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STATE OF UTAH)
COUNTY OF KANE) SS
FILED AND RECORDED FOR
Douglas Yates

JUN 12 1 19 PM '81

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS
AND RESTRICTIONS OF
RIVERSIDE MOBILE HOME SUBDIVISION
WELLINGTON, UTAH

BOOK 2070F Records
PAGE 397-406
ANN O'BRIEN
COUNTY RECORDER

THIS DECLARATION made this 12th day of June, 1981, by Douglas D. Yates, herein-after called Developer.

WITNESSETH:

WHEREAS, Developer is the Owner or equitable owner under certain contracts to purchase of the real property described in Article II of this Declaration and desires to create thereon a residential community with permanent open spaces and other common facilities for the benefit of the said community; and

WHEREAS, Developer desires to provide for the preservation of the values and amenities in said community and for the maintenance of said open spaces and other common facilities, and, to this end, desires to subject the real property described in Article II together with such additions as may hereafter be made thereto to the covenants, restrictions, easements, charges, and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and each Owner thereof; and

WHEREAS, Developer has deemed it desirable for the efficient preservation of the values and amenities in said community, to create an agency to which should be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer has caused or will cause to be incorporated under the laws of the State of Utah, as a non-profit corporation, RIVERSIDE HOME-OWNERS ASSOCIATION, for the purpose of exercising the functions afore said;

NOW, THEREFORE, the Developer declares that the real property described in Article II, and such additions thereto as may hereafter be made pursuant to Article II, Section 2, hereof, is and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

ARTICLE I
Definitions

1. The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to Riverside Homeowners Association, its successors and assigns.

(b) "The Properties" shall mean and refer to all such existing properties, and additions thereto, as are subject to this Declaration under the provisions of Article II hereof.

(c) "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties and intended to be devoted to the common use and enjoyment of the owners of The Properties.

(d) "Lot" shall mean and refer to any plot of land upon which is located a living unit or which is intended for location of a living unit shown upon any recorded subdivision map of The Properties with the exception of Common Properties as heretofore defined.

(e) "Living Unit" shall mean and refer to any portion of a building situated upon The Properties designed and intended for use and occupancy as a residence by a single family.

(f) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities of the fee simple title and the equitable owner,

whether one or more persons or entities by virtue of a purchase contract to any Lot, but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. The Developer shall be the Owner within the meaning of this paragraph of any Lot for which he is at the date of execution of these covenants and restrictions the equitable owner upon a contract for the purchase of any Lot and the contract seller for such contract shall not be deemed an Owner.

(g). "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article III, Section I, hereof.

(h) "Mortgage", "mortgagor", and "mortgagee", include a trust deed, trustor, and beneficiary respectively.

(i) "Institutional Holder" shall mean and refer to a mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

ARTICLE II

Property Subject To This Declaration Additions Thereto

1. Existing Property. The real property, including any living unit located upon any lot, which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration is located in the City of Wellington, County of Carbon, State of Utah, and is more particularly described as "Plat A" RIVERSIDE MOBILE HOME SUBDIVISION, a subdivision of the City of Wellington, as such plat is now recorded in book 4 at page 216 of the records in the office of the Recorder of the County of Carbon, State of Utah, all of which real property shall hereinafter be referred to as "Existing Property".

2. Annexation. From time to time it is the intent of Developer that additional phases of the development will involve annexation of additional properties from among those described on the Preliminary Plat for RIVERSIDE MOBILE HOME SUBDIVISION as approved by the City of Wellington. As such time as any of said additional properties are subdivided for residential purposes as evidenced by a recorded subdivision plat, such additional properties shall be thenceforth deemed to be included in the definitions of Article I, Section 1, subparagraphs (b), (c), and (d) and be subject to all provisions of this declaration.

ARTICLE III

Membership and Voting Rights In The Association

1. Membership. Every person or entity who is an Owner as defined in Article I, Section (f) of any lot which is subject by covenants of record to assessment by the Association shall be a member of the Association provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

2. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those Owners as defined in Section 1 with the exception of the Developer. Class A members shall be entitled to one vote for each lot in which they hold the interests required for membership by Section 1. When more than one person holds such interest or interests in any lot all such persons shall be members, and the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such lot. In the event such persons fail to agree than their vote shall be cast ratably among the respective interests.

