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**CONDITIONS, COVENANTS, RESTRICTIONS and
EASEMENTS**

**SWEETWATER SUBDIVISION, PHASE 1
RESIDENTIAL DISTRICT**
(a phase of the SWEETWATER SUBDIVISIONS Area)

EM DEVELOPMENT, LLC

Eagle Mountain City, Utah

September 10, 2007

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**DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS,
RESERVATIONS AND RESTRICTIONS
FOR SWEETWATER SUBDIVISION, PHASE 1
A RESIDENTIAL DISTRICT**

THIS DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS, RESERVATIONS AND RESTRICTIONS FOR SWEETWATER SUBDIVISION, PHASE 1, A RESIDENTIAL DISTRICT (the "District Declaration") is made this _____ day of September, 2007-, by EM DEVELOPMENT, LLC (the "District Declarant") and joined by MONTE VISTA RANCH, L.C., a Utah Limited Liability Company (hereinafter referred to as the "Master Declarant").

WITNESSETH:

WHEREAS, the District Declarant is the owner of that certain real property located in Utah County, State of Utah, being all of the property described in Exhibit "A", attached hereto and made a part hereof (hereinafter referred to as the "Sweetwater Subdivision Phase 1, the "District Property"), together with adjacent property comprising future phases of Sweetwater subdivisions ;

WHEREAS, the District Property is a portion of the Properties as that term is defined in that certain Declaration of Covenants, Conditions, Easements, Reservations and Restrictions for Monte Vista Ranch recorded in Recorders Office of Utah County, entry # _____, Public Records of Utah County, State of Utah, as supplemented, restated and amended from time to time (hereinafter referred to as the "Master Declaration");

WHEREAS, the Master Declaration anticipates the formation of various Districts (as defined in the Master Declaration) within the Properties as separately denominated as residential, commercial, industrial, office, governmental, educational, recreational, airport and airpark, institutional or other use areas subject to the Master Declaration as provided therein;

WHEREAS, the District Declarant desires to designate the District Property as a separately denominated residential District subject to the District Declaration as provided therein;

WHEREAS, the District Declarant intends that this District Declaration shall designate the Properties (as defined herein below): (i) mutually beneficial restrictions under a general plan of improvements for the benefit of all owners of real property with the Properties, (ii) a flexible and reasonable procedure for the maintenance of the Properties, and, (iii) a method for the administration, preservation, use and enjoyment of the Properties;

WHEREAS, MONTE VISTA RANCH, L.C., a Utah Limited Liability Company as Declarant under the Master Declaration (the "Master Declarant"), desires to consent to the imposition of this District Declaration upon the District Property as required under the terms of the Master Declaration;

WHEREAS, the District Property, also referred to Sweetwater Subdivision Phase 1 [including those future subdivisions known as Sweetwater Subdivision Phases 2, 3, 4, 5 and 6], is an area of unique natural beauty, featuring distinctive terrain and features;

WHEREAS, it is intended that additional phases of Sweetwater Subdivision subdivisions shall be annexed into and made subject to these District Declarations, those additional properties being Sweetwater Subdivision Phase 1 and such other or additional phases of Sweetwater Subdivision as may be subdivided and annexed herein;

WHEREAS, by subjecting the District Property (including those adjacent areas of future annexation known as the proposed adjacent subdivisions of Sweetwater Subdivision, Phases 2, 3, 4, 5, and 6) and such other and “Additional Properties” to this District Declaration, it is the desire, intent and purpose of the District Declarant to create a community in which such attractiveness, quality and value shall be substantially preserved, which will enhance the desirability of living on those portions of the District Property, subject to this District Declaration, and which will increase and preserve the attractiveness, quality and value of the lands and improvements therein; and

WHEREAS, the District Declarant intends to impose on the District Property and the “Additional Properties” mutually beneficial restrictions under a general plan of improvement.

NOW, THEREFORE, the District Declarant hereby declares that the above recitals are true and correct, and that the District Property and the “Additional Properties” [including the proposed adjacent subdivisions of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6] as is hereinafter annexed and subjected to this District Declaration in accordance with its terms, shall be held, sold and conveyed subject to the following covenants, conditions, easement, reservations and restrictions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property subjected to this District Declaration and which shall be binding on all parties having any right, title or interest in the real property subjected to this District Declaration or any part thereof, their heirs, successors, successors in title and assigns.

ARTICLE I

Definitions

Unless the context otherwise specifies or requires, the following words and phrases when used in the District Declaration shall have the meanings hereinafter specified. Such words, terms and phrases shall be applied and interpreted in a uniform and consistent manner. If a particular defined term is stated in the singular or plural, masculine, feminine, or neuter, the defined term shall be inclusive of all the foregoing if the particular usage or context so requires.

Section 1.1. **“Annexation Agreement”** shall mean an amendment or supplement to this District Declaration which subjects additional property to this District Declaration in accordance with the terms of this District Declaration, and when so annexed shall be referred to as the “Additional Property”. The “Additional Properties” to be annexed include the proposed residential subdivision of Sweetwater Subdivisions of Phases 2, 3, 4, 5 and 6. Upon the recording of a subdivision plat, an annexation agreement, and Declaration of Covenants, Conditions, Easements, Reservations and Restrictions in form and content similar to these Declarations, for each of the proposed areas of “Additional Properties, such “Additional Property” and subdivision phase shall

be deemed to be annexed and incorporated herein. Nothing contained herein shall require the Declarant to dedicate or improve such future and anticipated phases.

Section 1.2. “Area of Common Responsibility” and “Common Area” shall both mean and refer to the Common Area, including those “common areas” and “areas of common responsibility” contained in Sweetwater Subdivision Phase 1 together with those parcels, tracts, or areas, if any, which by the terms of this District Declaration or by contract or agreement become the responsibility of the District Association to maintain, administer or operate, including any additional parcels, tracts, or areas contained in the “Additional Properties” [including those “common areas” and “areas of common responsibility” contained in the proposed and future subdivision of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6] which are subsequently annexed herein.

Section 1.3. “Articles of Incorporation” shall mean and refer to the Articles of Incorporation of the District Association attached hereto as Exhibit “B” and incorporated herein by reference, which have been filed or which simultaneously herewith are being filed with the Division of Corporations of the State of Utah, as same may be amended from time to time.

Section 1.4. “Assessment” shall be an inclusive term referring to both Regular Assessments and Special Assessments.

Section 1.5. “Board of Directors” shall mean and refer to the Board of Directors of the District Association.

Section 1.6. “Bylaws” shall mean and refer to the Bylaws of the District Association attached hereto as Exhibit “C” and incorporated herein by reference, which have been adopted or which simultaneously herewith will be adopted, as amended from time to time.

Section 1.7. “Class B Control Period” shall mean and refer to that period which shall continuously exist until the first of the following events occur:

(a) when eighty percent (80%) of the Units permitted by the Development Order and other Development Approvals for the District Property [including those areas of future development known as the proposed adjacent subdivisions of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6] and the property which is subject to annexation under the provisions of this Declaration, have certificates of occupancy issued thereon and have been conveyed to persons other than the District Declarant and Owners holding title solely for the purpose of development and sale:

(b) December 31, 2010; or

(c) when, in its discretion, the District Declarant elects to terminate the Class B Control Period.

Section 1.8. “Common Area” or “Area of Common Responsibility” shall both mean and refer to all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, if any, which the District Association now or hereafter owns or otherwise holds for the common use and enjoyment of all Owners and related improvements, including any additional areas contained in and “Additional Properties” which are subsequently annexed herein [including those “common areas” contained in those areas of future

development known as the proposed adjacent subdivisions of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6]. The District Association may or may not own any Common Area in fee simple; provided however, before the U.S. Department of Housing and Urban Development insures the first mortgage on a Unit in the District Property, District Declarant (or the Master Declarant) shall convey by deed, licence or easement the Common Area, if any, to the District Association in fee simple released from any encumbrance securing the repayment of monetary obligations incurred by District Declarant (or the Master Declarant), and from all other encumbrances then of record, but subject however to all other matters of record, including without limitation easements, the District Declaration, the Master Declaration, the Master Development District and ad valorem real property taxes for the year of conveyance. The Common Area shall not be mortgaged or conveyed (except to the District Association) without the consent of at least two-thirds of the Owners, excluding the District Declarant. The District Association shall accept title to any real estate or personal property offered to the District Association by District Declarant or Master Declarant, conditioned and subject to the same being free and clear of all liens and encumbrances. If ingress or egress to any Unit is through the Common Area, any conveyance or encumbrance of such Common Area shall be subject to the Unit Owner's reasonable and non-exclusive easement for ingress and egress.

Section 1.9. “Common Expenses” shall mean and include the actual and estimated expenses incurred by the District Association for the maintenance, repair and operation of the “Area of Common Responsibility” and “Common Areas” or for the general benefit of all Owners or for the benefit of Owners within a specific phase or portion of the District Property, including reasonable reserves for the maintenance, repair and replacement of replaceable assets or for such other purposes as the Board of Directors may determine, as may be found to be necessary and appropriate by the District Association pursuant to this District Declaration, the Bylaws and the Articles of Incorporation. “Common Expenses” shall also mean and include the actual and estimated expenses incurred by the District Association for the maintenance, repair and operation of the Areas of Common Responsibility and Common Areas located in Sweetwater Subdivisions (Phases 1, 2, 3, 4, 5 and 6) including and “Additional Properties” and those areas of future development known as the proposed adjacent subdivisions of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6, including reasonable reserves for the maintenance, repair and replacement of replaceable assets or for such other purposes as the Board of Directors may determine, all as may be found to be necessary and appropriate by the District Association pursuant to this District Declaration, the Bylaws and the Articles of Incorporation. In the event the Master Association determines the District Association has failed to perform its responsibilities under the District Declaration, then the expense of those responsibilities of the District Association performed by the Master Association shall be deemed Common Expenses of the District. The Common Expenses shall also include, if the Master Association so elects, any amounts that are assessed by the Master Association pursuant to the Master Declaration.

Section 1.10. “Master Architectural Review Committee” or “ARC” or “Master ARC” shall mean and refer to the Master Architectural Review Committee established pursuant to the Master Declaration.

Section 1.11. “Master Association” shall mean and refer to Eagle Mountain Properties Communities Master Association, Inc., a Utah not-for-profit corporation, and its successors and assigns.

Section 1.12. “Master Declarant” shall mean and refer to MONTE VISTA RANCH, L.C., or its successors, successors in title or assigns who are designated as the Master Declarant under the terms and provisions of the Master Declaration.

Section 1.13. “Master Declaration” shall mean and refer to that certain Declaration of Covenants, Conditions, Easements, Reservations and Restrictions for Eagle Mountain Properties recorded in the Records Office of Utah County, entry # _____ - , Public Records of Utah County, State of Utah, as supplemented, restated, and amended from time to time.

Section 1.14. “Master Development District” shall mean and refer to the Eagle Mountain Properties Master Development District, comprising all the lands currently or in the future owned or acquired by Master Declarant, any “Additional Properties” annexed into the Master Development District and all portions of the District Property.

Section 1.15. “Development Approvals” shall mean and refer to the Development Order and any and all subdivision and other governmental permits and approvals obtained with respect to the District Property or any part thereof, and the relevant zoning and comprehensive plan designation for the District Property.

Section 1.16. “Development Order” shall mean and refer to that certain Amended and Restated Development Order pertaining to the District Property and other property as set forth therein, as same may be amended from time to time.

Section 1.17. “District” shall mean and refer to Sweetwater Subdivision Phase 1 a Residential District, together with the “Additional Properties” as the same are subjected to this District Declaration, including those areas of future development known as the proposed subdivisions of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6 when so annexed herein.

Section 1.18. “District Association” shall mean and refer to the Sweetwater Home Owners District Association, Inc., a Utah not-for-profit corporation, its successors or assigns, which has been established or is being simultaneously established herewith, which shall manage the District Property, including any additional common areas contained in any “Additional Properties” and additional phases which are subsequently annexed herein, including those common areas contained in the future development known as the proposed subdivisions of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6.

Section 1.19. “District Declarant” shall mean and refer to EM Development, LLC, or its successors, successors-in-title or assigns who are designated as the District Declarant hereunder in a recorded instrument executed by the immediately preceding District Declarant, provided, however, in no event shall there be more than one District Declarant for the District Property at any given time.

Section 1.20. “District Declaration” shall mean and refer to this “Declaration of Covenants, Conditions, Easements, Reservations and Restrictions for Sweetwater Subdivision Phase 1 a Residential District”, as supplemented and amended from time to time.

Section 1.21. “District Drainage System” shall mean and refer to all land, easements, structures and other facilities and appurtenances which together constitute and comprise the surface and sub-surface storm water management and drainage system of the District Property (or portions thereof) and which serve more than one Unit or Unplatted Parcel. The drainage system may be owned by the District or may be dedicated to Eagle Mountain City as a public system to be maintained by the City.

Section 1.22. “District Property” shall mean and refer to the real property described in Exhibit “A”, and such other “Additional Properties” as from time to time may be subjected to the covenants, conditions and restrictions of the District Declaration by annexation as more fully set forth in Article I hereof, including any “Additional Properties” and “common areas” contained in additional phases which are subsequently annexed herein.

Section 1.23. “Master Drainage System” shall mean and refer to all land, easements, structures and other facilities and appurtenances which together constitute and comprise the master surface and sub-surface storm water management and drainage system of the Properties (or portions thereof) and adjacent property as reflected on plans therefor now or hereafter on file with and approved by Eagle Mountain City, Utah.

Section 1.24. “Mortgage” shall mean and refer to a mortgage, deed of trust, deed to secure debt, or other form of security deed duly and properly recorded in the public records of Utah County, Utah.

Section 1.25. “Mortgagee” shall mean and refer to a beneficiary or holder of a Mortgage.

Section 1.26. “Neighborhood” shall mean and refer to a portion or phase of the District Property which may be identified as such by Declarant when, in Declarant’s sole discretion, such portion or phase may be comprised of or contain Units, Common Areas, facilities or properties which are adjacent, contiguous, similar, compatible in character, size, scope, number, Common Expenses, appearance, intended use or maintenance requirements.

Section 1.27. “Neighborhood Restriction” shall mean and refer to a covenant, restriction or provision of this District Declaration which specifically applies only to one or more Neighborhoods in the District Property, and which does not apply uniformly throughout the entire District Property.

Section 1.28. “Owner” shall mean and refer to one (1) or more Persons who hold the record title to any Unit or Unplatted Parcel which is part of the District Property, and the District Declarant, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit or Unplatted Parcel is sold under a recorded contract of sale, and the contract specifically so provides, then the purchaser (rather than the fee owner) will be deemed the Owner.

Section 1.29. “Person” will mean and refer to a natural person, a corporation, a partnership, an estate, a trust, a trustee or other legal entity.

Section 1.30. "Plat" shall mean and refer to the plat of Sweetwater Subdivision Phase 1, filed in the Recorder's Office of Utah County, State of Utah; on _____, 2007, as entry # _____:2007 Map Book _____ page _____ and the plat of any portion of the District Property.

Section 1.31. "Regular Assessment" shall mean and refer to the Assessments levied against all Units and Unplatted Parcels in the District Property to fund Common Expenses in accordance with Section 1 of Article VII of this District Declaration.

Section 1.32. "Special Assessments" shall mean and refer to the Assessments levied in accordance with Section 3 of Article VII of this District Declaration.

Section 1.33. "Supplemental Declaration" shall mean and refer to an amendment or supplement to this District Declaration which imposes expressly or by reference, additional restrictions and obligations on the land described therein.

Section 1.34. "Unit" shall mean and refer to a Lot shown on the Plat, and any structure thereon, intended for development, use and occupancy as an attached or detached residence for a single family. Those area shown on the recorded plat designated as "lots" and intended to be used for the construction of residences are deemed to be "units" immediately upon the recording of the subdivision plat containing such lot. Areas on the Plat designated as Tracts, roads, alleys, parks, open spaces, shall not constitute Units. The District Declarant may in its sole discretion amend this District Declaration for the purpose of more specifically designating Units in the District without the necessity of joinder of any other Person to said amendment.

Section 1.35. "Unplatted Parcel" shall mean a portion of the District Property which is not platted, but is intended and reserved for future development of more than one Unit. Once an Unplatted Parcel or portion thereof is platted into Units or submitted to condominium or cooperative ownership, the Unplatted Parcel or portion thereof so platted or submitted shall no longer be deemed an Unplatted Parcel but shall thereafter be deemed a Unit.

Section 1.36. "Voting Member" shall mean and refer to the representative (or such representative's alternate if he is unable to attend a meeting of the Master Association) to the Master Association selected by the District Association to be responsible for casting all votes of the membership of the District Association attributable to Units or Unplatted Parcels in the District for all matters requiring the vote of the membership of the Master Association, unless otherwise expressly specified in the Master Declaration or bylaws of the Master Association. The Voting Member of the District shall be the president of the District Association unless a majority of the Board of Directors shall determine to appoint another representative as the Voting Member for the District. The alternate Voting Member shall be secretary of the District Association, unless a majority of the Board of Directors shall determine to appoint another representative as the alternate Voting Member for the District.

Section 1.37. "Defined Terms in Master Declaration". Capitalized terms not otherwise defined in the District Declaration, but defined in the Master Declaration, shall be deemed "defined terms" herein and shall have the same meaning set forth in the Master Declaration unless the context shall otherwise require. Other words and terms shall have their usual and customary definitions and

interpretations. Such “defined terms” shall be applied and interpreted in a uniform and consistent manner.

Section 1.38. “City” shall mean and refer to Eagle Mountain City, Utah, a municipal corporation in which the property is located, or its successor, including all boards, departments, and officers thereof. Eagle Mountain City, Utah, is an additional Declarant for the purpose only of enforcing the architectural guidelines under the provisions of this Declaration.

Section 1.39. “Limited Common Area” and “Limited Common Elements”. “Limited Common Areas” and “Limited Common Elements” are those areas, features, facilities, improvements, or portions of the Common Area which are designated as “Limited Common Area” or “Limited Common Elements” and assigned for the exclusive use or primary benefit of a particular Unit, or less than all Units or Units in specified portions of the Community. “Limited Common Areas” and “Limited Common Elements” might include such things as neighborhood entry features, landscaped areas, private and semi-private alleys and driveways, parking facilities, private and semi-private courtyards, and recreational facilities, among other things, that benefit only one Unit, a group of Units, or a portion of the Community. “Limited Common Areas” and “Limited Common Elements” may be assigned to a particular Unit or a group of Units as defined in this Declaration, in the Subdivision Plat, by a Supplement to this Declaration, or in the deed conveying such property to the District Association.

