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**MASTER DECLARATION FOR
SAND HOLLOW RESORT**

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**MASTER DECLARATION FOR
SAND HOLLOW RESORT**

THIS IS A MASTER DECLARATION of covenants, conditions, restrictions, and easements that establishes a master planned resort community known as Sand Hollow Resort.

PURPOSE AND INTENT

Declarant owns and/or otherwise has the exclusive rights to develop certain real property in Washington County, Utah, which is more particularly described on **Exhibit "A"**, which is attached hereto and incorporated herein by this reference. As set forth in **Section 1.32**, this real property is hereinafter referred to as the "Property." Declarant desires and intends to protect the value and desirability of the Property as a harmonious and attractive residential and resort community. Therefore, Declarant will convey the Property subject to the following covenants, conditions, restrictions, and easements, which, along with the Governing Documents, provides for a governance structure and a system of standards and procedures for the development, expansion, maintenance, and preservation of the Property as a master planned residential and resort community.

The Property will encompass different neighborhoods which may, in addition to the covenants, conditions, and restrictions set forth herein, have specific covenants, conditions, restrictions, or assessments specific to that neighborhood only. The neighborhoods may include planned unit development, condominium, or other regimes compatible with residential use as Declarant may desire and as allowed by applicable federal, state, and local law. The Property may also encompass recreational areas and facilities, open space, and one or more golf courses.

THEREFORE, to effectuate its intent, Declarant will convey the Property subject to the following covenants, conditions, restrictions, and easements, which, along with the Governing Documents, provides for a governance structure and a system of standards and procedures for the development, expansion, maintenance, and preservation of the Property as a master planned community.

DECLARATION

Declarant hereby declares that all of the Property, and such other property that may hereafter be subjected to this Master Declaration, shall be held, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, assessments, charges and liens, and to any applicable Subdivision Plat, and other Governing Documents as set

forth herein. This Master Declaration and the applicable Subdivision Plat shall be construed as covenants of equitable servitude; shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns; and shall inure to the benefit of each Owner thereof.

ARTICLE 1
DEFINITIONS AND CONCEPTS

The following definitions and concepts shall control in this Master Declaration. Any term not defined in this Master Declaration shall have its plain and ordinary meaning.

1.1. "ACC" means and refers to the Architectural Control Committee.

1.2. "Additional Property" means and refers to any real property which is adjacent or contiguous to, or otherwise within the vicinity of the Property, whether or not so described herein or on the Subdivision Plat. When Additional Property is annexed to this Declaration, it shall become part of the Property.

1.3. "Articles" means and refers to the Articles of Incorporation of the Sand Hollow Resort Master Owners Association, which are filed with the Utah Division of Corporations and Commercial Code, and includes any amendments or supplements thereto. The purpose of the Articles is to establish the Master Association as a non-profit corporation under Utah law.

1.4. "Bylaws" means and refers to the Bylaws of the Sand Hollow Resort Master Owners Association. The purpose of the Bylaws is to govern the Master Association's internal affairs, such as (for purposes of example but not limitation) voting, elections, and meetings.

1.5. "City" means and refers to the City of Hurricane, a Utah municipal corporation.

1.6. "Common Area" means and refers to all real property, including the improvements thereto and facilities thereon, which the Master Association owns, leases, or otherwise holds possessory rights in, at any given time, for the common use and enjoyment of the Owners.

1.7. "Common Expenses" means the actual and estimated expenses incurred or anticipated to be incurred, by the Master Association for the general benefit of the Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred by the Declarant during the Declarant Control Period for initial development or other original construction costs unless a majority of the Class A Members approve.

1.8. **"Community-Wide Standard"** shall mean the standard of conduct, maintenance, architectural style, or other activity generally prevailing throughout the Property, or minimum standards established pursuant to the Governing Documents or Development Documents. Declarant shall initially establish such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses or as the needs of the Property may change.

1.9. **"Cost Sharing Covenants"** means and refers to any declaration of easements and/or covenants between the Master Association, the Declarant, and/or any third-parties to share in the cost, maintenance, and use of the Resort Facilities and/or to provide reciprocal easements to and for such things as roadways, parking areas, common areas, recreational facilities, etc.

1.10. **"Declarant Control Period"** means the period of time during which the Declarant has Class B membership status as provided for herein.

1.11. **"Declarant"** means SHR Development, LLC, a Utah limited liability company, and its successors and assigns.

1.12. **"Design Code"** means the design standards and guidelines (including the landscape plan) adopted by the Declarant, as may be amended from time to time, applicable to the Property, as further set forth in **Article 6**.

1.13. **"Directors", "Board of Directors", or "Board"** means the governing body of the Master Association.

1.14. **"Sand Hollow Resort"** means and generally refers to the Property and all improvements thereon and, where the context requires, includes the Resort Facilities.

1.15. **"Entire Membership"** means all Members, regardless of class of membership. When a vote of the Entire Membership is referenced it means all votes for both Class A and Class B Members. However, the term Entire Membership shall exclude the Class B member when it relates to or calls for the levying of an assessment or monetary charge against Entire Membership.

1.16. **"Golf Club Facilities"** means and refers to any facilities or land adjacent to or within the Property that is operated by the Golf Club. Golf Club Facilities are not Common Area as defined herein.

1.17. **"Golf Club"** means and refers to the Sand Hollow Golf Club, LLC, a Utah limited liability company, and its successors and assigns. The Golf Club operates the Golf Course and Golf Club Facilities.

1.18. **"Golf Course"** or **"Golf Course Land"** means and refers to any golf course adjacent to or within the Property, as designated on the Subdivision Plat. Golf Course Land is not Common Area as defined herein.

1.19. **"Governing Documents"** means, collectively, this Master Declaration, the Articles, the Bylaws, the Design Guidelines, and any amendments or supplements thereto, and includes any rules and regulations established pursuant to the Master Declaration, Articles, Bylaws, or Design Code. Where the context requires, the term Governing Documents shall include Tract Declarations and any documents governing specific Neighborhoods and Neighborhood Associations.

1.20. **"Limited Common Area"** means and refers to a portion of the Common Area which has been designated for the primary or exclusive use of a particular Owner or Owners, or for Owners and occupants within a particular Neighborhood or Neighborhoods.

1.21. **"Lot"** means and refers to: (a) a separately numbered and individually described plot of land shown on any Subdivision Plat designated as a Lot for private ownership (and where the context requires includes and refers to the dwelling structure located on a Lot), but specifically excludes the Common Area; and (b) a condominium unit established under the Utah Condominium Ownership Act, Title 57, Chapter 8 of the Utah Code.

1.22. **"Master Association"** means the Sand Hollow Resort Master Owners Association, a Utah non-profit corporation, its successors and assigns.

1.23. **"Master Declaration"** means this instrument and any amendments, restatements, supplements, or annexations thereto, which are recorded in the office of the Washington County Recorder.

1.24. **"Member"** means every person or entity with membership in the Master Association. Membership in the Master Association is appurtenant to and may not be separated from Lot ownership. The term "Member" is synonymous with the term "Owner."

1.25. **"Mortgage"** means a mortgage, a deed of trust, a deed to secure a debt, or any other form of security instrument affecting title to any Lot.

1.26. **"Mortgagee"** shall mean and refer to any institutional holder, insurer, or guarantor of a first Mortgage.

1.27. **"Neighborhood"** means and refers to each separately developed and denominated group of Lots as more specifically defined and designated by the Declarant. A Neighborhood may be comprised of one or more housing types (e.g., condominiums, patio homes) whether or not governed by a Neighborhood Association, in which Owners may have common interests other than those common to all Members, such as a particular

housing type, common theme, architectural design, entry feature, development name, and/or common areas and facilities which are not available for use by all Members. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the Bylaws) or Neighborhood Association (as defined below) having jurisdiction over the Lots and other property within the Neighborhood.

1.28. "**Neighborhood Assessment**" shall mean assessments levied against Lots in a particular Neighborhood(s) to fund Neighborhood Expenses.

1.29. "**Neighborhood Association**" means and refers to any association or other owners association, if any, having jurisdiction over any Neighborhood concurrent with, but subject and subservient to the jurisdiction of the Master Association. Nothing in this Master Declaration shall require the creation of any Neighborhood Association. Neighborhood Associations are generally responsible for enforcing Tract Declarations. Generally, Neighborhood Associations should be incorporated as non-profit corporations under Utah law, however, Neighborhood Associations may be unincorporated committees of the Master Association if the Board approves, as set forth in the Bylaws. The articles of incorporation of any Neighborhood Association, and any amendments or restatements thereto, shall be approved by the Declarant, during the Declarant Control period, and the Board thereafter prior to filing with the State of Utah.

1.30. "**Neighborhood Expense**" means any expenses, whether actual or estimated, which the Master Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood, which expenses are common to and benefit the Owners in the Neighborhood, but not all Owners within the Property.

1.31. "**Owner**" means the entity, person, or group of persons owning fee simple title to any Lot within the Property. Regardless of the number of parties participating in ownership of each Lot, the group of those parties shall be treated as one "Owner." The term "Owner" includes contract purchasers but does not include persons or entities who hold an interest merely as security for the performance of an obligation (such as a Mortgagee) unless and until title is acquired by foreclosure or similar proceedings.

1.32. "**Property**" means that certain real property described on **Exhibit A** hereto, and such annexations and additions thereto as may hereafter be subjected to this Master Declaration.

1.33. "**Resort Facilities**" means and refers to those facilities which are located within, adjacent to, or within the vicinity of the Property but are owned by Declarant and/or third parties and not designated as Common Area. Resort Facilities generally include but are not limited to the Sand Hollow Resort Spa, the Sand Hollow water amenities and water park, the Golf Club Facilities, and the Sand Hollow equestrian center.

1.34. "**Subdivision Plat**" means any subdivision plat, survey, or plan that describes any portion of the Property or phase thereof and has been approved by the City and recorded in the office of the Washington County Recorder, and includes any replacements thereof, or supplements, alterations, amendments, or additions thereto. For purposes of this Master Declaration, the term "Subdivision Plat" includes a condominium plat as defined by the Utah Condominium Ownership Act.

1.35. "**Tract Declaration**" means and refers to any declaration of covenants, conditions, restrictions, easements, or like declaration recorded after the recording of this Master Declaration and pertaining to any portion of the Property, which shall in all cases, be consistent with and subordinate to this Master Declaration. Tract Declarations may establish the housing type and particular land use for portions of property within the Property. Unless the context indicates otherwise, Tract Declarations shall cover and govern individual Neighborhoods.

1.36. "**Voting Member**" means the representative selected by the Class A Members within each Neighborhood pursuant to **Section 3.5**.

ARTICLE 2 LAND USE DESIGNATIONS AND CLASSIFICATIONS

2.1. Owner's Acknowledgment; Notice to Purchasers. All Owners are given notice that the use and development of their Lots, as the case may be, and use of the Common Area is limited by the covenants, conditions, restrictions, easements, and other provisions of this Master Declaration, the other Governing Documents, Tract Declarations, and Cost Sharing Covenants, as each such document may be amended, expanded, or modified from time to time. Each Owner, by acceptance of a deed (or similar ownership interest) to a Lot, acknowledges and agrees that the use and enjoyment and marketability of its Lot can be affected by said documents. All Lot purchasers are on notice that the Declarant or the Master Association may have adopted changes to the Governing Documents which might differ from those any purchaser might receive from or have disclosed by the Owner from whom the purchaser is purchasing a Lot. Copies of current Governing Documents may be obtained from the Master Association.

2.2. Neighborhoods; Tract Declarations. Individual Tract Declarations may further define and specify particular housing types and specific permitted and/or prohibited uses within any Neighborhood(s), Lot(s), or portion of the Property. During the Declarant Control Period, Tract Declarations, and any amendments or restatements thereto, shall be approved by the Declarant prior to submission to the City or other applicable land use authority and recording with the Washington County Recorder. Declarant's approval shall be in writing and shall appear on the approved Tract Declaration. Declarant may require, in its discretion, any Owner or developer of any portion of the Property to use Tract Declarations that Declarant has prepared. After the Declarant Control Period, Tract

Declarations, and any amendments or restatements thereto, shall be approved by the Board prior to submission to the City or other applicable land use authority and recording with the Washington County Recorder. The Board's approval shall be in writing and shall appear on the approved Tract Declaration. No provision in any Tract Declaration shall operate to limit the authority provided by the Governing Documents to the Declarant or the Master Association.

2.3. Lots; Activities upon Lots. Each Lot is owned in fee simple by the Owner, subject to the covenants, conditions, restrictions, and easements in this Master Declaration, the provisions of the other Governing Documents, Tract Declarations, any Cost Sharing Covenants, the Subdivision Plat, and other applicable covenants, conditions, restrictions, and/or easements that may be recorded against the Lot, and any laws and ordinances applicable to the Property.

