

195.00
/12

North Towne Station PUD

- Bldg 1 Lots 1+2
- Bldg 2 Lots 1+2
- Bldg 3 Lots 1+2
- Bldg 4 Lots 1+2
- Bldg 5 Lots 1+2
- Bldg 6 Lots 1+2
- Bldg 7 Lots 1+2
- Bldg 8 Lots 1+2
- Bldg 9 Lots 1+2
- Bldg 10 Lots 1+2
- Bldg 11 Lots 1+2
- Bldg 12 Lots 1+2
- Bldg 13 Lots 1+2
- Bldg 14 Lots 1+2
- Bldg 15 Lots 1+2
- Bldg 16 Lots 1+2
- Bldg 17 Lots 1+2
- Bldg 18 Lots 1+2
- Bldg 19 Lots 1+2
- Bldg 20 Lots 1+2
- Bldg 21 Lots 1+2

+Common Area

01-260-0001 thru 0043

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SHERYL L. WHITE, DAVIS CNTY RECORDER
2000 APR 13 2:42 PM FEE 195.00 DEP DJM
REC'D FOR INT, INC.,

**DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
AND BY-LAWS**

FOR

NORTH TOWNE STATION

A PLANNED UNIT DEVELOPMENT

IN

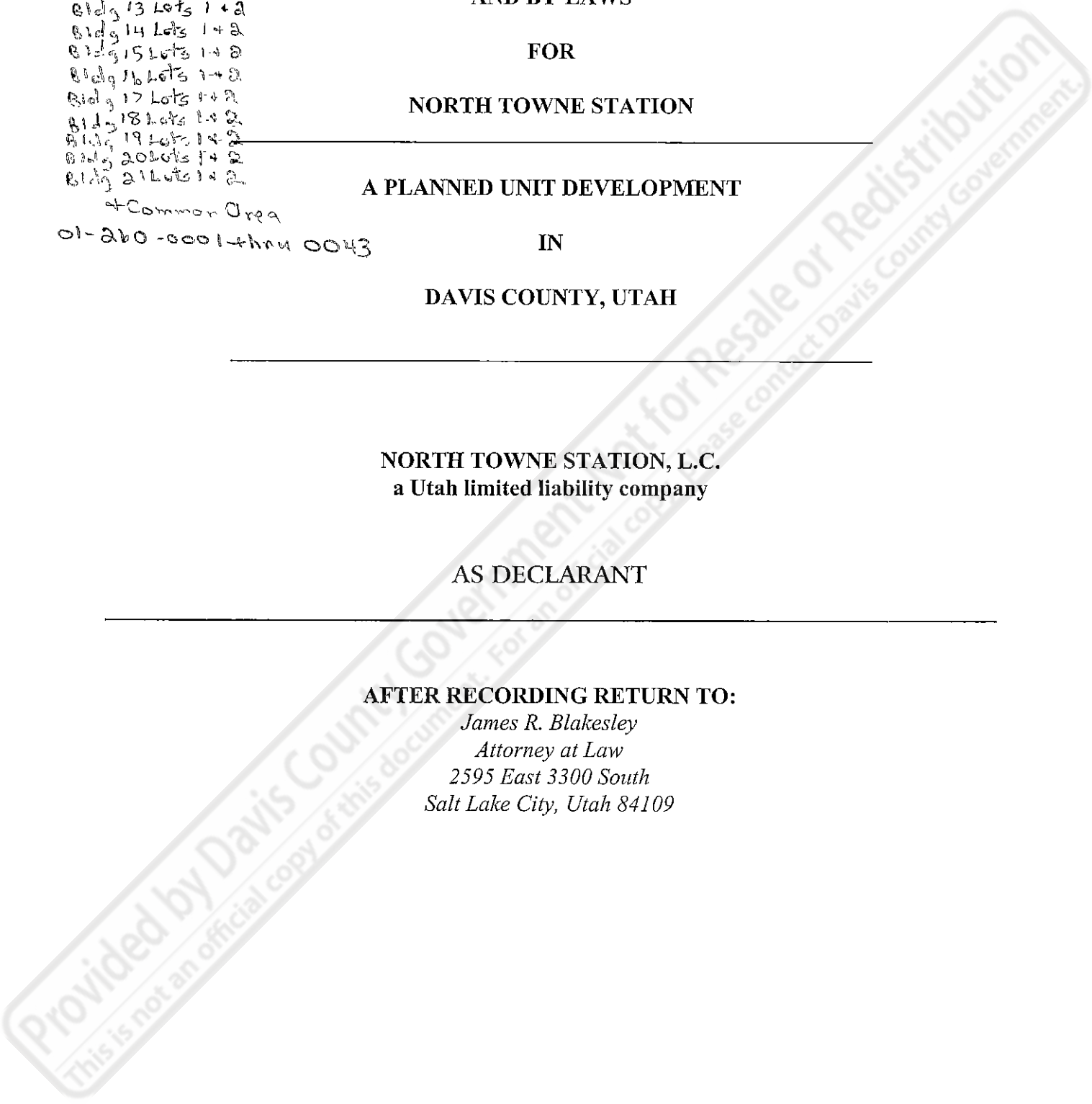
DAVIS COUNTY, UTAH

**NORTH TOWNE STATION, L.C.
a Utah limited liability company**

AS DECLARANT

AFTER RECORDING RETURN TO:

*James R. Blakesley
Attorney at Law
2595 East 3300 South
Salt Lake City, Utah 84109*



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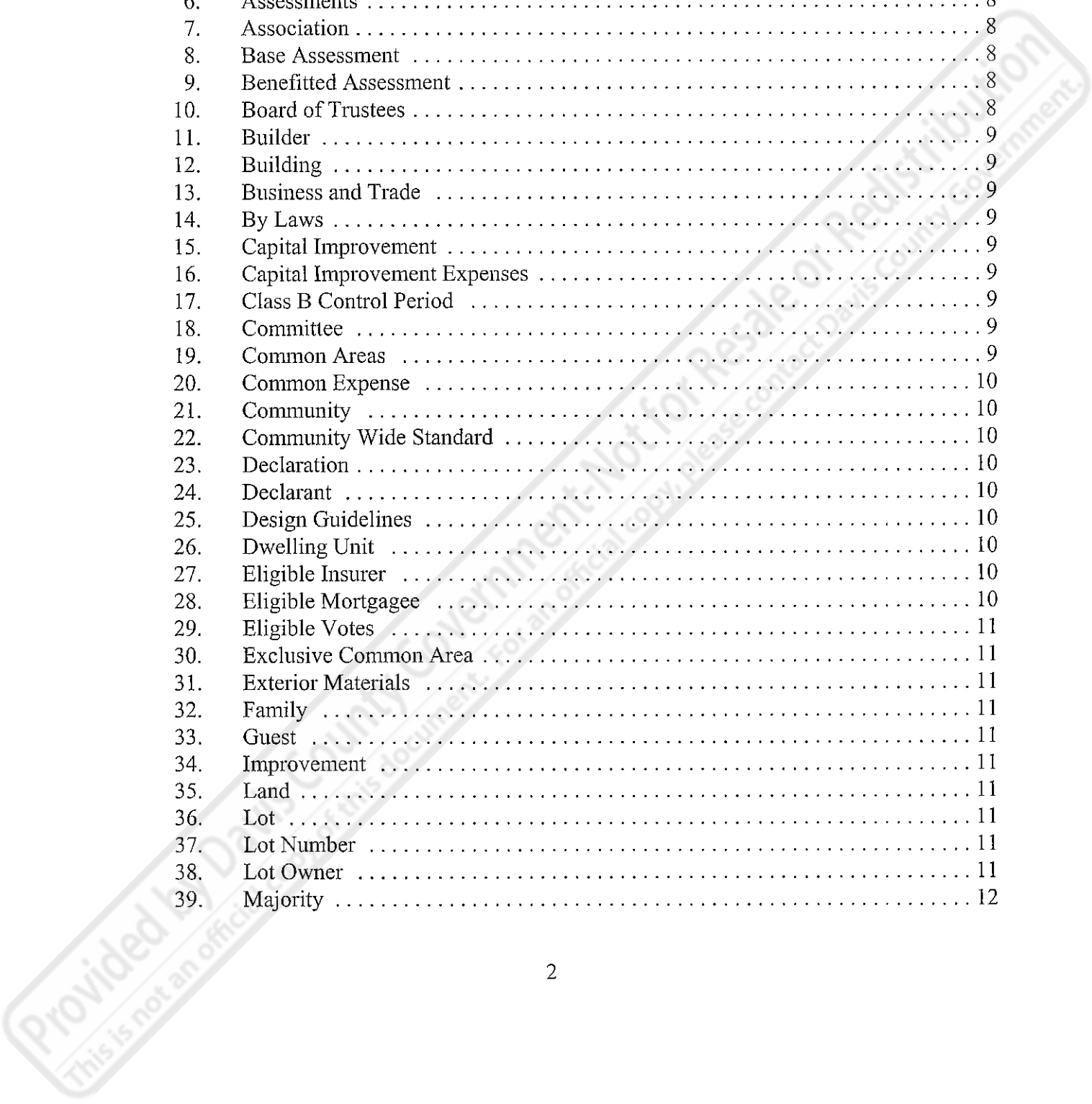
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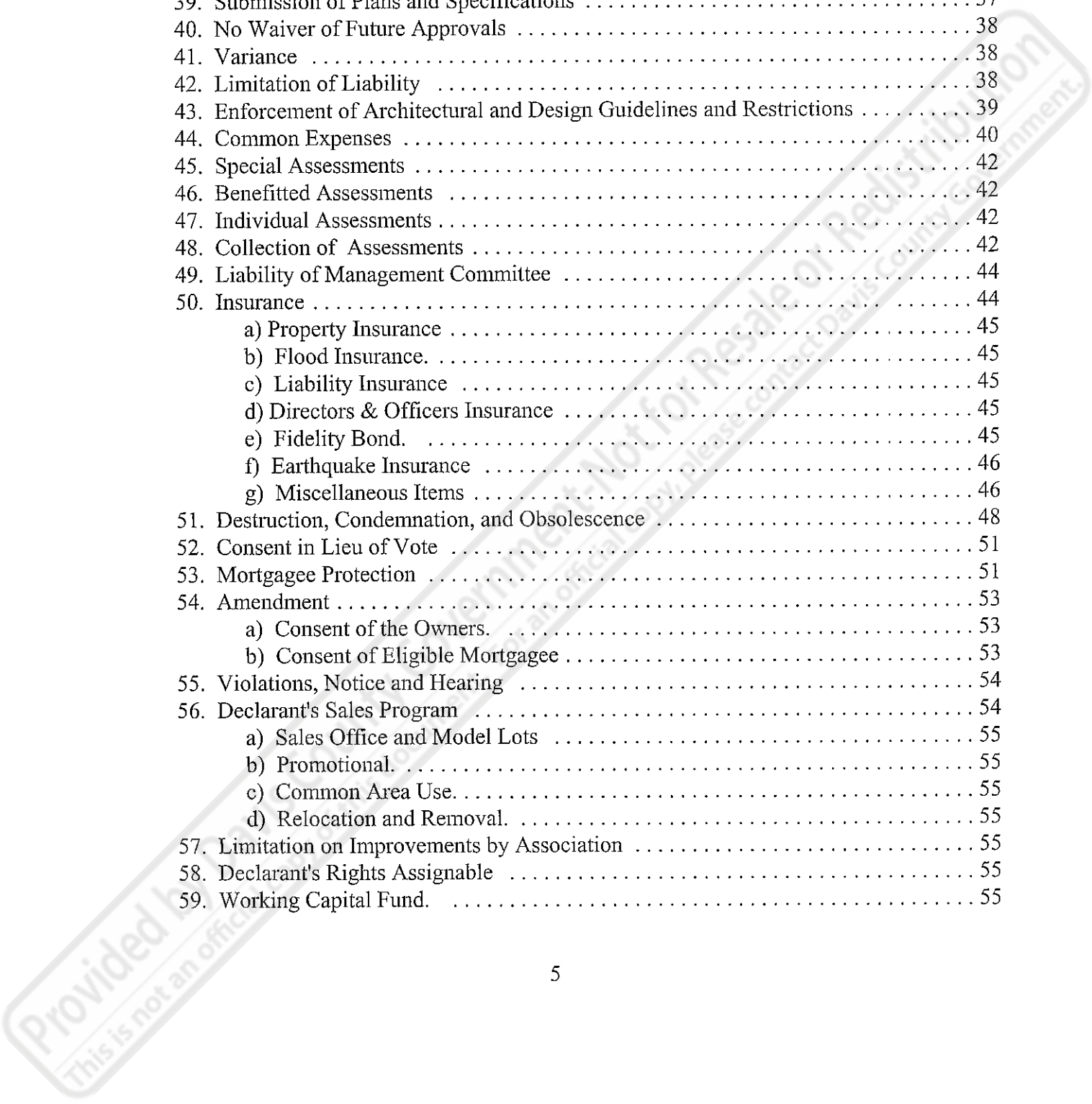
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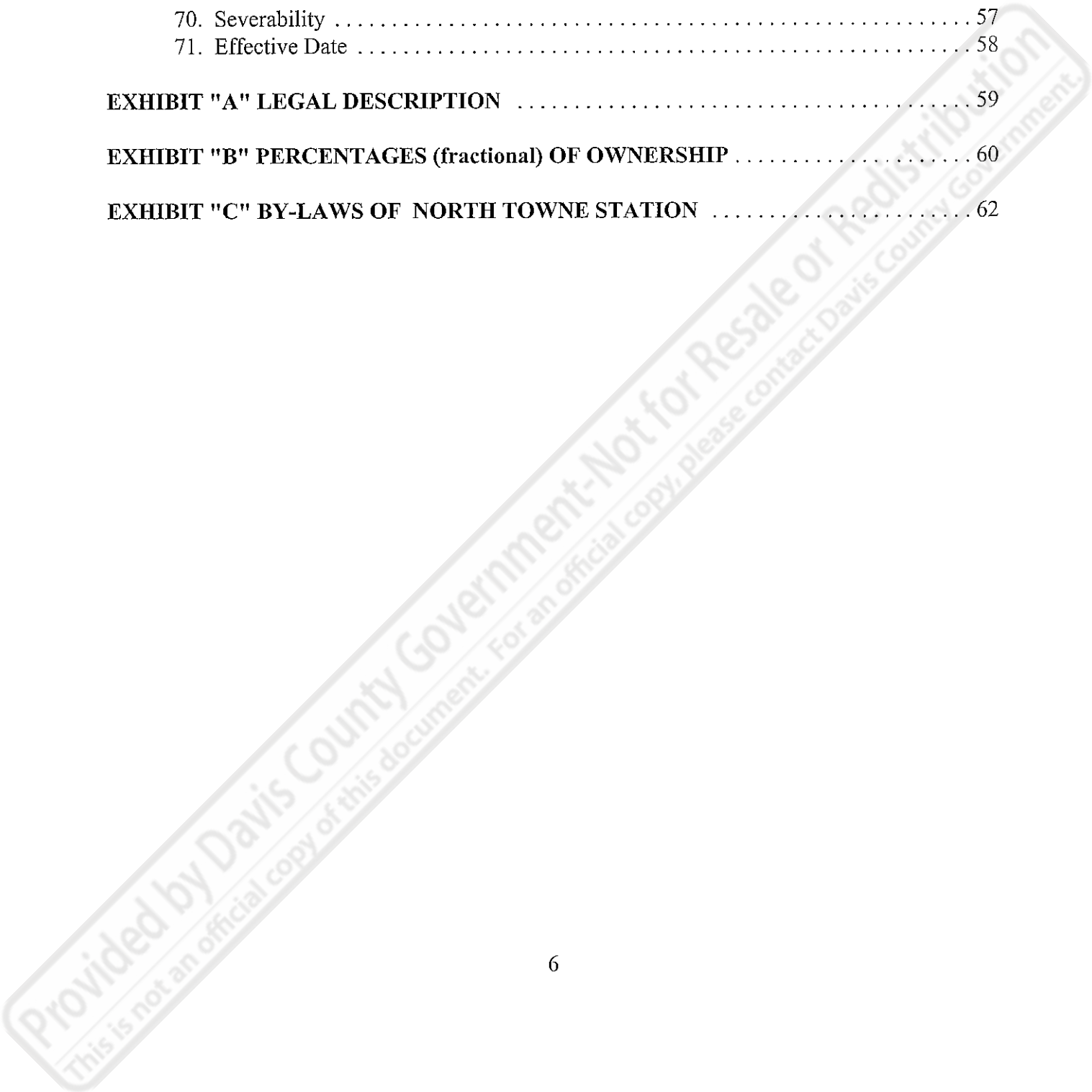
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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTH TOWNE STATION
a Planned Unit Development**

THIS Declaration of Covenants, Conditions and Restrictions for NORTH TOWNE STATION is made and executed by NORTH TOWNE STATION, L.C., a Utah limited liability company, of 8438 South Gad Way, Sandy, Utah 84093 (the "Declarant").