ARTICLE II

Property Rights

Section 2.1. Rights of Owners. Every owner shall have a non-exclusive right and easement of access, use and enjoyment in and to the Common Area (including any additional common areas contained in prior or “Additional Properties” which are subsequently annexed herein, but excluding any Limited Common Area or Limited Common Element) for the purpose for which it is intended, subject to this District Declaration as it may be amended from time to time, any easements reserved therein or granted by District Declarant or Master Declarant, any terms and conditions of the Master Declaration as it may be amended from time to time, and to any restrictions or limitations contained in any plat and in any deed conveying such property to the District Association or subjecting such property as Common Area to the District Declaration. Such non-exclusive right or easement is subject to (i) the right of the District Association to limit the number of guests of Owners or Owners who may use the Common Area from time to time; (ii) the right of the District Association to promulgate, establish and enforce reasonable rules and regulations pertaining to the use of the Common Area; (iii) the exclusive rights associated with Limited Common Areas and Limited Common Elements granted or assigned to particular Units, and (iv) the right of the District Association to take such steps as are reasonably necessary to maintain, preserve and protect the Common Area. Any owner may delegate his or her right of enjoyment in and to the Common Area to the members his family, his tenants, guests or invitees, as applicable, subject to reasonable regulation by the Board of Directors of the District Association and in accordance with procedures that it may adopt. An Owner of a Unit who leases his Unit shall not be deemed to have delegated such rights to the Unit’s lessee, except to the extent provided in the lease. No Owner may exempt himself from personal liability for or exempt his Unit or Unplatted Parcel from any Assessments duly levied by the District Association, or release the Unit or Unplatted Parcel owned by the Owner from liens, charges, encumbrances and other regulations of this District Declaration or the rules and

regulations of the District Association by (a) the voluntary waiver of the right, privilege and easement for the use and enjoyment of the Common Area; or (b) the abandonment of his Unit or Unplatted Parcel. The owners of lots or units within all phases of the Sweetwater Subdivisions shall have mutual and cross non-exclusive easements of use, enjoyment and access over and across the common areas contained in each such phase.

Section 2.2. Leasing. An Owner shall be allowed to lease his Unit or Unplatted Parcel, provided that any such lease shall require the tenant thereunder to comply with the terms and conditions of this District Declaration, Bylaws, Articles of Incorporation, Master Declaration, bylaws and articles of incorporation of the Master Association, and provided further that such lease and tenancy is otherwise in compliance with any rules and regulations promulgated by the District Association or the Master Association. No lease of a Unit or Unplatted Parcel shall be for a term of less than three (3) months, and any such lease will be in writing and compliance by the Owner and Tenant of the provisions of this Declaration and the Master Declaration shall be enforceable by the District Association or Master Association, whether or not so stated in its terms. No Owner may lease his Unit or Unplatted Parcel more than twice during any calendar year unless approved by the District Association. During the term of the lease, the Owner shall not be relieved of any obligations under the terms of the District Declaration and the Master Declaration, and the Owner and Tenant shall be jointly and severally liable for the actions of the Owner and the Tenant which may be in violation of the terms and conditions of this District Declaration, Master Declaration, and any rules and regulations thereunder and any other documents set forth above, notwithstanding the fact that the tenants are also fully liable for any violation of the documents and regulations. In the event that a tenant, occupant, or person living with the tenant violates the District Declaration, Articles of Incorporation, Master Declaration, Bylaws, the bylaws or articles of incorporation of the Master Association, or the rules and regulations of the District Association or Master Association, the District Association or Master Association, as appropriate, shall have the power to bring an action or suit against the tenant or occupant and the Owner jointly and severally, or any combination of the foregoing, to recover sums due for damages or injunctive relief, or for any other remedy available at law or in equity. The restrictions contained in this section shall not apply to Units or Unplatted Parcels owned by or leased to District Declarant, or by any Mortgage of a first mortgage acquiring title by foreclosure or deed in lieu of foreclosure.

Section 2.3. Time-share Prohibition. No time sharing plan as the term is defined Utah Statutes as amended, or any similar plan of fragmented or interval ownership of property of Units or Unplatted Parcels shall be permitted on the District Property, and no attempt to create same by lease or otherwise shall be allowed.

Section 2.4. Board of Director's Rights. The Board of Directors, in its sole discretion, by its written consent may extend permission to selected non-owners of any interest in the District Property, to use portions of the Common Area subject to such terms and conditions as the Board of Directors may impose.

Section 2.5. Withdrawal. District Declarant reserves the right to amend this District Declaration unilaterally at any time so long as the District Declarant owns any land which is subject to this District Declaration, for the purpose of removing certain portions of the District Property then owned by the District Declarant from the purview, operation and effect of this District Declaration.

For such an amendment to have effect, the Master Declarant must consent thereto, and such amendment setting forth the withdrawal must be filed in the public Records of Utah County, State of Utah, with the consent of the Master Declarant attached.

Section 2.6. Amendment. This District Declaration shall not be amended without the prior written consent of the Master Declarant. This District Declaration shall not be amended without the prior written consent of the District Declarant, to and until the District Declarant no longer owns any land which is subject to the District Declaration or subject to annexation to the District Declaration. After the District Declarant no longer owns and land which is subject to the District Declaration or subject to annexation to the District Declaration, this District Declaration may be amended as provided for herein.

ARTICLE III

District Association

Section 3.1. Objects, Purposes, and Function. The District Association has been created and established for the objects and purposes of and shall have exclusive jurisdiction over and the sole responsibility for the administration, management, operation, regulation, care, maintenance, repair, restoration, replacement, preservation and protection of the Common Area [including those areas of common responsibility and common areas included in the future phases being the proposed adjacent subdivisions of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6] and any "Additional Properties" annexed hereto, and to the extent provided by agreement or otherwise of that portion of the Area of Common Responsibility which is not a part of the Common Area; the establishment, levy, imposition, enforcement and collection of all fines, charges and assessments for which provision is made in this declaration; the payment of all Common Expenses; and the promotion and advancement of the general welfare of the members of the District Association; subject in all cases to the right of the Master Association to act in place and stead of the District Association, in the event the District Association fails to carry out its rights and responsibilities as provided under the District Declaration, the Articles of Incorporation, and Bylaws; all as more particularly provided in this District Declaration and in the Articles of incorporation, Bylaws and rules and regulations of the District Association.

Section 3.2. Duties and Powers. In addition to those duties and powers conferred by law and those specified and enumerated in the Articles of Incorporation and the Bylaws, the District Association shall have such duties and powers as are, respectively, imposed and conferred upon it pursuant to this District Declaration, including, without limitation, such duties and powers as may reasonably be implied from, necessary for or incidental to the accomplishment of the objects and purposes for which the District Association has been created and established. All duties and powers of the District Association shall be exercised by the Board of Directors unless otherwise provided in this District Declaration, the Articles of Incorporation and the Bylaws.

Section 3.3. Membership. Every owner of a unit or lot contained in Sweetwater Subdivision Phase 1 [including those owners of lots or units of the future phases being the proposed adjacent subdivisions of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6 effective when recorded and annexed herein, shall be deemed to have a membership in the District Association. No owner, whether one (1) or more persons, shall have more than one (1) membership per Unit or Unplatted Parcel owned. The membership shall not be refused, waived or surrendered, but voting rights and

use and enjoyment of the Common Area may be regulated or suspended as provided in this District Declaration, the Articles of Incorporation, the Bylaws, and rules and regulations adopted by the District Association.

Section 3.4. Transfer of Membership. Membership in the District Association shall be appurtenant to and may not be separated from the ownership interest of an owner in a unit or Unplatted Parcel. The membership of an Owner in the District Association shall not be transferred, pledged or alienated in any way, except that such membership shall automatically be transferred and assigned upon the transfer of the ownership interest required of the Unit or Lot to a third party. Every Owner agrees to immediately notify the District Association upon such transfer and to deliver to the District Association the address of the new owner, and a copy of the deed conveying the Unit or Unplatted Parcel to the new owner.

Section 3.5. Voting Rights. The District Association shall have two (2) classes of membership, Class "A" and Class "B" as follows:

(a) Class "A" members shall be all Owners with the exception of the Class "B" member, if any. Voting Rights shall be allocated among class "A" members as follows: (i) One (1) vote per acre or portion thereof shall be allocated to an Unplatted Parcel; and (ii) for those portions of the District which are subject to a Plat or are otherwise designated by the District Declarant as a Unit, each Unit shall be allocated one (1) vote. Each Class Member shall have one (1) vote per Unit owned.

(b) the Class "B" Member shall be the District Declarant. The Class "B" member shall have (i) five (5) votes per acre or portion thereof shall be allocated to an Unplatted Parcel; and (ii) For those portions of the District which are subject to a Plat or are otherwise designated by the District Declarant as a Unit, each Unit shall be allocated five (5) votes, until the Class "B" membership terminates and becomes a Class "A" membership. The rights of a class "B" member, including the right to approve actions taken under this District Declaration and the Bylaws, are specified elsewhere in this District Declaration and the Bylaws. The Class "B" member shall be entitled to appoint the members of the Board of Directors during the Class "B" Control Period, as provided in the Bylaws. The Class "B" membership shall terminate and be converted to the class "A" membership upon the earlier of:

- (i) Upon the expiration of the Class "B" Control Period; or
- (ii) When, in its discretion, the District Declarant so determines; or,
- (iii) As each Unit is sold to an owner other than the Declarant.

Section 3.6. Cumulative Voting. No cumulative voting shall be permitted.

Section 3.7. District. The District of which the District property forms a part, includes all the phases of Sweetwater Subdivisions including Sweetwater Subdivision Phase 1 and shall have "Additional Properties" annexed being the proposed adjacent subdivisions of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6, including, without limitation, the property described generally in Article VI, Section 6.1 of this District Declaration and further may be modified subject to the terms and conditions of the Master Declaration pertaining to designation of Districts (as defined therein) and their reconfiguration. Those portions of the District not subjected to the terms and conditions of this District Declaration may, but shall not be obligated to, become a part of the

District property, in the sole discretion of the District Declarant. Such annexation of “Additional Properties” into the District Property, if any, may be accomplished in accordance with the terms and provisions of Article VI hereof, and may or may not include if so determined in the sole discretion of the District Declarant and Master Declarant, lands located outside the District, all as further provided in Article VI hereof and as provided in the Master Declaration.

ARTICLE IV

Maintenance

Section 4.1. District Association’s Responsibility. The District Association shall maintain and keep in good repair the Area of Common Responsibility [including any “Additional Properties” which are subsequently annexed herein including the proposed adjacent subdivisions of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6 when each are recorded], such maintenance to be funded as hereinafter provided. This maintenance shall include, but need not be limited to, maintenance, repair, restoration, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and improvements situated upon or under the Common Area and the Area of Common Responsibility, including, but not limited to, recreational amenities, if any, drainage and irrigation systems, recreation and open space, utilities, private streets, medians, street lights, entry features and signage, traffic control devices and pedestrian systems, and such other actions as may be required pursuant to the terms and conditions of any agreement of the District Association, the District Declaration, and the Master Declaration. The District Association shall also maintain and keep in good repair such portions of any additional property not included within the Common Areas and the Area of Common Responsibility as may be dictated by this District Declaration, or by a contract or agreement for maintenance thereof by the District Association or by a governmental entity or agency. In the discharge of its responsibilities, the District Association shall comply fully with the Development Order and other Development Approvals to the extent relevant and applicable to the Common Area or the District Association’s duties and responsibilities. Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Common Area or the Area of Common Responsibility and “Additional Properties” (as provided above) shall be a Common Expense to be allocated among all Units and Unplatted Parcels as part of the Assessments.

The District Association may maintain property which it does not own (in addition to those portions of the Common Area or the Area of Common Responsibility which it does not own), including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Master Standards (as defined in the Master Declaration).

Section 4.2. Owner’s Responsibility. Each Owner of a Unit (and any owner of a portion of the District Property not within a Unit or Unplatted Parcel) shall maintain his or her Unit or Unplatted Parcel (or portion of the District Property) and all structures, parking areas, landscaping, retention and other storm water control areas not a part of the Master Drainage System or the District Drainage System, and other improvements comprising the Unit or Unplatted Parcel (or portion of the District Property) in good repair and in a manner consistent with this District Declaration and any standard established by the Board of Directors, and in any District planning and design criteria, as well as the Master Standards, and all applicable covenants, including those contained within the Master Declaration and the District Declaration, unless such maintenance responsibility is otherwise

assumed by or assigned to the District Association. If any Owner fails properly to perform his or her maintenance responsibility, the District Association, in its sole discretion, shall have a right of entry upon such Unit or Unplatted Parcel (or portion of the District Property) and may perform such maintenance and assess all costs incurred by the District Association (together with an overhead expense to the District Association of fifteen percent (15%) of the total amount thereof) against the Unit or Unplatted Parcel (or portion of the District Property) and the Owner (or owner) thereof in accordance with Section 7.3 of Article VII of this District Declaration; provided, however, except when entry is required due to an emergency situation, the District Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. The District Association shall have no obligation to perform any such maintenance, unless required to do so under the District Declaration or Master Declaration. The determination as to whether a Unit or Unplatted Parcel (or portion of the District Property) and all structures, parking areas, landscaping and other improvements are being maintained in good repair and in a manner consistent with the foregoing shall be made by the Board of Directors, except to the extent the District ARC may otherwise determine as to the Master Standards.

Section 4.3. Master Association. If the District Association fails to perform its maintenance responsibility as required herein and in the Master Declaration, the Master Association shall have a right of entry and may perform the same and assess the cost thereof against the District Association or the Units and Unit owners within the District, all as provided in the Master Declaration.

Section 4.4. Determination of District Standard. The District Declarant or District Association may establish a standard for the District (including any additional areas contained in prior or additional phases which are subsequently annexed herein) as to conduct, maintenance or other activity generally prevailing throughout the District, which standard, if established, shall at least meet that of the Standards adapted by the Master Declarant. In the event such a standard is established, it may be amended by the District Declarant or District Association and may be enforced by the District Declarant, District Association or Master Association. Notwithstanding the foregoing, the District ARC shall determine whether the District or any portion thereof, and all structures, parking areas, landscaping and other improvements located thereon are being maintained in a manner consistent with the District Standards. It is intended that the District Standards shall be uniform and consistent for the existing, the proposed adjacent subdivisions of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6 and any "Additional Properties" annexed herein.

Section 4.5. District Association Insurance.

The District Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage which is reasonably available.

- 4.5.1 Blanket property insurance covering "all risks of direct physical loss" on a replacement cost basis (or comparable coverage by whatever name denominated) for all insurable improvements on:
- (1) the Common Area (including Limited Common Area);
 - (2) property within any Service Area, to the extent specified in any applicable Supplement; and

(3) other portions of the Areas of Common Responsibility, to the extent that the District Association has responsibility for repair or replacement in the event of a casualty.

If such coverage is not generally at reasonable cost, then “broad form” coverage may be substituted. The limits of District Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances, costs and codes.

4.5.2 Commercial general liability insurance on the Area of Common Responsibility, insuring the District Association and its Members for property damage or personal injury caused by the negligence of the District Association or any its Members, employees, agents, officers, directors, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonable prudent person would obtain, the District Association shall obtain such additional coverage or limits;

4.5.3 Workers compensation insurance and employers liability insurance, if and to the extent required by law;

4.5.4 Directors and officers liability coverage with a limit of at least \$1,000,000.00; and

4.5.5 Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling District Association funds in an amount determined in the Board’s business judgment but not less than an amount equal to one-fourth of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

The District Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the City of Eagle Mountain, Utah area. In the exercise of its business judgment, the District Board may obtain additional coverage and higher limits than this Section requires.

4.5.6 Deductibles. The District Association’s policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Article 4.5 hereof. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Service Area Expense in the same manner as the premiums for the applicable insurance coverage under Article 4.4.8. However, if the District Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or wilful misconduct of one or more Owners, their guests, invitees, contractors, agents, or lessees, then the District Board may assess the full amount of such deductible against such Owner(s) and their units as a Special Assessment.

4.4.7 Policy Requirements.

All District Association policies shall provide for a certificate of insurance to be furnished to the District Association and, upon request, to each Owner.

To the extent available at reasonable cost and terms, all District Association insurance shall:

- .1 be written with a company authorized to do business in the State of Utah that satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the District Board deems appropriate.
- .2 be written in the name of the District Association as trustee for the benefitted parties. All policies shall be for the benefit of the District Association and its members, except that policies on Limited Common Areas shall be for the benefit of the Owners of Units with the Service Area to which the Limited Common Area is assigned and their Mortgagees, as their interests may appear;
- .3 not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;
- .4 contain an inflation guard endorsement;
- .5 include a co-insurance waiver or an agreed amount endorsement, if the policy contains a co-insurance clause;
- .6 provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the District Association;
- .7 provide a waiver of subrogation against any Owner or household member of an Owner; and
- .8 include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of one or more Owners, unless acting on the District Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the District Association and allowance of a reasonable time to cure the defect or violation.

In addition, the District Board shall use reasonable efforts but shall not be required, to secure insurance policies that provide:

- .9 a waiver of subrogation as to any claims against the District Association's directors, officers, employees and manager;
- .10 a waiver of the insurer's right to repair and reconstruct instead of paying cash;
- .11 an endorsement excluding Owner's individual policies from consideration under any "other insurance" clause;
- .12 an endorsement requiring at least 30 days' prior written notice to the District Association of any proposed cancellation, substantial modification, reduction of coverage, increase in premiums, or non-renewal;
- .13 a cross liability provision; and
- .14 a provision vesting in the District Board exclusive authority to adjust losses and claims. However, Mortgagees having an interest in such losses and claims may not be precluded from participating in the settlement negotiations, if any, related to the loss and claim.

4.4.8 Insurance Premiums. Premiums for all District Association insurance shall be a Common Expense, except that premiums for property insurance on Units within, or Limited Common Areas assigned to a particular Service Area shall be a Service Area Expense, unless the District Board reasonably determines that other treatment of the premiums is more appropriate.

Section 4.6. Restoring Damaged Improvements.

In the event of damage to or destruction of portions of the Common Area, Limited Common Area and Area of Common Responsibility for which the District Association has the responsibility to maintain, the District Association shall repair or reconstruct the damaged Common Area improvements.

4.6.1 The District Association shall not be required to repair or reconstruct such damaged improvements if: (1) this Declaration is terminated or the property has been withdrawn from the District Property pursuant to Article 2.5; (2) the repair or restoration would be illegal under any applicable state or local statute or ordinance, or (3) the District Declarants and at least 70% of the Unit Owners entitled to cast votes affirmative vote not to repair or restore the damaged improvements within 60 days after the loss, and in the case of any Limited Common Areas, at least 100% of the Unit Owners of the damaged Limited Common Area.

4.6.2 The Board or its duly authorized agent shall have the sole and exclusive authority, standing responsibility to file and adjust all insurance claims and obtain all settlements therefrom.

4.6.3 If either the insurance proceeds or estimates of the loss, or both, are not available to the District Association within such 60-day period, then the period shall be extended until such funds or information are available. Except as provided above, no Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed.

4.6.4 If a decision is made not to repair to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the District Association in a neat and attractive condition consistent with the Community Wide Standard.

4.6.5 The insurance proceeds attributable to any Units or Limited Common Areas that are not repaired or restored shall be distributed to the Owners of the damaged Units or the Units to which such Limited Common Areas were assigned, or to their respective Mortgagee, as their interests may appear, in proportion to their respective liability for District Association expenses. The District Association shall retain and place in a capital improvement account for the benefit of all Owners, the Owners within the affected Service Area, or the Owners or Units to which such Limited Common Areas were assigned, as appropriate, any insurance proceeds remaining after paying the costs of the repair or restoration of after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

4.6.6 If insurance proceeds are insufficient to cover the costs of repair or restoration, the Board may, without a vote of the Unit Owners, levy Special Assessments to cover the shortfall against those Owners and Units responsible for the premiums for the applicable insurance coverage under Section 4.4.8.