2.4. Common Area.

(a) Ownership; Conveyance. Prior to the expiration of the Declarant Control Period, the Declarant will convey fee simple title to the Common Area to the Master Association, free and clear of all encumbrances and liens, but subject to this Master Declaration, and easements and rights-of-way of record. The Master Association shall accept the deed of conveyance of the Common Area upon Declarant's presentment of the same. Notwithstanding the above, during the Declarant Control Period, Declarant may, in its discretion, convey, transfer, sell, assign, or otherwise dedicate all or part of any Common Area to the City or such other governmental entity or any third party as it deems necessary and appropriate.

(b) Board Authority. The Board shall have the authority to maintain and insure the Common Area as set forth herein. This right includes, but is not limited to the right, for and on behalf of the Master Association, to:

- (i) insure, maintain, and care for the Common Area;
- (ii) establish rules and regulations to govern use of the Common Area, including, by way of example but not limitation, hours of use and standards of conduct;
- (iii) enter into agreements or leases which provide for use of the Common Areas by a similar association in consideration for use of the common areas and facilities of the other association or for cash consideration, or by third parties for cash consideration;
- (iv) grant easements for public utilities or other public purposes consistent with the intended use of the Common Areas;
- (v) take such steps as are reasonably necessary or desirable to protect the Common Areas against foreclosure; and

(vi) take such other actions with respect to the Common Areas which are authorized by or otherwise consistent with the Governing Documents.

2.5. Declarant's Right of Use. As part of the overall program of development of the Property and to encourage the marketing thereof, the Declarant shall have the right of use of the Common Area, including any community buildings and facilities constituting Common Area, without charge during the Declarant Control Period to aid in its marketing activities

2.6. Limited Common Area.

(a) Designation. The Declarant, during the Declarant Control Period, shall have the right to restrict portions of the Common Area, whether owned by Declarant or by the Master Association, in the nature of an easement for the primary or exclusive use of one or more particular Owner or Owners, or for Owners and occupants within a particular Neighborhood or Neighborhoods. This designation may be made by: (i) indicating or designating on the Subdivision Plat the Limited Common Area appertaining to one or more Lots or Neighborhoods or (ii) designating, depicting, and/or describing such Limited Common Area in any supplemental declaration to this Master Declaration, in any Tract Declaration, or in any exhibit to those declarations. The Declarant reserves the right to re-designate Limited Common Area as it deems necessary.

(b) Rights of Use and Rules and Regulations Concerning the Limited Common Areas. Each Owner is hereby granted an irrevocable and exclusive license to use and occupy the Limited Common Areas reserved exclusively for the use of his Lot, subject to the rights of the Declarant and the Board as set forth in the Governing Documents. The right of exclusive use and occupancy does not include the right to repaint, remodel, erect structures upon or attach any apparatus to without the express written consent of the Board.

(c) Costs for Maintenance. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be, where the Limited Common Area benefits a or is reserved for the exclusive use of a particular Owner or Owners, a Specific Assessment to such Owner(s), or where the Limited Common Area benefits or is reserved for the exclusive use of a particular Neighborhood or Neighborhoods, a Neighborhood Expense allocated among the Owners in such Neighborhood(s) to which the Limited Common Area is designated.

2.7. Delegation of Use. An Owner or one having a right of use of Common Area facilities may delegate any right of enjoyment to the Common Area to family members or tenants who reside within that Owner's Lot, subject to any rules and regulations established

by the Board, including but not limited to the Board's right to require, as it determines necessary, an Owner to forfeit the Owner's right of use for so long as the Owner has delegated such right to the Owner's tenant. Notwithstanding the foregoing, no Owner shall have the right to delegate use of any Golf Club Facilities or other Resort Facilities, or any privileges related thereto that such Owner may have and any such delegation, whether expressed orally or in any lease or rental agreement, shall be and hereby is declared null and void.

2.8. Promulgation of Rules.

(a) Rulemaking Authority. The Board may, from time to time, subject to the provisions of the Governing Documents, adopt, amend and repeal rules and regulations governing, among other things, use of any Common Area, parking restrictions and limitations, limitations upon vehicular travel within the Property, and restrictions on other activities or improvements on the Property which, in the opinion of the Board, create a hazard, nuisance, unsightly appearance, excessive noise, or offensive smell.

(b) Notice of Rules. A copy of the rules and regulations, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Lot Owner and may, but need not be, recorded. Upon such mailing or other delivery, said rules and regulations shall have the same force and effect as if they were set forth in and were a part of this Declaration. In addition to or in lieu of providing notice by mail, the Board may provide notice by electronic means such as electronic mail (e-mail) to Lot Owners and may require that Lot Owners, in addition to keeping the Board informed as to their current mailing address, maintain a current e-mail address with the Board for such purpose.

2.9. Management Agreement; Property Manager. The Board may engage for the Master Association the services of one or more property managers to perform such duties and services as the Board shall authorize. The Board may delegate to and otherwise authorize the property manager to perform those services to which the Board itself may perform under the Governing Documents or the Utah Community Association Act, and those services to which the Utah Community Association Act otherwise authorizes a manager to perform. Any contract or agreement for services entered into by the Board with a property manager for and on behalf of the Master Association shall not exceed a term of three (3) years. Fees, costs and other charges of the property manager shall be Common Expenses. The property manager may also provide services to individual Lot Owners, such as leasing individual Lots as may be determined between the property manager and the Lot Owner; *provided however*, that services performed for individual Lot Owners which are not performed for the Master Association shall not be Common Expenses but shall be charged to such Lot Owners separately as the Lot Owners and the property manager may determine.

2.10. Provisions for Other Services. The Master Association may provide services and/or facilities for the Owners and their Lots, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities, or may include the costs thereof in the Master Association's budget as a Common Expense and assess it as part of the annual assessment if provided to all Lots, or as a Neighborhood Assessment if provided to Lots within a particular Neighborhood. By way of example, such services and facilities might include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, utilities, and similar services and facilities. Nothing in this Section shall be construed as a representation by Declarant or the Master Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to Owners or Lots as a Common Expense or Neighborhood Expense shall not exempt any Owner from the obligation to pay assessments for such services.

2.11. Facilities and Services Open to the Public. Certain facilities and areas within the Property may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: golf courses, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Common Area or the Board may so designate them at any time thereafter. The availability of such areas to the general public shall not relieve any Owner of responsibility for assessments levied to fund the Master Association expenses incurred in connection with such areas.

2.12. Resort Facilities.

(a) Resort Facilities may be privately owned by persons or entities other than the Master Association and may be made available for use by Owners and others for recreational purposes, pursuant to an agreement with the Master Association or otherwise.

(b) Access to and use of any Resort Facility is strictly subject to the rules and procedures of the owner of such Resort Facility, and except as may otherwise be set forth in a written agreement between the Master Association and the owner of the Resort Facility, no person gains any right to enter or to use any Resort Facility solely by virtue of membership in the Master Association or ownership or occupancy of a Lot.

(c) All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Master

Association, or by any person acting on behalf of any of the foregoing, with regard to the continuing ownership, operation or availability of any Resort Facility. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Resort Facility.

(d) Rights to use the Resort Facilities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether. No consent of the Master Association, any Neighborhood Association, any Voting Member, or any Owner shall be required to effectuate any change in ownership, operation or terms of access to any Resort Facility.

ARTICLE 3

MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner is a Member of the Master Association. Membership in the Master Association automatically transfers upon transfer of title to any Lot by the record Owner to another person or entity.

3.2. Voting Rights; Classes. The Master Association has two classes of voting membership, Class A and Class B.

(a) Class A. Class A Members are all Members with the exception of the Declarant, until Declarant's membership converts to Class A membership as provided for herein. Class A Members are entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, the group of such persons shall be a Member. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. A vote cast at any Master Association meeting by any of such co-Owners, whether in person or by proxy, is conclusively presumed to be the vote attributable to the Lot concerned unless written objection is made prior to that meeting, or verbal objection is made at that meeting, by another co-Owner of the same Lot. In the event an objection is made, the vote involved shall not be counted for any purpose except to determine whether a quorum exists.

(b) Class B. The Class B Member is the Declarant. The Class B member is entitled to five votes for each Lot owned, however, Declarant's Class B membership status is not dependent or contingent upon Declarant's ownership of any Lot within the Property. Rather, Declarant's Class B membership will cease only upon the earlier of (i) December 31, 2057, or (ii) Declarant's express surrender of Class B

membership status, which surrender must be in a written instrument signed by Declarant and recorded in the office of the Washington County Recorder. If the instrument of surrender does not specify the date of surrender of Class B membership, the surrender date shall be the date of recording of the instrument. To ensure that the Declarant, as the developer of the Property, has adequate time and flexibility to ensure the overall success of the development, Declarant has the sole and absolute discretion to determine the date of its surrender. If the Declarant surrenders its Class B membership status while owning Lots within the Property, Declarant's membership status in such Lots shall be converted to Class A.

3.3. Declarant's Voting Rights in Expansion Area. In the case of expansion (as provided under this Master Declaration), the class of voting membership appurtenant to Lots owned by Declarant in the expansion area shall be Class B.

3.4. Change of Corporate Status. The Master Association has been set up and established as a non-profit corporation under Utah law. The continuing existence and viability of the Master Association, however, is not vested in its corporate status. During any period in which the Master Association is not incorporated or otherwise has a change of corporate status (e.g., involuntary dissolution under the Utah Nonprofit Corporation Act for failure to file for corporate renewal), the Governing Documents shall nevertheless continue to be effective as the Governing Documents of the Master Association, and the Master Association, the Board, and all officers and committees operating under the authority of the Governing Documents shall have all rights, power, and authority granted therein, and no Lot Owner may escape or avoid any assessment, charge, lien, rule or other matter contained in the Governing Documents by virtue of such change of corporate status. In the case of non-incorporation, the Board is authorized, to the extent it deems necessary, and without approval of the Members, to re-incorporate under a same or similar name and such corporation shall be deemed the successor to the Master Association. In the event the Board does not reincorporate, the Master Association shall continue to operate and function under the Governing Documents as an unincorporated association.

3.5. Neighborhoods; Voting Members.

(a) Each Neighborhood shall have at least one Voting Member who shall be responsible for casting all votes attributable to Lots owned by Class A Members in the Neighborhood on all Master Association matters that the Board, by resolution, determines should be voted on by such Voting Members in lieu of Class A Members. In addition, each Neighborhood shall elect an alternate Voting Member who shall be responsible for casting such votes in the absence of the Voting Member.

(b) The president, committee chairperson, or other head of a Neighborhood Association or Neighborhood Committee, as determined by the Neighborhood's bylaws or other document establishing the Neighborhood

Association or Neighborhood Committee shall be the Voting Member for the Neighborhood. The vice president, committee vice-chairperson, or other person who is second in command of a Neighborhood Association shall be the alternate Voting Member who shall be responsible for casting such votes in the absence of the Voting Member.

(c) In the event the Neighborhood has more than one Voting Member, the Neighborhood's bylaws or other document establishing the Neighborhood Association or Neighborhood Committee shall designate the manner in which such Voting Members are selected by the Class A Members within the Neighborhood.

(d) Until such time as the Board designates the matters for which the Voting Members will vote, Class A Members who are eligible to vote shall be entitled personally to cast the votes attributable to their respective Lots on any issue on which the Governing Documents requires a vote of Class A Members.

ARTICLE 4 MASTER ASSOCIATION FINANCES

4.1. Assessments; Authority. The Master Association is hereby authorized to levy assessments against the Owners as provided for in the Governing Documents. The following are the types of assessments that may be levied by the Master Association, which are more particularly described below: (1) annual assessments and charges; (2) special assessments; (3) specific assessments; (4) emergency assessments; (5) Neighborhood Assessments; (6) any other amount or assessment levied or charged by the Board pursuant to this Master Declaration; and (7) interest, costs of collection and reasonable attorney fees, as hereinafter provided.

4.2. Creation of Lien and Personal Obligation of Assessments. Excepting Declarant, each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, covenants and agrees to pay to the Master Association all assessments and charges authorized in the Governing Documents. All such amounts shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment or amount is charged. Such assessments and other amounts shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. No Owner may exempt himself from liability for assessments or other charges by non-use of Common Area, abandonment of his Lot, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Master Association, the Board, or Declarant to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making or repairs or improvements, or from any other action they might take.