RECITALS:

A. This Declaration of Covenants, Conditions and Restrictions affects that certain real property located in the City of North Salt Lake, Utah described with particularity in Article II below (hereinafter referred to as the "Tract").

B. Declarant is the owner of the Tract.

C. Declarant has constructed, is in the process of constructing or will construct upon the Tract a residential planned unit development which shall include certain Lots, Common Area, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Record of Plat Map to be recorded concurrently herewith.

D. Declarant intends to sell to various purchasers the fee title to the individual Lots contained in the Tract, and a corresponding membership interest in the Association of Lot Owners (which shall own the Common Area), subject to the Plat Map and the covenants, conditions and restrictions set forth herein.

E. Declarant desires, by filing this Declaration, to submit the Tract and all improvements now or hereafter constructed thereon to the terms, covenants and conditions of this Declaration. The Project is to be known as "NORTH TOWNE STATION."

NOW, THEREFORE, for the reasons recited above and subject to the covenants, conditions and restrictions set forth below, Declarant makes the following Declaration:

I. DEFINITIONS

When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated.

1. Additional Charges shall mean and refer cumulatively to all collection and

administrative costs, including but not limited to all attorney's fees, late charges, service fees, filing and recordation fees, accruing interest, fines, and expenditures actually incurred or assessed by the Association.

2. Area of Common Responsibility shall mean and refer to the Common Area, together with those areas, if any, which the Association does not own but which by the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, or by contract become the responsibility of the Association.

3. Area of Personal Responsibility shall mean and refer to the Lot, together with those areas, if any, which the Lot Owner does not own but which by the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, or by contract become the responsibility of the Lot Owner.

4. Architectural Review Committee or ARC shall mean and refer to the committee established by the Declarant or its designee to review all plans and applications for the construction and modification of improvements on the Property (subject to the rights reserved to Declarant) and to administer and enforce the architectural controls and guidelines.

5. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the association of owners of NORTH TOWNE STATION on file or to be filed with the Utah Department of Commerce.

6. Assessments shall mean and refer the amounts assessed to the Lot Owners by the Management Committee, including without limitation the allocation of Common Expenses among the Owners.

7. Association shall mean the association of Owners at NORTH TOWNE STATION, acting as a group in accordance with this Declaration.

8. Base Assessment shall mean and refer to an Assessment levied on all Lots subject to Assessment to fund Common Expenses for the general benefit of all Lots and Lot Owners.

9. Benefitted Assessment shall mean and refer to an Assessment levied against a particular Lot or Lots for expenses incurred or to be incurred by the Association in accordance with this Declaration.

10. Board of Trustees shall mean and refer to the Management Committee, the body responsible for establishing the operational and corporate policies of the Association and for overseeing their implementation and enforcement. The members of the Board shall be selected as provided in the By-Laws.

11. Builder shall mean and refer to any Person purchasing one or more Lots within the Project to construct Units thereon for later sale.

12. Building shall mean and refer to any of the structures constructed in the Project.

13. Business and Trade shall be construed to have their ordinary and generally accepted meanings, which shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefor. Anything to the contrary notwithstanding, the leasing of a residence shall not be considered a trade or business within the meaning of this subsection.

14. By Laws shall mean and refer to the document attached to this Declaration as Exhibit "C".

15. Capital Improvement shall mean and refer to each significant fixed physical asset within the Project, included in its original design or construction, or subsequently added to the Project, intended to extend its useful life and/or enhance, upgrade and improve the utility, value or beauty of the Common Areas or Facilities.

16. Capital Improvement Expenses shall mean and refer to all expenses related to the design, purchase, installation, construction, maintenance, repair or replacement of a Capital Improvement.

17. Class B Control Period shall mean and refer to the period during which the Class "B" Member is entitled to appoint a majority of the members of the Management Committee. The Class "B" Control Period shall expire upon the first to occur of the following: (a) when 100% of the Lots have been conveyed to Class "A" Members and permanent Certificates of Occupancy have been issued on the Dwelling Units constructed thereon; (b) when the Class "B" membership terminates; (c) Three (3) years from the date of conveyance to a purchaser of the first Lot after the recordation of this Declaration; (d) when, in its discretion, the Class "B" Member so determines.

18. Committee shall mean and refer to the Management Committee.

19. Common Areas or Common Areas and Facilities shall mean and refer to all real property defined as *Common Area* herein, including that real property located within the Project in which the Association owns an interest for the common use and benefit of its Members, their successors, assigns, tenants, families, guests and invitees, including but not limited to the following items: (a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all improvements constructed thereon, excluding the individual Lots; (b) All Common Areas and Facilities designated as such in the Plat Map or Maps; (c) All utility installations

and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Lot Owners, such as telephone, electricity, gas, water, and sewer; (d) All portions of the Project not specifically included within the individual Lots; and (e) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of its Members.

20. Common Expense shall mean and refer to: (a) All sums lawfully assessed against the Lot Owners; (b) Expenses of administration, maintenance, repair, or replacement of the Common Areas and Facilities; (c) Common expenses allocated by the Association; (d) Expenses agreed upon as common by the Association; and (e) Expenses declared common by the Project Documents.

21. Community shall mean and refer to the entire Project.

22. Community Wide Standard shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing in the Community as determined by the Management Committee from time to time.

23. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of NORTH TOWNE STATION.

24. Declarant shall mean and refer to NORTH TOWNE STATION, L.C., a Utah limited liability company, and its successors and assigns.

25. Design Guidelines mean and refer to the architectural, design, development, landscaping, and other guidelines, standards, controls, and procedures, including but not limited to, application and plan review procedures, adopted pursuant hereto and applicable to the Project, as may be adopted by the Declarant or its designee from time to time.

26. Dwelling Unit shall mean and refer to any building or structure or portion of any building or structure situated upon a Lot which is intended for use and occupancy as an attached or detached residence for a single family, including but not limited to condominium units, townhome units, cluster homes, patio or zero lot line homes, and single family detached houses, but excluding any rental apartments within any apartment or rental structure or complex.

27. Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

28. Eligible Mortgagee shall mean and refer to a mortgagee, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

29. Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Committee. A vote which is for any reason suspended is not an *Eligible Vote*.

30. Exclusive Common Area shall mean and refer to that portion of the Common Area intended for the exclusive use or primary benefit of one or more, but less than all, Owners.

31. Exterior Materials shall mean and refer to stone, rock, stucco, wood siding, finished lumber, brick, or other similar materials but shall not mean cinder block or concrete block or aluminum or vinyl siding. Exterior residence materials shall be of a noncombustible material as approved by the Declarant. The determination whether any specific material constitutes an acceptable Exterior Material shall be made by the Declarant or its designee.

32. Family shall mean and refer to a group of natural persons related by blood, adoption or marriage, or up to four (4) unrelated persons residing in the same Dwelling Unit and maintaining a common household.

33. Guest shall mean and refer to a visitor, invitee or person whose temporary presence within the Project is approved by or is at the request of a particular resident.

34. Improvement shall mean and refer to every structure and all appurtenances thereto of every type and kind, including but not limited to, buildings, patios, recreational amenities, garages, mailboxes, aerials, antennas, satellite dishes, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreak, planting, planted trees and shrubs, poles, signs, exterior air conditioning, water softener fixtures or equipment, pumps, wells, tanks, reservoirs, pipes, lines, meters, towers, and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

35. Land shall mean and refer to all of the real property within the Project and subject to this Declaration.

36. Lot shall mean and refer to a portion of the Property, other than the Common Area, intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the Map filed with this Declaration or amendments thereto. Where the context indicates or requires, the term Lot includes any Dwelling Unit, or living unit, physical structure or improvement constructed on the Lot.

37. Lot Number shall mean and refer to the number, letter or combination thereof designating a particular Lot.

38. Lot Owner shall mean and refer to (a) the Person(s), including without limitation the Declarant, holding an aggregate fee simple interest in a Lot or, as the case may be (b) the purchaser of an aggregate fee simple interest in a Lot under an executory land sales contract. The term Lot

Owner does not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

39. Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

40. Management Committee shall mean and refer to those Lot Owners (or legal agents of institutional Lot Owners) duly elected and qualified to manage, operate and regulate the Association.

41. Manager shall mean and refer to the person or entity appointed or hired to manage and operate the Project.

42. Map shall mean and refer to the Plat Map on file in the office of the County Recorder of Davis County.

43. Member shall mean and refer to a Lot Owner obligated, by virtue of his ownership of a Lot in the Project to be a shareholder in the Association. In addition and where the context so requires the term Member may mean and refer to a participant in a group. By way of illustration but not limitation this may include membership in the Management Committee or a subcommittee.

44. Mortgage shall mean and refer exclusively to either a first mortgage or first deed of trust on any Lot, but shall not mean or refer to a uniform real estate contract, land sales contract or an executory contract of sale.

45. Mortgagee shall mean and refer exclusively to a mortgagee under either a first mortgage or a beneficiary under a first deed of trust on any Lot, but shall not mean or refer to a seller under a uniform real estate contract, land sales contract, or an executory contract of sale.

46. Occupy, Occupies, Occupancy or Occupant shall mean and refer to staying overnight or a Person who stays overnight in a particular Dwelling Unit.

47. Office of the County Recorder shall mean and refer to the Office of the County Recorder of Davis County, Utah.

48. Owner shall mean and refer to the Lot Owner.

49. Period of Declarant's Control shall mean and refer to a period of time commencing on the date this Declaration is recorded and terminating: (a) when 100% of the Lots have been conveyed to Class "A" Members and permanent Certificates of Occupancy have been issued on the Dwelling Units constructed thereon; (b) when the Class "B" membership terminates; (c) three (3) years after the conveyance of the first Lot in the Subdivision after the recording of this Declaration;

or (d) when, in its discretion, the Class "B" Member so determines, whichever first occurs.

50. Permanent Occupant shall mean and refer to a person who resides in a Dwelling Unit for more than four (4) consecutive weeks or for more than eight (8) weeks in any twelve (12) month period.

51. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

52. Plans and Specifications shall mean and refer to any and all documents designed to guide or control the construction of an Improvement, or alterations, modifications, changes, additions and the like thereto, including without limitation all documents indicating the size, shape, configuration and/or materials, to be incorporated; all site plans, excavation and grading plans, elevation drawings, floor plans, techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to the improvement or proposal in question.

53. Plat Map shall mean and refer to the "Record of Survey Map or Maps of "NORTH TOWNE STATION" on file in the Office of the County Recorder, as they may be amended from time to time. The Plat Map will show the location of the Lots and Common Area.

54. Private Amenity shall mean and refer to certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the Project, which are privately owned and/or used exclusively by Persons other than the Association for recreational and related purposes. For example by way of illustration and not limitation, the 10 Visitor Parking Spaces, R.V. Parking and Storage Units shown on the Map are *Private Amenities*.

55. Private Street, Private Way or Private Drive shall mean and refer to those streets, ways, drives or turnabouts within the Project not dedicated to any city, county, state or other governmental body politic, entity or agency.

56. Project shall mean and refer to NORTH TOWNE STATION.

57. Project Documents shall mean collectively the documents governing the Project, including but not limited to the Declaration, By Laws, House Rules and Regulations, Administrative Rules and Regulations, and Articles of Incorporation.

58. Property shall mean and refer to all of the land or real estate, improvements and appurtenances submitted to this Declaration.

59. R.V. Parking shall mean and refer to the Exclusive Common Area designated as *R.V. Parking* on the Map for the parking of Recreational, Oversized and Commercial Vehicles.

60. Record, Recorded and Recordation shall mean and refer, with respect to any

document, the recordation of such document in the Office of the County Recorder.

61. Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational, oversized or commercial transportation device of any kind.

62. Resident shall mean and refer to an Occupant.

63. Single Family Home or Residence shall mean and refer to both the architectural style of a Dwelling Unit and the nature of the residential use thereof or activity permitted therein.

64. Storage Units shall mean and refer to the Exclusive Common Area space or place as shown as *Storage Units* on the Map, designed for storing goods, personal property, tools, equipment, belongings and effects.

65. Total Votes shall mean and refer to the total number of available votes in the Project.

66. Use Restrictions shall mean and refer to the rules and use restrictions set forth below, as they may be modified, amended, repealed, canceled, limited, withdrawn or expanded.

67. Unit shall mean and refer to a residential Dwelling Unit, unless the context clearly requires otherwise.

II. SUBMISSION

The land described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference, is located in Davis County, Utah, is hereby submitted to the terms, covenants and conditions of this Declaration, and is hereby made subject to, and shall be governed and regulated by, this Declaration of restrictive covenants. In addition:

The Land is SUBJECT TO the described easements and rights of way, TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservation and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by

the Plat Maps or otherwise existing; an easement for each and every common area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Tract; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such common area improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

III. COVENANTS, CONDITIONS, AND RESTRICTIONS

This submission is made subject the following covenants, conditions, and restrictions:

1. Description of Improvements. The significant improvements in the Project include, or shall include, twenty-one (21) residential Buildings containing forty-two (42) Dwelling Units. The Buildings will be two (2) stories tall. They will not have a basement area. Each Dwelling Unit will have a single garage. There will be additional uncovered parking available for the use of the Owners and their Guests or invitees. The Buildings will have cement footings and foundations; wood, siding, stucco and/or brick exteriors; interiors of wood frame and dry wall plaster; and wood, tile or composite asphalt shingles on the roof, and certain Common Area and Facilities consisting of parking areas, green space, landscaping, fences, gates, roads, utility systems, recreational sport amenities, play area, as well as an Entry Monument. The Project will also contain other improvements of a less significant nature.

2. Description, Legal Status and Property Tax Distribution. The Project consists of 5.668 acres. The Lots shall be individually owned and the Common Areas and Facilities shall be owned by the Association. The property taxes for the Common Area shall be divided among the Owners based upon their percentages of ownership.

3. Membership in the Association. Membership in the Association is appurtenant to the ownership of a Lot, and may not be partitioned therefrom.

4. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Lot shall describe the interest or estate involved substantially as follows:

All of LOT NO. _____, BLDG. NO. _____ contained within the NORTH TOWNE STATION, a Planned Unit Development, as the same is identified in the Record of Plat Map recorded in Davis County, Utah as Entry No. _____, in Book _____, at Page _____ (as said Record of Plat Map may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions of the NORTH TOWNE STATION, a Planned Unit Development, recorded in Davis County, Utah as Entry No. _____, in Book _____, at Page _____, (as said Declaration may have heretofore been amended or supplemented), together with an undivided percentage of ownership interest in the Association.

Regardless of whether or not the description employed in any such instrument is in the above specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the membership in the Association, nor the right of non-exclusive use of a Common Area shall be separated from the Lot to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Lot to which they relate.