ARTICLE V

Use Restrictions

The District Property (including any existing or "Additional Properties" contained in existing or additional phases of Sweetwater Subdivisions Phases 2, 3, 4, 5 and 6 which are subsequently annexed herein or into with this Sweetwater Subdivision Phase 1 is annexed into) shall be used only for such purposes as are permitted in this District Declaration, any Supplemental Declaration or Annexation Agreement, and the Master Declaration or other covenants or deed restrictions pertaining thereto, subject to such further restrictions as may be set forth in any Development Order or applicable Development Approvals. No changes in the uses and intensities of uses permitted in the District Declaration or any Development Order (and other applicable Development Approvals) pertaining to the District Property may be made, nor may any application for approval therefor be made to any governmental authority, without the prior written approval of the District Declarant, as long as District Declarant owns any land within the District Property or which may be annexed thereto.

The District Property (including any existing or additional areas contained in existing or additional phases which are subsequently annexed herein or into which this Sweetwater Subdivision Phase 1 is annexed into) shall also be subject to such further restrictions as District Declarant may impose under and by virtue of deeds to Owners. Restrictions identified in any such deed as being enforceable by the District Association shall be enforceable by the District Association, acting through the Board of Directors, in the same manner as if such restrictions were set forth in this District Declaration. In addition, the Master Association, acting through its board of directors, shall have standing and power to enforce restrictions and standards imposed under the District Declaration and to enforce deed restrictions on the District Property which may be enforced by the District Association.

The District Association, acting through its Board of Directors, shall have the authority to make, enforce, grant exceptions, amend and delete standards and restrictions governing use of the District Property (including any existing or additional areas contained in existing or additional phases which are subsequently annexed herein or into which this Sweetwater Subdivision Phase 1 is annexed into) in addition to those contained herein, and to impose reasonable user fees for use of the Common Areas (including any existing or additional areas contained in existing or additional phases which are subsequently annexed herein or into which this Sweetwater Subdivision Phase 1 is annexed into), provided however, should such standards and restrictions be in conflict with or less stringent than those contained in the Master Declaration, then the terms and conditions of the Master Declaration shall control. Sanctions may include reasonable monetary fines which may be secured by a lien upon an Owner's Unit or Unplatted Parcel in the same manner as delinquent Assessments, all as more particularly set forth in the Bylaws. During such time as District Declarant owns any land which is subject to the District Declaration, any standards and restrictions governing the use of the District Property made, amended or deleted, shall not apply to the District Declarant and that portion of the District Property owned by it unless District Declarant consents in writing thereto.

The Board of Directors may delegate its power and authority to enforce restrictions pursuant to this Article V to a Covenants Committee or third party as provided in the Bylaws.

Section 5.1. Use of property. Each Lot or Unit in the District shall be used solely for one single family detached residential dwelling, or one single-family attached dwelling unit in those areas of the Plat designated for such attached housing uses, and any approved out-buildings.

Section 5.2. Architectural Review Committee Approval. The Plans and Specifications, including the location of all improvements must be approved in writing by the District Architectural Review Committee (the "ARC" or "District ARC") prior to the commencement of any construction in accordance with and subject to the provisions of Article 5 hereof. No person commencing construction prior to receipt of such written approval shall acquire any vested rights in any such improvement.

Section 5.3. Design and Development Guidelines. The District ARC shall prepare and promulgate of behalf of the Board of Directors, design and development guidelines, and application and review procedures, which shall include provisions of the Planning and Design Criteria applicable to the Properties or any portion thereof. The guidelines and procedures shall be those of the District Association, and the District ARC shall have the sole and full authority to prepare and to amend the same, subject to approval of the City (if applicable) and the Master Declarant. The District Association shall make copies of the guidelines and procedures available, upon request, to Owners, builders and developers who seek to engage in development of or construction upon any portion of the Properties, and such Owners, builders and developers shall conduct their operations strictly in accordance therewith. Until the date the design and development guidelines are adopted and approved by the District ARC and the City (if applicable), the architectural guidelines set forth herein shall be the architectural guidelines and requirements for property improvement within the District. It is intended that the District Standards shall be uniform and consistent for the existing and future areas including Sweetwater Subdivision Phases 2, 3, 4, 5 and 6.

Section 5.4. Appointment of District Review Committee. Until Declarant no longer owns any portion of the Properties or any land which may become part of the Properties by virtue of annexation, Declarant retains the right to appoint and replace from time to time all members of the District ARC. The District ARC shall consist of at least three (3) members, but no more than five (5) , persons who need not be Owners or members of the District Association. There shall be no surrender of such right of appointment prior to that time except in the Declarant's sole discretion, in and by a written instrument in recordable form executed by Declarant. Upon the expiration of such right of appointment, the Board of Directors shall appoint the members of the District ARC. The term of office for a member of the District ARC shall be as determined by Declarant until it no longer has the power to appoint members to the District ARC, at which time the Board of Directors may determine the term of office for members of the District ARC.

Section 5.5. Property Line Setbacks. Any structure to be constructed on a Lot or a Unit shall comply with the following property line setbacks. The following are the standard property line minimum setbacks:

For all single family lots the following minimum lot designs and configurations will apply:

- Front Yard: 15 feet from front property line to the front of house foundation containing the living space.
- Side Yard :` 10 feet combined minimum, with a minimum of 5 feet on one side measured from house foundation to the adjacent side lot property line.
- Side Yard on corner lots: 5 feet on the interior side yard and 15 feet on the street side from house foundation
- Rear Yard: 15 feet from rear property line to rear foundation of house
- Side yard window wells: When basements between adjoining homes are less than 14 feet apart, basement window wells on the sides of houses which face another house with basement window wells, will be staggered so no two adjacent window wells are aligned, and the center line of adjacent window wells shall be offset at least 6 feet from each other.
- Rear alleyways: Rear access and service alleyways are not required.
- Garage Door Setback: Garage doors shall be set back from the front of the lot a minimum of 20 feet.
- Garage Door Orientation: Side entry garages are encouraged but not required.
- Building walls: Side and rear exterior building walls may extend for greater than 40 feet without any break or offset in either the horizontal or vertical plane. Front building walls extending greater than 40 feet will require one break in elevation.
- Porches: Front porches are encouraged not required.

Section 5.6. Building sizes. The minimum size of each single story dwelling unit shall be 1,000 square feet of interior floor space. The minimum size of each two-story or split-level dwelling unit shall be 1,400 square feet of interior floor space. Interior floor space does not include unfinished basements, garages, porches, patios, decks, balconies, overhangs, or other unfinished living areas.

Section 5.7. Exterior Surfaces. The exterior surfaces of any building may be vinyl siding, stucco or and such other materials and of colors approved by the District ARC. All exterior materials shall be fire retardant. Aluminum soffits and fascia are acceptable. On exterior front surface elevations which have decorative facing, such as brick or rock, the decorative facing is not required to wrap around the sides of the house.

Section 5.8. Roofing Materials. All roofs shall be shingled with a minimum of 3-tab 30 year (300 lb. minimum) architectural grade asphalt shingles, tile, or metal quality, with a pitch or slope of a minimum of 4:12 for all main dwelling units. The actual material is subject to prior approval of color and texture by the District ARC, but shall meet the preceding minimum specifications. The roofing material shall be fire retardant.

Section 5.9. Height. No building shall exceed thirty-five (35) feet in height measured from the highest natural ground elevation adjacent to such building to the highest point of the ridge line of such building.

Section 5.10. Parking and Garages. Each Unit shall have an enclosed garage of a least 200 square feet of interior floor space capable of parking at least one automobile. Said garage may be detached from or attached to the main residential structure. If the garage is detached from the main residential unit, the garage shall be set back a minimum of thirty (30) feet from the front property line. All commercial vehicles, recreational vehicles, buses, trucks, pick-up trucks, vans, tractors, mobile homes, trailers (either with or without wheels), campers, camper trailers, boats and other water craft, and boat trailers must be parked entirely within a garage or behind a fence unless otherwise permitted by the District Association. Storage of any of the foregoing in the yard of a Unit or Unplatted Parcel shall not be permitted unless otherwise permitted by the District Association. No garage may be altered in such a manner that the number of automobiles that could have reasonably been parked therein after the alteration is less than the number of automobiles that could have reasonably been parked in the garage as originally constructed. Garage doors shall be closed except when reasonably necessary for use of garage. (This section shall not apply to construction or similar vehicles or construction trailers which may be parked on an Unplatted Parcel or a Unit, but only during such reasonable period of time within which construction of improvements thereon is occurring.)

Section 5.11. New Construction. All dwelling units shall be of new construction. No used or existing buildings shall be moved onto or maintained on any Lot. No other building (including but not limited to playhouses and storage sheds) may be moved onto or maintained on a Lot without the prior written approval of the District ARC. No off-site built dwelling units, of whatever nomenclature or design, including but not limited to any mobile homes, manufactured homes, or modular homes, shall be allowed to be brought onto, installed or maintained on any portion of the District Property or any Lot or Unit. No geodesic domes or A-frame structures may be constructed or maintained on any lot. All outbuildings, sheds and accessory structures shall comply in all respects to the architectural guidelines and setbacks contained herein.

Section 5.12. Outbuildings. Each Lot or Unit shall be permitted to have one detached outbuilding or storage building, such as a utility shed. All such detached structures shall comply with all set back requirements, shall be constructed and painted in a style and color similar to the main residence, and shall not be used for human habitation. A lot Owner must obtain written permission and consent from the District Association, and any required City building permit, prior to construction of any outbuilding. Animal pens, stalls, and shelters, barns, stables, or similar structures are all prohibited.

Section 5.13. Storage of Building Material. No building material shall be stored on any Lot or Unit except temporarily during construction of an improvement on that Lot or Unit, or during its alteration, renovation, repair, remodeling, and then only during such time as an active and valid building permit is in force.

Section 5.14. Occupancy During Construction. No improvement structure shall be occupied in the course of the original construction until all required certificates of occupancy or completion have been issued by the appropriate governmental authorities. All work of construction shall be prosecuted diligently and continuously from the time of commencement until completed, which period shall not exceed nine (9) months from the date the site excavation was commenced.

Section 5.15. Temporary Structures. No temporary building, improvement or structure, including but not limited to any trailer, mobile home, RV, tent, or shack, shall be placed or maintained upon any individual lot or unit except that temporary structures necessary for storage of tools and equipment or sales personnel, during actual construction may be maintained with the prior written approval of the District ARC, such approval to include the nature, size, location and duration of such temporary structure.

Section 5.16. Construction Activity. This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction of improvements by any Owner, provided that when completed such improvements shall in all ways conform to this Declaration. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs, or similar activities, provided that such construction is pursued to completion with reasonable diligence is in compliance with applicable federal, state and local laws and ordinances and any rules and regulations adopted pursuant thereto, and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including by not limited to any provision prohibiting temporary structures, may be granted by the District ARC, provided that such waiver shall be only for the reasonable period of such initial construction. Notwithstanding the above, construction activities shall not be conducted at such hours as to constitute an unreasonable nuisance. All lots shall be kept clean of construction debris, waste and trash during construction and be placed in approved containers until off-site disposal. All construction debris, trash, and waste shall be regularly removed from each site. During construction, the builder shall have on site an approved trash and construction container. All building material, building trash or debris shall be placed in such container at least daily, and the container shall be emptied off site when full. No trash or construction debris shall be buried on site nor allowed on any adjoining property.

Section 5.17. Driveways. All driveways shall be constructed of hard surfaced materials such as concrete, asphalt, paving stones, brick or similar material. All driveways shall be properly maintained, replaced, restored and promptly repaired by the Owner of the lot. All driveways shall be constructed, installed, repaired and replaced to extend from the edge of that portion of the dwelling foundation serving the garage to the edge of the street pavement.

Section 5.18. Mail Boxes. There shall be standard and uniform style and design of mailboxes for the subdivision. All owners shall be responsible to install, maintain, repair, and promptly restore or replace, the approved mail box. All mail boxes shall be constructed and maintained in accordance with the rules and regulations of the Postmaster.

Section 5.19. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any portion of the District Property, with the exception of dogs, cats, or other usual and common household pets, which may be kept or permitted in a reasonable number so as not to create a nuisance as determined by the District Association, provided same are not bred for commercial use; and provided, however, those pets which are permitted shall be sheltered inside approved structures. All dogs, cats and other household pets allowed hereunder must be leashed when outside and shall not be permitted to run loose. Those pets which, in the sole discretion of the District Association, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of the District Property may be removed by the Board

of Directors and handed over to the appropriate state or county authority. No farm or exotic animals, including but not limited to horses, cows, pigs, donkeys, mules, emus, game animals, buffalo, sheep, goats, and llama, shall be allowed to be kept, maintained or bred on any Lot or Unit. No animal shall be allowed to create any objectionable odor, pests, disease, or insects. Each Owner of any pet or animal shall be financially responsible and liable for any damage cause by such pet or animal. Each Owner shall be responsible to pickup and properly dispose of any excrement deposited by his pet or animal.

Section 5.20. Nuisance. No portion of the District Property shall be used, in whole or in part, for the storage of any property or thing that will cause such portion of the District Property to appear to be in an unclean, unsightly, unhealthy, or unkempt condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon, nor shall any use or practice be allowed upon any portion of the District Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of the District Property or the Properties, or which shall be a source of material and unreasonable annoyance or discomfort to Owners or their tenants or invitees, or which materially and unreasonably interferes with the peaceful possession and enjoyment of the District Property. No illegal, noxious, or offensive activity shall be carried on or conducted upon any portion of the District Property. The pursuit or hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall occur only within a garage or other similar walled interior area of the District Property and shall not be visible to view.

Section 5.21. Water and Sewage Facilities. No individual water supply system or individual sewage disposal system shall be permitted for any portion of the District Property. All residential units in the District are required to be connected to Eagle Mountain City's municipal utility systems, including, but not limited to, potable water, waste water, storm water drainage, gas, and electricity.

Section 5.22. Landscaping. Landscaping on any portion of the District Property and storm water drainage and retention features located on and serving only a Unit or Unplatted Parcel (and not a part of the Master Drainage System or District Drainage System) shall be continuously maintained in good, aesthetically pleasing condition by the Owner thereof consistent with the Landscape Design Criteria for the District as may be promulgated and amended by the District ARC from time to time. Each individual Lot or Unit shall comply, at a minimum, with the following:

- No lot shall be allowed to accumulate any growth of weeds, underbrush, collection of tumbleweeds, or other plant growth greater than 12 inches high (other than trees, flowers, hedges, or similar ornamental plants). Upon the violation of this provision, the District ARC shall notify the owner in writing of the violation either by mail, personal delivery or posting of the notice on the property. If the violation is not corrected within 30 days from the date of the notice, the District ARC shall have the right to enter unto any lot in violation of this provision to correct the violation. Such lot shall be assessed the costs incurred by the District ARC to correct the violation, which shall be deemed a special assessment against the individual lot.

- No owner shall disturb, damage or alter the sidewalk or street curb. No owner shall alter or damage any drainage structures. Each owner shall be liable for any violation of this provision.
- All front and side yards shall be landscaped (installed grass and an underground permanent irrigation system), as described hereinafter, from the top-back edge of the curb of the road adjoining the lot (or from the edge of the pavement if no curb), extending back to a horizontal line created by extending the plane of the front of the house to the side lot lines. Such yard landscaping shall be installed and completed no later than: (1) within 120 days after issuance of a certificate of occupancy, or, (2) if the building permit for the construction of a residence on a lot was issued after September 1 and winter weather prevented the installation of the required landscaping within the time specified in preceding provision, the required landscaping shall be installed no later than June 1 of following year. In addition to the landscaping required for all lots, corner lots shall have landscaping (installed grass and underground permanent irrigation system) in the entire outside side yard area, which is defined as that area between the side of the house and the side street by extending the foundation line of the side of the house facing the side street from the front of the lot to the rear of the lot, which yard landscaping shall be installed at the same time as the front yard landscaping is installed. Withing one year after issuance of the certification of occupancy, the improved irrigated lawn areas shall be installed and extended to the rear line of the house.
- Such initial and future lot landscaping shall include, at a minimum sod and underground irrigation, one evergreen or leaf bearing tree in the front yard with a minimum caliper diameter of 1 1/2".
- Each Lot Owner shall maintain the landscaping to the original boundaries set forth above. A lot Owner shall maintain the area in the front of each lot lying between the sidewalk and the edge of the street pavement. Such area shall be kept and maintained in the same condition and material as the main front lawn of the lot.
- All exterior utility lines and services shall be installed and maintain underground.
- All areas designated as private parks or owned by the District Association shall be maintained in a safe, clean, and tidy manner.

Section 5.23. Vehicles and Repair. No inoperative cars, motorcycles, trucks or other types of vehicles shall be allowed to remain either on or adjacent to any portion of the District Property for a continuous period in excess of forty-eight (48) hours; provided, however, this provision shall not apply to any such vehicle being kept in an enclosure and not visible from the street or any portion of the District Property or Properties. All vehicles within the District Property must have current state issued motor vehicle registration tags displayed on the vehicle.

Section 5.24. Storage. Unless specially approved by the District ARC, no materials, supplies, or equipment (except during the construction of improvements) shall be stored on any portion of the District Property, except inside a residence and the garage. The foregoing provisions shall not apply to the Master Declarant or the District Declarant.

Section 5.25. Wells. Without the prior written consent of the District ARC, no well for the production of water, whether potable or for irrigation or other limited purposes, shall be dug, used or otherwise permitted on the District Property.

Section 5.26. Mining and Excavation. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any portion of the District Property, nor shall any oil, natural gas, petroleum, rock, gravel or other minerals or substances of any kind be produced or extracted therefrom. No clearing or excavation of any portion of the District Property shall occur except in connection with the construction approved by the District ARC, or maintenance or repair of improvements on the District Property.

Section 5.27. Signs. With the exception of one "For Sale" sign per Unit or Unplatted Parcel not to exceed the size established by the District ARC, no sign of any kind shall be erected on any portion of the District Property without the prior written consent of the District ARC. Such restriction on signage shall not apply to the District Declarant as long as the District Declarant owns the property within the District Property.

Section 5.28. Antennas; Satellite Dishes. No exterior television or radio antennas, aerials or satellite dishes of any kind shall be placed, allowed, or maintained upon any portion of the District Property, including any Unit or Unplatted Parcel unless permitted by the District ARC and the District Association. Provided, each dwelling unit shall be permitted to install and maintain one (1) exterior mounted dish satellite receiver dish not exceeding twenty (20) inches in diameter. As far as practical, each exterior antenna shall be placed on the rear or side wall of the house. No external antenna shall exceed 35 feet in height.

Section 5.29. Clotheslines, Garbage Cans and Tanks, and External Equipment. All clotheslines, garbage cans, above-ground tanks, air-conditioning compressors, pool pumps and other similar items of external equipment shall be located or screened, by vegetation or shadow-box enclosures approved by the District ARC, so as to be concealed from view from neighboring Units, Unplatted Parcels or portions of the District Property or Properties.

Section 5.30. Swimming Pools. No above ground swimming pools shall be erected, constructed or installed on any portion of the District Property. All swimming pools and spas shall be maintained within either the structure, a screened enclosure, or within a fence, each of which shall have a self-locking gate or door.