4.3. Purpose of Assessments. The assessments levied by the Master Association shall be used to advance the purposes for which the Master Association was formed, as set forth and articulated in the Governing Documents. The assessments may provide for, but are not limited to, the payment of taxes on Master Association property; the payment of insurance maintained by the Master Association; the payment of the cost of repairing, replacing, maintaining and constructing or acquiring additions to the Common Area; the payment of administrative expenses of the Master Association; the establishment of capital and operational reserve accounts; the payment of any professional services deemed necessary and desirable by the Board; the payment of expenses pursuant to any Cost Sharing Covenants; and other amounts required or authorized by this Master Declaration or that the Board shall determine to be necessary to meet the primary purposes of the Master Association. The assessments may provide, at the discretion of the Board, for the payment of other charges including (without limitation) maintenance, management, and utility charges.

4.4. Initial Annual Assessments. The Declarant shall initially establish the amount of the annual assessments. Thereafter, the establishment of annual assessments shall be according to the procedures and requirements of Section 4.5.

4.5. Annual Assessments; Budgeting.

(a) Adoption of Budget. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for that year, for the purpose of calculating and establishing the annual assessments for the subsequent fiscal year. Annual assessments for Common Expenses shall be based upon the estimated net cash flow requirements of the Master Association to cover items including, without limitation: the cost of routine maintenance and operation of the Common Area; expenses of management; premiums for insurance coverage maintained by the Master Association; landscaping expenses; common lighting within the Common Area; routine renovations within the Common Area; wages; common water and utility charges; security services; legal and accounting fees; expenses and liabilities from a previous assessment period; the supplementing of the reserve fund for general, routine maintenance, repairs, and replacement of the Common Area on a periodic basis; the payment of expenses pursuant to any Cost Sharing Covenants; the payment of any telecommunications services; and any other expense authorized or contemplated by this Master Declaration to be charged to Owners as a Common Expense.

(b) Notice of Budget and Assessment. The Board shall send a copy of the final budget, together with notice of the amount of the annual assessment to be levied pursuant to such budget, to each Owner at least thirty (30) days prior to the effective date of such budget. The budget shall automatically become effective unless disapproved at a meeting by Members representing at least sixty-seven percent (67%) of the Entire Membership. There shall be no obligation to call a meeting for the

purpose of considering the budget except on petition of the Members as provided for special meetings pursuant to the Bylaws. Any such petition must be presented to the Board within fourteen (14) days after delivery of the final budget and notice of the amount of the annual assessment.

(c) Failure or Delay in Adopting Budget. If any proposed budget is disapproved or the Board fails, for any reason to determine the budget for any year, then the budget most recently in effect, and the annual assessments based thereon, shall continue in effect until a new budget and corresponding annual assessment is determined.

(d) Automatic Budget Approval. Notwithstanding the foregoing, if the budget proposed by the Board will increase the annual assessment by no more than 5% of the previous annual assessment, then such budget and corresponding annual assessment shall be automatically approved and effective upon thirty days notice and the Members shall not have the opportunity to disapprove of the budget and annual assessment.

(e) Adjustment of Budget and Assessment. The Board may revise the budget and adjust the annual assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth in Section 4.5(b), provided, however, that such an adjustment is exempt from the requirements of Section 4.5(b) if the adjustment would either decrease the annual assessment or increase the annual assessment by no greater than 3.25%.

4.6. Special Assessments. In addition to the annual assessments, the Board may levy, in any assessment year, a special assessment, applicable to that year only to cover unbudgeted expenses or expenses in excess of those budgeted, including but not limited to defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Common Area and any structures, fixtures and personal property related thereto. Any such special assessment may be levied against the Entire Membership (excluding Declarant) if such special assessment is for Common Expenses or against Lots within any Neighborhood if such special assessment is for Neighborhood Expenses. Except as otherwise provided in this Master Declaration, any special assessment shall require the affirmative vote or written consent of a majority of the Entire Membership, if a Common Expense, or, if a Neighborhood Expense, Owners representing a majority of the Lots in the Neighborhood which will be subject to the special assessment. Special assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal years in which the special assessment is approved.

4.7. Specific Assessments. The Master Association shall have the power to levy Specific Assessments against a particular Lot as follows:

(a) To cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which may be offered by the Master Association. Specific assessments for special services may be levied in advance of the provision of the requested service.

(b) To cover costs incurred in bringing any Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any specific assessment under this subsection.

(c) The Master Association may also levy a specific assessment against the Lots within any Neighborhood to reimburse the Master Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Lots in, or the Voting Member representing, the Neighborhood and an opportunity for such Owners or Voting Member to be heard before levying any such assessment.

4.8. Emergency Assessments. Notwithstanding anything contained in this Master Declaration, the Board, without Member approval, may levy emergency assessments in response to an emergency situation. Prior to the imposition or collection of any assessment due to an emergency situation, the Board shall pass a resolution containing the written findings as to the necessity of such expenditure and why the expenditure was not or could not have been reasonably foreseen or accurately predicted in the budgeting process and the resolution shall be distributed to the Members with the notice of the emergency assessment. If such expenditure was created by an unbudgeted utility maintenance or similar expense or increase, the assessment created thereby shall be discontinued by the Board by a similar resolution, if such expense is subsequently reduced, or to the extent the next succeeding annual budget incorporates said increase into the annual assessment. An emergency situation is one in which the Board finds: (a) an expenditure, in its discretion, required by an order of a court, to defend the Master Association in litigation, or to settle litigation; (b) an expenditure necessary to repair or maintain the Property or any part of it for which the Master Association is responsible where a threat to personal safety on the Property is discovered; (c) an expenditure necessary to repair, maintain, or cover actual Master Association expenses for the Property or any part of it that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget (for example: increases in utility rates, landscape or maintenance contract services, attorney fees incurred in the defense of litigation, etc.); or (d) such other situations in which the Board finds that immediate action is necessary and in the best interests of the Master Association.

4.9. Neighborhood Assessments; Budgeting.

(a) Initial Neighborhood Assessments. The Declarant shall initially establish the amount of the Neighborhood Assessments. Thereafter, the establishment of Neighborhood Assessments shall be according to the procedures and requirements of Section 4.5.

(b) Adoption of Neighborhood Budget. The Board shall be responsible for preparing a budget of the estimated Neighborhood Expenses for each Neighborhood in the same manner and on the same schedule as provided for in establishing the budget for annual assessments as set forth in Section 4.5(a).

(c) Notice of Neighborhood Budget and Assessment. The Board shall send a copy of the final Neighborhood budget, together with notice of the amount of the Neighborhood Assessment to be levied pursuant to such budget, to each Owner affected by the Neighborhood Assessment at the same time that it sends out a copy of the final budget to the Entire Membership as provided in Section 4.5(b). The Neighborhood budget shall automatically become effective unless disapproved at a meeting by Members representing at least sixty-seven percent (67%) of the Owners within the Neighborhood affected by the Neighborhood Assessment. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings pursuant to the Bylaws. Any such petition must be presented to the Board within fourteen (14) days after delivery of the budget and notice of any assessment.

(d) Failure or Delay in Adopting Neighborhood Budget. If any proposed Neighborhood budget is disapproved or the Board fails, for any reason to determine the Neighborhood budget for any year, then the Neighborhood budget most recently in effect, and the Neighborhood Assessments based thereon, shall continue in effect until a new Neighborhood budget and corresponding Neighborhood Assessment is determined.

(e) Automatic Approval of Neighborhood Budget. Notwithstanding the foregoing, if the Neighborhood budget proposed by the Board will increase the Neighborhood Assessment by no more than 5% of the previous Neighborhood Assessment, then such budget and corresponding Neighborhood Assessment shall be automatically approved and effective upon thirty days notice and the Members shall not have the opportunity to disapprove of the Neighborhood budget and Neighborhood Assessment.

(f) Adjustment of Neighborhood Budget and Assessment. The Board may revise the Neighborhood budget and adjust the Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the

Members to disapprove the revised budget as set forth in Section 4.9(c), provided, however, that such an adjustment is exempt from the requirements of Section 4.9(c) if the adjustment would either decrease the Neighborhood Assessment or increase the Neighborhood Assessment by no greater than 3.25%.

(g) Delegation of Budget Responsibility to Neighborhood. The Board may delegate its responsibility of establishing a Neighborhood budget and the amount of any Neighborhood Assessment to the applicable Neighborhood Association.

(h) Higher Level of Services. Any Neighborhood, through its Neighborhood Association, may request that the Master Association provide a higher level of service than which the Master Association generally provides to all Neighborhoods or may request that the Master Association provide special services for the benefit of Lots in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Lots within the Neighborhood, the Master Association shall provide the requested services and the cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Lot to all Neighborhoods receiving the same service), shall be assessed against the Lots within such Neighborhood as a Neighborhood Assessment.

4.10. Declarant's Option to Fund Budget Deficits. During the Declarant Control Period, Declarant may but is not obligated to fund any budget deficit of the Master Association, including, without limitation, funding any initial capital or operational reserve fund. In the event Declarant funds any budget deficit, it shall not establish any obligation by Declarant to continue to fund any future deficits.

4.11. Payment, Due Dates.

(a) The assessments provided for herein shall commence to accrue against a Lot upon conveyance of the Lot to a bona fide purchaser, adjusting the amount of such assessment according to the number of months remaining in the fiscal year.

(b) Assessment due dates shall be established by the Board. The Board may provide for the payment of assessments in equal installments throughout the assessment year on a monthly or quarterly basis.

(c) The Board may require advance payment of assessments at closing of the transfer of title to a Lot.

(d) Payment of assessments shall be applied first to any accrued interest, then to any accrued costs, charges, and fees, and then to the principal amount of the assessment. No Owner shall have the right to direct the Master Association or its

agents or employees to apply payments in any other manner or method and any such attempt to do so will not be recognized.

4.12. Effect of Non-Payment of Assessment; Remedies of the Association. Any assessment or installment thereof not paid within thirty (30) days after the due date therefor shall be delinquent and shall bear interest from the due date at the rate of eighteen percent (18%) per annum (or such lesser rate as the Directors shall determine appropriate) until paid. In addition, the Directors may assess a late fee for each delinquent installment that shall not exceed ten percent (10%) of the installment.

(a) Remedies. To enforce this Article, the Board may, in the name of the Master Association, and to the extent not prohibited by law:

(i) bring an action at law against the Owner personally obligated to pay any such delinquent assessment without waiving the Master Association's lien for the assessment;

(ii) foreclose the lien against the Lot in accordance with the laws of the State of Utah applicable to the exercise of powers of sale in deeds of trust or to the foreclosure of mortgages, or in any other manner permitted by law;

(iii) restrict, limit, or totally terminate any or all services performed by the Master Association on behalf of the delinquent Owner;

(iv) terminate, in accordance with the Utah Community Association Act, Utah Code Ann. § 57-8a-204, the Owner's right to receive utility services paid as a Common Expense and/or terminate the Owner's right of access and use of any recreational facilities, including any Resort Facilities;

(v) if the Owner is leasing or renting his Lot, the Board may, in accordance with the Utah Community Association Act, Utah Code Ann. § 57-8a-205, demand that the Owner's tenant pay to the Master Association all future lease payments due from the Owner, beginning with the next monthly or other periodic payment, until the amount due to the Master Association is paid;

(vi) suspend the voting rights of the Owner for any period during which any assessment or portion thereof against the Owner's Lot remains unpaid; and/or

(vii) accelerate all assessment installments that will become due within the subsequent twelve (12) months so that all such assessments for that period become due and payable at once. This acceleration provision may only be invoked against an Owner who has been delinquent in paying any assessment or installment two (2) or more times within a twelve (12) month period.

(b) Attorney Fees and Costs. There shall be added to the amount of any delinquent assessment the costs and expenses of any action, sale or foreclosure, and reasonable attorney fees incurred by the Master Association, together with, where applicable, an account for the reasonable rental for the Lot from time to time of commencement of the foreclosure. The Master Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental without regard to the value of the other security.

(c) Power of Sale. A power of sale is hereby conferred upon the Association that it may exercise. Under this power of sale, the Master Association may sell Lots as an enforcement remedy under Section 4.12 in the manner provided by Utah law pertaining to deeds of trust as if said Master Association were beneficiary under a deed of trust. The Master Association may designate any person or entity qualified by law to serve as Trustee for purposes of power of sale foreclosure.

(d) Condominium Units. The remedies for nonpayment of assessments for condominium units within the Property shall be made with reference to and in compliance with condominium declarations applicable to such condominium units and the Utah Condominium Ownership Act, Title 57, Chapter 8 of the Utah Code.

4.13. Exempt Property. The following property subject to this Master Declaration is exempt from the assessments created herein: (a) all property dedicated to and accepted by the City or any other public authority; (b) all Common Area and Limited Common Area; (c) all Lots or other real property owned by Declarant; and (d) any other property declared exempt from assessments as set forth in this Master Declaration or within any Subdivision Plat.