5. Use Restrictions. Declarant has established a general plan of development for the Project as a master planned community in order to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Project and the vitality of and sense of community within the Project, all subject to the Management Committee's and the Members' ability to respond to changes in circumstances, conditions, needs, and desires within the Project.

a) Plan of Development: Applicability: Effect. The Project is subject to the land development, architectural, and design provisions described herein, the other provisions of this Declaration governing individual conduct, and uses of or actions upon the Project, and the guidelines, rules, and restrictions promulgated pursuant hereto, as each may be amended from time to time, all of which establish affirmative and negative covenants, easements, and restrictions on the Project. Except as otherwise expressly provided herein, all provisions of this Declaration and any rules shall apply to all Owners, occupants, tenants, guests, and invitees of any Lot. Any lease on any Lot or Dwelling Unit shall be deemed to provide that the lessee and all occupants of the leased Lot shall be bound by the terms of the Project Documents.

b) Authority to Promulgate Use Restrictions and Rules. (a) Subject to the terms of this section and in accordance with its duty of care and undivided loyalty to the Association and its Members, the Management Committee may amend the Use Restrictions and may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions then in effect. Notice of any such proposed action shall be posted in a prominent place within the Project or published in the Association's newsletter, if any, at least five (5) business days prior to the Management Committee meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Management Committee meeting prior to such action being taken. Any such action shall become effective after compliance with the requirements set forth below unless disapproved at a meeting by at least 67% of the total Class "A" Members or by the Declarant. So long as the Declarant owns any of the Property, the Declarant may, acting independently, promulgate use restrictions and rules without additional approval required. The Management Committee shall have no obligation to call a meeting of the Members to consider disapproval except upon receipt of a petition of the Members as required for special meetings in the By-Laws. If a meeting to consider disapproval is requested by the Members prior to the effective date of such action, the action may not become effective until after such meeting is held. Alternatively, the Class "A" Members, at a meeting duly called for such purpose, may amend the Use Restrictions or adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and previously adopted rules by a vote of at least 67% of the total Class "A" Members and the approval

of the Declarant, so long as the Declarant owns any of the Property. Provided, however, at least 30 days prior to the effective date of any such action, a copy of the amendment or rule, specifying the effective date, shall be posted in a prominent place within the Project or published in the Association's newsletter, if any. The Association shall provide, without cost, a copy of the Use Restrictions and rules then in effect to any requesting Member or Mortgagee. Nothing in this section shall authorize the Management Committee or the Members to amend, repeal, or expand the Declaration, the By-Laws, the Articles or the Design Guidelines. Such documents may be amended only as and in the manner provided therein.

c) Owners' Acknowledgment. All Owners are subject to the Use Restrictions and are given notice that (1) their ability to use their privately owned property is limited thereby, (2) the Management Committee and/or the Members may amend the Use Restrictions or adopt rules which modify, cancel, limit, create exceptions to, or expand the Use, and (3) the Declarant may amend the Use Restrictions or other portions of this Declaration.

Each Owner by acceptance of a deed or other documents of conveyance acknowledges and agrees that the use and enjoyment and marketability of his property can be affected by this provision and that the Use Restrictions and rules may change from time to time.

d) Rights of Owners. Except as may be specifically set forth in the initial Use Restrictions, neither the Management Committee nor the Members may adopt any rule in violation of the following provisions:

1) Similar Treatment. Similarly situated Owners and occupants shall be treated similarly.

2) Religious and Holiday Displays. The rights of Owners and occupants to display religious and holiday signs, symbols, and decorations on their Lots of the kinds normally displayed in residences located in single family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions regulating displays which are visible from outside the Lot.

3) Household Composition. No rule shall interfere with the freedom of occupants of Dwelling Units to determine the composition of their households, except that the Declaration limits residency in a Dwelling Unit to a single Family and the Association shall have the power to limit the total number of occupants permitted in each Dwelling Unit on the basis of the size and facilities of the Dwelling Unit and its fair share use of the Common Area.

4) Activities Within Dwelling Units. No rule shall interfere with the activities carried on within the confines of Dwelling Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Dwelling Units, that generate excessive noise or

traffic, that create unsightly conditions visible from outside the Dwelling Unit, or that create an unreasonable sounds of annoyance.

5) Allocation of Burdens and Benefits. No rule shall alter the basis for allocation of financial burdens among various Lots or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the use of the Common Area, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, violate rules or this Declaration, or fail to pay assessments. This provision does not affect the right to increase the amount of Assessments.

6) Alienation. No rule shall prohibit the leasing or transferring of any Lot, or require consent of the Association or Management Committee for leasing or transferring of any Lot; provided, the Association or the Management Committee may require a minimum lease term of up to twelve (12) months. The Association may require that Owners use lease forms approved by the Association (or include specific terms in their leases), and may impose a review or administration fee on the lease or transfer of any Lot.

7) Reasonable Rights to Develop. No rule or action by the Association or Management Committee shall unreasonably impede Declarant's right to develop the Project in accordance with the Master Plans, including, but not limited to, the rights of the Declarant as set forth herein.

8) Abridging Existing Rights. Any rule which would require Owners to dispose of personal property being kept on the Property shall apply prospectively only and shall not require the removal of any property which was being kept on the Property prior to the adoption of such rule and which was in compliance with all rules in force at such time unless otherwise required to be removed by law. The limitations in this subsection shall apply to rules only; they shall not apply to amendments to this Declaration.

9) Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple ownership of his Lot. There shall be no requirements concerning who may own a Lot, it being intended that they may and shall be owned as any other property rights by persons. This is a residential community and as such the Lots shall be used only as originally designed, except as expressly set forth below, and the Common Areas shall only be used in a manner consistent with the residential nature of the Project.

10) Title to the Common Area. The Common Area, described with particularity in Exhibit "D" which is attached hereto and incorporated herein by this reference, shall be owned by the Association.

11) Mandatory Association. Each purchaser of a Lot by virtue of his acceptance of a deed or other document of conveyance shall automatically become a Member of the

12) Joint or Common Utility Easements with Neighboring Subdivisions, Project or Developments. The Declarant or Builder, for themselves and their successors in interest (including but not limited to the Association), hereby reserves the irrevocable and exclusive right, without any additional consent required, an easement and right-of-way over, across, under and through the Property for vehicular and pedestrian access to Declarant's adjoining real property, utility easements or rights of way for gas, water, power, sewer, storm drain systems or the like, and, in addition, to enter into easement agreements with or to convey to the City of North Salt Lake, Declarant's affiliates, and other owners or developers of adjoining subdivisions, projects or developments any and all reasonable and necessary access or utility easements or rights of way for gas, water, power, sewer, storm drain systems or the like under, over, across or through the Project.

13) Member's Easements and Rights of Way. Every Member of the Association shall as an Owner have the right and non-exclusive easement to use and enjoy the Common Area. Such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following restrictions: (a) The right of the Association to limit the number of Guests and occupants; (b) The right of the Association to suspend the voting privilege; and (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purpose of regulating transportation, maintaining the roadways or providing utilities and other similar or related purposes. During the Period of Declarant's Control, any such dedication or transfer shall be effective only if approved in writing by the Declarant.

14) Rules and Regulations. The Management Committee, shall have the power and authority to adopt, amend or repeal administrative and house rules and regulations, and architectural guidelines, from time to time.

15) Prohibited Activities. The following activities are prohibited within the Property unless expressly authorized by, and them subject to such conditions as may be imposed by, the Management Committee:

(a) Posting of signs of any kind, including posters, circulars, campaign signs, political signs, and bills on any Lot Common Area, or right-of-way, except those required by law and except as permitted by the Management Committee, Design Guidelines or the Declaration;

(b) Subdivision of a Lot into two or more Lots after a subdivision plat including such Lot has been approved and filed with the appropriate governmental authority, or changing the boundary lines of any Lot, except that the Declarant and Builders, with Declarant's consent, shall be permitted to subdivide or change the boundary lines of Lots which they own;

(c) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Dwelling Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its

assigns may operate such a program with respect to Dwelling Units which it owns;

(d) Occupancy of a Dwelling Unit by more than 2 persons per bedroom;

(e) Capturing, trapping or killing wildlife within the Property, except (1) in circumstances posing an imminent threat to the safety of persons or pets using the Property or (2) when authorized and supervised by the Management Committee in accordance with a game management program and with the consent of the Declarant as long as it owns any of the Property.

(f) Activities which materially disturb or destroy the vegetation, wildlife, or air quality within the Property or which result in unreasonable levels of sound or light pollution;

(g) Disposal of any oil, gas, or lubricants, and the storage or disposal of other hazardous materials (as may be determined in the Management Committee's reasonable discretion and as defined by applicable law) anywhere within the Property;

(h) No electronic or radio transmitter of any kind, other than garage door openers, shall be located or operated in or on any Improvement or on any Lot with the prior written consent of the Management Committee or its designee;

(i) No garage, patio, porch or lawn sale shall be held on any Lot, except that a Lot Owner may conduct such a sale if the items sold are only his own furniture, furnishings and belongings, not acquired for purposes of resale, if such sale is held at such time and in such manner as not to disturb any other resident of the Project and if such sale is held in full compliance with all applicable governmental ordinances, statutes, laws, rules, regulations and resolutions; and

(j) Behavior which causes erosion or unreasonable amounts of dust or pollen.

16) Prohibited Conditions. The following items shall be prohibited within the Project:

(a) Dog runs, animal pens, walls or fences of any kind on any Lot except as installed or constructed by the declarant or Builder, or as approved by the Management Committee in writing;

(b) Open garage doors when not in use -- that means, garage doors shall remain closed at all times except when entering and exiting the garage;

(c) Stand-alone flagpoles, clotheslines, or other outside facilities for

drying of clothes;

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(d) Detached garages;

(e) Excessive exterior lighting on any Lot, including lighting which causes unreasonable glare, unless necessary for public safety purposes on, or lighting of Private Amenities or Common Area. The Management Committee shall in its sole discretion determine whether any exterior lighting is excessive;

(f) Temporary or permanent storage buildings or sheds, whether prefabricated, metal or of any other construction whatsoever, which are visible from neighboring property. Notwithstanding the foregoing, an Owner may be permitted to construct or place a gazebo, pergola, or similar structure within the rear yard of a Lot if in conformance with the Design Guidelines and all applicable zoning ordinances and otherwise approved by the Management Committee in writing;

(g) The storing, in such a manner so as to be visible from the street and/or neighboring property, of furniture, fixtures, firewood, appliances, machinery, equipment, or other goods or chattels which are not in active use; provided, however, this restriction shall not apply to the property of the Association, the Declarant, or any Builder (to the extent approved by the Declarant).

(h) Outdoor playground equipment (except within any authorized Common Area);

(i) Designs in landscaping softscape or hardscape that appear unnatural or cause a distraction or are otherwise limited or prohibited by the Management Committee;

(j) Open fires on the Property, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes or within a safe and well designed interior fireplace; and

(k) Activities conducted upon or adjacent to any Lot or within improvements constructed thereon which are or might be unsafe or hazardous to any Person or property.

Without limiting the generality of any of the foregoing provisions, the Management Committee shall be permitted to establish and enforce reasonable restrictions and guidelines with respect to noise levels and odors originating from a Lot.

Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall

be kept in a neat and tidy condition during construction consistent with the Community Wide Standard. During construction periods, trash and debris shall not be permitted to accumulate and shall be removed or placed in appropriate trash containers on a daily basis. Supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved by the Management Committee. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the Management Committee, which may also require screening of the storage areas, The Declarant, for so long as it owns any property in the Project, and, thereafter, the Management Committee, in its sole discretion) shall have the right to determine the existence of any such nuisance.

17) Diseases and Insects. Owners shall not permit any thing or condition to exist upon any Lot that is likely to induce, breed, or harbor infectious plant diseases or noxious insects.

18) Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise encroach upon any sidewalk, street, pedestrian pathway, golf cart path, or other area from ground level to a height of eight feet (8') without prior approval of the Management Committee.

19) Parties Bound. The Project Documents shall be binding upon all Owners and residents, their family members, guests and invitees by virtue of their accepting a deed or other document of conveyance, or possession of, or entering upon a Lot or the Project.

20) Nuisance. It shall be the responsibility of each Owner and resident to prevent the creation or maintenance of a nuisance in, on or about the Project. For purposes of this section a "nuisance" includes but is not limited to the following:

a) The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about a Lot or the Common Areas;

b) The storage of any item, property or thing that will cause any Lot or the Common Area to appear to be in an unclean or untidy condition or that will be noxious to the senses;

c) The storage of any substance, thing or material upon any Lot or in the Common Areas that will emit any foul, unpleasant or noxious odors, or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the other residents at the Project;

d) The creation or maintenance of any noxious or offensive condition or activity in or about any Lot or the Common Areas;

e) Actions or activities tending to cause embarrassment, discomfort,

annoyance, distress or a disturbance to any other residents, their guests or invitees, particularly if the police or sheriff must be called to restore order;

f) Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Project by other residents, their guests or invitees;

g) Creating or allowing excessive (i.e., that which would bother a reasonable person) noise in, on or about any Lot or the Common Area, especially after 10:00 p.m. and before 7:00 a.m.;

h) Creating or allowing excessive (i.e., that which would bother a reasonable person) traffic in, on or about any Lot or the Common Area, especially after 10:00 p.m. and before 7:00 a.m.; and

i) Violations of U.C.A., Section 78-38-9 (1999).

21) Unsightly Work, Hobbies or Unkempt Condition. The pursuit of hobbies or other activities which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Project.

22) Removing Garbage, Dust and Debris. No rubbish, trash, refuse, waste, dust, debris or garbage (hereinafter the "garbage") shall be allowed to accumulate so as to become a nuisance. During the week, all garbage shall be placed into plastic bags or other acceptable receptacles and deposited into designated garbage cans or dumpsters; individual garbage cans shall not be placed or stored so as to be visible from the street, other Units or the Common Area except on garbage pick-up day; and on garbage pick-up days, garbage cans shall not be left out in the designated garbage can pick-up area for a period longer than twenty-four (24) consecutive hours.

23) Subdivision of a Lot. No Lot shall be subdivided or partitioned.

24) Firearms, Incendiary Devices and Graffiti. The use or discharge of firearms and incendiary devices, or the painting of graffiti, within the Project is prohibited. The term firearms includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

25) Temporary Structures. No Owner or resident shall place upon any part of the Project any temporary structures including but not limited to tents, trailers, or sheds, without the prior written consent of the Committee. Anything to the contrary notwithstanding and until the termination of the Period of Declarant's Control, the Declarant may install and use temporary structures in the development of the Project and marketing of the Lots or Units.

26) Parking Pads. No parking pads (e.g., cement, concrete, asphalt or of any other material) may be constructed for Recreational, Commercial or Oversized vehicles of any kind.

27) Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. The property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or resident in, on or about the Common Areas without the prior written consent of the Management Committee. The Management Committee may alter or remove any objects planted or placed in violation of this subsection.

28) Energy Conservation Equipment. No solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed on the Project without the prior written consent of the Committee.

29) Business Use. No commercial trade or business may be conducted in or from any Dwelling Unit unless: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (b) the business activity conforms to all zoning requirements for the Project; (c) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of residents of the Project; (d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Project, as may be determined in the sole discretion of the Committee; (e) all of the necessary licenses and permits have been obtained from the Town of Eagle Mountain; and (f) the Management Committee has been notified in writing of the commercial, trade and/or business activity.