Section 5.31. Tents, Trailers and Temporary Structures. Owners or occupants shall not place upon any portion of the District Property, any tent or trailer or any structure of a temporary nature, without obtaining the prior written approval from the District Association and the District ARC.

Section 5.32. Drainage. All storm water from any portion of the District Property shall only drain into or onto contiguous or adjacent street rights-of-way, drainage easements, retention areas, Common Areas or Areas of Common Responsibility in the manner approved by the District ARC and the owner and operator of the Master Drainage System or the District Drainage System, as the case may be, if such drainage is part of the Master Drainage System or the District Drainage System,

respectively. If such drainage is not part of the Master Drainage System or the District Drainage System and is not required to be part of the Master Drainage System or the District Drainage System, then the manner of its drainage shall be approved by the District ARC and the District Declarant (and at such time as District Declarant owns no portion of the District Property, or property which can be annexed to the District Property, or at such earlier time as District Declarant in its sole discretion may determine, the approval of the District Declarant will not be required, and the District Association and the District ARC shall approve the manner of drainage). No Owner (other than the District Declarant) shall be permitted to alter the grade of or original drainage plan for any portion of the District Property, or change the direction of, obstruct, alter or retard the flow of surface water drainage, nor to erect, place or maintain any structure which shall in any way obstruct drainage devices or facilities or impede their efficient operation unless approved by the District ARC and the owner and operator of the Master Drainage System or the District Drainage System, as the case may be, if such drainage is part of the Master Drainage System or the District Drainage System, respectively, or unless approved by the District ARC and the District Declarant (and at such time as the District Declarant owns no portion of the District Property or property which can be annexed to the District Property, or at such earlier time as District Declarant in its sole discretion may determine, the approval of the District Declarant will not be required, and the District Association and the District ARC shall approve the manner of drainage), if such drainage is not part of the Master Drainage System or the District Drainage System. The Subdivision and each lot within the subdivision shall have a specific drainage plan and site elevation established to collect and channel the storm water to the front of the lot and into the drainage collection system. No lot owner shall change the lot elevations or drainage swale elevations and shall at all times, and under all circumstances, maintain, protect, preserve, repair and restore the drainage swale elevations and surface treatments. On those lots which have a basement and which receive storm water drain runoff from an adjacent lot into the back yard, such lots shall have additional storm water swales established and improved to channel the surface water away from the rear of the lots to the side yards and to the public streets. Those areas of rear lot and side lot drainage swales shall have the soil compacted to at least 85% and have the surface improved by either the installation of grass, sod, hydro-seed, a membrane and rock, or other approved technic and method to preserve the design slopes and elevations.

Section 5.33. Stormwater Retention areas. All stormwater collection infrastructure facilities and elements contained, shown and included on the Plat of Subdivision which are dedicated to Public shall be exclusively owned, maintained, and managed by the City. Neither the Owners nor the District shall have any rights or obligations pertaining to any areas or facilities dedicated to the City.

Section 5.34. Walls and fences. No fences or walls are permitted anywhere in the district property unless approved in advance in writing by the District ARC. Any fence permitted in the District Property may not exceed the maximum height of six (6) feet, except for any fencing along alleyways which are restricted to a maximum height of four (4) feet, and must be constructed with a material approved by the District ARC. All fencing material in the District (including any additional areas contained in additional phases which are subsequently annexed herein) shall be of a uniform material, design, and construction, consisting of tan vinyl material, except as allowed by the District ARC. No chain link or barbed wire fencing shall be allowed. All fences and walls shall be constructed and maintained to allow clear angles of visions from adjoining streets, alleys,

and walking areas. The height, material, color, design, and configuration of all fencing, including side yard connecting fencing, shall be uniform within and throughout the entire District and shall be constructed of tan vinyl material. All fencing shall be constructed and maintained in accordance with the architectural standards for fencing established by the District ARC, and no fence can be erected or maintained without the prior written approval of the District ARC. Additional perimeter fencing shall be constructed and uniformly maintained to provide a continuous fence surrounding and enclosing all common parks. Fencing shall not be permitted extending beyond the front of the house, except decorative fencing not exceeding 24 inches above ground shall be allowed around flower beds, planters, and as decoration. Such decorative fencing shall not be solid, and shall only be permitted if constructed with slats with gaps between the slats.

Section 5.35. Motorized Vehicles. Motorized vehicles shall not be used on sidewalks, pathways, the alleyways, or Common Areas (unless the Common Areas have been specifically designated for use by motorized vehicles by the District Declarant). Golf Carts may use the foregoing if so determined by the District Declarant, the intent that being such use, if any, shall be limited to reasonable and necessary use for transportation to and from any neighboring golf course. In no event shall any person operate a motorized vehicle or golf cart anywhere within the District Property who does not have a valid driver's licence. At such time as the District Declarant no longer owns any property which is subject to this District Declaration or which can be annexed to the District Property, or at any such earlier time as District Declarant in its sole discretion may determine, the rights reserved to District Declarant in this section shall become rights of the District Association, to be exercised by the Board of Directors.

Section 5.36. Master Standards. The District Property shall comply with the Architectural Standards adapted by the Master Declarant, the terms and conditions of the Master Declaration, and the planning and Design Criteria.

Section 5.37. Development. Each Owner shall comply, at its expense, with the requirements of the Development Order as it relates to the Unit or Unplatted Parcel owned by it, and each owner shall otherwise cooperate with the Master Declarant, District Declarant, Master Association and District Association in their efforts to comply with the provisions of the Development order.

Section 5.38. Occupants Bound. All provisions of the District Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of owners, shall also apply to all occupants of any portion of the District Property.

Section 5.39. Subdivision of Portion of the District Property. As long as District Declarant owns any land which is subject to this Declaration or which under the terms of this District Declaration could be annexed to the District Property, no portion of the District Property shall be platted, replatted, subdivided or its boundary lines changed, nor shall any portion of a Unit or Unplatted Parcel, less than the whole thereof, be sold, conveyed or transferred except with the prior written approval of the District Declarant, which approval may be granted or withheld in the sole discretion of the District Declarant. Thereafter, no portion of the District Property shall be platted, replatted, subdivided, or its boundary lines changed, nor shall any portion of a unit or unplatted parcel, less than the whole thereof, be sold, conveyed or transferred except with the prior written

approval of the District Association. Any such subdivision, boundary line change, platting or replatting shall not be in violation of applicable subdivision and zoning regulations, the Development Order or the Development Approvals. District Declarant, however, hereby expressly reserves the right to plat, replat, subdivide or change the boundary lines of any portion of the District Property owned by the District Declarant and the right to sell, convey or transfer any portion of a Unit or Unplatted Parcel less than the whole thereof, without notice to or the approval or consent of any Person being required.

Section 5.40. Garage or Yard Sales. No garage or yard sales of any kind shall be conducted, nor shall any signage related to any garage or yard sales be erected, in any manner except as specifically provided by rules and regulations promulgated by the District Declarant or the District ARC, which rules and regulations shall address the location, frequency, scope, hours, placement of signs and all other matters relating to garage or yard sales and signage or advertising thereof. Generally, such sales shall be limited to no more than one event per each two month period.

Section 5.41. Enforcement. In the event of the violation of or the failure to comply with the requirements of this Article, and the failure of the owner of the affected portion of the District Property within ten (10) days following written notice by the District Association of such violation or non-compliance and the nature thereof, to cure or remedy such violation, then the District Association or its duly appointed employees, agents or contractors, shall have the right, but not the obligation, and an easement and license to enter upon the affected portion of the District Property, without being guilty of any trespass therefor, for the purpose of curing or eliminating such violation, all at the sole expense of the owner thereof. Such costs and expenses, together with an overhead expense to the District Association of fifteen percent (15%) of the total amount thereof shall be payable by the owner of the affected portion of the District Property to the District Association within ten (10) days after written notice to the owner of the amount thereof, which amount shall become or be treated in the same manner as a Special Assessment levied against said portion of the District Property. The District Association may place a lien upon such portion of the District Property to recover such costs and expenses, as provided in Article VII hereof, and the District Association may seek all other legal and equitable remedies available to it. The District Association shall also have the right to levy fines against an Owner for the violation of or the failure to comply with the requirements of this Article, or exercise any other remedy available at law, as more particularly set forth in the Bylaws. Any rights of the District Association hereunder may also be exercised by the Master Association as further provided in this District Declaration.

ARTICLE VI

Annexation of Additional Property

Section 6.1. Annexation. As the owner thereof, or if not the owner, with the consent of the owner thereof, District Declarant shall have the unilateral right, privilege, and option, from time to time at any time to annex into the District Property any additional property (i) which is either abutting the District Property (including additions thereto), which shall include properties which would abut the District Property but for the existence of a road right-of-way, easement or other similar property grant separating it from the District Property, or (ii) which is so situated that its addition will be consistent with a uniform scheme of development as determined in the sole discretion of District Declarant. It is intended and planned that the additional properties of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6 shall be annexed herein upon the recording of the

subdivision plat for each of the proposed future phases. This right of annexation by District Declarant shall exist until District Declarant no longer owns any property within the District Property or within the additional property described above which may be the subject of annexation into the District Property. Such annexation shall be accomplished by filing in the public records of Utah County, State of Utah the Covenants, Conditions and Restrictions in form and content substantially similar to the these Covenants, Conditions and Restrictions for such future phases Sweetwater Subdivision Phase Phases 2, 3, 4, 5 and 6 or by the filing of a separate Annexation Agreement annexing such property so as to become part of the District Property and Exhibit "A", thereby submitting same to the terms of the District Declaration, which Annexation Agreement shall include the written consent of the Master Declarant thereto. Any such annexation shall be effective upon the filing for record of such Covenants, Conditions and Restrictions or the Annexation Agreement unless otherwise provided therein. The District Declarant shall have the unilateral right to transfer to any other Person the right, privilege, and option to annex additional property into the District, provided that such transferee or assignee shall be the owner of at least a portion of the District Property or the additional property which may be the subject of annexation to the District Property, and that such transfer is memorialized in a written, recorded instrument executed by District Declarant. Nothing herein shall obligate District Declarant to annex additional real property into the District Property, nor to continue with annexation, if and when it may be commenced.

Section 6.2. Residential District. The District Property designated or set forth in the current phase and in and any future phases annexed into the District as provided herein (thereby becoming part of the District Property), shall be a part of the Sweetwater Subdivision Residential District, including any areas designated as District Property contained in the current Sweetwater Subdivision Phase 1 and the intended future phases of the proposed subdivision of Sweetwater Subdivision Phases 2, 3, 4, 5 and 6 and may also include other property (i) submitted to the terms and conditions of the District Declaration by an Annexation Agreement, or (ii) submitted to the terms and conditions of other declarations of covenants, conditions, easements, reservations, reservations and restrictions and not the District Declaration by an annexation agreement, or (iii) submitted to the terms and conditions of other declarations and covenants, conditions, easements, reservations and restrictions and not the District Declaration, provided, however, the Master Declarant by written consent to such Declaration designates such property as part of Sweetwater Subdivision Residential District, and the governing District Association for such declaration shall be the District Association. The District Association shall be responsible for carrying out its rights and obligations as provided in any declarations pertaining to Sweetwater Subdivision Phase 1 and may not decline to accept such rights and responsibilities as to any property contained within Sweetwater Subdivision Phase 1. The Units within Sweetwater Subdivision Phase 1 shall be used for single family residential purposes unless otherwise specifically provided in this District Declaration, any supplemental Declaration or other declaration of covenants, conditions, easements, reservations and restrictions pertaining to property within Sweetwater Subdivision Phase 1.

Section 6.3. Neighborhood Provisions. District Declarant hereby reserves the right to declare that all or any portion of the District Property (including any additional areas contained in existing and additional phases which are subsequently annexed herein or into which this phase is annexed into) shall constitute one or more neighborhoods. Each Neighborhood may, but shall not necessarily, be comprised of residential Units, Common Areas, facilities or properties which differ in size, character, scope, number, Common Expenses, appearance, intended use or

maintenance requirements than other neighborhoods within the District Property, and may, therefore, be subjected to certain covenants and restrictions which may not apply uniformly or at all throughout the balance of the District Property. Accordingly, District Declarant hereby expressly reserves the unilateral right, privilege and option, from time to time at any time to modify, by amendment, supplement or Annexation Agreement to this District Declaration, the various covenants and restrictions set forth herein in a manner which may vary from one Neighborhood of the District Property to another, but which shall be applied and enforced consistently and uniformly in the Respective Neighborhoods to which each modification, if any, may apply. The covenants, conditions, easements, reservations and restrictions set forth in this District Declaration shall be presumed to apply uniformly throughout the District Property (including any additional areas contained in additional phases which are subsequently annexed herein) unless the relevant provision of the District Declaration specifically provides that it shall only apply to a Neighborhood of the District Property as identified therein. In the event that a provision of this District Declaration provides that it shall apply only to a specific Neighborhood of the District Property, then such specific provision, amendment or supplement shall control in the event of a conflict with any provision of the District Declaration that would otherwise apply uniformly throughout the District Property. Notwithstanding anything to the contrary set forth elsewhere in this District Declaration, the following provisions shall apply:

(a) Neighborhood Restrictions shall identify the Neighborhood to which the provisions are intended to apply. Neighborhood Restrictions may be set forth in this District Declaration, in the Annexation Agreement which submits additional property to the District Declaration, or in amendment or supplement to the District Declaration.

(b) Neighborhood Restrictions may modify, alter, delete, or expand the application of any one or more of the provisions of the District Declaration in any manner which is materially different, in whole or in part, from the application of similar provisions to other neighborhoods of the District Property, including, but not limited to, provisions relating to calculation of Assessments, descriptions of Common Areas and Areas of Common Responsibility, calculation and apportionment of Common Expenses, rights of Owners, leasing, use restrictions, landscaping, storage, parking, improvement, structures, party facilities and maintenance responsibilities.

(c) At the time of recording of the District Declaration, the District Declarant is not obligated to undertake or complete the annexation of any additional property or Neighborhood into the District Property, and nothing in this District Declaration shall be construed to obligate the District Declarant to commence or undertake, or, if and when commenced, to continue, any annexation of additional property or Neighborhoods into the District Property.

(d) Common Expenses, Assessments (both regular and special) and all other costs and expenses of the District Association may be allocated and apportioned by the Board of Directors among the varying Neighborhoods in the District Property (including any additional areas contained in additional phases which are subsequently annexed herein) in a manner that shall reflect, in the reasonable judgement of the Board of Directors, the operational and maintenance responsibilities of the District Property and of the respective Neighborhoods thereof. The Board of Directors shall determine, in its reasonable discretion, which common expenses shall be applied in uniform fashion among all owners in the District Property, and which Common expenses may be specific or unique

to the operation and maintenance responsibilities of a particular neighborhood therein, and which may be levied upon and paid by only the Owners in that particular Neighborhood without allocation among or contribution by other Owners in the District Property. Unless and until the Board of Directors shall make an affirmative determination that a different allocation of common area or special assessments shall apply, all common area and special assessments shall be uniform and consistent for all phases. Such allocations or apportionments of Common Expenses by the Board of Directors shall be reflected on the District Association budget for each fiscal year, but shall not require the preparation or adoption of separate budgets for any Neighborhood in the District Property. The District Association may commingle funds collected and received from Owners in various Neighborhoods of the District Property, but shall maintain appropriate records and books for the District Association which contain detailed accounts of the receipts and expenditures affecting each Neighborhood of the District Property and its respective administration, specifying the maintenance and repair expenses and any other expenses incurred.

(e) The District ARC shall have the authority, on behalf of the Board of Directors, to prepare and promulgate design and development guidelines and application and review procedures for all portions of the District Property in which such guidelines and procedures may differ from those promulgated generally for the District Property or for the Properties which are subject to the Master Declaration.

Section 6.4. Amendment. This Article shall not be amended without the written consent of the District Declarant, and as the provisions pertaining to it, Master Declarant. The provisions of this Declaration establishing and regulating architectural guidelines for the District shall not be amended without the express written consent of the District Declarant and the Master Declarant.

ARTICLE VII

Assessments

Section 7.1. Creation of Assessments. There are hereby created Regular Assessments for Common Expenses as may from time to time specifically be authorized by the District Association to be commenced at the time and in the manner set forth herein. For purposes of this Declaration, the initial Regular Assessment shall be \$240.00 per year per lot. Special Assessments shall be levied as provided in Section 7.3 of this Article VII. Each Owner by acceptance of a deed or recorded contract of sale to any portion of the Properties, is deemed to covenant and agree to pay these Assessments. Except as may be otherwise provided in Article VII, Section 7.3, Assessments shall be levied on all Units or Unplatted Parcels according to the following formula:

(a) Assignment of Points)

(i) Three (3) points per acre or portion thereof shall be assigned to an Unplatted Parcel. (ii) For those portions of the District which are subject to a Plat or are otherwise designated by District Declarant as a Unit, each Unit shall be allocated one (1) point.

Section 7.2. Allocation of Assessments. The percentage of the total Assessment to be levied on a particular Unit or Unplatted Parcel shall be computed by dividing the total points assigned to that Unit or Unplatted Parcel subject to the assessment by the total points for all the

Units and Unplatted Parcels in the District Property subject to the Assessment. The percentage of the total Assessment for each Unit or Unplatted Parcel shall be computed annually by the District Association. The Assessment for a Unit or Unplatted Parcel shall be arrived at by multiplying the total budget amount or total Assessment adopted by the Board of Directors (as it may be amended from time to time) by the applicable percentage of the total Assessment computed for such Unit or Unplatted Parcel. Upon Annexation of additional property into the District Property, Assessments shall be recomputed under the above formula.

Section 7.3. Special Assessments. Special Assessments shall be levied as provided in Section 7.3 of this Article VII. In addition to the Regular Assessments authorized in Section 7.1 of this Article VII, the District Association may levy a Special Assessment or Special Assessments from time to time. The obligation to pay Special Assessments shall generally be computed on the same basis as for Regular Assessments. Special Assessments shall be payable in such manner and at such times as determined by the Board of Directors, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board of Directors so determines. The District Association also may levy a Special Assessment against any owner individually and against such Owner's unit to reimburse the District Association for costs incurred in bringing an Owner and his Unit into Compliance with the provisions of this Declaration, which special assessment may be levied by the District Association after notice to an Owner and an opportunity for a hearing. The District Association may also levy a Spacial Assessment against the Units in any District to reimburse the District Association for costs incurred in bringing the District into compliance with the Provisions of this Declaration, which Special Assessment may be levied upon the vote of the Board of Directors after notice to the senior officer of the District Association or District Committee and an opportunity for a hearing.

Section 7.4. Lien for Assessments. Upon recording of a notice or claim of lien on any Unit, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens, except (a) all taxes, bonds, assessments, and other levies which by law would be superior thereto; and (b) the lien or charge of any first mortgage or deed of trust of record (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgement, and foreclosure.

Section 7.5. Date of Commencement of Assessments. The Assessments provided for herein shall commence as to each unit (lot) on the first day of the first month following (i) the date of conveyance of the Unit by Declarant, or (ii) the effective date of the first budget, whichever is later. The first Regular Assessment shall be adjusted according to the number of days remaining in the fiscal year at the time Assessments commence as to the Unit. So long as the Declarant holds title to any particular Lot or Unit which does not have a residence constructed thereon, unplatted parcel or any Additional Properties, the Declarant shall not be liable to pay any regular or special assessment related to such Lot, Unit, unplatted parcel or any Additional Properties.

