any proceeds of condemnation then or thereafter in the hands of the Association which are proceeds for the taking of any portion of the Common Areas shall be disposed of in such manner as the Association shall reasonably determine; provided, however, that in the event of a taking in which any Lots or portion(s) thereof is eliminated, the Association shall disburse the portion of the proceeds of the condemnation award allocable to the interest of the Owners of such Lot(s) or portion(s) thereof to such Owner(s) and any first Mortgagee(s) of such Lot(s), as their interests shall appear, after deducting the proportionate share of said Lot in the cost of debris removal.

X. RIGHTS OF FIRST MORTGAGEES

Notwithstanding any other provisions of this Declaration, the following provisions concerning the rights of first Mortgagee shall be in effect:

1. Preservation of Regulatory Structure and Insurance. Unless the holders of 75% of all first Mortgagees shall have given their prior written approval, the Association shall not be entitled:

(a) by act or omission to change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the Architectural design of the exterior appearance of Living Units, or the upkeep of the Common Areas of the Property;

(b) to fail to maintain fire and extended coverage or insurable portions of the Common Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs); or

(c) to use hazard insurance proceeds for losses to the Common Areas for other than the repair, replacement or reconstruction of improvements on the Common Areas.

2. Preservation of Common Area; Change in Method of Assessment. Unless the Association shall receive the prior written approval of the Owners of at least seventy-five percent (75%) of the Lots the Association shall not be entitled:

(a) by act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas, except to grant easements for utilities and similar or related purposes, as herein elsewhere reserved; or

(b) to change the ratio or method of determining the obligations, assessments, dues or other charges which may be levied against a Lot or the Owner thereof.

3. Notice of Matters Affecting Security. The Association shall give written notice to any first Mortgagee of a Lot requesting such notice wherever:

- (a) there is any default by the Owner of the Lot subject to the first mortgage in performance of any obligation under this Declaration or the Articles or Bylaws of the Association which is not cured within thirty (30) days after default occurs; or
- (b) there occurs any substantial damage to or destruction of any Living Unit or any part of the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of \$15,000. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction; or
- (c) there is any condemnation proceedings or proposed acquisition of a Living Unit or of any portion of the Common Areas within ten (10) days after the Association learns of the same; or
- (d) any of the following matters come up for consideration or effectuation by the Association:

- (i) abandonment or termination of the Planned Unit Development established by this Declaration;
- (ii) material amendment of the Declaration Articles or Bylaws of the Association; or
- (iii) any decision to terminate professional management of the Common Areas and assume self-management by the Owners.

4. Notice of Meetings. The Association shall give to any first Mortgagee of a Lot requesting the same, notice of all meetings of the Association; and such first Mortgagee shall have the right to designate in writing a representative to attend all such meetings.

5. Right to Examine Association Records. Any first Mortgagee shall have the right to examine the books, records and audit financial statements of the Association.

6. Right to Pay Taxes and Charges. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the Common Areas and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Areas; and first Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association. The Association as administrator of the Common Areas hereby covenants to make such reimbursement.

7. Exemption from any First Right of Refusal. Any first Mortgagee and any purchaser wherefrom who obtains title to the Lot pursuant to the remedies provided in the first Mortgage, or by foreclosure of the first Mortgage, or by deed or assignment in lieu of foreclosure, or by sale pursuant to any power of sale or otherwise shall be exempt from any "right of first refusal" which would otherwise affect the Lot.

8. Restrictions Without approval of Mortgagees. Except as to the Association's right to grant easements for utilities and similar or related purposes, the Development's Common Areas may not be alienated, released, transferred, hypothecated, or otherwise encumbered without the approval of 75% of first Mortgage liens on the Lots.

XI. MISCELLANEOUS

1. Notices. Any notice required or permitted to be given to any Owner under the provisions of this Declaration shall be deemed to have been properly furnished if delivered or mailed, postage prepaid, to the person named as the Owner, at the latest address for such person as reflected in the records of the Association at the time of delivery or mailing. Any notice required or permitted to be given to the Association may be given by delivering or mailing the same to the Managing Agent or the President of the Association. Any notice required or permitted to be given to the Architectural Control Committee may be given by delivering or mailing the same to the Chairman or any member of such Committee.

2. 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 insure that the Property is maintained and used in a manner consistent with the interests of the Owners, provided however such rules and regulation shall not be contrary to any of the provisions of this Declaration.

3. Amendment. Any amendment to this Declaration shall require the affirmative vote of at least two-thirds (2/3) of all membership votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirement set forth in the foregoing portion of this Paragraph 3) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this paragraph shall be accomplished through the recordation of an instrument executed by the Association. In such instrument an officer or director of the Association shall certify that the vote required by this Section for amendment has occurred.

4. Consent in Lieu of Vote. In any case in which this Declaration requires for authorization or approval of a transaction or an amendment thereto the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Members entitled to cast at least the stated percentage of all membership votes outstanding. The following additional provisions shall govern any application of this Paragraph 4:

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

(b) The total number of votes required for authorization or approval under this Paragraph 4 shall be determined as of the date on which the last consent is signed.

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

(d) Unless the consent of all Members whose memberships are appurtenant to the same Lot is secured the consent of one of such Members shall be effective.