30) Garages; Storage and Parking of Motor Vehicles. Each Dwelling Unit constructed upon a Lot shall contain a single vehicle garage. The driving, parking, standing and storing of motor vehicles in, on or about the Project shall be subject to the following:

a) Any traffic and parking rules and regulations as may be adopted by the Management Committee from time to time;

b) Except for purposes of loading or unloading passengers or supplies (for a period of time not to exceed twenty-four (24) hours), no Recreational, Commercial or Oversized vehicle parking is allowed anywhere in the Project at any time or for any reason (other than any RV Parking Area constructed by the Declarant, although Declarant is not promising or obligated to do so hereby). Recreational, Commercial and Oversized motor vehicles must be parked or stored in the RV Parking Area or outside of the Project;

c) No overnight parking is allowed on the streets within the Project;

d) No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, minivan, or any other transportation device of any kind may be parked or stationed in such a manner so as to block access to any Lot, structure, building, or driveway, or so as to create an obstacle or potentially dangerous condition;

e) During the evening and nighttime hours, residents may only park their motor vehicles within their garages or driveways.

f) No resident shall repair or restore any vehicle of any kind in, on or about any Lot or the Common Area, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

g) Since the garages must be used primarily for the parking and storage of vehicles, no garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonably parked in the garage as originally designed and constructed. Garage doors shall remain closed except when the garage is in use.

h) Excess, open and unassigned parking spaces or stalls, which are limited, are for the use and benefit of visitors, guests and invitees, and are not to be used by Lot Owners or Residents without the prior written consent of the Management Committee.

i) By driving a motor vehicle into the Project, each vehicle owner and driver is deemed to have consented to be bound by and subject to this section.

j) A motor vehicle parked in violation of this Declaration may be impounded or towed by the Management Committee, without further notice, and at the Owner's sole risk and expense.

k) Parking of any vehicle, trailer or other transportation device containing or displaying a "for sale" sign, or other indication of being "for sale" on any street or portion of the Common Area.

31) Satellite Dishes, Antenna and Aerials. One satellite dish antennae having a diameter of more than 18" which is installed adjacent to any residence and is integrated with the residential structure and surrounding landscape, shall be permitted upon a Lot without any additional approval. A satellite dish larger than 18" in diameter, or any dish which is not to be installed adjacent to a residence and/or integrated with the residential structure and surrounding landscaping must be approved by the Management Committee prior to its installation. The location and screening of such dish shall be reasonably determined by the Management Committee so as not to impair reception and to ensure that the satellite dish is not visible, insofar as that is reasonably possible, from the street. Anything to the contrary notwithstanding, no satellite dish antennae having a diameter of more than 40", and all other microwave dish antennae, satellite dish antennae, exterior

radio antennae, television antennae, or other electronic signal-receiving or transmitting equipment are permitted within the Project, unless such prohibition would constitute a violation of local, state or federal laws (as they may be amended from time to time) in which case the Management Committee may approve installations consistent with said laws, regulations and ordinances.

32) Windows and Window Coverings. No sun shades, tinted windows, aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any Dwelling Unit or garage. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality, so as not to detract from uniformity in appearance and construction.

33) Pets. No pets, animals, livestock or poultry of any kind shall be bred in, on or about the Project. Up to two (2) domestic pets per unit are allowed; provided, however, pets must be properly licensed and registered (if required) with the appropriate governmental agencies, owners must pay the pet deposit to the Management Committee, obtain a certificate of registration from the Association, and abide by all pet rules and regulations adopted by the Management Committee from time to time and local ordinances. Pets may not create a nuisance. The following acts of an animal may constitute a nuisance: (a) it causes damage to the property of anyone other than its owner; (b) it causes unreasonable fouling of the air by odors; (c) it causes unsanitary conditions; (d) it defecates on any common area and the feces are not immediately cleaned up by the responsible party; (e) it barks, whines or howls, or makes other disturbing noises in an excessive, continuous or untimely fashion; (f) it molests or harasses passersby by lunging at at them or chasing passing vehicles; (g) it attacks people or other domestic animals; (h) it otherwise acts so as to bother, annoy or disturb other reasonable residents or interferes with their right to the peaceful and quiet enjoyment of their property; or (i) by virtue of the number of pets maintained, they are offensive or dangerous to the health, welfare or safety of other residents. Pets in the common area must be in a cage or on a leash and under the control of a responsible person.

34) Insurance. Nothing shall be done or kept in, on or about any Lot or the Common Area which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Project over what the Management Committee, but for such activity, would pay.

35) Laws. Nothing shall be done or kept in, on or about any Lot or Common Area, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

36) Damage or Waste. No damage to, or waste of, the Common Area shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Management Committee and the other Owners harmless against all loss resulting from any such damage or waste caused by that Owner or an invitee; provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee or any other Owner.

37) Structural Alterations. No structural alterations to the Common Area or Facilities are allowed without the prior written consent of the Management Committee.

38) BBQ, Patio Table and Chairs. Outdoor table(s) and chair(s) and BBQ grill(s) or equipment are allowed outside, provided they are located exclusively within the confines of the Dwelling Unit's cement pad or patio and are maintained in a clean, tidy and neat manner. Each Lot Owner or resident shall use his best efforts to keep such personal property so it is not visible from the street, the Common Area or another Lot. Bicycles, tricycles, motorcycles, household furniture and furnishings, equipment, machinery, tools, supplies, boxes, storage containers or other items of personal property may not be stored in, on or about the cement pad, patio or deck area, in the Limited Common Area, or in any manner so as to be visible from the Common Area, street or another Lot.

6. Ownership and Use. Each Owner shall be entitled to the exclusive ownership and possession of his Lot and to membership in the Association as set forth herein, subject, however, to the following:

a) Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple Ownership of his Lot. There shall be no requirements concerning who may own a Lot, it being intended that they may and shall be owned as any other property rights by persons. This is a residential community and as such the Lots shall be used only for residential purposes, except as set forth below. The Common Areas and Facilities shall only be used in a manner consistent with the residential nature of the Project.

b) Title to the Common Area. The Common Area, the legal description of which is set forth with particularity on Exhibit "D" attached hereto and incorporated herein by this reference, shall be owned by the Association. The Common Area is also identified on the Map or Maps.

c) Mandatory Association. Each purchaser of a Lot shall automatically become a member of the Association.

d) Member's Easements and Rights of Way. Every Member of the Association shall as an Owner have the right and non-exclusive easement to use and enjoy the Common Area and Facilities. Such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following restrictions:

- (1) The right of the Association to limit the number of guests and residents;
- (2) The right of the Association to suspend the voting privilege; and
- (3) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. Until the termination of the Period of Declarant's Control, any such

dedication or transfer shall be effective only if approved in writing by the Declarant.

e) Rules and Regulations. The Management Committee, shall have the power and authority to adopt, amend or repeal administrative rules and regulations from time to time.

7. Exclusive Common Area. The Declarant has designated certain portions of the Common Area as Exclusive Common Area. Exclusive Common Area shall be Common Area that is reserved for the exclusive use or primary benefit of a particular Owner or group of Owners. Exclusive Common Area includes the 10 Visitor Parking Spaces, R.V. Parking and Storage Units as shown on the Plat. The Declarant shall assign the Exclusive Common Area as the Lots are sold; provided, however, and anything to the contrary notwithstanding, the Exclusive Common Area, may only be sold, rented, assigned, or otherwise transferred or conveyed to Lot owners, and none other. All costs associated with maintenance, repair, replacement, and insurance of Exclusive Common Area shall be assessed to the exclusive user(s). By recording a Supplemental Declaration, the Association may designate additional Common Area as Exclusive Common Area upon the affirmative majority vote of the Class "A" Members in the Association; provided, however, as long as the Declarant owns any of the Property, its consent shall be required for any designation of additional Exclusive Common Area.

8. Leases. Any agreement for the leasing, rental, or occupancy of a Dwelling Unit (hereinafter in this Section referred to as a "Lease") shall be in writing and a copy thereof shall be delivered to the Association before the term of the Lease commences. No Owner shall be permitted to lease his Dwelling Unit for short term, transient, hotel, seasonal, vacation or corporate/executive use purposes, which shall be deemed to be any occupancy or rental with an initial term or for an initial period of less than six (6) months. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Dwelling Unit. Any Owner who shall lease his Dwelling Unit shall be responsible for assuring compliance by the Resident(s) with the Project Documents. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Dwelling Unit.

9. Easements; Drainage, Support, Maintenance and Repair. There are hereby RESERVED and the Association is hereby GRANTED the following easements and rights of way:

a) A non-exclusive easement over, across, through, above and under the Lots and the Common Area for the operation, maintenance and regulation of the Common Area, amenities and facilities, and landscaping and maintenance.

b) A reciprocal easement on, over, under, through and across all Lots and Common Area for the drainage of surface waters on, over, under, through and across the Project. The Declarant shall establish a subdrain and storm drainage system designed to serve the entire Project

(the "Master Subdrain and Storm Drain System"). No Lot Owner shall interfere with the Master Subdrain and Storm Drain System established by the Declarant, or its successors or assigns. Each Lot Owner shall be responsible to develop his Lot in a manner consistent with the Master Subdrain and Storm Drain System, and so as not to detract therefrom or interfere therewith, or the Established Drainage Pattern on any other Lot in the Project. No changes to the Established Drainage Pattern on any Lot shall be permitted without the prior written consent of the Management Committee. For purposes of this Section, the term "Established Drainage Pattern" is defined as the approved drainage pattern, facilities and improvements in existence at the time such Lot is conveyed to a home purchaser by the Declarant, its successor or assign. The cost of all improvements, maintenance, repairs and replacements of the subdrain or storm drainage system located within the boundaries of any Lot shall be the responsibility of the Lot Owner. The cost of all improvements, maintenance, repairs and replacements of the subdrain and storm drainage system located in the Common Area shall be the responsibility of the Association. If the Association or the Lot Owners fail to properly manage, maintain or replace the subdrain and storm drainage system, the City of North Salt Lake or Davis County shall have the right, but not the obligation, to maintain the systems and to charge the cost thereby incurred to the Association. The Association shall not have the authority to change, by vote, alienation, alteration, transfer, sale, or otherwise, the use of the currently existing areas and structures designed to control storm water runoff unless the consent of the appropriate governmental agencies has first been obtained in writing. The City of North Salt Lake and Davis County is hereby made a party to the covenants established by this Declaration for the sole purpose of protecting and preserving the use of the common storm drainage system and structures that serve the Project; however, neither the City of North Salt Lake nor Davis County shall not be a member of the Association and they shall have no vote in the management, operation or regulations of its affairs although they are hereby granted a right of enforcement as set forth herein.

10. Liability of Owners and Residents For Damages. Any Owner or occupant who is negligent or careless and thereby causes damage to any person or property within the Project shall be strictly liable for said damage, loss or claim.

11. Encroachments. In the event that any portion of the Common Area or a Lot encroaches or comes to encroach upon other Common Area or a Lot as a result of construction, reconstruction, repair, shifting, settling, or movement, an easement for such encroachment is created hereby and shall exist so long as such encroachment exists.

12. Management Committee. The Association shall be managed by a Management Committee which shall be comprised of three (3) members. Until the termination of the Period of Declarant's Control, the Declarant shall have the exclusive and irrevocable right to appoint all of the members of the Committee and their successors or replacements. Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated below, constitute a legal entity capable of dealing in its Committee name. The

Management Committee shall have, and is hereby granted, the following authority and powers:

a) To Enter. The power and authority to enter into or upon any Lot or in to any Dwelling Unit to make repairs and to do other work reasonably necessary for the proper maintenance and operation of the Project, Common Areas and Facilities. Except in the case of emergency, reasonable notice shall be given to the residents.

b) Grant Easements. The authority, without the vote or consent of the Owners, Mortgagees, insurers or guarantors of any Mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and non-exclusive easements over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

c) Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to the Declaration of Plat Map which has been approved by the vote or consent necessary to authorize such amendment.

d) Standing. The power to sue and be sued.

e) Enter Into Contracts. The authority to enter into contracts which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

f) Transfer Interests in Real Property. The power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least seventy-five percent (75%) of the Members in the Association.

g) To Purchase. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property so long as it has been approved by at least seventy five percent (75%) of the Members in the Association.

h) To Add Property. The power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (g) above to the Project, so long as it has been approved by at least seventy five percent (75%) of the Members in the Association.

i) To Borrow Money provided the loan has been approved by at least seventy five percent (75%) of the Members of the Association.

j) Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, and procedures as may be necessary or desirable to aid the committee is maintained and used in a manner consistent with this Declaration.

k) Assignment of Leasing of Open Common Area Parking Spaces. The authority to assign or lease overflow parking spaces to residents.

l) User Fees. The authority to charge a user fee or fees.

m) All other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Management Committee to perform its functions on behalf of the Owners.

13. Delegation of Management Responsibilities. The Committee may delegate some of its management responsibilities to either a professional management company, an experienced on-site manager, independent contractors, through service contracts or any combination thereof. The termination provision of any such contract must not require a termination penalty or any advance notice of more than thirty (30) days, no such contract shall be for a term greater than one (1) year.

14. Classes of Membership and Voting Allocations. The Association shall have two (2) classes of membership -- Class A and Class B, described more particularly as follows:

a) Class A. Class A Members shall be all Owners with the exception of the Class B Members, if any. Class A Members shall be entitled to vote on all issues before the Association to, subject to the following:

(1) One Vote. Each Lot shall have (1) vote;

(2) Subject To Assessment. No vote shall be cast or counted for any Lot not subject to assessment;

(3) Multiple Owners. When more than one (1) person or entity holds such interest in a Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Lot shall be suspended in the event more than one (1) person or entity seeks to exercise it.

(4) Leased Lot. Any Owner of a Lot which has been leased may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Secretary at least three (3) days prior to any meeting.

b) Class B. Class B Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale of Lots, and who is designated as such in a recorded instrument executed by Declarant. The Class B Member shall be entitled to fifty (50) votes per Lot owned. The Class B membership and the Class B Control Period shall terminate, and Class B membership shall convert to Class A membership upon the termination of the Period of Declarant's Control. Thereafter, the Class B Member shall be deemed to be a Class A Member

entitled to one (1) vote for each Lot owned. At such time, the Declarant shall call a meeting, in the manner described in the By -Laws of the Association for special meetings, to advise the membership of the termination of Class B status and, if it has not already occurred, to schedule transition of the operation and management of the entire Project to the Association.

15. Recycling Programs. The Management Committee may establish a recycling program and recycling center within the Project, and in such event all occupants of Dwelling Units shall support such program by recycling, to the extent reasonably practical, all materials which the Association's recycling program or center is designed to accommodate. The Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation, and any income received by the Association as a result of such recycling efforts shall be used to reduce Common Expenses.

16. Provision of Services. The Association may provide services and facilities for the Members of the Association and their guests, lessees and invitees. The Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. The costs of services and facilities provided by the Association may be funded by the Association as a Common Expense. In addition, the Management Committee shall be authorized to charge additional use and consumption fees for services and facilities. By way of example, some services and facilities which may be provided include snow removal, landscape maintenance, pest control service, cable television service, security, caretaker, fire protection, utilities, and similar services and facilities. The Management Committee shall be permitted to modify or cancel existing services or facilities, if any, or to provide additional services and facilities. Nothing contained herein shall be relied upon as a representation as to what services and facilities, if any, will be provided by the Association.

17. Change of Use of Common Area. The Management Committee may change the use of any portion of the Common Area and construct, reconstruct, or change the Buildings and other improvements thereon in any manner necessary to accommodate the new use of the Common Area. Any new use shall be for the benefit of the Owners and not inconsistent with the original design. Any change in use of the Common Area shall be subject to approval by the Declarant as long as it owns any property in the Project, but shall not be subject to approval by any other Owner.