Section 7.6. Collection and Enforcement. All Assessments, together with interest, penalties, late charges, processing and other fees, costs, expenses and reasonable attorneys' and paralegals' fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each Assessment is made. All Assessments, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit

at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Unit pursuant to foreclosure of a first Mortgage, shall be liable for unpaid Assessments which accrued prior to such acquisition of title. The failure of the District Association to send a bill to a Member shall not relieve any Member of his or her liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than fifteen (15) days written notice prior to the commencement of such foreclosure or enforcement, at the address of the Member on the records of the District Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after the delinquency of such payment. The District Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment Period; successor Owners of Lots or Parcels shall be given credit for prepayments, on a prorated basis, made by prior Owners.

Section 7.7. Foreclosure of Lien. The District Association shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey at the same time. During the period in which a Unit is Owned by the District Association following foreclosure: (a) no Assessment shall be assessed or levied on it; and (b) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the Assessment that would have been charged such unit had it not been acquired by the District Association as a result of foreclosure. Suit to recover a money judgement for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 7.8. Estoppel Letters. The District Association shall, upon written demand at any reasonable time, furnish to any Owner liable for any type of Assessment a certificate in writing setting forth whether such Assessment has been paid as to any particular Unit or Unplatted Parcel. Such certificate shall be conclusive evidence of payment to the District Association of such Assessment therein stated to have been paid. The District Association may require the advance payment of reasonable processing fee for the issuance of such certificate.

Section 7.9. Payment Dates; Installments. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the entire Assessment in the event of delinquent payments, including, without limitation in the case of the Regular Assessment, acceleration of payment of Regular Assessment for the entire fiscal year, and acceleration of payment of the full amount of any Special Assessment. The Board of Directors may in its sole discretion grant an option for the regular Assessment to be paid in installments rather than annually in advance, subject to an additional processing fee and interest being due if such option is elected. Unless the Board of Directors otherwise provides, the Regular Assessment shall be paid in quarterly installments.

Section 7.10. Non-waiver of Assessment. No Owner may waive or otherwise exempt himself from liability for the Assessments provided herein by non-use of the Common Area or by abandonment of the Unit or Unplatted Parcel against which the Assessments are made. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessment or set-off against an Assessment shall be claimed or

allowed by reason of any alleged failure of the District Association to take some action or perform some function required to be taken or performed by the District Association under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the District Association, or from any action taken to comply with any law, ordinance, order or directive of any municipal or other governmental authority.

Section 7.11. Declarant's Options. So long as Declarant has an option unilaterally to subject additional property to this Declaration, Declarant may elect, in lieu of paying Assessments on its unsold Units, to pay the difference between the amount of Assessments levied on all Units subject to assessment (except Declarant's unsold Units) and the amount of actual expenditures required during the fiscal year. This obligation may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these.

Section 7.12. In-Kind Contributions. The District Association is specifically authorized to enter into subsidy contracts or contracts for "in-kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment or satisfaction of some portion of the Common Expenses.

Section 7.13. Annual Budget. It shall be the duty of the Board of Directors at least sixty (60) days before the beginning of each fiscal year, to prepare a budget covering the estimated Common Expenses during the coming fiscal year. The budget may include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared. Such capital budget shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost of each asset. The Board of Directors shall set the capital contribution, if any, in an amount sufficient to permit the District Association to meet the projected capitals needs, as shown on the capital budget, the period of the budget. The Board of Directors shall cause a copy of the Common Expense budget and a notice of the amount of the Regular Assessment to be levied against each Unit for the following fiscal year to be delivered to each Owner at least thirty (30) days prior to the beginning of the fiscal year. Such budget and Regular Assessment shall become effective upon distribution to the Owners as provided above.

Notwithstanding the foregoing, however, in the event the Board of Directors fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

In the event that the Board of Directors shall determine during any fiscal year that the Regular Assessment established for such fiscal year is or will become inadequate or insufficient to meet all Common Expenses for such fiscal year, for whatever reason, the Board of Directors shall be entitled to immediately determine the approximate amount of the deficiency or inadequacy of the Regular Assessment for such fiscal year, issue a supplemental estimate of Common Expenses to all members of the District Association and within thirty (30) days thereafter establish, make, levy, impose, enforce, and collect a supplemental or revised Regular Assessment for such fiscal year.

Section 7.14. Subordination of the Lien to First Mortgages. The lien of Assessments, including interest, costs and attorney's fees, shall be subordinate to the lien of any first Mortgage

upon any Unit. The sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from lien rights for any Assessments thereafter becoming due. When a Mortgagee holding an institutional first Mortgage of record or other purchaser of a Unit obtains title pursuant to remedies under the Mortgage, its successors and assigns shall not be liable for the share of the Common Expenses or Assessments by the District Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

Section 7.15. Exempt Property. Notwithstanding anything herein to the contrary, the following property shall be exempt from the payment of Assessments:

- (a) All Common Area under this Declaration and any District Declaration;
- (b) All property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets and public parks, if any; and
- (c) All real property not within a Unit which is part of the Master Drainage System;

Section 7.16. Alternative Billing of Assessments. The District Association may, in lieu of collecting Assessments of an individual basis from each Owner, bill any District Association or District Committee for the combined Regular Assessments due with respect to all the Units within each such District. Each District Association or District Committee, as the case may be, shall pay the Regular Assessments due for all Units within the District promptly upon receipt of any such billing. If any District Association or District Committee fails to pay the total combined Regular Assessments within thirty (30) days after the receipt of a bill therefor, the District Association shall thereupon send notice of the Regular Assessment due to each Owner of a Unit within the District and such Regular Assessment shall then be payable by each such Unit Owner. In the alternative, the District Association may elect to sue any District Association or District Committee for the payment of all the Regular Assessments due for all Units within the District.

ARTICLE VIII

Provision of Services

Section 8.1. Provision of Services to Units. The District Association may arrange for or provide services to Owners and their Units, directly or through contracts with the Declarant or Master Declarant or other third parties. The District Association may enter into bulk service agreements by which a particular service is provided to all Units, or it may offer various services at the option of each Owner, or both. By way of example and not limitation, such services might include such things as nonpotable water for irrigation, cable television, other telecommunications services, community technology, high-speed internet information and/or data services, utilities, fire protection, security monitoring services, trash collection, landscape maintenance, pest control and caretaker services.

Any District Association contract for services may require individual Owners or occupants to execute separate agreements directly with the Persons providing components or services in order

to gain access to or obtain specified services. Such contracts and agreements may contain terms and conditions that, if violated by the Owner or occupant of a Unit, may result in the termination of services provided to such Unit. Any such termination shall not relieve the Owner of the continuing obligation to pay assessments for any portion of the charges for such services that are assessed against the Unit as a Common Expense or Service Area Expense pursuant to Article 7.

In its discretion, the Board may discontinue offering particular services and may modify or cancel existing contracts for services, subject always to the specific contract terms which may prohibit unilateral action by the Board, and subject to any provision that may exist elsewhere in the Governing Documents requiring the District Association to provide such services.

Section 8.2. Provision of Services to Service Areas.

8.2.1 Service Areas Designated by Declarant. The District Association shall provide or obtain services to Units within any Service Area designated by the Declarant pursuant to Article 8.1 as required by the terms of a Supplement applicable to the Service Area. Service Areas need not be contiguous nor continuous within a geographic area.

8.2.2 Service Area Designated by Board. In addition to Service Areas the Declarant may designate pursuant to Article 8.1, any group of Owners may petition the Board to designate their Units as a Service Area for the purpose of receiving from the District Association (i) special benefits or services which are not provided to all Units, or (ii) a higher level of service than the District Association otherwise provides. Any such petition shall be signed by Owners of a simple majority (51% or greater) of the Units within the proposed Service Area. Upon receipt of such petition, the Board shall investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and the initial fees for providing the requested service, which may include a reasonable administrative charge. If Owners of at least 60 % of the Units within the proposed Service Area approve the proposal in writing, the Board shall designate the Units as a Service Area and include the fees for such service as a line item in the Service Area budget pursuant to Article 8.1.

Section 8.3. Community Technology.

8.3.1 Community Systems. The Declarant may provide, or may enter into and assign to the District Association or cause the District Association to enter into contracts with other Persons to provide, central telecommunications, receiving and distribution systems (e.g., cable television, high speed data/intranet services, telephone, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve the Community ("Community Systems"). Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the "Community Systems" as the Declarant determines appropriate.

The District Association may enter into a bulk service agreement providing access to any such "Community Systems" for all Units as a Common Expense. If particular services or benefits are provided to particular Owners or Units at their request, the benefitted Owner(s) shall pay the service provider directly for such services, or the District Association may assess the charges as a Service Area Assessment or Specific Assessment pursuant to Article 7 and pay such charges to the provider on behalf of the Owners, as the Board deems appropriate.

8.3.3 Opportunities for Community Interaction. The District Association may make use of computers, the Internet, and expanding technology to facilitate community interaction and encourage participation in District Association activities. For example, the District Association may sponsor a community cable television channel, create and maintain a community intranet or internet home page, maintain an "on line" newsletter or bulletin board, and offer other technology-related services and opportunities for Owners and residents to interact and participate in District Association sponsored activities. To the extent Utah law permits, and unless otherwise specifically prohibited in the Governing Documents, the District Association may send notices by electronic means, hold Board or District Association meetings and permit attendance and voting by electronic means, and send and collect assessments and other invoices by electronic means.

ARTICLE IX

General Provisions

Section 9.1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by Declarant or the District Association, their respective successors and assigns, for a term of ninety-nine (99) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ninety-nine (99) years, unless an instrument in writing, signed by two-thirds (2/3rds) of the then Owners, has been recorded within the year preceding the beginning of each successive period of ninety-nine (99) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

Section 9.2. Enforcement. Every Owner and every occupant of a Unit shall comply strictly with the covenants, conditions, and restrictions set forth in the Declaration, the applicable District Declaration and in the deed to the Unit, if any. Failure to comply with this Declaration shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the District Association, or by Declarant. Failure to comply with the applicable District Declaration shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the District Association, Declarant, or in a proper case, by the an aggrieved Owner.

Section 9.3. Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as Declarant owns any property subject to this Declaration, and its assigns or designees for each of the following (which may include, without limitation, Eagle Mountain City, Utah, and any governmental entity or any utility service provider), blanket easements upon, across, over, and under all of the Common Area and, to the extent shown on any plat, over other portions of the Properties for ingress, egress, installation, replacing, repairing and maintaining cable television systems, master television antenna systems, fiber optics lines, security, and similar systems, roads, walkways, bicycle pathways, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity; provided, the exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry into any Unit shall be made only after reasonable notice to Owner or occupant thereof.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier easements across all Units and the Common Area for ingress, egress, installation, reading,

replacing, repairing, and maintaining water meter boxes. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, waterlines, or other utilities may be installed or relocated on the Properties, except as may be approved by Declarant, so long as Declarant owns any property subject to this Declaration, and thereafter by the Board of Directors.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant shall have the right to grant such easement over the Properties. The easements provided for in this article shall in no way adversely affect any other recorded easement on the Properties.

Section 9.4. Future Easements. There is hereby reserved to Declarant, together with the right to grant and transfer the same, the right, power and privilege to, at any time hereafter, grant to itself, the District Association, Eagle Mountain City or any other parties such other further and additional easements as may be reasonably necessary or desirable, in the sole opinion and in the sole discretion of the Declarant, for the future orderly development of the District in accordance with the objects and purposes set forth in this Declaration. It is expressly provided, however, that no such further or additional easement shall be granted or created over and upon any unit pursuant to the provision of this Section if any such easement shall unreasonably interfere with the presently contemplated or shall unreasonably interfere with the presently contemplated or future use and development of that particular Unit. The easements contemplated by this Section may include, without limitation, such easements as may be required for utility, drainage, road right-of-way and other purposes reasonably related to the orderly development of the Eagle Mountain Properties Master Communities in accordance with the objects and purposes specified in this Declaration. Such further or additional easements may be hereafter created, granted or reserved by Declarant without the necessary for the consent or joinder of the owner of the particular portion of the Properties over which such further or additional easement is granted or required.

Section 9.5. Dispute Resolution and Limitation on Litigation.

9.5.1 Agreement to Encourage Resolution of Disputes Without Litigation.

- .1 Parties Bound. The Declarant, the District Association and its officers, managers, directors, and committee members, the Community Council and its officers, directors, managers, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively the "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection 9.5.1.1 above, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 9.5.2.1 in a good faith effort to resolve such Claim. Compliance with this Article is fundamental, material, jurisdictional and an express condition precedent to the initiation and continuation of any litigation or administrative action.
- .2 Claims. As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:
 - (i) the interpretation, application or enforcement of the Governing Documents;

- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents;
- (iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article 5 , which shall not be subject to review;

Notwithstanding the above, the following shall not be considered "Claims" unless all parties to the matter otherwise agree in writing to submit the matter to the procedures set forth in Section 9.5.2:

- (iv) any suit by the District Association to collect assessments or other amounts due from any Owner;
- (v) any suit by the District Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the District Association's ability to enforce the provisions of this Declaration (relating to creation and maintenance of community standards);
- (vi) any suit that does not include the Declarant, an affiliate or a related party of the Declarant, or the District Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;
- (vii) any suit as to which any applicable statute of limitations would expire within 180 days of giving Notice required by Section 9.5.2.1, unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Article; and
- (viii) any suit by the District Association to enforce the Governing Documents where the District Association has given the violator notice and either a hearing or an opportunity to cure the violation, or both, and the violation or damages therefrom continue, prior to the District Association filing suit.

9.5.2 Dispute Resolution Procedures.

.1 Notice. The Bound Party asserting a Claim (the "Claimant") against another Bound Party (the "Respondent") shall give written (the "Notice") by U.S. First Class postage prepaid mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

- (i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim, the dates of occurrence of all relevant events, a listing or reference to all relevant documents, contracts, writing, or papers, all other facts, information or allegations necessary to provide all parties sufficient information to effectively participate in the Alternative Dispute Resolution process;
- (ii) the full name(s) address and contact information for all Claimants, the name(s), address and contact information for any agent, representative or attorney appearing on behalf of the Claimant,
- (iii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises), including evidence that the Claimant has the legal standing to assert the Claim;
- (iv) the Claimant's proposed resolution or relief; and

- (v) the Claimant’s desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim, and suggesting a meeting time, date and place.

.2 Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiations. The Parties shall exercise their good faith and due diligence to meet and negotiation within 30 days of the date of the Claim. The parties can mutually agree to extend the negotiation period. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a third party representative to assist the parties in negotiating a resolution of the Claim.

.3 Meditation. If the parties have not resolved the Claim through negotiations within 30 days of the date of the Notice (or such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the District Association (if the District Association is not a party to the Claim) or to any independent agency providing dispute resolution services in Eagle Mountain, Utah area. Each Bound Party shall present the mediator with a written summary (containing at least the same information as required to be set forth in the Notice) of the Claim within 10 days after the date of termination of the negotiation period.

DISPUTE RESOLUTION TIME LINE			
Claim Between Bound Parties			
Day 1	Day 2 to day 30	Day 31 to Day 60	Day 61 to 90+
Written Notice of Claim	Negotiation Period	Request Mediation	Mediation Period
<ul style="list-style-type: none"> *Factual Basis *Legal Basis *Propose a Resolution *Propose a Meeting *Send copy to Board 	<ul style="list-style-type: none"> *Good faith effort *Parties meet in person *May request Board assistance 	<ul style="list-style-type: none"> *Claimant must submit claim *Mediator assigned by District Association or independent agency *If Claim is not submitted, it is waived 	<ul style="list-style-type: none"> *Agency supplies rules *Fee split between parties *Written summary from each side *Supervised negotiations *Contractual settlement or *Termination of mediation

If the Claimant does not submit the Claim to mediation within such time, does not appear for the mediation when scheduled or does not participate in good faith in the mediation, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties who were not part of the mediation process) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that the mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including any attorney's fees, and each Party shall pay an equal share of the mediator's costs and fees.

.4 Settlement. Any settlement of the Claim achieved through negotiation or mediation shall be documented in writing, set forth the nature of the Claim and the agreed upon resolution or award, and signed by all parties, herein after referred to as the "Settlement Agreement". If any party thereafter fails to abide by the terms of such "Settlement Agreement", then the other party may file suit or initiate administrative proceedings to enforce such "Settlement Agreement" without the need to comply again with the procedures set forth above in this Section. Neither party can use, make reference to, or introduce into evidence, any statements, admissions, agreement, concessions, or stipulations made during the negotiations or mediation process in any subsequent action, unless: (1) the foregoing was reduced to writing and signed by all parties, (2) is contained within the written "Settlement Agreement", or (3) existed independently or outside the negotiation and mediation process. In such enforcement action, the prevailing party shall be entitled to recover all costs incurred in enforcing or defending such enforcement action, including, without limitation, attorney's fees and court costs.

Section 9.6. Indemnification. The District Association shall indemnify every officer, director and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their individual willful misfeasance, malfeasance, misconduct, or bad faith. The offices directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the District Association (except to the extent that such officers or directors may also be members of the District Association), and the District Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member may be entitled. The District Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 9.7. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the District Association unless approved by a vote of seventy-five percent (75%) of the Voting Members. In the case of such a vote, and notwithstanding anything contained in this Declaration or the Articles of Incorporation or Bylaws of the District Association to contrary, a Voting Member shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of seventy-five percent (75%) of all members of the District Association represented by a voting member. This section and the restriction contained herein shall not apply, however, to an action brought by the District Association: (1) to enforce the provisions of this Declaration (including, and without limitation, the collection, enforcement and foreclosure of assessments and liens), (2) for the imposition and collection of assessments as provided in Article VII hereof, (3) for proceedings involving challenges to ad valorem taxation or condemnation proceedings, (4) against any contractor, vendor, or supplier of goods or services arising out of a

contract for services or supplies, or (5) to defend claims filed against the District Association or to assert counterclaims in proceedings instituted against it. This Section shall not be amended unless such amendment is made by Declarant, or after the Class "B" Control period, is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 9.8. Cumulative effect; Conflict. The covenants, restrictions, and provisions of this declaration shall be cumulative with those of any District Association and the District Association may, but shall not be required to, enforce the latter; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any District Association shall be subject and subordinate to those of the District Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the District Association.

Section 9.9. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 9.10. Interpretation. In all matters of enforcement or interpretation of this Declaration, all ambiguities shall be resolved in the favor of the Declarant.

Section 9.11. Jurisdiction; Venue; Choice of Law. The exclusive jurisdiction of all actions or proceedings under or concerning this Declaration shall be in the appropriate court having subject matter jurisdiction in the State of Utah. The venue of all actions shall lie in Utah County, State of Utah. The Laws of the State of Utah shall apply to this Declaration, notwithstanding any provision of any conflict or choice of law provision to the contrary.

Section 9.12. Condemnation.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the District Association in lieu of and under the threat of condemnation with such approval as may be required under Section 9.14, each Owner shall be entitled to a written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the District Association to be disbursed as follows:

FIRST: The District Association shall be entitled to recover its fees and expenses, including any attorney's fees and expenses, incurred by the District Association in defending such action.