4.14. Capitalization of Master Association. Upon acquisition of record title to a Lot by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to 15% of the annual assessment per Lot for that year or in such other amount as the Board may specify which may be a flat rate from year to year approximating 15% of the annual assessment per Lot levied during the first year in which the Association adopts a budget. This amount shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Master Association for use in covering operating expenses and other expenses incurred by the Master Association pursuant to the Governing Documents.

4.15. Resort Fee. Each Owner, at the closing of its purchase of a Lot, shall be required to pay to the Master Association, a resort fee which the Master Association will deposit in its account for use in providing resort related services to Lot Owners. The amount

of the resort fee will be determined by the Declarant or the Master Association and will be published on a schedule available to potential purchasers at the time of contracting for purchase of a Lot. The schedule may be amended based upon the growth and development of the Sand Hollow Resort. The resort fee is a one time charge to the Owner, and is not refundable.

4.16. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage held by an institutional lender if the Mortgage was recorded prior to the date the assessment became due. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer, however, shall relieve a Lot or Owner from liability for assessments coming due after the Owner takes title or from the lien of such later assessments.

4.17. Books, Records, and Audit.

(a) The Master Association shall maintain current copies of the Master Declaration, Articles, Bylaws, rules and other similar documents, as well as its own books, records and financial statements which shall all be available for inspection by Owners and insurers as well as by holders, insurers and guarantors of first mortgages during normal business hours upon reasonable notice. Charges shall be made for copying, researching or extracting from such documents. An Owner or holder, insurer or guarantor of a first Mortgage may obtain an audit of Master Association records at its own expense so long as the results of the audit are provided to the Master Association.

(b) The Master Association shall prepare a roster of Owners in the Property and the assessments applicable thereto at the same time that it shall fix the amount of the annual assessment, which roster shall be kept by the Treasurer of the Master Association, who shall record payments of assessments and shall allow inspection of the roster by any Member at reasonable times.

(c) The Master Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Master Association setting forth whether the assessment on a specified Lot has been paid. Such certificates, when properly issued, shall be conclusive evidence of the payment of any assessment or fractional part thereof which is therein shown to have been paid.

ARTICLE 5
INSURANCE

5.1. Casualty Insurance on Insurable Common Area. The Board shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Master Association may deem desirable. The Master Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Master Association may deem desirable, with the Master Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Master Association are Common Expenses which shall be included in the regular annual assessments made by the Master Association. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage.

5.2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Master Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Master Association may make a special assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Owner.

5.3. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area shall be retained by and for the benefit of the Master Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Master Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot and may be enforced by such Mortgagee.

5.4. Liability Insurance. The Board shall obtain a comprehensive policy of public liability insurance covering all of the Common Area for at least \$1,000,000.00 per occurrence for personal or bodily injury and property damage that results from the operation, maintenance or use of the Common Areas. Liability insurance policies obtained by the

Master Association shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Master Association or other Owners.

5.5. Fidelity Insurance. The Board may elect to obtain fidelity coverage against dishonest acts on the part of managers, Directors, officers, employees, volunteers, management agents or others responsible for handling funds held and collected for the benefit of the Owners or Members. In procuring fidelity insurance the Directors shall seek a policy which shall (1) name the Master Association as obligee or beneficiary, (2) be written in an amount not less than the sum of (i) three months' operating expenses and (ii) the maximum reserves of the Master Association which may be on deposit at any time, and (3) contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee."

5.6. Annual Review of Policies. The Board shall review all insurance policies at least annually in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacements of the property which may be damaged or destroyed. The Board may, to the extent it deems necessary to more fully protect and insure the Master Association and its property, or to otherwise comply with evolving laws and insurance standards, modify the coverage standards set forth in this **Article 5** without the necessity of amending this Master Declaration.

5.7. Individual Lots and Neighborhoods. The Master Association shall have no obligation to obtain insurance for individual Lots or any structures thereon.

ARTICLE 6

ARCHITECTURAL CONTROLS AND BUILDING STANDARDS

6.1. Architectural Control Committee ("ACC"). The ACC shall have the authority to administer to the provisions of this **Article 6**. The ACC shall consist of a minimum of three (3) persons. During the Declarant Control Period, the Declarant shall be entitled to appoint all members of the ACC. Thereafter, the ACC shall consist of the Board or of at least three (3) persons appointed by the Board. Persons appointed to the ACC by the Declarant shall serve at the pleasure of the Declarant. Persons appointed to the ACC by the Board may serve under such terms and conditions as the Board may designate.

6.2. Architectural Approval. No structure or thing shall be constructed, placed, erected, or installed upon any Lot or to any structure and no improvements or other work (including staking, clearing, excavation, grading and other site work, paving, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Property until the plans and specifications showing, without limitation, the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing by the ACC in accordance with this Article and the

Design Code adopted by the ACC pursuant to the authority of this Article. ACC approval shall be required regardless of whether the structure, building, fence, wall, or thing to be constructed, placed, erected, or installed is new, or an addition, extension or expansion, change of alteration, or re-construction, replacement, re-erection, or re-installation of any of the foregoing.

6.3. New Construction; Modifications. Except as otherwise expressly provided for in this Article or in the Design Code, the provisions of this Article and the Design Code are applicable to all new construction as well as any modifications, remodeling, or rebuilding of any existing, destroyed, or damaged structures within the Property.

6.4. Design Code. The ACC shall establish a Design Code which shall govern and contain, among other things, (i) permissible architectural designs; (ii) approved building materials and exterior color schemes; (iii) the rules, regulations, standards, guidelines, and procedures for the submission, review, and approval of any architectural, building, landscape, and other plans submitted to the ACC for review; (iv) the rules and regulations for construction and building activities within the Property; (v) the rules, regulations, standards, and guidelines with respect to any external apparatus, sign, or thing within the Property; and (vi) any other matters concerning the overall aesthetics of the Property. The Design Code will include the following:

- the design and approval process
- required submission forms
- the architectural code
- the landscape code
- home wiring and conduit specifications
- construction and building requirements and agreements
- pre-approved architects and builders
- schedule of required fees and deposits

Because it is impossible to cover every contingency and because there are some aspects of architectural design that do not lend themselves to being easily articulated, the ACC shall have broad authority and discretion in establishing regulations, standards, and guidelines and in reviewing and approving plans submitted to it for review, which authority includes, but is not limited to: designating area within each Lot as permissible building and landscape area; establishing timetables for submission of applications and commencement and completion of construction and landscaping; and establishing architectural and landscape guidelines as to any particular Lot within the Property. The ACC shall have the right to amend the Design Code as it deems necessary and appropriate from time to time. Amendments to the Design Code by the ACC shall have prior approval of a majority of the Board. The Design Code shall be made available to any Lot Owner upon request by that Lot Owner. The ACC may charge a reasonable fee for copies of the Design Code.

6.5. Sight Obstructions; View Impairment. The ACC may establish guidelines in its Design Code for the construction of improvements and landscaping so as to maximize views. Notwithstanding the foregoing, neither the ACC, the Declarant, or the Master Association represents or guarantees that any views from Lots will be preserved without impairment. In addition, the owner of any Golf Course Land may, in its sole and absolute discretion, change, alter, add to, or modify the location, configuration, size, and elevation of the trees, bunkers, fairways, and greens from time to time and any and all other Golf Course Facilities, components, and/or features. Any such additions or changes may diminish or obstruct any view from Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

6.6. Exemptions from ACC Approval. 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, provided however, that any deviation or change from the originally approved color scheme or plans and specifications shall require ACC approval. Any Owner may remodel, paint or redecorate the interior of the Owner's structure without approval; provided however, that modifications to the interior of screened porches, patios, and similar portions of a structure visible from outside the structure shall require ACC approval.

6.7. Fees; Damage Deposit. The ACC may establish and charge reasonable fees for review of applications 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 ACC may also establish and require a damage deposit to be submitted with an application for approval. The ACC may draw on the deposit to cover any fines and penalties levied by the ACC; costs and expenses of enforcement of this Article 6 and the Design Code against the Owner; or to cover the cost of damage to any curbs, sidewalks, gutters, driveways, asphalt, or other improvements caused by construction on an Owner's Lot.

6.8. Compensation; Reimbursement for ACC Expenses. Unless authorized by resolution of the Board, the members of the ACC shall not receive any compensation for services rendered. Members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any ACC function or duty. In the event the ACC determines to retain professional consultants to assist it in its duties it may pay these professionals such compensation as the ACC determines, provided such compensation is approved by a majority of the Board. The Board may include in the Association's annual operating budget funds for compensation of ACC members or persons retained by the ACC; and any such funds shall be Common Expenses. Fees paid to the ACC as part of the application process shall be used to offset any of the foregoing expenses.

6.9. Rights of Approval. The ACC shall have the right to refuse or approve any plans and specifications and shall have the right, in so doing, to take into consideration the suitability of the proposed building, the materials of which it is to be built, the site upon which it is proposed to be erected, the harmony thereof with the surroundings, and the effect of said building, or other structure so planned, on the outlook from adjacent or neighboring property. Decisions of the ACC may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters by the ACC are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The ACC shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with this Article and the Design Code.

6.10. Approved Builders. Any builder of a dwelling structure within the Property must be a licensed general contractor that has been approved by the ACC. The ACC may maintain a list of pre-approved builder or may approve a builder upon application by the builder. Approval of builders shall be in the sole discretion of the ACC, based on reputation, quality of work, customer satisfaction, and/or such other items the ACC determines appropriate.

6.11. Implied Rights; ACC Authority. The ACC may exercise any right or privilege given to it expressly by this Master Declaration or in the Design Code, or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

6.12. Time Frame for Construction. The construction of any building on any Lot within the Property shall be continuously and diligently pursued from and after the commencement of such construction, and in any event shall be substantially completed within thirty six (36) months after conveyance of the Lot to a contract purchaser. This thirty six month period shall not renew upon a subsequent conveyance or transfer of the Lot by the first contract purchaser thereof. For purposes of this section, "substantial completion" shall be the date on which the Lot Owner receives a certificate of occupancy from the City of Hurricane. Failure to complete construction by the specified deadline shall result in a fine of up to \$500 per day, for each day until substantial completion. The ACC may waive or reduce any fine, in its sole discretion and for good cause shown.

6.13. Prohibited Structures. Notwithstanding anything in the Design Code, the following structures shall be prohibited within any part or portion of the Property: dome structures; log homes; pre-manufactured homes; re-located homes; and Earth or Berm homes of any type. No structure of a temporary nature, including but not limited to a trailer, bus, basement only residence, motor home, outhouse, tent, shack, garage, shed, or other outbuilding shall be used at any time as a residence either temporarily or permanently, nor shall any such structures be erected or placed on the Property at any time. No old or second-

hand structures shall be moved onto any of the Lots. The ACC may, by rule, make this provision more restrictive or comprehensive.

6.14. Enforcement Authority. The ACC is vested with authority to enforce this Article 6 (including any rule or regulation established pursuant to the authority of Article 6) and the Design Code, including but not limited to, the authority to establish and levy fines, penalties, and interest, initiate legal proceedings, and abate or enjoin any violation of this Article 6 (including any rule or regulation established pursuant to the authority of Article 6) or the Design Code, and take any other action to enforce the provision of its Design Code as is authorized by this Master Declaration. The Board may, on behalf of and at the request of the ACC, take any enforcement action the ACC is authorized to take. No Owner shall have the right or authority to enforce the Design Code.

6.15. Application to Declarant. The Declarant shall not be required to comply with the provisions of this Article or any rules, regulations, standards, or procedures established pursuant to the authority of this Article (including the Design Code) with respect to any of its activities on the Property. The Declarant may, in its discretion, grant to any builder an expedited ACC review process.

6.16. Non-Liability; Waiver; Indemnification. The Design Code is intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; it does not create any duty to any person or entity. When the ACC undertakes its review it is not doing so for the purpose of ensuring the structural or mechanical integrity or soundness of approved construction or modifications; ensuring compliance with building codes and other governmental requirements; or ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to any Owner, wherever situated within the Property, or to any neighboring property owners. Accordingly, it shall bear no responsibility for ensuring any of the foregoing. The Declarant, the ACC, the Master Association, the Board, any committee, or member of any of the foregoing and each of their respective officers, directors, partners, members, predecessors, successors, assigns, parents, affiliates, subsidiaries, employees, and the agents and employees of any of them shall not be held liable for, and each Owner, for him/her/itself and his/her/its successors, heirs, and assigns, hereby agrees to hold the foregoing harmless for: any soil conditions, drainage or other general site work, any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition or quality of work of any contractor or its subcontractors, employees or agents, whether or not Declarant has approved or featured such contractor as a builder within Property; and any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any structure.