18. View Impairment. Neither the Declarant nor the Association guarantees or represents that any view over and across any property, including any Lot, from adjacent Lots will be preserved without impairment. Neither the Declarant nor the Association shall have the obligation to prune or thin trees or other landscaping except as set forth herein. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

19. Lists of Lot Owners, Eligible Mortgagees, and Eligible Insurers or Guarantors. The Committee shall maintain up-to-date records showing: (a) the name of each person who is an Owner, the address of such person, and the Lot which is owned by him; (b) the name of each person or entity

who is Eligible Mortgagee, the address of such person or entity, and the Lot which is encumbered by the Mortgage held by such person or entity; and the name of each person or entity who is an Eligible Insurer or Guarantor, the address of such person or entity, and the Lot which is encumbered by the Mortgage insured or guaranteed by such person or entity. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Committee with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Davis County, Utah. The Committee may for all purposes act and rely on the information concerning Lot ownership in its records or, at its option, the records of the county recorder. The address of any Owner shall be deemed to be the address of the Lot owned by such person unless the Committee is otherwise advised in writing.

20. Capital Improvements and Table. The Management Committee shall prepare a Table of Capital Improvement, which shall contain a list of foreseeable expenditures for capital improvements within the Area of Common Responsibility. The Table shall be included in every annual budget, and it shall be reviewed and updated at least annually, and reasonable reserve accounts shall be established by the Committee for the replacement of capital assets as they age. Expenditures by the Association for capital improvements to the Project shall be subject to and governed by the following:

a) Committee Discretion/Expenditure Limit. Capital improvements to the Project which cost ten percent (10%) or less of the Total Annual Operations Budget and do not materially alter the nature of the Project, may be authorized by the Management Committee alone and without additional approval.

b) Owner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed such amount, must, prior to the commencement of construction, be authorized by at least a majority of the Owners.

c) Owner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven percent (67%) of the undivided ownership interest in the Project.

21. Operation, Maintenance and Alterations. The Lots must be properly maintained by the Owners and Common Area must be properly maintained by the Association, and in the manner set forth with additional particularity below.

22. The Maintenance Responsibility of the Association. The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to: (a) all Common Area; (b) all landscaping and other flora, parks, signage, structures, parking areas, and improvements, including any bike and pedestrian pathways and trails, situated upon the Common Area; (c) all water service facilities and drainage facilities within the Area of Common

Responsibility, including lakes, ponds, and other water features; (d) all arterial sidewalks and any sidewalks that are not the responsibility of any Owner or local government entity; (e) walls and fences constructed by the Declarant which serve as perimeter walls for the Project or which separate any Lot from Common Area or any golf course, whether or not located on a Lot; provided, the allocation of responsibility for the maintenance and repair of party walls and party fences; (f) landscaping and irrigation systems, and signage within public streets and rights-of-way within or abutting the Project to the extent maintenance by any local government is not consistent with the Community Wide Standard, and any streetlights that are not included in a streetlight improvement district; (g) landscaping and other flora within any public utility easements and scenic easements within the Common Area (subject to the terms of any easement agreement relating thereto); (h) any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any plat of any portion of the Project, or any contract or agreement for maintenance thereof entered into by the Association; (i) any other item designated as a common responsibility or responsibility of the Association herein; and (j) any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Such property shall be identified by written notice from the Declarant to the Association. The Association's responsibility shall terminate at such time as Declarant revokes the privilege of use and enjoyment by written notice to the Association.

23. The Maintenance Responsibility of the Owner(s). Each Owner shall maintain his Lot, Unit, and all other structures, parking areas, landscaping, and other improvements comprising the Lot in a manner consistent with the original design of the Project and Community Standards as established by the Management Committee. In addition to any other enforcement rights, if an Owner fails properly to perform his maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot and the Owner as an Individual Assessment. The Association shall provide the Owner with reasonable written notice of the default and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

24. Snow and Ice Accumulations. Snow and ice accumulations on the roads, streets and common areas shall be removed, and ice melt or its equivalent shall be applied, by the Association. Lot Owners are responsible to remove all ice and snow accumulations on their Lots, and apply ice melt or its equivalent as needed.

25. Garbage Removal. The Association shall contract privately for garbage removal. Each Owner shall make his garbage can or receptacle available for pick up on the designated day each week; however, trash receptacles may not be left so as to be visible from any street or drive for a period in excess of twenty-four (24) hours, and when not placed on the street or drive for pick up garbage cans or receptacles shall be located in a place not visible from the street, drive, common area or another Unit.

26. Standard of Care - Generally. The Property shall be maintained in a usable, clean,

functional, safe, healthy, sanitary, attractive, and good condition, consistent with Community Standards. If a dispute arises between a Lot Owner or resident as to the condition of a Lot, the decision of the Management Committee shall be final and conclusive.

27. Standard of Care - Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with Community Standards and the quality of design and construction originally established by Declarant. Specific guidelines and restrictions on landscaping may be established by the Management Committee from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed and trees, shrubs and bushes shall be properly pruned and trimmed. In a word, all landscaping shall be tasteful, so as not to affect adversely the value or use of any other Lot, or to detract from the uniform design and appearance of the Project.

28. Neglect. If the Committee determines that any Owner has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or that the need for maintenance, repair, or replacement of the Common Area is caused through the willful or negligent act of any Owner, his family, guests, lessees, or invitees, and it is not covered or paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

29. Maintenance Neglect Assessment. Such costs as are incurred by the Association in the performance of an item included in the Area of Personal Responsibility shall be added to and become a part of the assessment to which such Owner and Lot is subject, and shall be secured by a lien against his Lot regardless of whether a notice of lien is filed.

30. Notice of Intent to Repair. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Committee. The Owner shall have 10 days after receipt of notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within 10 days.

31. Emergency Situation. If the Committee determines that an emergency exists, then notice and the opportunity to cure the default is not necessary.

32. Optional Repairs. The Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above.

33. Right of Entry. The Association or its agents or employees shall have a right to entry upon or into any Lot or Common Area as necessary to perform such work and shall not be liable for

trespass or invasion of privacy for such entry or work.

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34. Changes to Areas of Personal or Common Responsibility. The Management Committee may, in its sole discretion, add items to or subtract items from the Areas of Personal or Common Responsibility upon at least 30 days prior written notice to the Lot Owners.

35. Alterations to the Common Area. Anything to the contrary notwithstanding and until the termination of the Period of Declarant's Control, the Declarant may make changes to the Common Area without the consent of either the Association or the Management Committee; provided, however, no Owner or resident may at any time modify the drainage patterns or systems, landscaping, or make any structural alterations, modifications, changes or improvements to the Common Area or Facilities, including but not limited to the construction or installation of any additions, the extension or enclosure of any existing structures (e.g., fencing, decks, patios, walkways or sheds, etc.) not shown on the approved plans and specifications, without the prior written consent of the Management Committee.

36. Architectural and Design Standards -- Generally. No improvements, including without limitation all clearing, excavation, grading and other site work, exterior alteration of existing improvements, including without limitation painting, placement or posting of any object or thing on the exterior of any Lot, Units, other structure or the Common Area fences, signs, flags, banners, antennae, clotheslines, playground equipment, lighting, recreation areas, temporary structures, and artificial vegetation, planting or removal of landscaping materials, or installation or removal of an irrigation system shall take place except in compliance with this Declaration, the Use Restrictions, the Design Guidelines, and the approval of the Declarant or his designee. Any Owner may remodel, paint or redecorate the interior of structures, including the Unit without additional approval; however, modifications to exterior surfaces, decks, patios, and similar portions of a Unit visible from outside the structures shall be subject to this Declaration and approval as set forth below. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. The Design Guidelines shall not apply to the activities of the Declarant but shall apply to any and all improvements to the Common Area by or on behalf of the Association. Nothing contained herein or in any other provision of any of the Project Documents shall be construed to prevent the erection or maintenance by Declarant or its duly authorized agents of structures, improvements, flags, banners, signs, or any other object or thing necessary or convenient to the development or sale of the Project. The Design Guidelines may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration.

37. Architectural and Design Review. The following restrictions apply to architectural and design review:

a) New Construction. Until 100% of the Units have been developed and conveyed to Class "A" Members, the Declarant shall have exclusive authority to administer and enforce architectural controls and to review and act upon all applications for original construction

within the Project. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Declarant may assign its rights hereunder in whole or in part, at any time, to an Architectural Review Committee for the Property (the "ARC").

b) Architectural Review Committee: Modifications. After the termination of the Period of Declarant's Control, the Management Committee may elect to function as or appoint a separate ARC. The ARC shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing structures or on or to Lots containing Dwelling Units (including, without limitation, the initial landscaping on a Lot), the adjacent open space, and Common Area; provided, however, any change to the Common Area shall require the approval of the Declarant as long as it owns any of the Property. As long as Declarant owns any property in the Project, the ARC shall notify the Declarant in writing of any action taken hereunder. During such time, the Declarant shall have the right in its sole and absolute discretion, to veto any action taken by the ARC; provided, the Declarant's right to veto must be exercised within 30 days of its receipt of notice of action taken by the ARC. The party submitting the Plans for approval shall not be notified of the ARC's approval or disapproval until after Declarant's right to veto has been exercised or has expired. The Management Committee, with the approval of the Declarant for so long as the Declarant owns any of the Property, may create and appoint such subcommittees of the ARC as deemed appropriate. Such subcommittees may be established to preside over particular areas of review (e.g., landscape plans) and shall be governed by such procedures as may be established by the ARC or the Management Committee. Any action of any subcommittee shall be subject to the review and approval of the ARC and the Declarant, for as long as the Declarant owns any of the Property. Notwithstanding the above, neither the ARC nor the Declarant shall be obligated to review all actions of any subcommittees and the failure to take action in any instance shall not be a waiver of the right of the ARC or the Declarant to act in the future. The Declarant, or if an assignment has been made, the ARC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Declarant or if an assignment has been made by the Declarant, the ARC, may employ architects, engineers, or other persons as deemed necessary to perform the review. Compensation of such persons may be included in the Association's annual operating budget as a Common Expense.

38. Design Guidelines and Procedures. The Declarant has prepared Design Guidelines for the Project. The Design Guidelines shall apply to all construction activities within the Project. The Declarant shall have sole and full authority to change, amend and supplement the Design Guidelines as long as it owns any of the Property.

39. Submission of Plans and Specifications. The following restrictions apply to the submission of all Plans and Specifications:

a) Prior to commencing any construction, an Owner shall submit an application for approval of the proposed work to the Declarant or if an assignment has been made by the

Declarant, the ARC. Such application shall be in the form required by the Declarant or if an assignment has been made by the Declarant, the ARC, and shall include plans showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefor, and other features of proposed construction, as applicable. Before the Owner may begin the proposed activity, the application must be approved by the Declarant or if an assignment has been made by the Declarant, the ARC, in writing.

b) In reviewing each submission, the Declarant or if an assignment has been made by the Declarant, the ARC, may consider quality of workmanship and design, visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, and location in relation to surrounding structures and plant life. The Declarant or if an assignment has been made by the Declarant, the ARC, may require relocation of native plants within the construction site, the installation of an irrigation system for the landscaping, or the inclusion of natural plant life on the Lot as a condition of approval of any submission.

c) The Declarant or if an assignment has been made by the Declarant, the ARC, as part of the Plan approval, may require that construction in accordance with approved Plans be commenced within a specified time period. In such event, if construction does not commence in a timely manner, then such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans for reconsideration. If construction is not completed on a project for which Plans have been approved within the period, if any, set forth in the Design Guidelines or in the approval, such approval shall be deemed withdrawn, and such incomplete construction shall be deemed to be in violation of this Declaration.

40. No Waiver of Future Approvals. Approval of proposals, Plans and Specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, Plans and Specifications, drawings, or other matters subsequently or additionally submitted for approval.

41. Variance. The Declarant or if an assignment has been made by the Declarant, the ARC, may authorize variances in writing from its guidelines and procedures, but only: (a) in accordance with duly adopted rules and regulations, (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations, and (c) when construction in accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining Project. Inability to obtain a permit or license, or the terms or conditions of any governmental approval or any financing shall not be considered a hardship warranting a variance. Notwithstanding the above, the ARC may not authorize variances without the written consent of the Declarant or if an assignment has been made by the Declarant, the ARC, as long as it owns any of the property in the Project.

42. Limitation of Liability. Review and approval of any application pursuant to this section is made on the basis of aesthetic considerations only and neither the Declarant or if an assignment has been made by the Declarant, the ARC, the Association, its officers, the Management Committee, the manager, or any member of the foregoing, shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant or if an assignment has been made by the Declarant, the ARC, the Association, its officers, the board, the manager, or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Lot. In all matters, the ARC and its members shall be defended and indemnified by the Association as provided in the By-Laws.

43. Enforcement of Architectural and Design Guidelines and Restrictions. Any construction, alteration or other work done in violation of this Section or the Design Guidelines shall be deemed to be nonconforming. Upon request, Owners shall, at their own cost and expense and within such reasonable time frame as set forth in such written notice, cure such nonconformance to the satisfaction of the Association or restore the property, Lot and/or Dwelling Unit to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Association or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the rate established by the Management Committee (not to exceed the maximum rate then allowed by law), may be assessed against the benefitted Lot and collected as a Benefitted Assessment unless otherwise prohibited in this Declaration. All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline set forth in the approval, the Association shall be authorized, after notice to the Owner of the Lot and an opportunity to be heard in accordance with the By-Laws, to enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Benefitted Assessment unless otherwise prohibited in this Declaration. All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Section and the Design Guidelines may be excluded from the Project, subject to the notice and hearing procedures contained in the By-Laws. In such event, neither the Declarant or if an assignment has been made by the Declarant, the ARC, nor the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph. The Association shall be primarily responsible for enforcement of this Section. If however, in the discretion of the Declarant or if an assignment has been made by the Declarant, the ARC, the Association fails to take appropriate enforcement action, as authorized herein, within a reasonable time period, the Declarant, for so long as it owns any of the Property, may, but shall not be obligated to, exercise enforcement rights in the same manner as set forth above. In addition to the foregoing, the Association and the Declarant or if an assignment has been made by the Declarant, the ARC,

shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Section.

44. Common Expenses. Each Owner, upon receipt of a deed to a Lot, shall pay his Assessments subject to and in accordance with the restrictions set forth below; provided, however, anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Assessments until such time as any structure, Building or Unit is substantially complete and a permanent certificate of occupancy has been issued or, in the alternative, the Declarant elects in writing to commence payment, whichever first occurs.

a) Purpose of Common Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Committee.

b) Creation of Assessments. The Assessments shall pay for the common expenses of the Association as may be from time to time specifically authorized by the Management Committee. Each Owner, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments assessed.

c) Budget. At least thirty (30) days prior to the Annual Homeowners Meeting, the Management Committee shall prepare and deliver to the Owners a proposed Budget which:

d) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following January 1.

e) Basis. Shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated Common Expenses growing out of or connected with the maintenance and operation of the Common Areas and the Association.

f) Apportionment. The common profits of the property shall be distributed among, the Common Expenses shall be charged and voting rights shall be allocated to the Owners equally.

g) Approval of Budget and Assessments. The proposed Budget and the Assessments shall become effective unless disapproved at the Annual Meeting by a vote of at least a majority of the Owners. Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and Assessments or the Management Committee fails for any reason establish the Budget and Assessments for the succeeding year, then and until such time as a new budget and new Assessment schedule shall have been established, the Budget and the Assessments in affect for the then current year shall continue for the succeeding year.

h) Payment of Assessments. The Management Committee has the sole authority and discretion to determine how and when the annual Assessments are paid.

i) Personal Obligation of Owner. Owners are liable to pay all Assessments assessed, accruing interest, late fees, attorney's fees and other Additional Charges; provided, however, no first mortgagee or beneficiary under a first deed of trust (but not the Seller under an executory contract of sale such as a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Lot pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Assessments which accrued prior to the acquisition of title. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to: (1) the Owner of both the legal and equitable interest in any Lot, (2) the owner of record in the offices of the County Recorder of Davis County, Utah, and (3) both the Buyer and Seller under any executory sales contract or other similar instrument.

j) Equitable Changes. If the aggregate of all monthly payments on all of the Lots is too large or too small as a result of unanticipated income or expenses, the Committee may from time to time effect an equitable change in the amount of said payments. Owners shall be given at least thirty (30) days written notice of any changes.

k) Dates and Manner of Payments. The dates and manner of payment shall be determined by the Committee.

l) Reserve Account(s). The Committee shall establish and maintain a reserve account or accounts to pay for unexpected operating expenses and capital improvements.

m) Acceleration. Assessments shall be paid in the manner and on dates fixed by the Committee who may, at its option and in its sole discretion, elect to accelerate the entire annual Assessment for delinquent Owners. If, however, the annual Assessment is accelerated and an Owner subsequently files bankruptcy or the Committee otherwise decides acceleration is not in its best interest, the committee, at its option and in its sole discretion, may elect to decelerate the obligation.

n) Statement of Assessments Due. Upon written request, the Committee shall furnish to any Owner a statement of Assessments due, if any, on his Lot. Failure to provide the certificate within 10 days after a written request, shall be deemed conclusive evidence that all Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

o) Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled.

p) Suspension of Right to Vote for Non-Payment. At the discretion of the Committee, the right of an Owner to vote on issues concerning the Association may be suspended

if the Owner is delinquent in the payment of his Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

45. Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special assessments in any year, subject to the following:

a) Committee Based Assessment. So long as the special assessment does not exceed the sum of Five Hundred and 00/100ths Dollars (\$500.00) (the "Special Assessment Limit") per Lot in any one fiscal year, the Committee may impose the special assessment without any additional approval.

b) Association Approval. Any special assessment which would exceed the Special Assessment Limit shall be effective only if approved by a majority of the members of the Association. The Committee in its discretion may allow any special assessment to be paid in installments.