SECOND: If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the District Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available and practical under current municipal codes, unless within 60 days after such taking the Declarant, during the Development and Sales Period, and Voting Members entitled to cast at least 70 % of the total votes in the District Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board and current municipal codes. The provisions of

Section 4.6 regarding the use and disposition of funds for restoring damaged improvements shall apply.

THIRD: If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under section 4.6.5.

Section 9.13. Partition.

Except as permitted in this Declaration, the Common Area and Limited Common Area shall remain undivided, and no Person shall have any right of partition and shall not bring any action to partition any portion of the Common Area or Limited Common Area without the prior written consent of all Owners, the District Association and all Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Declaration, with such approval as may be required under Section 9.14.

Section 9.14. Transfer, Mortgaging, or Dedication of Common Area.

The District Association may transfer or dedicate portions of the Common Area to the City of Eagle Mountain, Utah, or to any other local, state, or federal governmental or quasi-governmental entity, may subject the Common Area to a security interest, or may transfer or convey Common Area as set forth below. No conveyance or encumbrance of Common Area or Limited Common Area shall deprive any Unit or the rights of ingress, egress, access or support to such Unit.

- (1) if Common Area other than Limited Common Area, upon the written direction of Voting Members entitled to cast at least 75% of the total votes in the District Association and, during the Development and Sales Period, with the written consent of the Declarant, or
- (2) if Limited Common Area, upon the written approval of all Owners and Mortgagees of the Units to which such Limited Common Area is assigned;

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the District Association to be used as the Board determines, unless otherwise directed by Voting Members at the same time such sale or mortgage is authorized pursuant to Section 9.14(1). The proceeds from the sale or mortgaging of Limited Common Areas shall be disbursed in the manner directed by the Owners of Units to which the Limited Common Area is assigned at such time such sale or mortgage is authorized pursuant to Section 9.14(2).

ARTICLE X

Declarant's Rights

Section 10.1. Assignment of Rights. Any or all of the general or special obligations of Declarant may be transferred to other Persons, including, without limitation, the District Association provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by Declarant and duly recorded in the public records of Utah County, State of Utah. Nothing in this declaration shall be construed to require Declarant or any successor to develop any of the property set forth in Exhibit "D" in any manner whatsoever.

Section 10.2. Development Activities. Notwithstanding any provisions contained in the Declaration to the contrary, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of these Units, including, but not limited to, business offices, signs, model Units and sales offices, and Declarant shall have easement for access to and use of such facilities.

Section 10.3. Approval of Additional Covenants. So long as Declarant continues to have rights under this article, no Person shall record any Declaration of covenants, conditions and restrictions, or declaration of condominium or similar instruments, affecting any portion of the properties without Declarant's Review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument, being void and of no force and effect unless subsequently approved by recorded consent signed by Declarant.

Section 10.4. Amendment. This Article may not be amended without the express written consent of Declarant; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) twenty-five (25) years from the date of this Declaration as recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

ARTICLE XI

Amendment

Section 11.1. Declarant's Right to Amend. Declarant reserves the right to amend this declaration unilaterally at anytime, without prior notice and without the consent of any Person for any purpose including, but without limitation to, withdrawal of certain portions of the Properties then owned by the Declarant or its affiliates from the provisions of this Declaration and a change in the uses permitted for the Properties under this Declaration and a change in the uses permitted for the Properties in this Declaration, by recordation of an amendment in the public records of Utah County, State of Utah. Any amendment of Declarant shall be consistent with the general development plan for the Properties set forth in this Declaration. It may also designate separate residential, commercial, industrial, office, governmental, educational or other districts. Other covenants and restrictions consistent with the general plan of development may include requirements for insurance and repair of the Common Area and Units, rights and obligations for the District Association, including rules and regulations and enforcement powers, reservation of additional easements over the properties, and certain special mortgagee provisions required by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration, and the Department of Housing and Urban Development. Notwithstanding the foregoing, the Declarant shall not amend any rights of the City under this Declaration, expressly including the City's rights and authority to enforce the architectural guidelines, without the prior written consent of the City.

Section 11.2. Members Right to Amend. This Declaration may also be amended by the affirmative vote or written consent, or any combination thereof, of voting Members representing seventy-five (75%) of the total votes of the District Association, including seventy-five (75%) of the votes held by members other than the Declarant. However, the percentage of votes necessary to

amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Section 11.3. Consent to Amend. If an Owner consents to the Amendment of this declaration or the bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Section 11.4. Mortgagee's Rights. No amendment shall remove, revoke or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any Mortgage held by any Mortgagee or impair the rights granted to Mortgagees herein without the prior written consent of such Mortgagees.

Section 11.5. Acceptance of Deed. By acceptance of a deed of conveyance to a Unit each Owner thereby gives its full, irrevocable and unqualified consent on behalf of itself, its mortgagees, and its successors-in-title to the amendment of this Declaration in the manner provided in this Article.

ARTICLE XII

Special Easements and Use Restrictions

Section 12.1. Airport Easement: Each Owner, by acceptance of a deed to a Unit or Unplatted Parcel within the District Property, hereby expressly acknowledges, for himself and for his guests, invitees, agents, assignees and successors-in-interest, that the District is adjacent to an airport, and the Owner agrees that, just as the proximity of an airport to the Owner's residence may have the effect of creating a unique and valuable environment in which to reside, so may such proximity involve certain inherent aspects which may be less desirable, including, but not limited to, various activities commonly associated with the use and operations of airplanes and the normal and usual activities associated with the operation and maintenance of an airport and the operations of airplanes. "Airplanes" shall include without limitation aircraft of all types, including, but not limited to, fixed wing aircraft, rotor wing aircraft, lighter-than-air craft, powered and non-powered aircraft, jet and piston powered aircraft, single and multi-engine aircraft, and all associated and supporting equipment. The "operation and maintenance" of aircraft and the airport shall include, but not be limited to, the actual operation of aircraft, the use of the airspace immediately above the District Property, the over-flight of the property by aircraft, landing and departures of aircraft, the operation of radios, operation of radar, storage and dispensing of fuels, repair and construction of aircraft, airport lights, engine repairs, and all other activity associated with aircraft and airports. Accordingly, Declarant hereby creates and grants, and each Owner consents, agrees and waives any and all objection to the creation and granting of, easements to permit the doing of every act reasonably necessary and proper to the operation and maintenance of airplanes and the Airport, which acts may include, but shall not be limited to, the over-flight of District Property of airplanes, the creation of noise, fumes, vibration, odors, visual effects, lights, fuel odors, from the airport and airplanes, the landing and taking-off of airplanes, maintenance of airplanes, the flight of airplanes over and upon any and all parts of the District Property, including Units, Unplatted Parcels, Common Areas, streets and rights-of-way, and the operation of airplanes and equipment on, over and about the Common Areas, streets and rights-of-way of the District Property. All lots and property are further subject to height and use restrictions imposed by the Federal Aviation Administration

pertaining to the operation of aircraft and airports, including height restrictions and clear-view flight paths. All Owners assume all risks associated with the operation and maintenance of the airport or the operation and maintenance of airplanes, and all Owners agree and covenant not to make any claim or institute any action whatsoever against the owner and operator of the airport, the Master Declarant, District Declarant, Master Association, District Association, the directors, officers, employees and agents of the foregoing, or any other party other than the pilot who caused the property damage or personal injury arising or resulting from the negligent operation of any particular aircraft, or for negligent design of the Airport or siting of the Unit. Nothing herein shall in any way relieve pilots or aircraft owners from liability for damages resulting from the negligent operation of airplanes. Further, all Owners waive objection to and assume the risk of noise, personal injury or property damage caused by maintenance or operation of the Airport or airplanes, including, but not limited to, noise from maintenance equipment at any and all times, although such maintenance typically takes place around sunrise and sunset; noise caused by pilots and aircraft; the use of pesticides, herbicides and fertilizers; view restrictions caused by maturation of trees and shrubbery; and reduction in privacy caused by constant aircraft traffic on or from the Airport or the removal or pruning of trees and shrubbery on the Airport. Owners shall not interfere with the activities and operations of the Airport, nor shall Owners enter or trespass upon or over the property of the Airport unless such Owner is a member thereof or is otherwise permitted by the owner or management of the Airport. Each Owner expressly acknowledges that the District Declarant may or may not be the owner of the Airport, which is to be treated as separate private property, and that the District Declarant makes no representations or warranties as to membership or use by any Owner in the Airport, or as to the operation or activities of the Airport, or, finally, as to the location, landscaping or appearance of the various improvements of the Airport, including the design and layout (as they may affect views, flight patterns of aircraft, ingress and egress to the Airport or, without limitation, any other aspect of the District Property) of runways, taxiways, hangars, maintenance facilities, all or any part of which may be constructed, removed, eliminated, relocated or modified from time to time in the sole discretion of the owner of the Airport without the consent of any Owner of any Unit or Unplatted Parcel in the District Property. Ownership of a Unit or Unplatted Parcel or membership in the District Association does not give, nor shall it be construed to give, any right, vested or otherwise, or any easement, prescriptive or otherwise, to use the Airport or any improvements located thereon, and does not grant any ownership or membership or other interest therein. District Declarant hereby reserves the right, which right shall be delegated to the District Association upon expiration of the Class "B" control period, to promulgate such additional rules and regulations, and to create and grant such other further and additional easements, all as may be reasonably necessary or desirable, within the sole discretion of the District Declarant, for the assurance and maintenance of an orderly relationship between the Airport and the District. This Article can not be amended, modified, or deleted without the prior written consents of the Master Declarant, the District Declarant, and the managing entity or owner of Jake Garn Airport, which such consents maybe withheld or denied in the absolute discretion of each such entity.

*******(THE SIGNATURE AND EXECUTION PAGE FOLLOWS)*******
 *******(THE BALANCE OF THIS PAGE IS INTENTIONALLY BLANK)*******

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this :
11 day of Sept, 2007.

MASTER DECLARANT:
MONTE VISTA RANCH, L.C.

DISTRICT DECLARANT:
EM DEVELOPMENT, LLC

By: [Signature]
John W. Walden, Manager

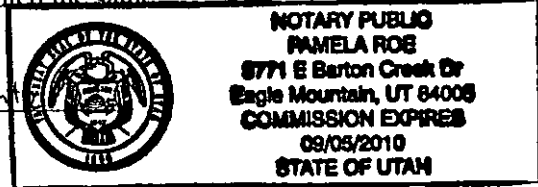
By: [Signature]
John W. Walden, Co-Manager
By: [Signature]
David R. Adams, Co-Manager

STATE OF UTAH :
COUNTY OF UTAH :

On the 11 day of Sept, 2007, , personally appeared before me, a notary public in and for the State of Utah, John W. Walden, Manger of MONTE VISTA RANCH, LC , the signer(s) of the above instrument, who duly acknowledged to me that he has the authority to execute the within and foregoing instrument on behalf said company, and that said company executed the same

[Signature]
Notary Public
My Commission Expires: 09-05-2010

Residing in: Utah County
Notarial Seal

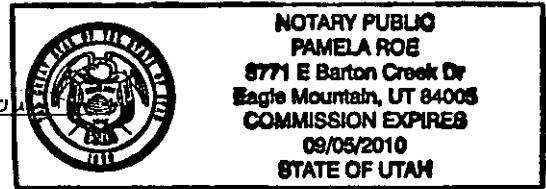


STATE OF UTAH :
COUNTY OF UTAH :

On the 11 day of Sept, 2007, , personally appeared before me, a notary public in and for the State of Utah, JOHN W. WALDEN , Co-Manger, of EM DEVELOPMENT, LLC the signer(s) of the above instrument, who duly acknowledged to me that he has the authority to execute the within and foregoing instrument on behalf said limited liability company, and that said limited liability company executed the same.

[Signature]
Notary Public
My Commission Expires: 09-05-2010

Residing in: Utah County
Notarial Seal



STATE OF UTAH :
COUNTY OF UTAH :

On the 11 day of Sept, 2007, , personally appeared before me, a notary public in and for the State of Utah, DAVID R. ADAMS , Co-Manger, of EM DEVELOPMENT, LLC the signer(s) of the above instrument, who duly acknowledged to me that he has the authority to execute the within and foregoing instrument on behalf said limited liability company, and that said limited liability company executed the same.

[Signature]
Notary Public
My Commission Expires: 09-05-2010

Residing in: Utah County
Notarial Seal

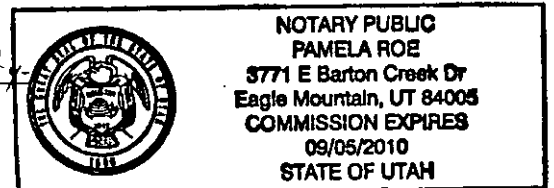


Exhibit "A"

DISTRICT PROPERTY LEGAL DESCRIPTION

SWEETWATER SUBDIVISION

Phase 1

A parcel of land in the west ½ of the northeast quarter of section 13, township 6 south, range 2 west, S.L.B.&M, Eagle Mountain City, Utah County, Utah, more particularly described as follows:

Commencing at the Northeast corner of said Section 13; thence N89°32'12"W 2176.33 feet along the north line of said Section 13; thence South 742.25 feet to the POINT OF BEGINNING; thence South 110.00 feet; thence S09°28'03"E 51.70 feet; thence S00°27'08"W 832.54 feet; thence N89°51'05"W 521.01 feet; thence N00°27'08"E 143.83 feet; thence S89°32'52"E 250.00 feet; thence N00°27'08"E 850.34 feet; thence East 261.23 feet to the POINT OF BEGINNING.

Containing 6.972 acres, more or less.

Exhibit "B"

ARTICLES OF INCORPORATION OF DISTRICT ASSOCIATION



RECEIVED

AUG 02 2007

ARTICLES OF INCORPORATION
of
SWEETWATER HOME OWNERS DISTRICT ASSOCIATION, INC.

Utah Div. Of Corp. & Comm. Code

We the undersigned natural persons all being of the age of eighteen (18) or more years, acting as incorporators of a corporation under the Utah Non-Profit Corporation and Cooperative Association Act (hereinafter the "Act"), adopt the following Articles of Incorporation for such Corporation:

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ARTICLE I

Corporation Name

The name of this corporation is: "Sweetwater Home Owners District Association, Inc.", (hereinafter the "Corporation" or "Association").

ARTICLE II

Duration

The period of existence and duration of the life this Corporation shall be perpetual.

ARTICLE III

Nonprofit Corporation

This Corporation shall be a nonprofit, membership corporation. No part of the net earnings of this Corporation shall inure to the benefit of, or be distributable to, its members, trustees, officers, or other persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to and expenses incurred on behalf of the Corporation and to make payments and distributions in furtherance of the purposes set forth herein.

ARTICLE IV

Purposes and Powers

The purposes and powers of the Corporation include, but are not limited to:

- 4.1 This Corporation does not contemplate pecuniary gain or profit to the Members.
- 4.2 The purpose of the Corporation is to provide for the regulation and administration of the Property and Common Areas located in the Sweetwater Subdivisions, and additions and areas annexed thereto, according to the plats thereof recorded or to be recorded in Eagle Mountain City, Utah County, Utah.
- 4.3 The Corporation shall have the duties and powers set out in the Declaration of Covenants, Conditions, and Restrictions (hereinafter referred to as "Declaration" or "CC&R's") for the subdivisions and shall have additional powers including, but not limited to:
 - .1 Fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration and any and all costs and expenses related thereto.
 - .2 Acquire, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or real or personal property in connection with the affairs of the Corporation under the limitations imposed by the Declaration.

08-02-07A11:59 RCVD

Date: 08/02/2007
Receipt Number: 2189813
Amount Paid: \$22.00

- .3 Borrow money, and with the assent of two-thirds (2/3) of each class of Members, mortgage, pledge, deed in trust, or hypothecate any or all its real or personal property of the Corporation as security for money borrowed or debts incurred.
- .4 Dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members. No such dedication or transfer shall be effective shall be unless approved by at least two-thirds (2/3) of each class of Members.
- .5 Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of each class of Members.
- .6 Have and exercise any and all powers, rights, and privileges which a corporation organized under the Act may by law now or hereafter have or exercise, including the annexation of subsequent phases of the subdivision phases of the subdivision subject only to limitations contained in the Declaration and the amendments and supplements thereto.
- .7 Adopt, modify, amend, interpret, enforce, and abolish such By-Laws of the Corporation regulating the internal affairs and procedures of the Corporation, the duties, offices, term, number, and obligations of the officers, members, directors and others participating in the activities of the Corporation, and such other or further provisions as the Members deem appropriate. The bylaws of the Corporation may contain any provision for managing the business and regulating the affairs of the Corporation that is not inconsistent with law or the articles of incorporation, including management and regulation of the Corporation in the event of an emergency.
- .8 To engage in any and all other lawful purposes, activities and pursuits presently or hereafter allowed by law and consistent with the foregoing.
- .9 To engage in any other lawful act or activity in furtherance or, incidental to, or connected with any of the foregoing, and for which corporations may be organized under the Act.

ARTICLE V

Membership and Voting Rights

The Corporation shall have two classes of classes of voting members with the following rights, duties, obligations and restrictions:

Every person or entity holding any fee simple interest of record to a Building Lot or Residential Unit, but excluding those having such interest merely as security for the performance of an obligation, shall be a Member of the Corporation. Membership shall be appurtenant to and may not be separated from ownership of any Building Lot or Residential Unit. There shall be one (1) unit of membership in the Corporation for any Building Lot and Residential Unit located in the Subdivisions. There shall be no fractional units of membership, and no unit of membership maybe divided. Members of the Corporation must be and remain Owners of Building Lots and Residential Units within the Subdivision.

Class "A" Members shall be all Owners of Building Lots or Residential Units within the Subdivisions, with the exception of Declarant, and each shall be entitled to one vote for each Building Lot or Residential Unit owned. When more than one person holds an interest in any

particular Building Lot or Residential Unit, all such persons shall be Members, but in no event shall more than one vote be cast with respect to any one Building Lot or Residential Unit. Class "B" Members shall be the Declarant (as defined in the Declaration), and shall be entitled to five (5) votes for each Building Lot or Residential Unit owned by Declarant in the Subdivisions. Declarant shall cease to be a voting member upon deeding of the last Building Lot or Residential Unit to an Owner other than the Declarant.

ARTICLE VI

Initial Office and Agent

The principal and designated office address of the Corporation and the name and address of the initial registered agent for the Corporation are:

David R. Adams
1757 East American Way #6
Eagle Mountain, Utah 84005

REGISTERED AGENT ACKNOWLEDGMENT

The undersigned, - David R. Adams -, hereby acknowledges that he has been named as the initial Registered Agent of Sweetwater Home Owners District Association, a Utah Not For Profit Corporation, to be formed pursuant to these Articles of Incorporation to which this Acknowledgment is attached and hereby agrees to act and serve as initial and designated Registered Agent of the Corporation.