6.17. Water Conservancy; Landscape Plan. No more than 5,000 square feet of irrigated landscaping is allowed on any Lot. Each Owner will be responsible to comply with any and all provisions for water conservancy as set forth by the Washington County Water Conservancy District. The ACC may establish additional requirements for landscaping in its Design Code.

ARTICLE 7
PARTY WALLS

7.1. General Rules of Law to Apply. Each wall, fence, driveway, or similar structure built which is built as a part of the original construction upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

7.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

7.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then, to the extent said destruction or damage is not covered by insurance and repaired out of the proceeds of the same, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

7.4. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator within ten (10) days of their selection, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request to do so, the Board shall select an arbitrator for the refusing party.

7.5. Right to Contribution Runs with the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

ARTICLE 8
MAINTENANCE

8.1. Owner's Responsibility. Each Owner shall maintain the Owner's Lot and all structures, parking areas and other improvements comprising the Lot, and any appurtenant Limited Common Areas, in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Master Association or a Neighborhood Association pursuant to any Tract Declaration or additional or supplemental declaration or the adoption of any rule or regulation applicable to such Lot and/or Neighborhood. The Master Association may, however, in the default of the Owner to perform maintenance which is the Owner's responsibility, and after ten (10) days written notice (which notice shall not be required in the event of emergency or threat to life, health, property or safety), provide exterior maintenance upon each Lot and the Limited Common Area adjacent and appurtenant thereto. The cost of such maintenance shall be assessed against the Lot as a specific assessment. Maintenance responsibilities established under any Cost Sharing Covenants shall not relieve any Owner of its maintenance responsibility under this Master Declaration.

8.2. Association's Responsibility. The Master Association shall be responsible for maintaining the Common Area, the Limited Common Area which is not adjacent to any Lot, and the area of any Lot outside the walls of the structures thereon which is of the same character as surrounding Common Area. The cost of such maintenance shall be a Common Expense.

8.3. Neighborhood Association Responsibility. Any Neighborhood Association having responsibility for maintenance of all or a portion of the property within a particular Neighborhood pursuant to a Tract Declaration or by delegation of such responsibility by the Board shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any such Neighborhood Association fails to perform its maintenance responsibility as required herein and or in any supplemental declaration or delegation of such responsibility by the Board, the Master Association may perform it and assess the costs against all Lots within such Neighborhood Association.

8.4. Access at Reasonable Hours. For the sole purpose of performing the maintenance required by this Article, the Master Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot or Limited Common Area at reasonable hours.

8.5. Alteration of Certain Maintenance Duties by Rule. The duty of maintenance for the area outside the walls of any structure located upon a Lot, and the Limited Common Areas adjacent and appurtenant to such Lots may be altered by rule of the Master Association.

8.6. Additional Standards. Tract Declarations may establish additional maintenance standards specific to Lots and property within a Neighborhood.

ARTICLE 9
SPECIAL DEVELOPMENT RIGHTS

9.1. Intent and Purpose of Special Development Rights. In addition to any other rights granted or reserved to the Declarant in this Master Declaration and the other Governing Documents, and notwithstanding any covenants, conditions, restrictions, or other provisions of limitation within this Master Declaration, the Declarant, as the developer of the Property, is granted special development rights. These combinations of rights maximize the flexibility of the Declarant to adjust the size and mix of the Property to the demands of the marketplace, both before and after creation of the Sand Hollow Resort.

9.2. Expansion of the Property. The Declarant shall have the right to expand the Property by unilaterally subjecting any Additional Property, in whole, in part, or in phases, to this Declaration during the Declarant Control Period.

(a) Expansion Procedure. The Declarant shall indicate its intent to have such Additional Property bound by this Declaration on the Subdivision Plat of such Additional Property and shall record a declaration of annexation or supplemental declaration including and subjecting such Additional Property to this Declaration. Thereafter, such Additional Property shall be considered as part of the Property in all respects, and lots therein shall constitute Lots under this Declaration.

(b) Use of Expansion Property. Any Additional Property annexed hereto by the Declarant shall be used in accordance with the provisions of this Master Declaration. The Declarant shall have the sole discretion as to development of the Common Area in any Additional Property and may include any facilities or amenities thereon that Declarant deems necessary and such Common Areas shall be deeded to and owned by the Association in the same manner as Common Area in the initial Property.

9.3. Withdrawal of Property. So long as it has the right to expand the Property, Declarant shall have the right to remove any portion of the Property which has not yet been improved with structures from the coverage of this Declaration. The procedure for such withdrawal shall follow the procedure for expansion as provided in this Article.

9.4. No Obligation to Expand or Develop. Declarant has no obligation to annex any additional land to the Property or to develop or preserve any portion of additional land in any particular way or according to any particular time schedule.

9.5. Municipal Zoning and Subdivision Approvals. The Declarant, during the Declarant Control Period, shall have the unilateral right to further subdivide the Property

and to apply for any zoning or subdivision approvals or permits from the City or any other applicable governmental authority with respect to the Property or any adjacent property owned by Declarant, whether or not such adjacent property is annexed into the Subdivision. This right includes but is not limited to applying for and obtaining zoning permits, subdivision approvals, plat approvals, or approvals to amend any Subdivision Plat. Further, to the extent the approval and consent of any Lot Owner is required under State or local law to apply for or obtain any such approval, each Lot Owner hereby waives his or her right to object to any such approval sought by Declarant and shall sign the application or other documents required for such action except for any such approval that would (a) affect title to the Owner's Lot or (b) alter the boundaries of an Owner's Lot.

9.6. Declarant Business, Marketing, and Sales. Notwithstanding any provisions to the contrary contained in this Master Declaration or any other Governing Documents, it shall be expressly permissible for Declarant, or its written designee, to maintain such facilities and conduct such activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction of buildings and sale of Lots during the Declarant Control Period, and upon such portion of the Property including lots or Common Area, if any, as Declarant deems necessary, including but not limited to, a business office, storage areas, construction yard, signs, model units and sales offices. As part of the overall program of development of Sand Hollow Resort and to encourage the marketing thereof, the Declarant shall have the right of use of any Lots or any Common Area and facilities thereon, including any Common Area, community buildings, without charge during the sales and construction period to aid in its marketing activities.

9.7. Declarant's Reasonable Rights to Develop. No rule or action by the Master Association, or any Neighborhood Association, shall unreasonably impede Declarant's right to develop the Property. This Master Declaration and any Tract Declaration shall be liberally construed to advance Declarant's rights and interest in developing the Property.

9.8. Additional Development Rights. The Declarant shall have the unilateral right to: (a) dedicate any access roads and streets serving the Property for and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; (b) enter into any Cost Sharing Covenants with any third parties; and (c) create or designate additional Common Area or Limited Common Area within the Property.

9.9. Exclusive Rights to Use Name of Development. No person or entity shall use the name "Sand Hollow Resort" or any derivative of such name or the corresponding logo in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Sand Hollow Resort" in printed or promotional material where such term is used solely to specify that particular property is located within the Property. The Master Association shall be entitled to use the words "Sand Hollow Resort" in its name.

9.10. Assignment of Declarant's Rights. Any and all rights and powers of the Declarant contained in this Declaration and other Governing Documents may be delegated, transferred or assigned, in whole or in part, by the Declarant. To be effective, any such delegation, transfer, or assignment must be in writing, signed by Declarant, indicate the extent and nature of such assignment, and be recorded in the Office of the Washington County Recorder.

ARTICLE 10
GOLF COURSE AND GOLF CLUB

10.1. Use and Ownership of Golf Course; Golf Club Facilities. Golf Course Land is not owned by the Master Association, is not Common Area, and is not subject to any assessment by the Master Association pursuant to this Master Declaration. The Golf Club has the sole and exclusive right to determine any and all access and play rights with respect to the Golf Course and with respect to any Golf Club Facilities.

10.2. Restrictions on Lots Adjacent to Golf Course Land. In addition to all other restrictions set forth in the Governing Documents, all Lots adjacent to Golf Course Land are subject to the following restrictions for use and maintenance:

(a) All fencing along such Lots shall be constructed and maintained in accordance with the specifications established by the Declarant or the ACC for the purpose of preserving and protecting the views of the Golf Course from all adjoining property.

(b) Any portion of such a Lot that is visible from neighboring property shall be kept neat, clean, and free of weeds and refuse.

(c) To the extent not prohibited by law, nothing shall be affixed to the outside of any such Lots which has not received the prior written approval of the ACC.

(d) All such Lots shall be landscaped and maintained in accordance with the rules and regulations established by the Declarant or the ACC. Such landscaping shall not be modified without prior approval of the ACC. Any such modification shall not interfere with the view from neighboring property or of other Lots adjacent to Golf Course Land. The ACC shall have exclusive authority and discretion to make determinations on the issue of view interference.

(e) Within thirty (30) days of occupancy each Owner of a Lot adjacent to Golf Course Land shall install permanent draperies or suitable window treatments on all exterior windows. In no event shall windows be covered with paper, aluminum foil, bed sheets, or any other materials or temporary coverings not specifically

intended for such purpose. No interior or exterior reflective material shall be used as a window covering unless such material has been approved by the ACC.

10.3. Golf Balls, Disturbances, and Nuisances. Each Owner acknowledges and agrees that his Lot may be located adjacent to or near Golf Course Land and related facilities and that golf course related activities, such as regular course play, will be held at the Golf Course. Each Owner acknowledges that the location of his Lot may result in nuisances or hazards to persons and property on or around such Lot as a result of golf course operations and golf course-related activities, including, without limitation, the following: (a) regular golf course play insofar as golf balls are not susceptible of being easily controlled and accordingly may enter a Lot Owner's airspace, and strike a Lot Owner, the Lot Owner's guests, the Lot itself, walls, roof, windows, landscaping, and personal property causing personal injury and property damage; (b) maintenance activities, including but not limited to lawn mowing at early or late evening hours, and the use of fertilizers, chemicals, and pesticides; and (c) overspray from watering.

10.4. Release and Indemnification. Each Owner covenants for himself and his successors, assigns, lessees and guests that he shall and hereby does assume all risks associated with such location, including, but not limited to, the risk of property damage, personal injury, or other loss arising from stray golf balls or actions incidental to such golf course-related activities and releases and shall indemnify and hold harmless the Master Association, including the Board, the Declarant, the owner of such Golf Course, and any officers, members, managers, employees, or agents of the Master Association, the Declarant, and the owner of such Golf Course from any liability, claims, or expenses, including attorney fees, arising from such property damage, personal injury, or other loss. Each Owner further covenants that Declarant and the owner of any Golf Course Land shall have the right to subject all or any portion of the Owner's Lot to an easement for the maintenance, operation, or use of the Golf Course Land, and to the carrying out of golf course-related activities.

10.5. Non-Exclusive Nature of Article. The covenants, conditions, restrictions, and easements contained in this Article are not intended to be and are not exclusive of any covenants, conditions, restrictions, and easements which may be contained in any applicable Subdivision Plat of record or any agreement of record, or any right possessed by the owner of such Golf Course Land to further restrict or regulate the Golf Course.

ARTICLE 11

TELECOMMUNICATIONS SERVICES

11.1. General Services. The Master Association may contract with one or more third-parties ("*Service Providers*") to provide telecommunications services, including internet, multi-channel video services, local phone service, and other like services to Owners for a monthly fee, which fee shall be established by the Master Association and levied against Owners as part of the annual assessments. Such fee may be billed and collected

directly by the Service Providers from the Owner. No Owner may opt out of paying for or otherwise refuse to pay for such services by not using the same, nor may an Owner be relieved of his obligation to pay for such services by using or contracting for services provided by other parties other than the Service Providers.

11.2. Agreement with Service Providers. The Owner may be required to enter into a separate agreement with the Service Providers, which agreement shall be in addition to the terms and conditions set forth herein as it relates to such services. The agreement with Service Providers may contain provisions that provide for, without limitation, late charges, service charges, reactivation/reconnection fees, disconnection fees, billing procedures and remedies for non-payment, limitations of warranties and liabilities, disclaimers, and mandatory arbitration. Each Owner shall be required to execute a services agreement simultaneously with their purchase of a Lot, acknowledging his or her obligation to pay for the approved services and his or her obligation to comply with the terms and conditions of the services agreement. The Master Association will provide each Owner a copy of the services agreement upon request.

11.3. Tap Fee. Each Lot to which telecommunication services will be provided shall be assessed a "Tap Fee" as its proportionate share of the costs of constructing the infrastructure related to the telecommunication services. This Tap Fee shall be collected from the first contract purchaser of each Lot at the time of closing.

ARTICLE 12 USE AND CONDUCT

The following use and other restrictions shall apply to the Property. These restrictions are in addition to those established by federal, state, or local law and ordinance and those which may be set forth elsewhere in the Governing Documents, the Subdivision Plat, and any Cost Sharing Covenants.