46. Benefitted Assessments. The Management Committee may assess an Owner in a particular area for a particular benefit, provided the Owner has the choice to accept or reject the benefit:

a) Benefit Only To Specific Lot. If the expense benefits less than all of the Lots, then those Lots benefitted may be so assessed, and the Benefit Assessment shall be equitably apportioned among those Lots according to the benefit received.

b) Unequal or Disproportionate Benefit. If the expense benefits all Lots, but does not provide an equal benefit to all Lots, then all Lots shall be so assessed, but the Benefit Assessment shall be equitably apportioned among all Lots according to the benefit received.

Failure of the Committee to exercise its authority under this Section shall not be grounds for any action against the Association or the Committee and shall not constitute a waiver of the Committee's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Committee has not previously exercised its authority under this Section.

47. Individual Assessments. Individual Assessments shall be levied by the Committee against a Lot and its Owner to pay, compensate or reimburse the Association for: (a) fines levied and costs incurred in enforcing the Project Documents; (b) costs associated with the maintenance, repair or replacement of Common Area damaged by an Owner or resident or which falls within the Area of Personal Responsibility as defined above; (c) any other charge, fee, due, expense, or cost designated as an Individual Assessment in the Project Documents; and (d) attorneys' fees, interest, and other charges relating thereto as provided in this Declaration.

48. Collection of Assessments. The following provisions apply to collections:

a) Time is of the Essence. Time is of the essence and all Assessments shall be paid promptly when due.

b) Delinquent Assessments. Any Assessments which are not paid when due are delinquent and a lien against the Lot affected shall attach automatically, regardless of whether a notice of lien is recorded.

c) Late Assessments and Accruing Interest. Any Assessments delinquent for a period of more than 10 days shall incur a late charge of \$25.00 or 5% of the delinquent amount, whichever is greater. Interest at the rate of 1.5% per month shall accrue on all delinquent accounts. The Committee may, in its sole discretion, change the amount of the late fee or waive late Assessments and accruing interest but is not required to do so.

d) Notice of Lien. If any Owner fails or refuses to make payment of his portion of the Common Expenses, when due, that amount constitutes a lien on the interest of the Owner in the Property, and upon the recording of a notice of lien it is a lien upon the Owner's interest in the Property prior to all other liens and encumbrances, recorded or unrecorded, except: (1) tax and special assessment liens on the Lot in favor of any assessing unit or special improvement district; and (2) encumbrances on the interest of the Owner recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

e) Foreclosure of Lien and/or Collection Action. If any Assessments remain unpaid, the Association may, as determined by the Committee, institute suit to collect the amounts due and/or to foreclose the lien.

f) Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against him personally for the collection of the charges as a debt, including but not limited to all unpaid Assessments and Additional Charges, or to foreclose the lien in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed.

g) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein, including but not limited to the non-use of Common Areas or the abandonment of his Lot.

h) Duty to Pay Independent. No reduction or abatement of Assessments or Additional Charges shall be claimed or allowed by reason of any alleged failure of the Association or Committee to take some action or perform some function required to be taken or performed by the Association or committee under this Declaration or the By Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments and Additional Charges being a separate and independent covenant on the part of each Owner.

i) Foreclosure of Lien as Mortgage or Trust Deed. The lien filed as security for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Committee. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorney's fees, other Additional Charges, and a reasonable rental for the Lot during the pendency of the foreclosure action. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Committee may bid for the Lot at foreclosure or other sale and hold, lease, mortgage, or convey the same.

j) Appointment of Trustee. If the Committee elects to foreclose the lien in the same manner as foreclosures in deeds of trust, then the Owner by accepting a deed to the Lot hereby irrevocably appoints the attorney of the Association, provided he is a member of the Utah State Bar, as Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended. In addition, Owner hereby transfers in trust to said Trustee all of his right, title and interest in and to the real property for the purpose of securing his performance of the obligations set forth herein.

k) Attorney in Fact. Each Owner by accepting a deed or other document of conveyance to a Lot hereby irrevocably appoints the Association as his attorney in fact to collect rent from any person renting his Lot, if the Lot is rented and Owner is delinquent in his Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current; and the Owner shall credit the Renter, against rent due, for the amount of money paid to the Association.

49. Liability of Management Committee. The Association shall indemnify every officer and member of the Committee against any and all expenses, including but not limited to attorney's Assessments reasonably incurred by or imposed upon any officer or member of the Committee in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Committee) to which he may be a party by reason of being or having been an officer or member of the Committee. The officers and members of the Committee shall not be liable for any mistake of judgement, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and members of the Committee 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 that such officers or members of the Committee may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and member of the Committee 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 be exclusive of any other rights to which any officer or member of the Committee, or former officer or member of the Committee, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officer's and director's insurance coverage to fund this obligation, if such insurance is reasonably available.

50. Insurance. The Management Committee shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, insurance on the Common Areas satisfying at least the following requirements:

a) Property Insurance. Blanket property insurance using the standard "Special" or "All Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this sub-section, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard planned residential development casualty policy. This additional coverage may be added by the Committee as it deems necessary in its best judgement and in its sole discretion.

b) Flood Insurance. If any part of the Project's improvements are in a Special Flood Hazard Area -- which is designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map (FIRM) -- the Association shall obtain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any common element buildings and any other common property. The Lot Owner may also be required to purchase an individual policy. The amount of flood insurance should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program.

c) Liability Insurance. A public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million (\$1,000,000) Dollar single person limit as respects bodily injury and property damage, a Two Million (\$2,000,000) Dollar limit per occurrence, if reasonably available, and a One Million (\$1,000,000) Dollar minimum property damage limit. If possible, the policy should be written on the comprehensive form and shall include non-owned and hired automobile liability protection.

d) Directors and Officers Insurance. A director's and officer's liability or errors and omissions policy, if reasonably available, with at least One Million (\$1,000,000) Dollars in coverage.

e) Fidelity Bond. A separate fidelity bond in a reasonable amount to be determined by the Management Committee to cover all non-compensated officers as well as all employees for theft of Association funds, subject to the following:

(1) Agents. Furthermore, where the Committee or the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds are required for the management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Committee or the Association.

(2) Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Committee's best business judgement, but shall not be less than the

estimated maximum amount of funds, including reserve funds, in the custody of the Committee, the Association, or the management agent as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Lots, plus reserve funds.

(3) Quality of Coverage. The bonds required shall meet the following additional requirements:

a. they shall name the Committee, the Owners Association, and the Property Manager as obligee;

b. if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense;

c. the premiums on all bonds required herein for the Committee and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Committee or the Association as part of the Common Expenses; and

d. the bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten days' prior written notice to the Committee and the Association, to any Insurance Trustee, and to each service of loans on behalf of any Mortgagee, and FNMA.

f) Earthquake Insurance shall not be required unless requested by at least Seventy five percent (75%) of the Members of the Association.

g) Miscellaneous Items. The following provisions shall apply to all insurance coverage:

(1) Quality of Carrier. A "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance reports -- International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service -- if the carrier is issuing a master policy or an insurance policy for the common elements in the Project.

(2) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "Association of Lot Owners of the NORTH TOWNE STATION, for the use and benefit of the individual Owners."

(3) Designated Representative. The Association may designate an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners.

(4) Beneficiary. In any policy covering the entire Project, each owner and his Mortgagee, if any, shall be beneficiaries of the policy in an amount equal to the Owner's percentage of undivided Ownership interest in the Common Areas and Facilities.

(5) Certificate of Insurance. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

(6) Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each Mortgagee.

(7) Prohibited Provisions. Each insurance policy shall contain at least the following additional miscellaneous items:

a. Waiver of Subrogation. A waiver of the right of a subrogation against Owners individually;

b. Individual Neglect. A provision that the insurance is not prejudiced by any act or neglect of any individual Owner; and

(8) Deductible. The deductible on a claim made against the Association's Property Insurance Policy shall be paid for by the Association.

(9) Individual Insurance. Each Owner and resident shall purchase and maintain adequate liability and property insurance on his Lot, Dwelling Unit, personal property and contents; provided, however, no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any particular time.

(10) Primary Coverage. The insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.

(11) Prompt Repair. Each Owner further covenants and agrees that in the event of any partial loss, damage or destruction of his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction.

(12) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any proceeds remaining thereafter shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association. This is a covenant for the benefit of the Association and any Mortgagee of a Lot, and may be enforced by them.

(13) Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other Associations in similarly situated first class subdivisions in the county, including but not limited to a guaranteed replacement cost endorsement under which the insurer agrees to replace the insurable property regardless of the cost and,; or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Endorsement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, and increased costs of reconstruction; Steam Boiler and Machinery Coverage Endorsement if the Project has any central heating or cooling.

(14) Restrictions on Policies. No insurance policy shall be maintained where:

a. Individual Assessments Prohibited. Under the term of the carrier's charter, By-Laws, or policy, contributions may be required from, or assessments may be made against, an Owner, a borrower, a Mortgagee, the Management Committee, the Association, FNMA, or the designee of FNMA.

b. Payments Contingent. By the terms of the Declaration, By- Laws, or policy, payments are contingent upon action by the carrier's board of directors, policyholder, or member; or

c. Mortgagee Limitation Provisions. The policy includes any limited clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Committee, the Association, an Owner, FNMA, or the borrowers) from collecting insurance proceeds.

(15) Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association, Committee or Owners to obtain and maintain insurance coverage, in amounts and in such forms as the Management Committee or Association may deem appropriate from time to time.

51. Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

a) Definitions. Each of the following terms shall have the meaning indicated:

(1) "Substantial Destruction" shall exist whenever as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) or more of the estimated restored value of the Project.

(2) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(3) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is Twenty five (25%) percent or more of the estimated restored value of the Project.

(4) "Partial Condemnation" shall mean any other such taken by eminent domain or grant or conveyance in lieu thereof.

(5) "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) or more of the estimated restored value of the Project.

(6) "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(7) "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

(8) "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

(9) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Management Committee or Association. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Lot in which they are interested.

b) Determination by Committee. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Committee shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Committee shall, from time to time, review the condition of the Project to determine whether Substantial

Obsolescence exists. In making such determinations the Committee may retain and rely upon one or more qualified appraisers or other professionals.

c) Restoration of the Project. Restoration of the Project shall be undertaken by the Committee promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent of the Project's undivided Ownership interest and is further consented to by Eligible Mortgagees holding Mortgages on Lots which have appurtenant at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas and Facilities which is then subject to Mortgages held by Eligible Mortgagees.

d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Committee has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration.

e) Excess Insurance. If the insurance proceeds, condemnation awards, or payments in lieu of condemnation actually received by the Committee or Association exceed the cost of Restoration when Restoration is undertaken, then the excess funds shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association and any Mortgagee, and, therefore, may also be enforced upon them. Payment to any Owner whose Lot is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

f) Inadequate Insurance. In the event the cost of Restoration exceeds Available Funds, all of the Lots shall be assessed for the deficiency on the basis of their respective percentages of undivided Ownership interest in the Common Areas.

g) Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Lots will not be the subject of Restoration (even though the Project will continue as a planned unit development) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the undivided Ownership interest in the Common Areas and Facilities shall be immediately reallocated to the remaining Lots.

h) Sale of Project. Unless Restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, ownership under this Declaration and the Plat Map shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Committee

to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Lot is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

i) Authority of Committee to Represent Owners in Condemnation or to Restore or Sell. The Committee, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas and Facilities.

j) Settlement Proceeds. The award in any condemnation proceeding and the process of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

k) Restoration Power. The Committee, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Lot therein whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided.

l) Right of Entry. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.

52. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of an Owner for authorization or approval, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing from Owners who collectively hold the required percentages, subject to the following conditions:

a) Ninety-Day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained; and

b) Change in Ownership. Any change in Ownership of a Lot which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose.

53. Mortgagee Protection. The lien or claim against a Lot for unpaid Assessments levied by the Management Committee or by the Association pursuant to this Declaration shall be subordinate to any Mortgage recorded on or before the date such Assessments become due, subject to the following:

a) Effects of Voluntary and Involuntary Sale. The lien or claim against a Lot for such unpaid Assessments shall not be affected by any sale or transfer of such Lot, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Lot or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Assessments which are extinguished in accordance with the

foreclosure or power of sale shall not relieve the purchaser or transferee of such Lot from liability for, nor such Lot the lien of any Assessments becoming due thereafter.

b) Books and Records Available for Inspection. The Committee or the Association shall make available to the Owners, to Mortgagees, lenders, and to holders, insurers, or guarantors of any Mortgage current copies of the Declaration, By-Laws, Articles of Incorporation, and administrative rules and regulations concerning the Project, as well as the books, records, and financial statements of the Committee and the Association. The term "Available", as used in the Paragraph, shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

c) Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

d) Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Management Committee or the Association shall provide or be deemed to provide hereby that either party may terminate the contract with or without cause upon at least sixty (60) days prior written notice to the other party thereto.

e) Eligible Mortgagee Designation. Upon written request to the Committee or the Association by the holder, insurer, or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Lot Number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder, insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer" or "Eligible Guarantor", as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

(1) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a Mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

(2) Delinquency. Any delinquency in the payment of Assessments owed by an Owner of a Lot subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty days.

(3) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Committee or the Association.

(4) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

f) No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of first refusal or similar restriction.

54. Amendment. This Declaration may be amended as follows:

a) Consent of the Owners. The affirmative vote of at least Sixty seven percent (67%) of the Owners shall be required and shall be sufficient to amend the Declaration or the Plat Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Committee shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is obtained; and

b) Consent of Eligible Mortgagee. The consent of at least sixty-seven percent (67%) of the Eligible Mortgagees shall be required to any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one percent (51%) of the undivided Ownership interest in the Common Areas shall be required to add to or amend any material provision of this Declaration or the Plat Map which establishes, provides for, governs, or regulates any of the following: (1) voting rights; (2) increases in assessments that raise the previously assessed amount by more than twenty-five (25%), assessment liens, or the priority of assessment liens; (3) reductions in reserves for maintenance, repair, and replacement of the Common elements; (4) insurance or fidelity bonds; (5) limitations and restrictions on the right to use of the Common Areas; (6) responsibility for maintenance and repairs; (7) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (8) the boundaries of any Lot; (9) the percentages of Ownership interest in the Common Areas; (10) convertibility of a Lot into Common Areas or Common Area into a Lot; (11) the imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Lot; (12) express benefits or rights of Mortgagees, Eligible Mortgagees, or Eligible Guarantors; and (13) the requirement that the Project be professionally managed rather than self managed. Any addition or amendment shall not be considered material for purposes of this Paragraph b) if it is for the clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Plat Map is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Committee or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal. The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Plat Map or the termination of the legal status of the Project as a Planned Unit Development if such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.