/s/ 
 Print name: - David R. Adams -

ARTICLE VII

Board of Directors

The affairs of the Corporation shall be managed by a Board of Directors, consisting of three (3) members, or more than three, as fixed from time to time by the By-Laws of the Corporation, none of whom need to be Members of the Corporation in order to serve. The number of Directors may be changed from time to time by amendment of the By-Laws of the Corporation, but in no event shall the number be less than three. The terms of the Directors and the manner of election of Directors shall be set forth in the By-Laws of the Corporation, except that the initial Board of Directors shall serve for two (2) years, or until their successors are elected and shall qualify. The number of directors constituting the initial and present Board of Directors of the Corporation is three (3), and the names and addresses of the persons who are to serve as directors until their successors are elected and shall qualify, are:

David R. Adams, 1757 East American Way #6, Eagle Mountain, Utah 84005
 Gary Peterson, 1757 East American Way, #6, Eagle Mountain, Utah 84005
 Cathy S. Vanderhoef, 1757 East American Way #6, Eagle Mountain, Utah 84005

ARTICLE VIII

Officers, Directors and Member Contracts

A contract or other transaction with the Corporation is permitted regardless of the fact that an officer, director or member of this Corporation is financially interested in, or may be interested in, such transaction. No contract, act, or other transaction of this Corporation with any person, firm or corporation shall be affected by the fact that an officer, director or member of this Corporation (a) is party to, or is interested in, such contract, act or transaction; or (b) is in some way connected with such person, firm or corporation. Each person who is now or may become an officer, director, or member of this Corporation is hereby relieved from any liability that he might otherwise incur in the event such officer, director or member contracts with the Corporation, provided said officer, director or member acts in good faith.

Contracts or other transactions with the Corporation are permitted regardless of the fact that an officer, director, member, or employee of the Corporation is financially interested in, benefits from, or may be interested in, such transaction. No contract, act, or other transaction of this Corporation with any person, firm or corporation shall be affected by the fact that an officer, director, member, or employee of the Corporation (a) is party to, or is interested in, such contract, act or transaction; or (b) is in some way connected with such person, firm or corporation. Each person who is now or may become an officer, director, member, employee or agent of the Corporation is hereby relieved from any liability that he might otherwise incur in the event such individual contracts with the Corporation, provided said individual acts in good faith.

ARTICLE IX

By-Laws

The board of directors may adopt by-laws for the Corporation which are not inconsistent with these Articles or the laws of the State of Utah, and may from time to time amend and repeal any such by-laws. If no directors have been elected the incorporators may adopt initial bylaws for the corporation. If neither the incorporators nor the board of directors have adopted initial bylaws, the shareholders may do so.

ARTICLE X

Regulation of Internal Affairs

More detailed provisions, if any be formulated, for the regulation of the internal affairs of the Corporation shall be contained in the by-laws adopted by Corporation.

ARTICLE XI

Incorporators

The name and address of the incorporators are:

David R. Adams, 1757 East American Way #6, Eagle Mountain, Utah 84005
Gary Peterson, 1757 East American Way, #6, Eagle Mountain, Utah 84005
Cathy S. Vanderhoef, 1757 East American Way #6, Eagle Mountain, Utah 84005

ARTICLE XII

Elimination of Liability of Officers and Directors

An officer or director shall not be personally liable to the Corporation or its members for civil claims arising from acts or omissions made in the performance of his or her duties as officer or director, unless such acts or omissions are the result of his or her intentional misconduct.

Any repeal or modification to the foregoing paragraph by the Corporation shall not adversely affect any right or protection of an officer or director of the Corporation existing at the time of such repeal or modification.

ARTICLE XIII

Assessments

Each Class A member shall be liable for the payment of the Assessments, levies, and other charges as provided for in the Declaration.

ARTICLE XIV

Indemnification of Officers and Directors

The Corporation shall protect, indemnify and hold harmless the officers, directors, members, employees and agents of the Corporation for against liability for all acts, claims, advance of expenses, judgments or damages, including attorney's fees, alleged, brought or entered against the foregoing individuals as the result of their holding or being designated as one of the foregoing or as the result of any action or omission by the foregoing individuals made or undertaken on behalf of or for the benefit of the Corporation. The foregoing shall include and extend to any pre-incorporation expenses, actions, contracts, attorney's fees, or liabilities undertaken for and on behalf of, or in contemplation of, the Corporation by the foregoing individuals. An officer, director, member, employee or agent shall not be personally liable to the Corporation or its stockholders for civil claims arising from acts or omissions made in the performance of his or her duties as one of the foregoing, unless such acts or omissions are the result of his or her intentional misconduct. Any repeal or modification to the foregoing paragraph by the Corporation shall not adversely affect any right or protection of the foregoing individuals of the Corporation existing at the time of such repeal or modification.

ARTICLE XV

Dissolution

Unless prohibited by the local governmental authority having jurisdiction over this subdivision, the Corporation may be dissolved at any regular meeting, or any special meeting of the Corporation called for that purpose, by the affirmative vote of not less than three-fourths (3/4) of the votes of each class of Members in the Corporation. Upon dissolution of the Corporation, other than incident to a merger or consolidation, the real and other assets of the Corporation shall be distributed for one or more exempt purposes within the meaning of Section 501(2)(3) of the Internal Revenue Code, as amended or supplemented, including, but not limited to any of the following, or combination thereof: (1) dedicated to an appropriate public agency to be used for purposes similar to those for which this Corporation was created; (2) granted, conveyed and assigned to a nonprofit corporation, association, trust or other organization to be devoted to such similar purposes, or, (3) distributed to the Owners of Building Lots or Residential Units to be held by them as tenants in common in proportion to the total number of

Building Lots and Residential Units within the Subdivision. The determination, means, method and schedule of the liquidating distribution of the real property and other assets of the Corporation as provided above, shall be determined as part of the Member vote on dissolution.

ARTICLE XVI

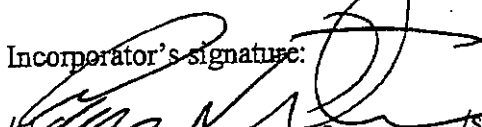
Amendments to Articles of Incorporation

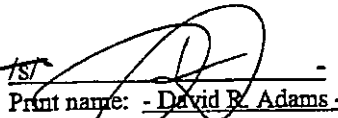
The Corporation may amend these Articles of Incorporation at any time to add or change a provision that is required or permitted in the articles of incorporation or to delete a provision not required in the articles of incorporation. Whether a provision is required or permitted in the articles of incorporation is determined as of the effective date of the amendment. Amendments of these Articles of Incorporation may be made at any regular meeting, or at any special meeting of the Corporation called for that purpose, by the affirmative vote of not less than three-fourths (3/4) of the votes of each class of Members in the Corporation.

IN WITNESS WHEREOF, - David R. Adams, Gary Peterson and Cathy S. Vanderhoef - have executed these Articles of Incorporation of Sweetwater Home Owners District Association, Inc., a Utah Not For Profit Corporation in duplicate this 20th - day of July, 2007, and say:

That We are the Incorporators herein; that We have read the above and foregoing Articles of Incorporation of the Corporation; that We know the contents thereof and that the same are true to the best of our knowledge and belief, that, excepting as to matters herein alleged upon information and belief and as to those matters, We believe the same to be true.

Incorporator's signature:


/s/ _____
Print name: - Gary Peterson -


/s/ _____
Print name: - David R. Adams -

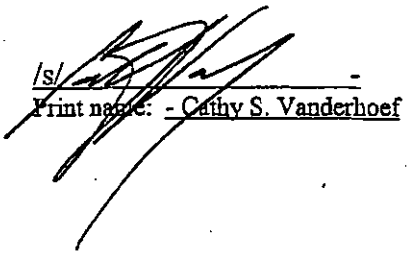

/s/ _____
Print name: - Cathy S. Vanderhoef

Exhibit "C"

BY LAWS OF DISTRICT ASSOCIATION

**BY-LAWS
OF**

ENT 153144:2007 P6 63 of 80

SWEETWATER HOME OWNERS DISTRICT ASSOCIATION, INC.

ARTICLE 1. NAME, PRINCIPAL OFFICE, and DEFINITIONS

1.1 Name. The name of the corporation is the Sweetwater Home Owners District Association, Inc., and is hereinafter referred to as the "Corporation" or as the "Association".

1.2 Principal Office. The principal office of the Association in the State of Utah shall be located within Utah County. The Association may have such other offices, either within or without the State of Utah, as the Board may determine or as the affairs of the Association may require.

1.3 Corporate Seal. The seal of the Association shall bear the name of the Association, the word "Utah", and the year of incorporation.

1.4 By-Laws Applicability. The provisions of these By-Laws are applicable to the Association, the Members of the Association, and the subdivision named above, together with such subsequent phases, additions or annexations thereto as may hereafter be brought within the jurisdiction of the Association.

1.5 Personal Application. All present and future Members, Owners and tenants, employees, and any other person that might use the facilities owned and/or managed by the Association are subject to these By-Laws.

1.6 Definitions. The words and phrases used in these By-Laws shall have the meanings as set forth in the Declaration of Covenants, Conditions, and Restrictions, for the subdivision as recorded in the official records of Utah County, Utah, as supplemented, restated, renewed, extended or amended, from time to time, unless the context shall otherwise required, all of which are adopted herein by reference. Additional terms and phrases shall have the meanings and applications as set forth herein. Words or phrases contained or set forth in bold or quotation marks herein shall be defined terms and shall be applied in a consistent and uniform manner.

A. Declaration: "Declaration" shall mean the Covenants, Conditions, and Restrictions for this Subdivision, and shall hereinafter be referred to as the "CC&R's" or "Declaration".

B. Declarant: "Declarant" shall mean EM Development, LLC.

C. Subdivision: "Subdivision" shall mean and include all phases and additions for the Sweetwater Subdivision, Phase 1, subdivision according to the plat thereof as recorded in the Public Records of Utah County, Utah. Subdivision shall include any additional phases added to said subdivision or future phases of such subdivision as provided by the Declaration.

ARTICLE 2. MEMBERSHIP, MEETINGS, VOTING, QUORUM, PROXIES.

2.1 Membership. The Association shall have two (2) classes of membership, Class "A" members and Class "B" members, as more fully set forth in the Declaration, the provisions of which are adopted herein by reference.

2.2 Meetings of the Association. Meetings of the Members of the Association shall be of the Voting Members or their alternates, unless otherwise stated. The Voting Members shall be responsible for casting all votes of the membership of the Association for all matters requiring the vote of the membership of the Association, unless otherwise expressly specified in the Declaration or these By-Laws.

2.3 Order of Business. The order of business at meetings shall be as follows: (1) roll call to determine the attendance, in person or by proxy, at the meeting of sufficient members to constitute a quorum; (2) publication of the proof of notice of the meeting or waiver of notice of the meeting; (3) publication, adoption or amendment of the agenda for the meeting; (4) reading and adoption of minutes of preceding meeting; (5) reports of officers, including the reports of the President or financial officers, or their designated representatives, as to the activities and financial condition of the Association; (6) reports of committees; (7) election of Directors, if Directors are to be elected at such meeting; (8) unfinished business; (9) new business; and (10) adjournment. Meetings shall be conducted by the officers of the Association or by their representative, in order of their priority, commencing with the President.

2.4 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

2.5 Annual Meetings. Annual meetings of the Members of the Association shall be set by the Board as to occur at least ninety (90) days but not more than one hundred twenty (120) days before the close of the Association's fiscal year on a date and time set by the Board.

2.6 Special Meetings. The President may call special meetings upon his own initiative. In addition, it shall be the duty of the President to call a special meeting of the Association: (a) if so directed by a resolution of a majority of a quorum of the Board of Directors, or (b) after the Class "B" Control Period has terminated, if a written petition requesting a special meeting is signed by Voting Members representing a least ten percent (10%) of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2.7 Notice of Meeting. Written or printed notice stating the place, day and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) days nor more than thirty (30) days before the date of such meeting, by or at the direction of the President of the Secretary or the officers or persons calling the meeting. When required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice.

- A. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States First Class mail addressed to the Voting Member at his address as it appears on the most current records of the Association, with postage thereon prepaid.
- B. So long as the Class "B" membership exists, the Class "B" member shall be given written notice of all meetings of the Board of Directors, the officers, the Association or any committee thereof, and such notice shall contain the proposed agenda or purpose of the meeting.

2.8 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before, at or after such meeting. Attendance at a meeting by a member shall be deemed a waiver by such member of notice of the time, date and place thereof and of the business transacted thereat (if notice of same is required by statute or by these By-Laws), unless such member specifically objects to lack of proper notice at the time the meeting is called to order, or in the case where the business transacted thereat is required to be contained in the notice, such member specifically objects to proper notice before such business is put to a vote.

2.9 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, or cannot be completed within the time provided for such meeting, the Voting Members, either in person or by alternate, representing a majority of the total votes present at such meeting, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

- A. The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that Voting Members or their alternates representing at least twenty-five percent (25%) of the total votes of the Association remain in attendance, and provided further that any action taken is approved by Voting Members or their alternates representing at least a majority of the number of votes of the Association required to constitute a quorum.

2.10 Voting. Voting by the Members shall be set out in the "Declaration". Except for Class B Membership provided in the Declaration and except as may be otherwise provided in the Declaration, each Class A Member shall be entitled to one vote for each Building Lot or Residential Unit owned by such Member. If a particular Building Lot or Residential Unit is owned by more than one person, they may not split the vote applicable to such Lot or Unit, they shall collectively designate in writing to the Association the name of one of the owners to cast the vote for such Lot or Unit to and act on behalf of such Lot or Unit, and only one vote shall be allowed for such Lot or Unit.

2.11 Quorum. The presence in person or by proxy of the Class "B" Member (if one), and the presence in person or by proxy of the Class "A" Members holding at least fifty percent (50%) of the total Class "A" votes entitled to be cast shall constitute a quorum. The Members present at a meeting at which a quorum is present may continue to conduct business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2.12 Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed at the meeting and remain valid until December 31 of the year such proxy is executed or until canceled by the member giving the proxy. Proxies can be cancelled by the Member executing such proxy at any time, by a notice in writing to the Association and to the person named as the proxy. Proxies can be limited for certain meetings, certain issues, or unlimited.

2.13 Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number authorized to vote or act on the pending matter.

2.14 Conduct of Meetings. The President, or in his absence the Vice President, shall preside over all meetings of the Association. The Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. Meetings of the Association shall be conducted in accordance with Robert's Rules of Order.

2.15 Action Without A Meeting. Any action required by law to be taken at a meeting of the Voting Members or any action which may be taken at a meeting of the Voting Members, may be taken without a formal meeting if written consent setting forth the action so taken is signed by Voting Members representing the requisite vote necessary to approve the subject matter thereof, and any such consent shall have the same force and effect as a vote of the Voting Members on such action at a meeting duly called. Provided however, unless an emergency exists which requires immediate action, the action taken or approved when no formal meeting is conducted shall be suspended for a period of not more than 30 days after such approval during which time the written consent setting forth the action taken or approved is provided to all Members. All Members who either did not participate in such action or did not consent to such action in writing shall have the right to file a written objection to the action taken or approved set forth in such written consent. All objections must be filed with the Association no later than 20 days after the notice to the Members has been mailed. If more than 10% of the Members object to the action taken or approved as set forth in the written consent by timely filing written objections to such action, the President shall call a special meeting of the Members to reconsider the action taken or approved.

2.16 Notice of Action. So long as the Class "B" membership exists, within ten (10) days following the meeting of the Board of Directors, the officers, the Association, or any committee thereof, the presiding officer of said meeting or his appointed agent shall deliver a true and complete copy of the minutes and/or transactions of the meetings to the Class "B" member at its office.

ARTICLE 3: ADMINISTRATION AND MANAGEMENT

Section A: Board of Directors.

3.1 Board of Directors; Composition; Qualifications. The affairs of the Association shall be governed and managed by the Board of Directors composed of at least three (3) persons. Except with respect to Directors appointed by the Declarant, the directors shall be members or spouses of such members of the Association. No person and his spouse may serve on the Board at the same time. Except with respect to directors appointed by the Declarant, in the case of a member which is a corporation, partnership, or other legal entity, the person designated in writing to the Secretary of the Association as the representative of such entity, shall be eligible to serve as a director. Directors appointed by the Declarant need not be members.

3.2 Directors During Class "B" Control. The Directors shall be appointed by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant until the first to occur of the following:

- A. When ninety (90%) percent of the Units permitted in the Subdivision and the property which is subject to annexation under the provisions of the Declaration, have certificates of occupancy issued thereon and have been conveyed to Persons other than the Declarant and Owners holding title solely for the purpose of development and sale;
- B. December 31, 2020;
- C. When, in its sole discretion, the Declarant so determines.

3.3 Right to Disapprove Actions. This Section 3.3 may not be modified, repealed, or amended in any manner without the express, written consent of the Class "B" member so long as the Class "B" membership exists.

- A. So long as the Class "B" membership exists, the Class "B" member shall have an absolute discretionary right to disapprove, veto, and reverse any actions by the Board of Directors, the officers or any committee of the Association, as is more fully provided in this Section. This right shall be exercisable only by the Class "B" member, its successors and assigns who specifically take this power in a recorded instrument. The right to disapprove shall be a follows:
- B. No action authorized by Board of Directors, the officers or the Association or any committee thereof shall become effective, nor shall any action, policy or program be implemented, until and unless:
- C. The Class "B" member shall have been given written notice of all meetings and proposed actions to be considered and approved at the meetings of the Board, the officers, the Association or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings Article III, Sections 8,9, and 10, of these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to these By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting, and

- D. The Class "B" member shall be given the opportunity at such meeting to join in or to have its representative to join in the discussion and determination of the issue before the meeting. The Class "B" member shall have and is hereby granted a right to disapprove any such action, policy or program authorized or permitted by the Board of Directors, the officers, the Association or any committee thereof an to be taken by the Board of Directors, the officers, the Association, any committee, or any individual member of the Association, if Board of Directors officer, committee or Association approval is necessary for such action. This right may be exercised by the Class "B" member, its representative or agents at any time within fourteen (14) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, the officers, the Board of Directors or the Association. The Class "B" member shall not use its right of disapproval to require a deduction in the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.
- E. The disapproval of the Class "B" member pursuant to this Section shall prohibit the taking of such action or implementation or adoption of such program or policy, and shall supersede any approval otherwise obtained from the Board of Directors, the officers, the Association or any committee thereof.

3.4 Number of Directors. During the Class "B" Control Period the number of directors on the Board of Directors shall be not less than three (3) nor more than five (5), as provided in Section 6 below. Thereafter the number of directors on the Board of Directors may be increased upon approval of Voting Members representing a majority of the votes present at the meeting, provided that there shall always be an odd number of directors, and there shall always be at least three (3) directors. The initial Board of Directors shall consist of three (3) members appointed by the Declarant. The Declarant may appoint additional directors in its sole discretion to the Board of Directors from time to time to replace directors appointed by it, to fill vacancies of directors appointed by it, or to fill additional positions on the Board of Directors due to its expansion.

3.5 Nomination of Directors. Except with respect to directors entitled to be selected by the Declarant, nominations for elections of directors to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more members of the Association appointed by the Board of Directors. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to such annual meeting of the Voting Members at which Voting Members other than the Declarant are entitle to elect members to the Board of Directors. Members of the Nominating Committee shall serve a term of one (1) year or until their successors are appointed and assume such position. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determines, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor. All candidates shall have an equal and reasonable opportunity to communicate their qualifications to the Voting Members and to solicit votes.