Class B. Class B members shall be the Developer. The Class B member shall be entitled to three votes for each lot in which it holds the interest required for membership by Section 1, provided that the Class B membership shall cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) on November 1, 1991; or

(b) at such earlier date as Developer in his discretion considers the development 75% or more completed and so notifies the Owners.

From and after the happening of these events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member entitled to one vote for each lot in which it holds the interests required for membership under Section 1.

ARTICLE IV
Property Rights In The Common Properties

1. Members' Easements of Enjoyment. Subject to the provisions of Section 3, every member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every lot.

2. Title to Common Properties. Developer hereby covenants, for itself, its heirs and assigns, that it shall convey the Common Properties to the Association not later than the date of closing of sale of the first lot in any such phase.

3. Alienation of Common Properties. The Common Properties may not be alienated or encumbered without the approval of the holders of two-thirds of the first mortgages on all lots subject to assessment, except for easements to public agencies or utility companies.

4. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) the right of the Developer and of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties; and

(b) the right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and

(c) the right of the Association, as provided in its Articles and Bylaws to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for an infraction of its published rules and regulations; and

(d) the right of the Association to charge reasonable admission and other fees for the use of the Common Properties; and

(e) the rights of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members, provided that no such dedication or transfer determination as to the purposes or as to the conditions thereof shall be effective unless an instrument signed by members entitled to cast two-thirds (2/3) of the votes of each class of membership has been recorded, agreeing to such dedication, transfer, purpose or condition, and unless written notice of the proposed agreement and action thereunder is sent to every member at least thirty (30) days in advance of any action taken.

5. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Property and facilities to those who reside on the property whether the members of his family, his tenants, or contract purchasers.

ARTICLE V
Covenants for Maintenance Assessments

1. Creation of the Lien and Personal Obligation of Assessments. The Developer for each lot owned by him within The Properties hereby covenants and each Owner and successive Owners of any lot by acceptance of a deed or purchase contract therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association: (1) regular assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a

continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons who were the Owners of such property at the time when the assessment fell due. The Association may elect from time to time any remedy with regards to the defaults by Owners without regard to any rule of law concerning the election of remedies.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, aesthetics and welfare of the residents in The Properties and in particular for the improvement, operation and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties, perimeter subdivision fences, and at the option of the Association, of the homes situated upon The Properties and of lots to the extent of the front yard lying between the living unit and street; including, but not limited to, the replacement, and additions thereto, and for the cost of labor, equipment, materials, utilities, property taxes, management, and supervision thereof.

3. Initial Deposit. An initial one-time assessment of ten dollars (\$10.00) shall be assessed and shall be payable at date of possession.

4. Regular Assessments. The regular monthly assessments shall be 100% of the actual estimated monthly cost of maintenance and operations of Common Property and other facilities and may include a management fee together with amounts necessary to pay any carry over shortage from previous periods.

The Board of Directors of the Association may, after consideration of the current maintenance costs and future needs of the Association, provide for accumulation of reserves to meet projected needs.

5. Special Assessments for Capital Improvements. In addition to the regular assessments authorized by Section 4 hereof, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of described capital improvements, including the necessary fixtures and personal property related thereto, provided that any such special assessment exceeding \$2,000.00 of improvements costs shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least ten (10) days in advance and shall set forth the purpose of the meeting.

6. Quorum For Any Action Authorized Under Section 5. The quorum required for any action authorized by Section 5 shall be as follows:

At the first meeting called, as provided in Section 5 hereof, the presence at the meeting of members, or of proxies, entitled to cast fifty percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, the meeting may be continued subject to the notice requirement set forth in Section 5, and the required quorum at any such continued meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

7. Assessment Period. The assessment period for regular assessments shall be one month. All regular assessments shall be fixed at a monthly rate and may be adjusted by the Board of Directors in accordance with Section 9 to reflect current estimated costs of maintenance and operations. All assessments must be fixed at a uniform rate for all lots excepting special allowances for landscape maintenance of large lots on a square footage basis and may be collected monthly or at such other times as determined by the Board of Directors.

8. Date of Commencement of Regular Assessments. Due Dates. The regular assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors for the Association to be the date of commencement.

The regular assessments shall become due and payable on the first day of each month beginning on the month of the commencement date or such other date as fixed by the Board of Directors.

The due date of any special assessment under Section 5 hereof shall be fixed in the resolution authorizing such assessment.

9. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against each lot for each assessment period, and shall at that time, prepare a roster of the properties and assessments applicable thereto and keep books of account showing receipts and disbursements which shall be kept in the office of the Association and shall be open to inspection by any Owner at reasonable times.

Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

10. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; the Lien, Remedies of Association. If the assessments are not paid on the date when due (being the dates specified in Section 8 hereof), then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in the title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of Chase Manhattan prime rate plus two percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorney's fee to be fixed by the court together with the costs of the action.

11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment.

12. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein: (a) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (b) all Common Properties as defined in Article I, Section 1 hereof.

Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges or liens.

ARTICLE VI Perimeter Fences

1. Subdivision Perimeter Fences. Any fence or wall which is built upon The Properties and placed on the boundary of the subdivision shall be maintained and controlled by the Association and shall therefore be considered as common properties. The Developer shall be responsible for constructing the perimeter fence around the subdivision.

2. Easement for Repair and Maintenance. All lots within The Properties shall be subject to an easement in favor of the Association to permit reasonable egress and ingress over areas not occupied by residential structures for all reasonable repair and maintenance purposes as provided herein.

ARTICLE VII Prohibition and Controls

1. Architectural Control. No building, fence, wall, accessory, cabanas, steps, or other structure shall be commenced, erected or maintained upon The Properties, nor shall any exterior addition to or change or alteration or improvements therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Committee composed of three (3) or more representatives appointed by the Board. References

to Association in this Article shall mean the Board of Directors or its designated committee. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with; provided, however, the design, location, and the kind of materials and the buildings or structures to be built on said lots shall be governed by all of the restrictions herein set forth and shall be in harmony with existing improvements in the immediate vicinity.

2. Landscaping Control. No lot leveling, planting, landscaping or construction shall be commenced until a plan thereof has been approved by the Association or the Architectural Committee.

3. Minimum Construction Requirements. No home may be placed on any lot until approved in writing by the Association as to size, condition, and appearance. All homes shall have all hitches and running gear (axle and wheels) removed and shall be attached to the foundation or otherwise permanently installed so as to become part of the realty. Each home owner covenants that his home shall not be removed from the property without the prior written approval of the Association and the holder of any mortgage on such lot. All homes must have complete health facilities, and must be connected to city water and sewer outlets in conformity with State health requirements and other municipal requirements.

All homes shall be double wide, multi-section homes.

All homes shall be single story structures.

All homes must have removable hitches or tongues and any such hitches or tongues must be removed.

All homes must have a composition, cedar or shingle roof, two (2) bedrooms, one and one-half (1½) baths, gutters and downspouts.

All homes must have aluminum lap, treated wood or masonite siding extending downward to the foundation.

All homes must be attached to a foundation which meets the minimum requirements set forth by the Association.

All homes must be skirted in from the floor line of the home to the grade level of the lot in matching siding or masonry trim.

All lots shall have two (2) asphaltic cement or cement paved parking spaces each having minimum dimensions of 10' wide by 20' deep. The parking spaces may be placed singly, in tandem or side by side on the lot so as to provide convenient access in relation to the placement of the home. Each parking space must have asphaltic cement or cement paved driveway access to the street.

Any exterior lighting erected on any lot shall be shaded so as to not create a nuisance to the owners of adjacent lots.

All lots shall have a deck or sidewalk front entrance to the street/curbside area and a ramada, porch or steps for each entrance to the home.

All lots shall have a single carport or a single garage.

All carports, garages and storage sheds or accessory buildings shall be constructed of noncombustible materials. All carports shall be attached to the home or shall be built in accordance with specifications provided by the Association.

4. Setback Control. No home or garage shall be permitted to be maintained or constructed closer than eight (8) feet to the front or eight (8) feet to the rear of all lots, nor closer than five (5) feet to the right side or eleven (11) feet to the left side of the lot facing the street, except that the side lot restrictions on corner or oddshaped lots may not be closer than five (5) feet to either side provided the home or garage is not closer than sixteen (16) feet to the homes or garages on adjoining lots as determined by the side lot restrictions for those lots. One noncombustible storage shed or accessory building may be placed to the rear of each lot but not closer than five (5) feet to either side or rear of the lot. No home or

garage shall be maintained closer than sixteen (16) feet from any other home or garage.

5. Use of Lots. Single Family Home. No more than one (1) single family home, one (1) noncombustible storage shed or accessory building, and one (1) noncombustible garage shall be constructed or permitted to be maintained upon any lot in said subdivision. The maximum size of the storage shed or accessory building shall be one hundred forty (140) square feet.