12.1. General Use Restrictions. The use restrictions and requirements set forth in this Article 12 apply to the Property. Additional restrictions and requirements specific to Neighborhoods and Lots are set forth in Tract Declarations. These restrictions and requirements are in addition to those provided in individual Tract Declarations, the provisions of the other Governing Documents, any plat notes, and applicable governmental laws and ordinances.

12.2. Quiet Enjoyment. No noxious or offensive activity shall be carried on upon any part of the Property nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Owners, or which shall in any way interfere with the quiet enjoyment of each of the Owners or which shall in any way increase the rate of insurance, this includes but is not limited to any activity which creates excessive or obtrusive light, noise, odor, or presents or creates an unsightly appearance.

12.3. Hazardous Activities and Substances. No Owner shall engage in or permit any of said Owner's guests, visitors, tenants, or invitees to engage in any activity that will cause an increase in insurance premiums for insurance coverage on the Property nor shall any Owner or any Owner's guests, visitors, tenants, or invitees engage in any activity that will cause or permit any hazardous substance or material to be stored, used or disposed of on or within the Property.

12.4. External Apparatus and Displays. No Owner shall cause or permit anything (including, without limitation, awnings, canopies or shutters) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the outside of windows or doors, without the prior written consent of the ACC. In addition, no sign, lawn ornament, or display may be maintained, erected, placed, or posted outside of any structure without the prior written consent of the ACC, which consent the ACC may withhold, in its sole discretion.

12.5. Leases. Any lease or rental agreement shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Governing Documents and that any failure by a lessee/tenant to comply with the terms of such documents shall be a default under the lease. An Owner who enters into a lease or rental agreement must notify the Board of the same, in writing, within fifteen (15) days after execution of the lease or rental agreement and along with such notification must provide to the Board a copy of the lease or rental agreement. The Board may require that Owners use lease forms approved by the Board and may assess an administrative fee on Owners leasing their Lots in an amount reasonably based on the administrative and additional costs to the Master Association resulting from the occupancy of the Lot by a renter and administering to the Owner's lease. The Board may require, as established by rule, a minimum lease term of not less than twelve (12) months. The Board is hereby authorized to, by resolution, revise the restrictions set forth in this Section to be more restrictive with respect to the leasing of Lots, including, but not limited to requiring longer lease periods, establishing percentage rental caps, or otherwise abolishing the right to lease Lots within the Property or within any particular Neighborhood.

12.6. Timesharing. No Lot or any dwelling structure located on a Lot shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot or dwelling structure rotates among participants in the program on a fixed or floating time schedule, unless such program is established by the Declarant in writing.

12.7. Delegation of Use. Any Lot Owner may delegate his or her right of enjoyment of the Common Area to the members of his family, his tenants, guests, licensees and invitees, but only in accordance with the applicable rules and regulations of the Association and other Governing Documents. The Board may, by rule, require Lot Owners to forfeit their right of use in the Common Areas for so long as the Lot Owner has delegated his right of use in the

Common Areas to his or her tenant. Damage caused to the Common Area and facilities, including personal property owned by the Master Association, by an Owner, or by a person who has been delegated the right to use and enjoy such Common Area and facilities by an Owner, shall create a debt to the Master Association. Debts owed to the Master Association as a result of damage to the Common Area and facilities shall be a specific assessment charged to the Owner and against the Owner's Lot.

12.8. Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least ten days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The Owner transferring title shall continue to be jointly and severally responsible with the purchaser or transferee accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title.

12.9. Clotheslines. No portion of any Lot shall be used as a drying or hanging area for laundry of any kind.

12.10. Garbage Removal. All rubbish, trash and garbage shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. Garbage shall be placed in proper containers. Garbage containers shall be kept in an area so that such containers are not visible from the Lot front yard area or street, or, in the case of Lots adjacent to any golf course, from the golf course.

12.11. Pets and Animals.

(a) Restrictions. The Board has the right to regulate and restrict, by rule, the keeping and harboring of pets and animals within the Property, including the keeping and harboring of pets and animals within the Lots. This right includes the right to restrict the type, breed, or species of animal, the number of animals which may be kept, the areas in which the animals may be kept or taken, and to completely eliminate the keeping and harboring of pets. Until such time as the Board adopts a policy expressly authorizing the keeping of pets and animals, the same shall be prohibited within the Property. The Board may establish different pet policies to govern different Neighborhoods and may otherwise grant (by specific resolution) Neighborhood Associations the right to establish their own pet policies. The Board may also establish procedural rules and regulations to implement its rules which should include provisions for notice and hearing. Commercial breeding of pets and animals is prohibited within the Property and may not be allowed or authorized by Master Association rule or resolution.

(b) Owner Responsibility. In the event the Board authorizes the keeping of pets and animals, Lot Owners must take due care to ensure that their pets and

animals do not make excessive noises, cause any offensive smell, or create any physical threat to the safety of any other Lot Owner or person within the Property, or the safety of any guests, lessees, or invitees, particularly among children. Lot Owners are responsible for any property damage, injury, or disturbance that their pet may cause or inflict anywhere within the Property. To the extent the Association is subjected or otherwise exposed to any liability, claims, damages, costs, losses, or expense as a result of the actions of an animal, the Association has the right to make a claim against the Lot Owner. Lot Owners shall indemnify the Association from any claims, damages, or causes of action that arise from or otherwise relate to the conduct of their pets. This indemnification shall include any attorney fees, costs, and expenses incurred by the Association.

12.12. Parking.

(a) No motor vehicle which is inoperable shall be allowed within the Property. No motor vehicle shall be parked over night on any street. Any motor vehicle in violation of these restrictions shall be subject to removal by the Master Association, at the vehicle owner's expense. Upon demand, the owner of the vehicle shall pay any expense incurred by the Master Association in connection with the removal of that owner's vehicle. If the vehicle is owned by a Lot Owner, any amounts payable to the Master Association shall be secured by the Lot and the Association may enforce collection of said amounts in the same manner provided for in this Declaration for the collection of assessments.

(b) If parking spaces are designated on the Subdivision Plat with numbers corresponding to Lot numbers, each such space is for the exclusive use of the Lot Owner with the corresponding number. If parking areas are not designated on the Plat with Lot numbers, the Board may assign vehicle parking space for each Lot, if applicable. Parking spaces within the Property shall be used for parking of motor vehicles actually used by the Owner or the Owner's immediate family or guests for personal use and not for commercial use, and for guest parking.

(c) No boats, trailers, buses, motor homes, campers, recreational vehicles, or other such vehicles shall be parked or stored upon any Lot or portion of the Property except within an enclosed garage. No such vehicles shall be parked overnight on any street located within the Property.

12.13. Pest Control. No Owner or occupant shall permit any thing or condition to exist within or upon the Lot which would induce, breed, or harbor infectious plant diseases or noxious insects. In addition to such pest control services as may be provided by the Master Association, each Owner shall perform such pest control activities within and upon the Lot as may be necessary to prevent insects, rodents, and other pests from being present on his Lot.

12.14. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Property. No derrick, lift, shaft or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon the Property.

12.15. Recreational Use of Water Features. Any lakes, ponds, or water features within the Property shall not be used for swimming, wading, boating or recreational use of any kind unless such water features have been established for a recreational purpose, in which case such recreational use shall be only in accordance with the rules and regulations established by the owner thereof.

12.16. Temporary or Other Structures. No structure of a temporary nature, and no trailer, bus, basement, outhouse, tent, shack, garage, storage, utility, or other outbuilding shall be used at any time as a home either temporarily or permanently, nor shall any such structures be erected or placed on the Property at any time, except as may be necessary during the course of construction of on any Lot. No old or second-hand structures shall be moved onto any Lot. It is the Declarant's intention that all buildings and structures constructed, erected, or otherwise placed within the Property be new construction, of good quality, workmanship, and materials.

12.17. Slope and Drainage Control. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow of drainage channels. The slope control areas of each Lot and all improvements in them shall be maintained continuously by the Owner, except for those improvements for which a public authority or utility company is responsible. Owners are responsible to see that no nuisance or damage is created by drainage location or flow to any adjacent property.

12.18. Lateral and Subjacent Support and Drainage. Lot Owners shall be responsible for damages which are proximately caused by an Owner's activities which affect the lateral or subjacent support, of adjacent Lot Owners. Lot Owners shall be responsible for all damage proximately caused by drainage from their Lot(s) to adjacent Lot Owners as a result of any excavation or disturbance to the Lot which alters the natural drainage; provided, however, that Lot Owners shall not be responsible for damages proximately caused by naturally occurring drainage.

12.19. Interior Utilities. All utilities, fixtures and equipment installed within any structure, commencing at a point where the utility lines, pipes, wires, conduits or systems enter boundaries of a structure, shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act or any work that will impair any easement or hereditament nor do any act nor allow any condition to exist which will adversely affect the other structures or Owners.

12.20. Damage Caused by Owners, Guests, and Invitees. Damage caused to the Common Area, including personal property owned by the Master Association, by a Member, or by a person who has been delegated the right to use and enjoy such Common Area by a Member, shall create a debt to the Master Association. Debts owed to the Master Association as a result of damage to the Common Area shall be an assessment charged to the Member.

12.21. Violation Constitutes a Nuisance. Any act or omission whereby any restriction, condition or covenant as set forth in this Master Declaration if violated in whole or in part is declared to be and shall constitute a nuisance, and may be abated by Declarant or affected Owners and such remedy shall be deemed to be cumulative and not exclusive.

ARTICLE 13 EASEMENTS

13.1. Encroachments. Each Lot and the Property included in the Common Area and Limited Common Area, if any, shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the Declarant. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the structure containing private units or dwellings is partially or totally destroyed, and then rebuilt, the Owners of the same so affected agree that minor encroachments of parts of the adjacent Lots or Common Area and Limited Common Area, if any, due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

13.2. Utilities. There is hereby created an easement upon, across, over and under the Property for utility purposes. These utility easements shall generally be designated on the Subdivision Plat. By virtue of this easement, it shall be expressly permissible for all public utilities—and any private telecommunications company operating under contract with Declarant or the Master Association—serving the Property to lay, construct, renew, operate and maintain conduits, cables, pipes, mains, ducts, wires and other necessary equipment on the Property, provided that all such services shall be placed underground, except that said utilities may affix and maintain electrical and/or telephone wires, pipes, circuits and conduits on, above, across and under roofs and exterior walls. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant or the Master Association shall have the right to grant such easement on said Property without conflicting with the terms hereof. Declarant reserves the right to convey to itself and to other adjoining landowners, easements for roadway and utility use in the Common Area and Limited Common Area, if any, and the right to connect to and use roadways and utilities owned or controlled by the Master Association or serving the Property. The Declarant reserves the right to execute agreement(s) which may confer on itself or adjacent landowners or Owners associations the right to use Common Area and Limited Common Area, if any.

13.3. Police, Fire and Ambulance Service. An easement is hereby granted to all police, fire protection, ambulance services and all similar persons to enter upon the streets and Common Area and Limited Common Area, if any, in the performance of their duties.

13.4. Maintenance by Association. An easement is hereby granted to the Master Association over the Property as necessary to enable the Master Association to fulfill its maintenance responsibilities under. The Master Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

13.5. Easement for Use of Common Area. The Declarant, during the Declarant Control Period, and each Owner is hereby granted a non-exclusive right and easement of use and enjoyment in common with others of the Common Area, except as specifically limited by the Governing Documents. Each Owner is also hereby granted a non-exclusive easement for ingress and egress over the Common Area to the extent necessary to provide vehicular and pedestrian access to such Owner's Lot.

13.6. Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement or condition which may exist on any portion of the Property, including the Lots, and a perpetual, nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

13.7. Easements for Lake and Pond Maintenance and Flood Water.

(a) Declarant reserves for itself, the Master Association, and any owner of a Resort Facility, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Common Area to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Common Area; (b) construct, improve, maintain, and repair structures and equipment used for retaining or draining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Master Association, a Resort Facility owner and their successors, assigns and designees shall have an access easement over and across any of the Property abutting or containing bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

(b) Declarant further reserves for itself, the Master Association, any Resort Facility owner, and their successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the dwellings thereon) adjacent to or within 50 feet of bodies of water and wetlands within the Property in order to (a) temporarily flood and back water upon and maintain water over such portions of Property; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Common Area; and (c) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

13.8. Easement for Declarant; Reservation of Easements by Declarant. The Declarant hereby reserves to itself during the Declarant Control Period the right to reserve easements over, beneath, and through the Property, including over the Common Area and Limited Common Area and related facilities, for the purpose of making improvements to and developing the Property or on any additional land submitted under the Master Declaration, including but not limited to construction, marketing, installation and upkeep of landscaping features, entrance features, project signage, street lights, paths, trails or sidewalks or other facilities or things benefiting the Property. The Declarant reserves to itself during the Declarant Control Period the right to make any dedications and to reserve, grant, vacate, or terminate any easements, rights-of-ways and licenses as may be reasonably required by any governmental authority or to carry out the intent and design of the Declarant's plan for development of the Property, without compensation therefor.