3.6 Election and Term of Office. Within thirty (30) days after termination of the Class "B" Control Period, the Association shall call a special meeting at which the Voting Members shall elect all directors of the Board of Directors. A majority of the directors shall be elected to serve a term of two (2) years, and the remaining directors shall be elected to serve a term of one (1) year. Upon expiration of the initial term of office of each such director, a successor shall be elected to serve a term of two (2) years. Thereafter, all directors shall be elected to serve two (2) year terms.

A. At any election of directors by the Voting Members, each Voting Member shall be entitled to cast one (1) equal vote with respect to each vacancy to be filled on the Board of Directors. The candidates receiving the largest number of votes shall be elected to fill the positions for which the election is held. The directors elected by the Voting Members shall hold office until their respective successors have been elected and assume such office. Directors may be elected to serve any number of consecutive terms.

3.7 Removal of Directors and Vacancies. Except for Directors appointed by the Declarant, a director may be removed, with or without cause, by the affirmative vote of Voting Members representing a majority of the votes present at the meeting. Any director, other than a director appointed by the Declarant, whose removal is sought, shall be given notice prior to any meeting called for that purpose. At a meeting in which a director is removed, a successor shall be elected by the Voting Members to fill the vacancy for the remainder of the term of such removed director. Any director appointed by the Declarant may only be removed by the Declarant, in its sole discretion, and the Declarant shall be entitled to appoint a successor director to fill such vacancy. Any Director whose removal has been proposed by the Voting Members shall be given an opportunity to be heard at the meeting. If any or all of the Directors are so removed, new Directors may be elected at such meeting.

A. Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board of Directors meetings or who is delinquent in the payment of any assessments or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board of Directors to fill the vacancy for the remainder of the term. The foregoing shall not apply to directors appointed by the Declarant to the Board of Directors.

B. Except in the case of directors appointed by the Declarant, in the event of death, disability or resignation of a director, a vacancy may be declared by the Board of Directors, and it may appoint a successor. Any director appointed by the Board of Directors shall serve for the remainder of the term of the director who vacated the position. In the event of death, disability or resignation of a director appointed by the Declarant, the Declarant shall be entitled to appoint a director to fill the vacancy created, and such director shall serve for the remainder of the term of the director who vacated the position.

Section B: Meetings.

3.8 Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the Association shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board of Directors.

3.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) meeting occurring per quarter. Notice of the time and place of the meetings of the Board of Directors shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

3.10 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by any two (2) directors of the Board of Directors if the Board of Directors is three members or by any three (3) directors of the Board of Directors if the Board of Directors is five or more members. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director of the Board of Directors by one of the following methods: (1) by personal delivery, (2) written notice by first class mail, postage prepaid, (3) by telephone communication, either directly to the director or to a person at the director's office of home who would be reasonably be reasonably be expected to communicate such notice promptly to the director, or (4) by telegram, teletype, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by U.S. Mail shall be deposited into a United States mailbox at least ten (10) days before the time set for the meeting. Notices given by personal delivery, telephone, teletype or telegraph shall be delivered, telephoned, faxed or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

3.11 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or whenever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.12 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the date the original meeting was called. At the reconvened

meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13 Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred costs advanced on behalf of the Association upon approval of a majority of the other directors. Provided, however, that nothing herein contained shall be construed to preclude any Director from serving the Association in some other capacity and receiving compensation for such other capacity, or to receive reimbursement for expenses and out of pocket costs incurred in carrying out such duties

3.14 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings. Meetings may be conducted by telephone and shall be considered as any other meeting, provided the directors participating in the meeting are able through telephone connection to hear and to be heard. Meetings of the Board of Directors shall be conducted in accordance with Robert's Rules of Order.

3.15 Open Meetings. Subject to the provisions of Section 3.16 of this Article, all members of the Board of Directors shall be open to all Voting Members, but Voting Members other than directors may not participate in any discussions or deliberating unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Voting Member is allowed to speak. Provided however, the Board of Directors may decide to conduct the discussion and deliberation of certain issues to closed sessions, when such issues involve pending or anticipated litigation, employee issues, or other matters upon the advice of counsel to the Board.

3.16 Action Without a Formal Meeting. Any action to be taken or that may be taken at a meeting of the Board of Directors may be taken without a formal meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors of the Board of Directors, and such consent shall have the same force and effect as a unanimous vote.

3.17 Committees. The Board may form or designate such committees as the Board shall desire, and establish the purposes and powers of each such committee created. The Board may appoint members and officers of each such committee, and all members and officers of all committee may be removed by the Board with or without cause at any time.

Section C: Powers and Duties.

3.18 Powers. The Board of Directors shall be responsible for the affairs and conduct of business of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, the Articles of Incorporation or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

- A. The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.
- B. The Board of Directors shall have the exclusive jurisdiction over and sole responsibility for the Association's administration, management, operation, regulation, care, protection of the Common Area and Area of Common Responsibility, the establishment, levy, imposition, enforcement and collection of all assessments for which provision is made in the Declaration; the promotion and advancement of the general interests of the members of the Association; all as more particularly provided in the Declaration, Article of Incorporation, these By-Laws and the rules and regulations of the Association.
- C. In addition to the duties imposed by the Declaration, the Article of Incorporation and these By-Laws or by any resolution of the Association that may be hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:
- .1 preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses;
 - .2 making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of assessments; provided, unless otherwise determined by the Board of Directors, the Regular Assessment shall be payable in equal quarterly installments, each such installment to be due and payable in advance on the first day of January, April, July, and October of each year;
 - .3 providing for the operation, care, upkeep, and maintenance of all the Common Area and Area of Common Responsibility;
 - .4 designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property, Common Area and Area of Common Responsibility, and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;
 - .5 collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association, provided, any reserve fund may be deposited, in the director's best business judgment, in depositories other than banks;
 - .6 making and amending rules and regulations;
 - .7 opening of bank accounts on behalf of the Association and designating the signatories required;
 - .8 making or contracting for the making of repairs, additions and improvement to or alterations of the Common Area in accordance with the Declaration and these By-Laws after damage or destruction by fire or other casualty;
 - .9 enforcing by legal means the provision of the Declaration, these By-Laws, the Planning Criteria and the rules and regulations adopted by it and bringing or participating in any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

- .10 obtaining and carrying insurance against casualty and liabilities, as provided in the Declaration or as otherwise determined to be appropriate by the Board of Directors, and paying the premium cast thereof;
- .11 paying the cost of all services rendered to the Association or its members and not chargeable directly to specific Owners;
- .12 keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- .13 making available to any prospective purchaser of a Unit, any Owner, any first mortgage or holder of a Deed of Trust, and the holders, insurers, and guarantors of a first mortgage or Deed of Trust on any Unit, current copies of the Declaration, the Articles of Incorporation, these By-Laws, rules and regulations governing the Unit, and all other books, records, and financial statements of the Association;
- .14 hiring or retaining such professionals and independent contractors to provide advice, services, and representation of the Association, including attorneys, accountants, property managers, engineers, and others;
- .15 permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties, and
- .16 entering into contracts, granting easements or performing other rights, obligations or duties of the Association set out in the Declaration, including without limitation, the right to enter into any cable television, fiber optics, communication, or internet service agreement.

3.19 Management Agent.

The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board of Directors supervision, all of the powers granted to the Board of Directors by these By-Laws, other than and excluding the powers set forth in subparagraphs (a), (b), (f), (g) and (o) of Section 3.17 of these By-Laws. The Declarant, or an affiliate or other related entity of the Declarant, may be employed as managing agent or manager.

- A. No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days written notice

3.20 Accounts and Reports. The following management standards of performance will be followed unless the Board of Directors by resolution specifically determines otherwise:

- A. accrual accounting, as defined by generally accepted accounting principal, shall be employed;
- B. accounting and controls should conform to generally accepted accounting principles;
- C. cash accounts of the Association shall not be commingled with any other accounts;
- D. no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, prizes, gifts or otherwise; any thing of value received shall

- benefit the Association; provided, nothing herein shall prohibit the managing agent from earning commissions for service performed by the managing agent in leasing Units on behalf of Owners of such Units;
- E. any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;
- F. commencing in 2007, financial reports shall be prepared for the Association at least quarterly containing:
- .1 an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - .2 a statement reflecting all cash receipts and disbursements for the preceding period;
 - .3 a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - .4 a balance sheet as of the last day of the preceding period; and
 - .5 a delinquency report listing all Owners who are delinquent in paying the installments of assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (an installment of an assessment shall be considered to be delinquent in the fifteenth (15th) day after the installment is due unless otherwise determined by the Board of Directors); and
- E. commencing with the 2007 fiscal year, an annual report consisting of at least the following shall be distributed to all Voting Members within one-hundred-twenty (120) days after the close of the fiscal year: (1) a balance sheet showing all assets, liabilities and balances; (2) an operating (income) statement; and, (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board of Directors, by an independent public accountant; provided, during the Class "B" Control Period, the annual report need only include certified or reviewed financial statements.

3.21 Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Common Area without the approval of the Voting Members of the Association. The Board of Directors shall also have the power to borrow money for other purposes; provided, the Board of Directors shall obtain the approval of Voting Members representing a majority of the total votes of the Association in the event that the proposed borrowing is for purposes of modifying, improving or adding amenities and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws or the Articles of Incorporation, during the Class "B" Control Period, no mortgage lien shall be placed on any portion of the Common Area owned by the Association without the affirmative written consent, or any combination thereof, of Voting Members representing at least a majority of the total votes of the Association other than the Declarant.

3.22 Rights of the Association. With respect to the Common Area, Areas of Common Responsibility, or other areas of responsibility of the Association, and in accordance with the Articles of Incorporation, these By-Laws and the Declaration, the Board of Directors on behalf

of the Association shall have the right to contract with any Person for the performance of various duties and functions. Without limiting the foregoing this right shall entitle the Board of Directors on behalf of the Association to enter into common management, operational or other agreements with trusts, condominiums, cooperatives or Districts and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of a majority of all Directors of the Association.

3.23 Enforcement. The Board of Directors shall have the power to impose reasonable fines, late fees, collection costs, and penalties, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote, if any, or to use the Common Area or Areas of Common Responsibility for violation of any duty imposed upon such Owner under the Declaration, the Articles of Incorporation, these By-Laws or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit or bar ingress and egress to or from a Unit or to suspend an Owner's right to vote, if any, due to nonpayment of assessments. In the event that any occupant of a Unit violates the Declaration, Articles of Incorporation, By-Laws or rules or regulations and a fine is imposed, the fine shall first assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner of such Unit shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provision of the Declaration, Articles of Incorporation, By-Laws, or rules or regulations shall not be deemed a waiver of the right of the Board of Directors to do so thereafter

A. Notice. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate (or the Covenants Committee, if any) shall serve the alleged violator written notice by mail, hand delivery or other delivery at the address of the alleged violator contained in the records of the Association, or if no address of the alleged violator is on record, then by posting written notice at the site of the alleged violation or upon the Unit in which the alleged violator occupies describing: (1) the name of the alleged violator and nature of the alleged violation, (2) the proposed sanction to be imposed, (3) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (4) a statement that the proposed sanction shall be imposed as contained in the Notice unless a challenge is begun within the period of time provided in (3) for requesting a hearing. If a timely challenge is not made, the sanction stated in the Notice shall be imposed. The sanction may include, without limitation, sanctions that will automatically be imposed by the Association in the event the violation is not abated or recurs within a stated period of time from the first alleged violation. Copies of the Notices and proof of notice shall be placed in a record book of the Association kept for this purpose. Proof of Notice shall be deemed adequate if a copy of the Notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such Notice, or if the alleged violator requests a hearing within the time period stated in the Notice.

B. Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner or alleged violator a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results, findings, and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within a period of time specified by the Board of Directors. Such suspension shall not constitute a waiver

of the right to sanction future violations of the same or other provisions and rules by any Person.

- C. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, the Articles of Incorporation, these By-Laws, the Planning and Design Criteria, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages, or to seek any other appropriate remedy, or any combination of the foregoing, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including court costs, witness fees, attorneys' and paralegals' fees incurred by the Association, whether suit be brought or not, and including those incurred on appeal and in post judgment enforcement.

ARTICLE 4: OFFICERS.

4.1 Officers. The principal officers of the Association shall be a President, Vice-President, Secretary, and a Treasurer, which, except during the Class "B" Control Period, shall be elected from members of the Board of Directors, shall be elected by the Board and serve at the will of the Board. The Board of Directors may create and appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem advisable, such officers to have the authority and to perform the duties prescribed to them from time to time by the Board of Directors. One person may hold two or more offices at the same time, except those of President and Secretary which must be held by two separate individuals.

4.2 Election, Term of Office and Vacancies. The officers of the Association shall serve for one (1) year terms and be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Association, as herein set forth in Article 3. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.3 Removal. Any officer may be removed by the Board of Directors with or without cause, whenever in its judgment the best interests of the Association will be served by such removal. Removal of an officer shall be by affirmative majority vote of the Board of Directors at any regular or special meeting of the Board of Directors.

4.4 Resignation. Any officer may resign at any time by giving written notice of such resignation to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later date specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.5 Powers and Duties. The offices of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may

from time to time, specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association, and shall be the presiding officer at all meetings of the Board of Directors and the Voting Members. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

4.7 Compensation. The Board may authorize, fix and determine compensation, if any, for the services of the officers, agents, and employees of the Association. Appointment of any person as an officer of the Association shall not be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefore, or to receive reimbursement for expenses and out of pocket costs incurred in carrying out such duties.

ARTICLE 5: COMMITTEES

5.1 General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be provided for in the Declaration, these By-Laws, the Articles of Incorporation or designated by a resolution adopted by a majority of the Directors of the Board of Directors present at a meeting at which a quorum is present. Such committees shall perform such duties and have such powers as may be provided in the Declaration, the Articles of Incorporation, these By-Laws and the resolution of the Board of Directors. In the event of conflict in the terms of any of the foregoing, the Declaration, Articles of Incorporation, By-Laws and resolutions of the Board of Directors (in that order) shall prevail. Each committee shall operate in accordance with the terms related thereto, the rules adopted by the Board of Directors and the terms and provisions of the Declaration, the Articles of Incorporation and these By-Laws.

5.2 Covenants Committee. In addition to any other committees which may be established by the Board of Directors pursuant to Section 5.1 hereof, the Board of Directors may appoint a Covenants Committee consisting of at least five (5) no more than seven (7) members. Acting in accordance with the provisions of the Declaration, these By-Laws and resolutions the Board of Directors may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association for violations of the Declaration and shall conduct all hearings held pursuant to Article 3, Section 3.23 of these By-Laws.

5.3 District Committees. In addition to any other committees appointed as provided above, there shall be a District Committee for each District which has no formal organizational structure or association (unless the entire District is owned by a single owner). Each District Committee shall consist of three (3) members; provided, however, by vote of at least fifty-one (51%) percent of the Owners within the District this number may be increase to five (5) members.

- A. The members of each District Committee shall be elected by the vote of Owners of Units within that District at an annual meeting of such Owners, at which the Owners of Units within that District holding at least one-third (1/3) of the total votes of Units in the District are represented, in person or by proxy. The Owners of Units within a District shall have the number of votes assigned to their Units in the Declaration. Committee members shall be elected for a term of one (1) year or until their successors are elected. Any director elected to the Board of Directors from a District shall be an ex officio member of the District Committee of the District in which such Director owns a unit.
- B. In the conduct of its duties and responsibilities, each District Committee shall abide by the procedures and requirements applicable to the Board of Directors set forth in Article 3, Sections 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15 and 3.16 of these By-Laws; provided, however, the term "Voting Member" shall refer to the Owners of Units with the District. Each District Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors and shall be the Voting Member from that District.

ARTICLE 6: INDEMNIFICATION.

6.1 Indemnification. The Association shall hold harmless, protect, defend, and indemnify every officer, director, committee member and employee of the Association against any and all costs and expenses, including attorneys' fees, reasonably incurred by or imposed upon such officer, director, committee member or employee in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, committee member, or employee of the Association. Such officers, directors, committee members and employees shall not be liable for any mistakes of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. Such officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent they may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, committee member, or employee may otherwise be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

ARTICLE 7: MISCELLANEOUS.

7.1 Fiscal Year. The fiscal year of the Association shall be the calendar year.

7.2 Parliamentary Rules. Except as may be modified by the Board of Directors, Roberts' Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Utah Law, the Articles of Incorporation, the Declaration, or these By-Laws.

7.3 Conflicts. If there are conflicts between the provisions of Utah Law, the Articles of Incorporation, the Declaration and these By-Laws, the provisions of Utah Law, the Declaration, the Articles of Incorporation and these By-Laws shall prevail in that order.

7.4 Books and Records.

A. Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Voting Members, the Board of Directors, and committees shall be made available for inspection any copying by any Mortgagee, Voting Member of the Association, or by his or her duly appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a Voting Member, at the office of the Association or at such other place within the Properties as the Board of Directors shall prescribe.

B. Rules for Inspection. The Board of Directors shall establish reasonable rules with respect to:

- .1 notice to be given the custodian of the records;
- .2 hours and days of the week when such an inspection may be made; and,
- .3 payment of the cost of reproducing copies of the documents requested.

C. Inspection by Directors. Every Director of the Board of Directors shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director of the Board of Directors includes the right to make extracts and a copy of relevant documents at the expense of the Association.

7.5 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly and properly given if delivered personally or if sent by United States Mail, first class postage prepaid.

A. If to a member or a Voting Member, at the address which the member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such member or Voting Member; or

B. If to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Voting Members pursuant to this Section.

7.6 Amendment. During the Class "B" control period, the Declarant may unilaterally amend these By-Laws with consent or approval of the Board of Directors, members or Voting Members of the Association. Thereafter, the Declarant may unilaterally amend these By-Laws so long as it still owns any portion of the Properties or the property which is subject to annexation under the provisions of the Declaration, and so long as the amendment does not materially adversely affect any material right of any member of the Association. After the Class "B" control period has expired, these By-Laws may also be amended by the affirmative vote or written consent, or any combination thereof, of Voting Members representing a majority of the total votes of the Association. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under than

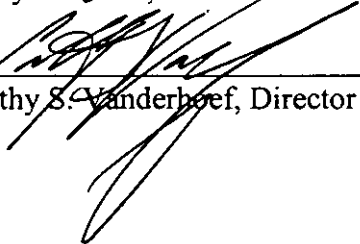
clause. The amendment shall be effective upon adoption and a copy thereof shall be recorded in the public records of Utah County, Utah. Notwithstanding anything to the contrary set forth herein, the Declarant may unilaterally amend these By-Laws at any time to include any provisions which may be required by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation, the Veterans Administration, the Department of Housing and Urban Development, and any other federal, state or local governmental agency or department.

- A. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" member with the written consent of Declarant or the Class "B" member as appropriate, or the assignee of such right or privilege. No amendment may impair the validity or priority of the lien of any mortgage or deed of trust held be a mortgagee or impair the rights granted to mortgagees herein without the prior written consent of such mortgagees.

IN WITNESS WHEREOF, the members of the Board of Directors have adopted these By-Laws these effective as of - July 26, 2007.

/s/  _____
David R. Adams, Director

/s/  _____
Gary Peterson, Director

/s/  _____
Cathy S. Vanderhoef, Director