No lot owner shall construct or maintain a fence or other obstruction on the right-of-way easement granted to the Price River Water Improvement District for the main sewer line.

No vehicle or trailer of any type, excepting two automobiles or pickups may be stored overnight on any lot or on any roads within Riverside Mobile Home Subdivision without prior permission of the Association.

No sign excepting sales office signs, a small name and address sign or a temporary "for sale" or "for rent" sign shall be erected, placed, permitted or maintained on any lot without the written permission of the Association.

There shall be no new or additional construction of buildings, fences or other structures, or modifications to existing buildings, fences or other structures without written approval of the Association.

Laundry may be dried on the rear of the lot, but must be completely enclosed and screened from view from the front yard of said lot.

All personal cars must be fully parked on the owner's lot and in the carport or on the driveway. No in-street and cul-de-sac parking will be permitted at any time except for approved deliveries, pick ups or day/evening visitors who must park on one side of the street only which side will be designated and marked. No vehicles will be left parked on the streets or cul-de-sacs over night.

No lot or lots shall be re-subdivided except for the purpose of combining two or more lots into one homesite; providing, however, that no homesite is created that is smaller than 4,500 square feet.

No animals, fowl or reptiles shall be kept on the premises except household dog, cat or bird pets owned by the owner of the lot on which they are kept; no animal shall be allowed off the lot of the owner except on a leash; and no dog, cat or bird pet shall be kept on any lot by anyone if, in the discretion of the Association, that pet is or becomes a nuisance, threat, or otherwise is objectionable to surrounding property owners.

No garage or accessory buildings shall be used as living quarters. No elevated tanks of any kind shall be erected, or placed, or permitted on any lots.

No outdoor burning of trash or other debris shall be permitted. This shall not prohibit the use of normal residential barbecue or other similar outside grill.

No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the community. No lot shall be used in whole or in part for the storage of rubbish, trash, used or new building materials (except during construction), used or new metal, trucks, automobiles, or machinery in whole or in parts. Bicycles, toys, and other similar items shall not be left in front yards when not in use but shall be placed out of sight within a storage building or other area. No personal property, substance, thing or material shall be kept on any lot or part thereof that will emit foul or obnoxious odors, or that will cause any noise that might disturb the peace and quiet of the surrounding property owners, or will cause the lot or part thereof to appear in unclean or untidy condition.

6. Maintenance of Lots. It shall be the responsibility of the owners to keep their lot neat and clean; lawn mowed, and landscaped in types of landscaping deemed reasonable and compatible to surrounding lots by the Association, and the improvements on and adjacent to their lot, including fences and walls constructed by the Developer, in a state of repair in such a way as not to destroy or impair the aesthetic qualities of Riverside Mobile

Home Subdivision. The Association shall have the right, either itself or through any other person, to furnish the labor and/or materials necessary to bring said lot or parcel up to a standard approved by the Association, and to maintain them according to such a standard. In such event, the owner of such lot shall pay to the Association an amount equal to all direct and indirect costs and expenses incurred by the Association in furnishing such labor and/or materials or having the same furnished; the amount that the owner of any such lot is obligated to pay hereunder shall constitute a lien on such lot or parcel, and shall be payable within ten (10) days after the charge is made. The Association shall be entitled to enforce its rights hereunder by following the procedure provided for the enforcement of Mechanic's and Materialmen's liens in the State of Utah, provided that any lien recorded by the Association shall be second to any first mortgage previously recorded on the property. This paragraph shall constitute a request by each lot or parcel owner under the conditions stated herein for the Association to furnish any labor and/or materials which are furnished hereunder. No claim against the Association shall constitute a defense nor offset in any action by the Association for non-payment of any amounts which may be assessed hereunder.

No storage of any kind will be permitted under or around the home or within the lot boundaries except in approved building(s).

All garbage and trash shall be put in a container meeting the specifications of the City. Garbage and trash will be placed in front of lot only at those times designated by the City for garbage and trash pick up and shall be located in a storage area or other area whereby said garbage and trash will not be visible from the street.

7. Miscellaneous Prohibitions.

(a) Repairing Cars. No major repairing or overhauling of cars or other vehicles is permitted on the streets, driveways, or parking lots.

(b) Additional Prohibitions. Such other actions deemed from time to time by the Association to constitute a nuisance.