(c) Government Agency Financing. Anything to the contrary notwithstanding, if any financing or the guaranty of any financing on a Lot or Dwelling Unit is provided by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Veterans Administration (VA), no material amendment, as defined above, to the Declaration, or merger, may become effective, as to said Agencies, without their prior express written consent.

55. Violations, Notice and Hearing. In the event of a claimed violation of the Declaration, By-Laws or administrative rules and regulations governing the Project, a Member or resident shall be entitled to the following:

a) Notice. The Association shall prepare a form *Notice of Violation or Citation*, designate the officer or agent to prepare the notices and/pr receive maintenance requests or complaints, and establish a time to respond. Written notice specifying the nature of any alleged violation (and providing any other appropriate information) and stating the time, date and place that the member will have an opportunity to be heard by the Management Committee. Written notice shall be given at least 15 days prior to the date set for the hearing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after it has been deposited in the United States mail, first class postage prepaid, addressed to the member at the address given by the member to the Management Committee for the purpose of service or notice or to the address of the member's Lot if no other address has been provided. Any address may be changed from time to time by giving written notice to the Management Committee.

b) Costs and Assessments. If the violation, or the failure to correct or remedy a violation, results or may result in the expenditure of funds, the notice shall also state that the Management Committee may vote to assess the adverse party, levy a fine, or impose other sanctions if the Committee finds that a violation has occurred.

c) Final Determination. After the hearing has taken place, the Management Committee shall (1) determine whether a violation has occurred and, if so, may impose a fine or issue sanctions which shall become effective not less than 5 days after the date of the hearing; or (2) take such other action as may be appropriate. The determination of the Management Committee shall be final. However, nothing herein shall be construed to prevent the Management Committee from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing Notice and Hearing.

56. Declarant's Sales Program. Notwithstanding anything to the contrary, until Declarant has sold all the Lots and Dwelling Units owned by it in the Project or the expiration of a reasonable sales period following 3 years after the date on which this Declaration is filed for record in the office of the Davis County Recorder, whichever first occurs (hereinafter referred to as the "Occurrence"), neither the Owners, the Association nor the Committee shall interfere with the completion of

improvements and sale of all remaining Lots, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Lots owned by Declarant:

a) Sales Office and Model Lots. Declarant shall have the right to maintain 1 or more sales offices and 1 or more model Lots, homes or Dwelling Units at any one time. Such offices and/or models may be one or more of the Lots owned by it, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

b) Promotional. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the Property.

c) Common Area Use. Declarant shall have the right to use the Common Areas of the Project to facilitate sales.

d) Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

57. Limitation on Improvements by Association. Until the Occurrence described above, neither the Association nor the Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

58. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Lots or Buildings in the Project title to which is vested in Declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protection and controls which are accorded to Declarant (in its capacity as Declarant) herein.

59. Working Capital Fund. A working capital fund shall be established by the Declarant to meet unforeseen expenditures or to purchase any additional equipment or services. The initial working capital fund shall be in an amount equal to two (2) months of estimated common assessments for each Lot. Each Lot's share of the working capital fund shall be collected either at

the time of the sale of any Lot or Dwelling Unit is closed or when control of the Project is transferred to the Lot Owners, whichever first occurs. Any amounts paid into the working capital fund shall not be considered as advance payments of regular monthly assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Lot Owners. The Declarant is prohibited from using the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association. When a Lot or Dwelling Unit is sold, however, the Declarant may reimburse itself for monies it has paid the Association for an unsold Lot's or Dwelling Unit's share of the working capital fund by using funds collected at closing when the Lot or Dwelling Unit is sold.

60. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time relinquish its reserved right to select members of the Committee, and to transfer management of the Project to the Association. If and when Declarant elects to do so, Declarant shall send written notification to each Owner of the effective date of the transfer (the "transfer or Transition Date") at least 45 days prior thereto. Thereupon, the Owners shall call a meeting to elect the members of their own Management Committee to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Area expenses of the Committee incurred prior to the Transfer Date to be paid in full on or before such date.

61. Certain Provisions Applicable to Declarant. Notwithstanding any other provision herein contained, for so long as Declarant continues to own any of the Lots, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay Assessments, except as herein otherwise provided, as to each Lot owned by Declarant in accordance with the Declaration.

a) Disclaimer. Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Lot, and no person shall rely upon any warranty or representation not so specifically made therein.

b) Declarant's Consent to Amendment. No amendment may be made to the Declaration without the written consent of Declarant so long as Declarant owns a Lot or Lots in the Project; provided, however, that the obligation to acquire said written consent of Declarant shall cease on a date 2 years from the date of the termination of the Period of Declarant's Control.

62. Interpretation. To the extent Utah Law is consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any

portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

63. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitude, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Lot or in the Project, and their respective grantees, transferees, heirs, devisee, personal representative, successors, and assigns. Each Owner or resident of a Lot shall comply with, and all interests in all Lots shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

64. Enforcement and Right to Recover Attorney's Fees. The Association, Management Committee, or any Owner may take action, at law or in equity, to enforce the terms, covenant or conditions of the Project Documents. Should the Association, Management Committee or a Owner be required to take action to enforce or construe the Project Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

65. Agent for Service of Process. The initial Registered Agent shall be Bryson D. Garbett, and the office of the Registered Agent shall be 8438 South Gad Way, Sandy, Utah 84093. After the termination of the Period of Declarant's Control, the President of the Association shall be the person to receive service of process in the cases authorized by Utah law.

66. Duration. This Declaration shall continue for a period of 30 years from the date it is recorded in the Office of the County Recorder of Davis County, Utah. Then, it shall be automatically renewed for 10 year periods, unless sooner terminated by the affirmative vote of at least 75% of the Owners.

67. Waiver. No restriction, condition, obligation, or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

68. Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this document should be invalid or should operate to render this document invalid, this document shall be construed as if such invalid phrase or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections, or section or sections had not been inserted.

69. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Plat Map shall take effect upon its being filed for record in the office of the County Recorder of Davis County, Utah.

Dated the 24 day of February, 2000.

DECLARANT:
NORTH TOWNE STATION, L.C.
a Utah limited liability company

By: [Signature]
Title: Bryson D. Garbett, Manager

STATE OF UTAH)
)ss:
COUNTY OF SALT LAKE)

On the 24 day of February, 2000, personally appeared before me Bryson D. Garbett, who by me being duly sworn, did say that he is the Manager of NORTH TOWNE STATION, L.C., a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Bryson D. Garbett duly acknowledged to me that said Company executed the same.

[Signature]
NOTARY PUBLIC
Residing At: Bountiful
Commission Expires: 2/1/03

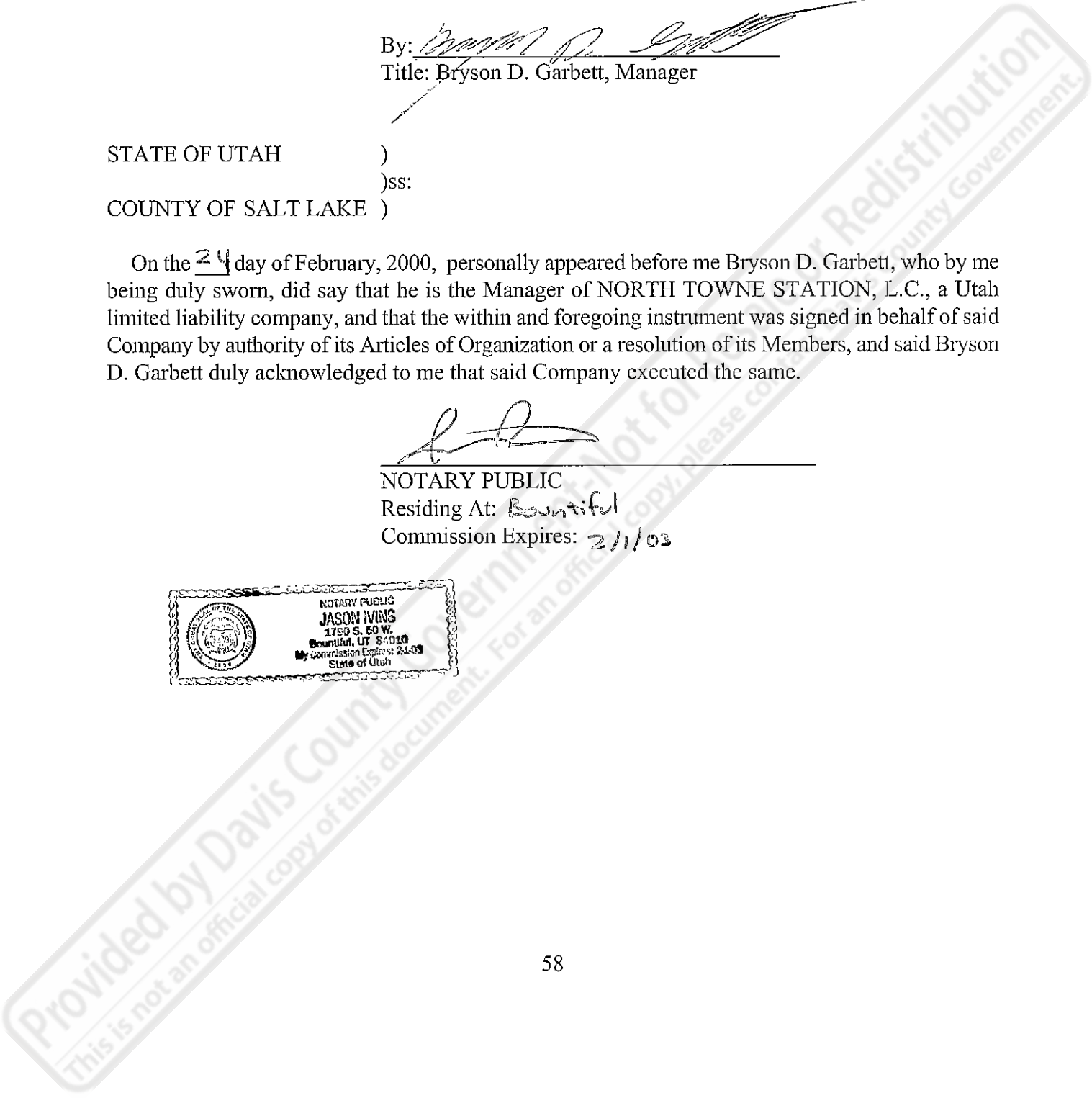
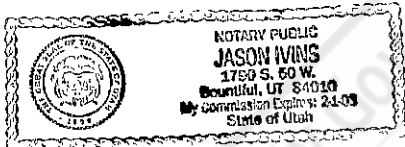


EXHIBIT "A"
LEGAL DESCRIPTION

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The land referred to in the foregoing document is located in Davis County, and is described more particularly as follows:

BOUNDARY DESCRIPTION



Beginning at a point which is 355.60 feet West and 223.72 North from the Southwest corner of Section 1, Township 1 North, Range 1 West, Salt Lake Base and Meridian, and running thence North 00 degrees 03 minutes 00 seconds West, a distance of 126.92 feet along the East right of way line of Main Street; thence North 31 degrees 17 minutes 00 seconds East, a distance of 315.57 feet; thence North 89 degrees 12 minutes 00 seconds West, a distance of 40.05 feet; thence North 00 degrees 03 minutes 00 seconds West, a distance of 68.34 feet, thence South 89 degrees 12 minutes 00 seconds West, a distance of 124.07 feet; thence North 00 degrees 03 minutes 00 seconds West, a distance of 52.31 feet along the East right of way line of Main Street; thence North 89 degrees 23 minutes 07 seconds East, a distance of 119.29 feet; thence North 00 degrees 04 minutes 07 seconds East, a distance of 137.55 feet; thence South 89 degrees 12 minutes 00 seconds West, a distance of 10.00 feet; thence North 00 degrees 03 minutes 00 seconds West, a distance of 160.50 feet; thence North 89 degrees 06 minutes 00 seconds East, a distance of 90.06 feet; thence North 00 degrees 03 minutes 07 seconds West, a distance of 100.14 feet to the southerly boundary line of Wiggins Subdivision; thence along the said subdivision the following two courses: North 89 degrees 06 minutes 00 seconds East, a distance of 293.16 feet, and North 31 degrees 26 minutes 00 seconds East, a distance of 190.26 feet; thence South 77 degrees 47 minutes 00 seconds East, a distance of 66.64 feet; thence South 31 degrees 13 minutes 25 seconds West, a distance of 424.93 feet; thence South 67 degrees 58 minutes 20 seconds East, a distance of 69.11 feet; thence South, a distance of 146.48 feet; thence South 67 degrees 58 minutes 20 seconds East, a distance of 163.22 feet to the West line of U. S. Highway 89; thence South 22 degrees 00 minutes 53 seconds West along said west right-of-way line of U.S. Highway 89, a distance of 58.86 feet; thence North 67 degrees 58 minutes 20 seconds West, a distance of 156.90 feet; thence South 21 degrees 47 minutes 33 seconds West, a distance of 153.87 feet; thence North 68 degrees 00 minutes 49 seconds West, a distance of 193.78 feet; thence South 31 degrees 17 minutes 00 seconds West, a distance of 475.81 feet to the point of beginning.

Containing 246,918.61 square feet or 5.668 acres.

A handwritten signature in black ink, appearing to be "Pete".

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EXHIBIT "B"
PERCENTAGES (fractional) OF OWNERSHIP

<u>BLDG. NO.</u>	<u>LOT NO.</u>	<u>% (fractional) OF OWNERSHIP</u>
1	1	1/42
1	2	1/42
2	1	1/42
2	2	1/42
3	1	1/42
3	2	1/42
4	1	1/42
4	2	1/42
5	1	1/42
5	2	1/42
6	1	1/42
6	2	1/42
7	1	1/42
7	2	1/42
8	1	1/42
8	2	1/42
9	1	1/42
9	2	1/42
10	1	1/42
10	2	1/42
11	1	1/42
11	2	1/42
12	1	1/42
12	2	1/42
13	1	1/42
13	2	1/42
14	1	1/42
14	2	1/42
15	1	1/42
15	2	1/42
16	1	1/42
16	2	1/42
17	1	1/42
17	2	1/42
18	1	1/42
19	2	1/42
20	1	1/42

BLDG. NO. LOT NO. % OWNERSHIP

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20	2	1/42
21	1	1/42
21	2	1/42

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EXHIBIT "C"
BY-LAWS OF NORTH TOWNE STATION,
A Planned Unit Development E 1586475 B 2637 P 270

The following are the By Laws of the NORTH TOWNE STATION HOMEOWNERS ASSOCIATION.

ARTICLE I
PLAN OF LOT OWNERSHIP AND INCORPORATION

1. Submission. These are the By-Laws referred to in the foregoing Declaration of Covenants, Conditions and Restrictions of NORTH TOWNE STATION, a Planned Unit Development (the "Declaration"), which is located in Davis County, State of Utah. These By Laws shall govern the administration of the Project and the Association.

2. Organizational Form. If the Association is incorporated under the laws of the State of Utah, then these By-Laws shall also function and operate as the by-laws of the corporation.