13.9. Golf Course Easements; Private Amenities. There may be easements designated on the Subdivision Plat which shall be used for golf cart paths, pedestrian walkways, maintenance and vehicle access, and unhindered access between said paths and any Golf Course. Nothing shall be placed or maintained in any such easement which shall interfere with utilization thereof as a playable part of the Golf Course. In addition, the Declarant may create and grant such additional easements in the Property to and for the benefit of the Resort Facilities as it deems necessary. Declarant may also enter into and burden the Property with a declaration of easements and covenant to share costs relating (Cost Sharing Covenants) to the Golf Club or other Resort Facilities or other private amenities as it deems necessary in its sole discretion.

13.10. Easements of Record. The easements provided for in this Article shall in no way affect any other recorded easement.

13.11. Limitations on Easements. Unless expressly authorized or contemplated within a particular easement created by this Master Declaration, in no event shall any

easement granted or reserved herein be construed to or have the effect of permitting entry into the interior portion of any dwelling constructed upon a Lot.

13.12. No Dedication. This Master Declaration does not dedicate the easements herein declared for the benefit of any person not herein expressly made a beneficiary hereof. Declarant expressly disclaims the creation of any right in or for the benefit of the general public.

ARTICLE 14
CONDEMNATION; PARTITION

14.1. Condemnation. Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board and the Declarant during the Declarant Control Period) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Master Association as trustee for all Owners to be disbursed as follows:

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, during the Declarant Control Period, and Members representing at least seventy-five percent (75%) of the totally vote of the Master Association shall otherwise agree, the Master Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board. If such improvements are to be repaired or restored, the above provisions in Section 5.3 hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

(b) If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Master Association and used for such purposes as the Board shall determine.

14.2. No Partition. Except as otherwise permitted in this Master Declaration, the Common Area shall remain undivided and no person or entity shall bring any action for the partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not be construed to prohibit the Board from acquiring and disposing of title to real property which may or may not be subject to this Master Declaration.

ARTICLE 15
AMENDMENT

15.1. By Class A Members. Except as otherwise specifically provided herein, this Master Declaration may be amended, modified, extended, or revoked, in whole or in part, by the affirmative vote or written consent, obtained by written ballot or otherwise, or any combination thereof, of Owners representing at least sixty-seven percent (67%) of the total votes in the Master Association. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

15.2. By Declarant. Declarant has the right to unilaterally amend, modify, extend, or revoke this Master Declaration for any purpose during the Declarant Control Period, with or without notice to the Class A Members. Thereafter, Declarant may unilaterally amend this Master Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any Lot; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make, purchase, insure, or guarantee mortgage loans on any Lot; (d) to satisfy the requirements of any local, state, or federal governmental agency; or (e) to correct any scrivener's error. Provided, however, any such amendment occurring after the Declarant Control Period shall not adversely affect the title to any Lot unless the Owner shall consent in writing. Declarant's right to amend shall be construed liberally and shall include, without limitation, the right to amend and/or restate this Master Declaration in part or in its entirety.

15.3. By Board. The Board has the right, after the Declarant Control Period, to unilaterally amend this Master Declaration if such amendment is necessary to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination.

15.4. Validity. No amendment made by the Class A Members during the Declarant Control Period shall be effective unless the Declarant provides its prior express written consent to such amendment, which consent is within Declarant's sole and absolute discretion. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Master Declaration.

15.5. Effective Date. Unless a later effective date is specified in the amendment, any amendment shall be immediately effective upon recording in the office of the Washington County Recorder a copy of such amendment accompanied by a verified certificate of the Secretary of the Master Association stating that the required number of

votes or consents was obtained and that a record of such votes or originals of the consents will be placed on file in the Master Association's office. In the case of unilateral amendment by Declarant as provided for herein, such amendment shall be immediately effective upon recording in the office of the Washington County Recorder a copy of such amendment signed and verified by the Declarant.

ARTICLE 16
ENFORCEMENT

16.1. **Violations Deemed a Nuisance.** Every violation of this Master Declaration or any rule or regulation established pursuant to the authority of this Master Declaration is deemed a nuisance and is subject to all the remedies provided for the abatement or correction of the violation provided for in this Master Declaration or by law or equity.

16.2. **Legal Action Authorized.** The Master Association, through the Board, the Declarant or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all provisions of this Master Declaration or any rule or regulation established pursuant to the authority of this Master Declaration, including all charges and liens now or hereafter imposed pursuant to the authority of this Master Declaration, against any person, persons, or entities violating or attempting to violate any provision of this Master Declaration or any rule or regulation established pursuant to the authority of this Master Declaration, to restrain or abate or otherwise recover damages for the violation, and against the land to enforce any charge or lien created by this Master Declaration. In addition to taking legal action, the Declarant and the Board shall have the right to grant variances and stay enforcement proceedings against any Owner on a case-by-case basis when they determine such action is in the best interests of the Master Association.

16.3. **Fines and Penalties.** The Board may levy a fine or penalty not to exceed, for each violation, fifty percent (50%) of the amount of the maximum annual assessment against any Owner who fails to refrain from violating this Master Declaration or any rule or regulation established pursuant to the authority of this Master Declaration. The Board may establish time frames and requirements for written notice, hearings, and cure periods for Owners in violation prior to levying such fine or penalty. Any fine or penalty levied by the Directors shall be treated as a specific assessment recoverable by the Master Association under and in accordance with **Article 4.**

16.4. **Attorney Fees and Costs.** Any fine or penalty levied against an Owner for any violation shall include any attorney fees and costs incurred by the Master Association with respect to such violation. The prevailing party in any action to enforce this Master Declaration or any rule or regulation established pursuant to the authority of this Master Declaration shall be entitled to an award of reasonable attorney fees and costs incurred in such action.

16.5. Nonexclusive Remedies. All the remedies set forth in this Master Declaration are cumulative and not exclusive to any others provided in the Governing Documents or by law.

ARTICLE 17
LENDER PROTECTIONS

17.1. Notices. A Mortgagee that provides a written request to the Master Association, stating the Mortgagee's name and address and the Lot address to which its Mortgage relates, will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss that affects a material portion of the Property or which affects any Lot securing its Mortgage;
- (b) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds a Mortgage;
- (c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Master Association; and
- (d) Any other matter in this Master Declaration which authorizes or requires notice to a Mortgagee.

17.2. Failure to Provide Notice. Notwithstanding anything to the contrary in this Master Declaration, in the event a Mortgagee fails to provide the notice as stated in Section 17.1 the Mortgagee shall be deemed to have waived its right to provide any consent or to receive any notice required to be sent to Mortgagees by the provisions of this Master Declaration.

17.3. Notice of Objections; Implied Approval. Unless a Mortgagee provides the Secretary of the Master Association with written notice of its objection, if any, on any matter that requires Mortgagee approval within thirty (30) days following the receipt of notice delivered by certified or registered mail, return receipt requested, of such proposed amendment or action, the Mortgagee shall be deemed conclusively to have approved the proposed amendment or action.

ARTICLE 18
GENERAL PROVISIONS

18.1. Implied Rights; Board Authority. The Master Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Master Association may be exercised by the Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

18.2. Powers of the Master Association Relating to Neighborhood Associations. The Master Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Master Association or its Members or inconsistent with the Community-Wide Standard. The Master Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor. A Neighborhood Association shall take appropriate action required by the Master Association in a written notice within the reasonable time frame set by the Master Association in the notice. If the Neighborhood Association fails to comply, the Master Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

18.3. Safety and Security. Each Owner and occupant, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property within the Property. The Master Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each person provides for himself or herself and his or her property. Neither the Master Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and shall be responsible for informing its tenants and occupants that the Master Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each person within the Property assumes all risks of personal injury and loss or damage to property resulting from acts of others.

18.4. More Restrictive Terms; Conflicts in Further Restrictions. Nothing in this Master Declaration shall preclude any supplemental declaration or other recorded covenants applicable to any portion of the Property from containing additional restrictions or provisions which are more restrictive than the provisions of this Master Declaration and, in such case, the more restrictive shall control.

18.5. Limitation on Action Against Declarant. The Master Association shall have no authority to file suit against the Declarant without the prior consent of 80% of the Entire Membership, obtained at a meeting for that purpose. Neighborhood Associations shall have no authority to file suit against the Declarant without the prior consent of 80% of the Members of the particular Neighborhood, obtained at a meeting called for that purpose, and the unanimous written consent of the Board.

18.6. Construction and Severability. All of said conditions, covenants, and restrictions contained in this Master Declaration shall be construed together, but if any one of said conditions, covenants, or restrictions, or any part thereof, shall at any time be held invalid, or for any reason become unenforceable, no other condition, covenant, or restriction, or any part thereof, shall be thereby affected or impaired; and the Declarant, Master Association and Owners, their successors, heirs and assigns shall be bound by each article, section, subsection, paragraph, sentence, clause and phrase of this Master Declaration, irrespective of the invalidity or unenforceability of any other article, section, subsection, paragraph, sentence, clause or phrase.

18.7. Duration. The covenants, conditions, restrictions, terms, and easements of this Master Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Master Association, or the Owner of any Lot subject to this Master Declaration, their respective legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date this Master Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

18.8. Interpretive Conflicts. In the event of any conflict between the provisions of any of the Governing Documents, the documents shall control in the following order of authority: (1) the Master Declaration; (2) the Articles; (3) the Bylaws; (4) the Design Code; and (5) any rule, regulation, or resolution passed pursuant to the authority of the foregoing documents. In the event of any conflict between the Master Declaration and any subsidiary, Phase, Tract, or Neighborhood Declaration, the provisions of the Master Declaration shall control. Notwithstanding the above, in the event of any conflict between the provisions of the Master Declaration and any condominium declaration establishing a condominium regime of unit ownership under Utah Condominium Ownership Act, the provisions of the condominium declaration shall control.

18.9. Notices. Any notice required to be sent under the provisions of this Master Declaration shall be deemed to have been properly sent when deposited in the U.S. Mail,

postpaid, to the last known address of the person who is entitled to receive it. Members are required to keep the Master Association informed as to their current mailing address. Notwithstanding the above, the Declarant or the Board may adopt a policy for notification via electronic communication to Members in lieu of notice by mail.

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

18.11. Waivers. No provision contained in this Master Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

18.12. Topical Headings. The topical headings contained in any article, section, or subsection of this Master Declaration are for convenience only and do not define, limit, or construe the contents of this Master Declaration or any provision hereof.

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[Acknowledgement on Following Page]

PET POLICY FOR SAND HOLLOW RESORT

Pursuant to the authority of the Master Declaration for Sand Hollow Resort, the Board hereby adopts the following policy, rules, and regulations governing the keeping of pets within the Sand Hollow Resort.

ARTICLE 1. PET GUIDELINES

1.1. **Authorized Pets.** Subject to the restrictions set forth below, Lot Owners are permitted to keep ordinary house pets upon their Lot. The term "*ordinary house pet*" shall include, but not necessarily be limited to, dogs, household cats, caged domesticated birds, hamsters, gerbils, guinea pigs, aquarium fish, small turtles and tortoises, and creatures normally maintained in a terrarium, aquarium, or small cage. The keeping of pets is limited to Lots and does not authorize or allow a Lot Owner to keep or harbor a pet on any Common or Limited Common Area or other areas within the Sand Hollow Resort.

1.2. **Prohibited Pets.** Lot Owners shall not be permitted to keep any unusual pets within the Sand Hollow Resort, including within any Lot, without the advance written approval of the Board. The term "*unusual pet*" shall include, but not necessarily be limited to: non-domesticated animals, livestock, poultry, large reptiles, anthropoids, felines other than household cats, canines other than dogs, any dog that weighs (or will eventually weigh) in excess of twenty five pounds (25 lbs.) or is an aggressive breed such as a pit bull, rodents, uncaged non-domesticated birds, and creatures other than those listed in Section 1.1 above or not normally maintained in a terrarium, aquarium, or small cage. Notwithstanding the above, the Board shall waive the 25 lb. restriction on dogs in the case of Lot Owners who need seeing-eye dogs or special assistance-trained animals.

1.3. **Number.** Except for aquarium fish, any Lot Owner keeping a pet may keep only one in number on their Lot at any one time.