8. Professional Management. The Association shall have the right to contract for services or to transfer to any corporation, person, or partnership, all of its rights and obligations hereunder, but upon such transfer and the assumption of such obligations by the transferee, the enforcement of covenants and obligations under this agreement shall remain the sole responsibility of the Association. Any management agreement shall provide for termination by the Association for cause upon thirty (30) days written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

ARTICLE VIII
General Provisions

1. Mortgagee Disclosure. The holders of first mortgages or other equivalent liens on any lot shall have the right to (a) inspect the books and records of the Association and the Developer during normal business hours and (b) receive an annual financial statement of the Association and the Developer within ninety (90) days following the end of any fiscal year of the Association and the Developer.

2. Termination. The Association shall be required to obtain the written consent by the holders of seventy-five (75) percent of the first mortgages prior to the termination or abandonment of the Association. Said consent shall be based on one vote for each mortgage. This provision and any provision of any document providing for the consent by a mortgagee prior to any action shall be binding upon the Association and the Owners.

3. Leases. Lease agreements between an Owner and a Lessee shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, Articles of Incorporation and the By-Laws of the Developer and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such leases shall be in writing and shall include any agreement for the lease or rental of the property regardless of the term.

4. Damage to Property. No provision of any document will entitle the Owner or other party to priority over an institutional holder of any first mortgage lien or equivalent security interest on a living unit with respect

to any distribution of any insurance proceeds. Such institutional holders shall receive timely written notice of any substantial damage or destruction.

5. Condemnation. No provision of any document will entitle the Owner or other party to priority over an institutional holder of any first mortgage lien or equivalent security interest on a living unit with respect to any distribution of proceeds of any award or settlement relating to any condemnation or eminent domain proceeding. Such institutional holder shall receive timely written notice of any such proceeding or proposed acquisition.

6. Encroachment. In the event any portion of any living unit encroaches upon the common areas and facilities, as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of The Properties, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

7. Insurance. The Association shall be responsible for the maintenance of adequate hazard insurance, liability insurance, and fidelity bond consistent with the value of the common area improvements and the size and scope of operation. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by FNMA and GNMA so long as either is a mortgagee or Owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by FNMA or GNMA.

8. FHA-VA Approval. As long as there is a Class B membership and provided that the development is approved by VA or FHA, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, dedication of common area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

9. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any lot and subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of 20 years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owners of two-thirds of the lots and the holders of two-thirds of the first mortgages on all lots has been recorded, agreeing to change or rescind said covenants and restrictions in whole or in part.

10. Amendment. Amendment of these covenants and restrictions shall require the assent of the members entitled to cast seventy-five (75) percent of the votes of each class of membership excepting the following: (a) any amendment recommended or required by FHA or VA may be enacted by a two-thirds (2/3) vote of the Directors without the approval of the Owners, or (b) any amendment recommended or required by any institutional lender as a condition to any construction, permanent or other loan may be enacted by a two-thirds (2/3) vote of the Directors without the approval of the Owners. In no event may an amendment be allowed without the prior written approval of the holders of seventy-five (75) percent of the first mortgages on all lots.

11. Notices. Any notice required to be sent to any member or owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as member or owner on the records of the Association at the time of such mailing.

12. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants. In the event the Association or Owner recovers judgment against any person for a violation or threatened violation of any of the covenants herein, the Association or Owner shall also be entitled to recover from such person reasonable attorney's fees. The failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

13. Severability. Invalidation of any one of these covenants or

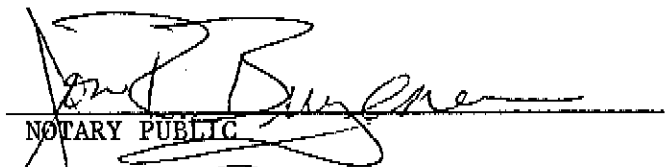
restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

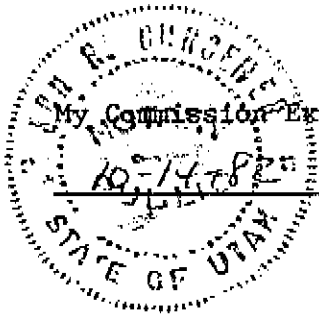
IN WITNESS WHEREOF, DOUGLAS D. YATES has caused his name to be hereunto affixed this 12th day of JUNE, 1981.


DOUGLAS D. YATES

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

On the 12th day of JUNE, 1981, personally appeared before me Douglas D. Yates, the signer of the within instrument who duly acknowledged to me that he executed the same.


NOTARY PUBLIC
Residing At: Price, Utah



My Commission Expires: _____