3. Office and Registered Agent. The initial Registered Agent shall be Bryson D. Garbett, and the office of the Registered Agent shall be 8438 South Gad Way, Sandy, Utah 84093. However, after transfer of management and control of the Association is made by the Declarant to the members of the Association, the Registered Agent shall be the President of the Association and the Registered Office shall be the home of the President or such other place as shall be designated by him.

ARTICLE II
ASSOCIATION

1. Composition. The association of lot owners is a mandatory association consisting of all Owners.

2. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Management Committee from time to time and stated in the notice of meeting.

3. Notice of Meeting. It shall be the duty of the Secretary to hand deliver or mail to each owner at his last known address, by regular U.S. mail postage prepaid, a notice of (a) each annual meeting of the Association not less than ten (10) and not more than thirty (30) days in advance of such meeting. The notice shall state the purpose, day, date, time and place of the meetings. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

4. Qualified Voters. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any meeting of the Association if, and only if, he shall be in full compliance with all of the terms, covenants, and conditions of the Project Documents, and shall have fully paid his share of the Common Expenses and all Assessments and/or Additional Charges due.

5. Proxies. The votes appertaining to any Lot may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Lot Owner, or in cases where the Owner is more than one person, by or on behalf of all such persons. Any proxy shall be void if it is not dated, if it purports to be revocable without notice, or if it is not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Unless it expressly states otherwise, a proxy shall terminate automatically (a) if the Owner attends the meeting in person, (b) it is revoked in writing and written notice of the revocation is given to the Secretary of the Association prior to the meeting, and (c) upon the adjournment of the first meeting held on or after the date of that proxy. Each proxy must be filed with the Secretary of the Association prior to the meeting. Only individual Owners or the legal representative of an institutional Owner may be proxies.

6. Quorum Voting. A majority of the members of the Association shall constitute a quorum for the adoption of decisions. If however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting and reschedule for a time no earlier than two days after the set time for the original meeting. No notice of such rescheduled meeting shall be required except an oral announcement at the meeting to be rescheduled. Those Owners present, either in person or by proxy, at the rescheduled meeting shall constitute a quorum for the adoption of decisions. When a quorum is present at any meeting, the vote of the Owners representing a majority of the members of the Association in person or by proxy, shall decide any question brought before the meeting. If the Declaration requires a fixed percentage of Owners to approve any action, however, that percentage shall be required anything to the contrary notwithstanding.

7. Order of Business. The order of business at all meetings of the Association shall be as follows:

- a. roll call;
- b. proof of notice of meeting;
- c. reading of minutes of preceding meeting;
- d. reports of officers;
- e. report of special committees, if any;
- f. election of inspectors of election, if applicable;
- g. election of Committee Members, if applicable;
- h. unfinished business; and
- I. new business.

8. Conduct of Meeting. The President shall, or in his absence the Vice-President, preside over all meetings of the Association; and the Secretary shall keep the minutes of the meeting as well as record of all transactions occurring thereat.

a) Open Meeting Policy. A portion of each meeting of the Management Committee shall be open to all members of the Association, but Owners other than members of the Committee may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Committee.

b) Executive Session. The Management Committee may, with approval of a majority of a quorum, adjourn a meeting and reconvene in an Executive Session to discuss and vote upon private, confidential, sensitive or personnel matters, litigation, and orders of business of a similar nature. The nature of any and all business to be considered in an Executive Session shall first be announced in open session.

c) Action Without A Formal Meeting. Any action to be taken at a meeting of the Management Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all members of the Committee.

ARTICLE III MANAGEMENT COMMITTEE

1. Powers and Duties. The affairs and business of the Association shall be managed by the Management Committee. The Management Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things necessary to operate and maintain the Project. The Committee shall have the power from time to time to adopt any Rules and Regulations deemed proper for the exercise of its management powers. The Committee may delegate its authority to a manager or managers. Subject to any limitations or provisions contained in the Declaration, the Committee shall be responsible for at least the following:

a) Preparation of an annual budget, in which there shall be established each Owner's share of the Common Expenses.

b) Establishing the Assessment of each Owner, the means and methods of collecting Assessments from the Owners, and the method of payment. Unless otherwise determined by the Committee, each Owner's common area fee may be payable in equal monthly installments, due and payable in advance on the first day of each month of each year. However, in the event an Owner fails to make an installment payment in a timely manner or the Association deems itself insecure, then the entire annual Assessment may be accelerated by the Committee and shall thereafter be automatically due and payable without further notice. The Committee may subsequently elect to de-accelerate the obligation in whole or in part.

c) Providing for the operation, care, upkeep, replacement, maintenance, and regulation of all the Common Areas and Facilities.

d) Designating, hiring, and dismissing the personnel necessary to operate and

maintain the Project.

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- e) Collecting and depositing the Assessments.
- f) Making, amending, and enforcing the Rules and Regulations.
- g) Opening and closing of bank accounts for and in behalf of the Association, and designating the signatories required therefor.
- h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of the By-Laws, after damage or destruction by fire or other casualty.
- i) Enforcing by legal means the Project Documents.
- j) Purchasing and maintaining insurance.
- k) Paying the cost of all services rendered to the Project and not billed directly to Owners or individual Lots.
- l) Keeping books and records with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Project, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. Said documents, books, financial statements, and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Committee for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon a resolution approved by a majority of the Members of the Association, shall be formally Audited by an outside auditor employed by the Committee who shall not be a resident of the Project or an Owner therein. The cost of such Audit shall be a Common Expense. Copies of books and records, financial statements, reports, compilations, and Audits shall be supplied to any first mortgagee of any Lot in the Project who requests the same in writing from the Secretary. A mortgage holder, at its expense, may have an Audited financial statement prepared at any time.
- m) Providing, where necessary, all water, electricity, and other necessary utility services for the Common Areas and such services to the Lots, including but not limited to heating, as are not separately metered or charged to the Owners.
- n) Paying any amount necessary to discharge any mechanic's or materialmen's lien or other encumbrance levied against the Property, or any part thereof, which may in the opinion of the Committee constitute a lien against the Property or against the Common Areas, rather than

merely against the particular Lot. When one or more Owners are responsible for the existence of such a lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Committee by reason of said lien or liens shall be specially assessed to said Owners and shall, until paid by said Owners, constitute a lien on the interest of said Owners in the Property which lien may be perfected and foreclosed in the manner provided in the Declaration.

o) Giving notice of and conducting hearings on alleged violations of the Project Documents, sanction, cite, or fine Owners, occupants and residents.

p) Making emergency repairs.

q) At the sole expense and risk of the owner, impounding, immobilizing, towing or otherwise removing any motor vehicle parked, stored or standing in violation of the parking rules and regulations or in an unauthorized area.

r) Evicting non-Owner residents in material violation of the Project Documents.

s) Assigning or leasing overflow parking spaces to residents.

t) Establishing and collecting user fees.

u) Doing such other things and acts necessary to accomplish the foregoing and not inconsistent with the Declaration or By-Laws, or to do anything required by a proper resolution of the Management Committee or Association.

2. Composition of Management Committee. The Management Committee shall be composed of three (3) members.

3. Election and Term of Office of the Committee. The term of office of membership on the Management Committee shall be two (2) years. At the expiration of the member's term, a successor shall be elected.

4. First Meeting. The first meeting of the members of the Management Committee shall be immediately following the annual meeting of the Association or at such other time and place designated by the Committee.

5. Regular Meetings. Regular meetings of the Management Committee shall be held from time to time and at such time and place as shall be determined by a majority of the members of the Committee, but no less often than monthly.

6. Special Meetings. Special meetings of the Management Committee may be called by the President, Vice President or a majority of the members on at least forty-eight (48) hours prior notice to each member. Such notice shall be given personally, by regular U.S. Mail postage prepaid, or by

telephone, and such notice shall state the time, place and purpose of the meeting. Any meeting attended by all members of the Committee shall be valid for any and all purposes.

7. Waiver of Notice. Before or at any meeting of the Management Committee, any member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Committee shall constitute a waiver of notice. If all the members are present at any meeting of the Committee, no notice shall be required and any business may be transacted at such meeting.

8. Committee's Quorum. At all meetings of the Management Committee, a majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the majority of all the Committee members present at a meeting at which a quorum is present shall be deemed to be the acts of the Committee. If, at any meeting of the Committee, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time but for no longer than two days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. Vacancies. Vacancies in the Management Committee caused by any reason other than removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Committee at a special meeting of the Committee held for that purpose promptly after the occurrence of any such vacancy, even though the total members remaining may constitute less than a quorum of the committee; and each person so elected shall be a member for the remainder of the term of the member so replaced and until a successor is elected at the next annual meeting of the Association. A vacancy created by the removal of a member by a vote of the Association shall be filled by the election and vote of the Association.

10. Removal of Committee Member. A member of the Management Committee may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum of the Association is present, by an affirmative vote of a majority of the members of the Association. Any member whose removal has been proposed by the Owners shall be given at least thirty days notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Committee Member who misses twenty-five percent (25%) or more of the Committee Meetings or who misses three (3) consecutive meetings, in any calendar year, shall be automatically removed from the Committee.

11. Conduct of Meetings. The President shall preside over all meetings of the Committee and the Secretary shall keep a Minute Book of the Committee recording therein all resolutions adopted by the Committee and a record of all transactions and proceedings occurring at such meetings.

12. Report of Committee. The Committee shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Association.

ARTICLE IV
OFFICERS

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1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Committee. The Committee may appoint assistant secretaries and such other officers as in its judgment may be necessary. All officers shall also be members of the Committee. Two or more offices may be held by the same person, except that the President shall not hold any other office.

2. Election of Officers. The officers of the Association shall be elected annually by the Committee at the Corporation meeting of each Committee and shall hold office at the pleasure of the Committee. Any vacancy in an office shall be filled by the Committee at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Committee may be removed at any time by the affirmative vote of a majority of the Committee, and his successor may be elected at any regular meeting of the Committee, or at any special meeting of the Committee called for such purposes.

4. President. The President shall be the chief executive officer; he shall preside at meetings of the Association and the Committee shall be an ex officio member of all committees; he shall have general and active management of the business of the Committee and shall see that all orders and resolutions of the Committee are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the use of president of a stock corporation organized under the laws of the State of Utah.

5. Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Committee or the President shall prescribe. If neither the President nor the Vice President is able to act, the Committee shall appoint a member of the Committee to do so on an interim basis.

6. Secretary. The secretary shall attend all meetings of the Committee and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notices for all meetings of the Association and the Committee and shall perform such other duties as may be prescribed by the Committee. The Secretary shall compile and keep current at the principal office of the Association, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Committee including resolutions.

7. Treasurer. The Treasurer shall have custody of all funds and securities that are not under the control of the Managing Agent, and with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable effects in such depositories as may be designated by the Committee. He shall disburse funds as ordered by the Committee, taking proper vouchers for such disbursements, and shall render to the President and members, at the regular meetings of the Committee, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Project.

ARTICLE V
FISCAL YEAR

The fiscal year of the Association shall be the calendar year consisting of the twelve (12) month period commencing on January 1 of each year terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Committee should it be deemed advisable or in the best interests of the Association.

ARTICLE VI
INVESTMENT OF COMMON FUNDS

Common funds may only be deposited into institutions which are federally insured. Common funds shall be deposited into in savings or money market accounts, or to purchase certificates of deposit. Other higher-risk investments, with a potential higher-rate-of-return, such as stocks, bonds, mutual funds and U.S. treasuries and the like, may only be used with the prior express written and affirmative consent of at least 75% of the Owners.

ARTICLE VII
AMENDMENT TO BY-LAWS

1. Amendments. These By-Laws may be modified or amended either (a) by the affirmative vote of a majority of the members of the Association or (b) pursuant to a written instrument of consent duly executed by a majority of the members of the Association provided all of the written consents are obtained within a ninety day period.

2. Recording. An amendment to these By-Laws shall become effective immediately upon recordation in the Office of the County Recorder of Davis County, State of Utah.

ARTICLE VIII
NOTICE

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1. Manner of Notice. All notices, demands, bills, statements, or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by regular U.S. Mail postage pre-paid, a) if to an Owner, at the address of his Lot and at such other address as the Owner may have designated by notice in writing to the Secretary; or b) if to the Committee or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Declaration.

ARTICLE IX
COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provision of the Declaration shall control.

2. Waiver. No restriction, condition, obligation, or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

3. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

4. Interpretation. Whenever in these By-Laws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine; and the term "shall" is mandatory while the term "may" is permissive.

5. Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this document should be invalid or should operate to render this document invalid, this document shall be construed as if such invalid phrase

or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections, or section or sections had not been inserted.

Dated the 24 day of February, 2000.

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DECLARANT:

NORTH TOWNE STATION, L.C.
a Utah limited liability company

By: *Bryson D. Garbett*
Title: Bryson D. Garbett, Manager

STATE OF UTAH)
)ss:
COUNTY OF SALT LAKE)

On the 24 day of February, 2000, personally appeared before me Bryson D. Garbett, who by me being duly sworn, did say that he is the Manager of NORTH TOWNE STATION, L.C., a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Bryson D. Garbett duly acknowledged to me that said Company executed the same.

Jason Ivins
NOTARY PUBLIC
Residing At: Bountiful
Commission Expires: 2/1/03



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LEGAL DESCRIPTION OF COMMON AREA

The land referred to in the foregoing document as "Common Area" is located in Davis County, Utah and is described more particularly as follows:

Beginning at a point which is 355.60 feet West and 223.72 North from the Southwest corner of Section 1, Township 1 North, Range 1 West, Salt Lake Base and Meridian, and running thence North 00 degrees 03 minutes 00 seconds West, a distance of 126.92 feet along the East right of way line of Main Street; thence North 31 degrees 17 minutes 00 seconds East, a distance of 315.57 feet; thence North 89 degrees 12 minutes 00 seconds West, a distance of 40.05 feet; thence North 00 degrees 03 minutes 00 seconds West, a distance of 68.34 feet; thence South 89 degrees 12 minutes 00 seconds West, a distance of 124.07 feet; thence North 00 degrees 03 minutes 00 seconds West, a distance of 52.31 feet along the East right of way line of Main Street; thence North 89 degrees 23 minutes 07 seconds East, a distance of 119.29 feet; thence North 00 degrees 04 minutes 07 seconds East, a distance of 137.55 feet; thence South 89 degrees 12 minutes 00 seconds West, a distance of 10.00 feet; thence North 00 degrees 03 minutes 00 seconds West, a distance of 160.50 feet; thence North 89 degrees 06 minutes 00 second East, a distance of 90.06 feet; thence North 00 degrees 03 minutes 07 seconds West, a distance of 100.14 feet to the southerly boundary line of Wiggins Subdivision; thence along the said subdivision the following two courses: North 89 degrees 06 minutes 00 seconds East, a distance of 293.16 feet, and North 31 degrees 26 minutes 00 second East, a distance of 195.03 feet; thence South 77 degrees 47 minutes 00 seconds East, a distance of 66.62 feet; thence South 31 degrees 13 minutes 25 seconds West, a distance of 429.69 feet; thence South 67 degrees 58 minutes 20 seconds East, a distance of 72.34 feet; thence South, a distance of 146.48 feet; thence South 67 degrees 58 minutes 20 seconds East, a distance of 159.99 feet to the West line of U. S. Highway 91; thence South 22 degrees 00 minutes 53 second West, a distance of 58.86 feet; thence North 67 degrees 58 minutes 20 seconds West, a distance of 153.90 feet; thence South 21 degrees 47 minutes 33 seconds West, a distance of 153.87 feet; thence North 68 degrees 00 minutes 49 seconds West, a distance of 196.78 feet; thence South 31 degrees 17 minutes 00 seconds West, a distance of 475.81 feet to the point of beginning.
Containing 248,119.52 square feet or 5.696 acres.

LESS AND EXCEPTING LOTS 1 and 2 of BUILDINGS 1-21, INCLUSIVE.