5. Reserve Fund. The Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Lot Owners.

6. Lease Provisions. Any Owner may lease or rent his Lot, or Living Unit, provided, however, that any lease or rental agreement between a Lot Owner and a Lessee must be in writing and must provide, inter alia, that:

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

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

(c) No lease or rental shall be for less than 30 days in duration.

7. Interpretation. The captions which precede the Sections and paragraphs of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include the other gender. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

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

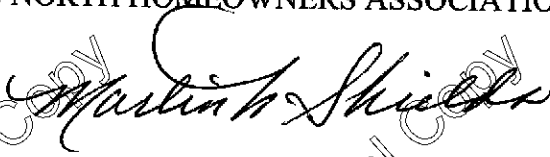
9. Multiple Ownership. There shall be no "timeshares" (as defined by Utah law) allowed in the project. Ownership of any unit shall be limited to six (6) families or entities.

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

EXECUTED the day and year first above written.

COTTAGES NORTH HOMEOWNERS ASSOCIATION, INC .

By
Its: President



STATE OF UTAH

)
) ss.

COUNTY OF WASHINGTON)

On the 17th day of October, 2008, personally appeared before me, Marlin N. Shields, who being by me duly sworn did say that he is the President of the COTTAGES NORTH HOMEOWNERS ASSOCIATION, INC., and that this Third Amended Declaration consisting of eighteen (18) pages including exhibits, was signed on behalf of said Corporation and said person acknowledged to me that said Corporation duly executed the same.

My Commission Expires: 3/15/2010

SEAL

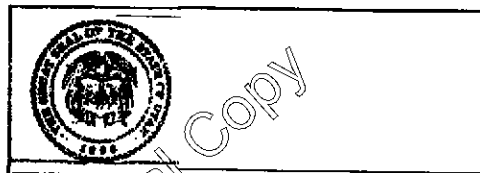


EXHIBIT "A"

LEGAL DESCRIPTION OF PHASE I

BEGINNING at a point on the West boundary of "The Sports Village Condominiums" said point being North 89°30'30" West 904.12 feet along the section line; thence South 0°30' West 227.20 feet; thence South 10°00' East 150.0 feet; thence South 14°30' East 200.00 ft. from the Northeast corner of Section 34, Township 42 South Range 16 West, Salt Lake Base and Meridian and running thence South 14°30' East 130.00 feet; thence South 5°08' East 510.00 feet; thence South 0°30' West 138.88 feet; thence North 89°30' West 340.00 feet; thence North 0°30' East 85.00 feet; thence South 89°30' East 27.20 feet; thence North 0030' East 83.00 feet; thence South 89°30' East 9.93 feet; thence North 10°57'113" West 421.27 feet; thence North 53°00' East 45.28 feet; thence North 37°00' West 25.00 feet; thence North 53°00' East 193.00 feet; thence South 37°00' East 4.00 feet; thence North 53°00' East 77.91 feet; thence South 73°55'147" East 67.21 feet to the point of beginning. Containing 5.3505 Acres.

EXHIBIT "B"

LEGAL DESCRIPTION OF PHASE II

BEGINNING at a point North 89°30'30" West 904.12 feet along the Section Line from the Northeast Corner of Section 34, Township 42 South, Range 16 West, Salt Lake Base and Meridian; said point being on the West Boundary Line of the Sports Village Condominiums and running thence along the boundary as follows: South 0°30' West 227.20 feet; thence South 10°00' East 150.00 feet; thence South 14°30' East 330.00 feet; thence South 5°08' East 510.00 feet; thence South 0°30' West 78.88 feet; thence leaving The Sports Village Boundary and running North 89°30' West 597.08 feet; thence North 10057'13" West 1305.765 feet to a point on the Section Line; thence South 89°30'130" East 693.56 feet to the point of beginning.

EXHIBIT "C"

LEGAL DESCRIPTION OF PHASE III

BEGINNING at a point which lies North 89°30'30" West along the North section line, 1014.95 feet from the Northeast corner of Section 34, township 42 South, Range 16 West, Salt Lake Base and Meridian; thence South 0°29'30" West 122.15 feet along the West boundary line of Sports Village Phase 4 Subdivision; thence along the Boundary Line of Cottages North, Phase 2 subdivision, the following eight (8) eight courses distances: North 89°30'30" West 75.97 feet; thence North 70°24'49" West 37.04 feet; thence North 89°30'30" West 76.67 feet; thence South 0°29'30" West 434.37 feet; to a point on a 100.00 foot radius curve to the right which radius point bears North 26°56'34" West, thence Southwesterly along the arc of said curve 5.78 feet through a central angle of 3°18'38" to the point of tangency on the North right-of-way line of a 35' wide private roadway; thence South 66°21'54" West 123.33 feet; thence South 10°87'13" East 36.19 feet; thence South 79°02'47" West 57.37 feet to a point on the West Boundary Line of Cottages North Phase II subdivision; thence leaving said Boundary Line running North 25°02'13" West 97.91 feet; thence North 0°29'30" East 463.90 feet; thence North 23°27'05" East 99.84 feet to a point on the North Section Line of Section 34; thence South 89°30'30" East 357.70 feet along said Section Line to the point of beginning. Contains 3.31 acres of land more or less.