1.4. **Definition of Lot.** For purposes of this Policy, the term "*Lot*" shall mean the Lot and include the dwelling structure located thereon.

ARTICLE 2. PET RESTRICTIONS

2.1. Common Area Pet Policy.

(a) Except for Lot Owners who need seeing-eye dogs or special assistance-trained animals, Lot Owners are prohibited from bringing any pets onto Common Areas and Facilities designed for active use, such as the pool area, nor shall a Lot Owner bring any pets inside of any Common Area building. Lot Owners may bring

pets onto the Common Areas designed for passive use, such as grassy open space areas, provided that the Lot Owner shall (a) have direct control of their pet with a leash at all times or (b) carry their pet in a carrier designed for such use.

(b) Lot Owners may not leash a pet to any stationary object on the Common Areas.

(c) Lot Owners are required to clean up any solid waste from their pets and dispose of such waste promptly and properly.

(d) Lot Owners are responsible for the control of their pet at all times.

(e) Lot Owners are responsible for any property damage, injury, or disturbance that their pet may cause or inflict anywhere within Sand Hollow Resort. To the extent the Master Association is subjected to any liability exposure as a result of the actions of an animal, the Master Association has the right to make a claim against the Lot Owner. Lot Owners shall indemnify the Master Association from any claims, damages, or causes of action arising from the conduct of their pets.

(f) Lot Owners are responsible for ensuring that their pet does not attack or otherwise interfere with the freedom of movement of persons within the Common Area or the Property, or which attack other pets, or create a threatening disturbance in other ways.

2.2. Commercial Breeding. Commercial breeding of pets is prohibited.

2.3. Individual Lot Owner Responsibility. Lot Owners must take due care to ensure that their pets do not make excessive noises, cause any offensive smell, or create any physical threat to any Lot Owner's safety, particularly among children, or the safety of any guests, lessees, or invitees.

2.4. Pet Waste. Lot Owners are responsible for promptly cleaning their Lots and any Common Areas of any waste from their pets.

ARTICLE 3. ENFORCEMENT

3.1. The Board hereby adopts a complaint driven policy of enforcement and strongly encourages Lot Owners to informally attempt to resolve any complaints with their neighbors before formally filing a complaint with the Board.

3.2. If two Lot Owners in good standing, each from separate Lots, submit a written complaint against another Lot Owner to the Board, then the Board shall conduct a formal review of the matter.

3.3. Board members may file complaints only in their capacity as individual Lot Owners. If a Board member (or an occupant of his/her household) files a complaint, the Board member must recuse himself/herself from all of the proceedings as a Board member.

3.4. If a complaint is signed by both Lot Owners, dated, and sufficiently clear and credible in the establishment of probable cause that a Lot Owner has committed or is committing a violation of this Pet Policy, the Board shall send a notice of complaint to the Lot Owner alleged to be in violation.

3.5. Upon a second complaint, a hearing notice will be mailed to the Lot Owner. After a hearing is held and the Board determines the Lot Owner has violated or is in violation of this Policy, it may impose a fine of up to \$50.00 for a single offense; however, the Board shall reserve the power to impose a \$10.00 charge per day for any offenses that continue after the Board formally notifies the Lot Owner of its ruling and issues a cease and desist order to be made effective by a specific prospective date. Prior to imposing any fine, however, the Board must provide the Lot Owner at least 48 hours to cure the violation. In no event may a fine exceed \$500.00 per month for a continuing violation. Any fine imposed by the Board pursuant to the authority of this Pet Policy shall constitute a lien on the offending Lot Owner's Lot, enforceable as provided for in the Master Declaration.

3.6. If the Board decides that the Lot Owner must remove the subject pet from the Property, it shall provide the Lot Owner with a minimum of 20 days to comply with the Board's ruling. The Board reserves the power to impose monetary sanctions and require pet removal cumulatively.

ARTICLE 4. MISCELLANEOUS

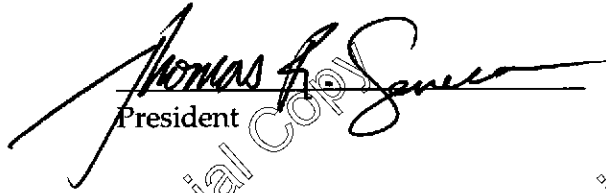
4.1. A Lot Owner shall be in violation of this Policy when it is determined that any occupant of the Lot Owner's Lot has violated this Policy. As a result, Lot Owner's are responsible for ensuring that their tenants, guests, occupants, or invitees comply with this Pet Policy.

4.2. All occupants of any Lot within the Sand Hollow Resort, including but not limited to, tenants, guests, family members of Lot Owners residing within a Lot, invitees, etc., are subject to this Pet Policy in the same manner as Lot Owners.

4.3. Items such as dog runs, pens, dog houses, cages, and other similar items constructed or placed outside of any dwelling structure upon a Lot for the purpose of housing, containing, or caging a pet are subject to the approval of the ACC as set forth in the Master Declaration and Design Code and no such structure may be placed or constructed on a Lot without the advance approval of the ACC.

4.4. The procedures outlined in this Policy do not preclude the Master Association from exercising other enforcement procedures and remedies authorized by the Master Association's Governing Documents, including, but not limited to, the initiation of suit. The Board reserves the power to assign all of its powers and responsibilities herein to a standing or special committee created for this purpose, or to any Neighborhood Association.

This Resolution is hereby adopted by the Board this 1 day of October 2007.

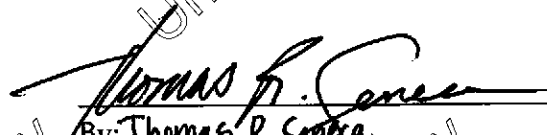


President

IN WITNESS WHEREOF, the undersigned, as the Declarant herein, has hereunto set his hand this 1 day of OCTOBER, 2007.

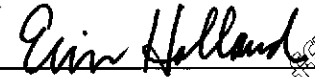
DECLARANT:

SHR DEVELOPMENT, LLC
a Utah Limited liability company


By: Thomas R. Seneca
Its: Member Manager

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

On this 1 day of OCTOBER, 2007, before me personally appeared Thomas R. Seneca, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that he is the Member Manager of SHR DEVELOPMENT, LLC, a Utah limited liability company (the "Company") and that the foregoing document was signed by him on behalf of that Company by proper authority and he acknowledged before me that the Company executed the document and the document was the act of the Company for its stated purpose.


NOTARY PUBLIC
Address: 2563 S. 300 W. Washington, UT 84780
My Commission Expires: 07/09/2011

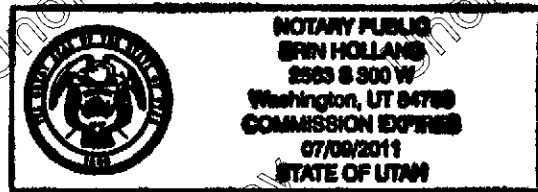


EXHIBIT A

[Legal Description]

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 **ALPHA ENGINEERING COMPANY**
144 East Fairbanks Blvd., St. George, UT 84770 • (435) 628-6500 • Fax: (435) 628-3516

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A parcel of land located in Sections 21, 22, 23, 26, 27 and 28 Township 42 South Range 14 West, Salt Lake Base and Meridian, being more particularly described as follows:

LEGAL DESCRIPTION
PDO BOUNDARY
November 17, 2005
(Revised December 13, 2005)

BEGINNING at the Northwest Corner of said Section 23,

Thence North 89°44'39" East, 1,329.13 feet to the Northeast Corner of the Northwest 1/4 of said Section 23;

Thence South 00°04'12" West, 2,641.78 feet along the 1/16" line to the Southeast Corner of the Southwest 1/4 of the Northwest 1/4 of said Section 23;

Thence South 00°04'08" West, 2,640.83 feet along the 1/16" line to the Southeast Corner of the Southwest 1/4 of the Southwest 1/4 of said Section 23;

Thence South 00°08'45" East, 1,396.28 feet along the 1/16" line to a point on a 2,050.00 foot radius curve to the left, the radius point of which bears South 13°39'19" West;

Thence Westerly, 374.85 feet along the arc of said curve through a central angle of 10°28'36";

Thence North 86°49'17" West, 859.00 feet to the point of a 1,750.00 foot radius curve to the right;

Thence Westerly, 553.62 feet along the arc of said curve through a central angle of 18°07'43";

Thence North 68°24'28" West, 1,153.85 feet to the point of a 1,850.00 foot radius curve to the left;

Thence Westerly, 644.09 feet along the arc of said curve through a central angle of 7°56'53";

Thence Northwesterly, 1,556.75 feet along the arc of said curve through a central angle of 50°38'07";

Thence North 37°40'30" West, 1,132.36 feet to the point of a 1,780.00 radius curve to the left;

Thence Northwesterly, 440.11 feet along the arc of said curve through a central angle of 14°49'59" to a point on the west line of the East 1/2 of the East 1/2 of said Section 21;

Thence North 00°05'31" West, 1,335.58 feet to the Northwest Corner of the Northeast 1/4 of the Southeast 1/4 of said Section 21;

Thence North 89°24'38" East, 780.03 feet along the 1/16" line;

Thence North 53°29'34" East, 973.48 feet to a point on the west line of said Section 22;

Thence North 88°05'51" West, 1,839.95 feet to the Northwest Corner of the Northwest 1/4 of the North 1/2 of said Section 22;

Thence South 89°50'09" East, 2,642.31 feet to the North 1/4 Corner of said Section 22;

Thence South 89°44'31" East, 2,645.15 to the **POINT OF BEGINNING**.

<Containing: 997.33 acres, more or less.

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EXHIBIT B

[Consents]

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CONSENT OF OWNER
[Sand Hollow Resort]

Senston Homes, Inc., a Utah corporation, has an ownership interest in the real property described on Exhibit "A" to the Master Declaration (the "Property"). Senston Homes hereby consents to the recording of the Master Declaration for Sand Hollow Resort against the Property, and further consents to the operation and affect of all covenants, conditions, and terms of said Master Declaration as it relates to the Property, as well as to the plat recorded concurrently therewith. Senston Homes further consents and affirms that the Declarant, Sand Hollow Development Group, LLC, a Utah limited liability company, as defined in the Master Declaration, has the sole and exclusive authority to act as Declarant consistent with the terms of said Master Declaration as if it were the owner of the Property.

DATED this 1 day of OCTOBER, 2007.

Senston Homes, Inc.
a Utah corporation

By: Thomas R. Seneca
Thomas R. Seneca
Its: President

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

On the 1st day of OCTOBER, 2007 personally appeared before me Thomas R. Seneca who being by me duly sworn did say that he/she is President of the Senston Homes, Inc., a Utah corporation, and that the foregoing document was signed by him/her on behalf of that corporation by authority of its organizational documents, its bylaws, or a resolution of its management or directors and he/she acknowledged before me that the corporation executed the document and the document was the act of the Company for its stated purpose.

Erin Holland
NOTARY PUBLIC
Address: 2563 S. 300 W, Washington, UT 84780
My Commission Expires: 07/09/2011

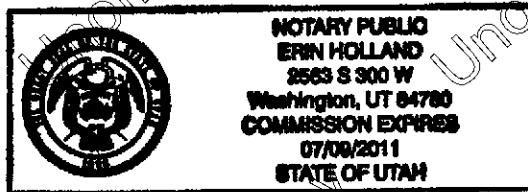


EXHIBIT B
Sand Hollow Master Declaration

CONSENT OF OWNER
[Sand Hollow Resort]

Sand Hollow Development Group, LLC, a Utah limited liability company, has an ownership interest in the real property described on Exhibit A to the Master Declaration (the "Property"). Sand Hollow Development Group hereby consents to the recording of the Master Declaration for Sand Hollow Resort against the Property, and further consents to the operation and affect of all covenants, conditions, and terms of said Master Declaration as it relates to the Property, as well as to the plat recorded concurrently therewith. Senston Homes further consents and affirms that the Declarant, SHR Development, LLC, a Utah limited liability company, as defined in the Master Declaration, has the sole and exclusive authority to act as Declarant consistent with the terms of said Master Declaration as if it were the owner of the Property.

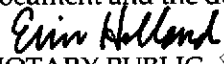
DATED this 1 day of OCTOBER, 2007

Sand Hollow Development Group, LLC
a Utah limited liability company

By: 
David W. Wilkey
Its: Member Manager

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

On the 1st day of OCTOBER, 2007 personally appeared before me David W. Wilkey who being by me duly sworn did say that he/she is Member Manager of the Sand Hollow Development Group, LLC, a Utah limited liability company, and that the foregoing document was signed by him/her on behalf of that corporation by authority of its organizational documents, its bylaws, or a resolution of its management or directors and he/she acknowledged before me that the corporation executed the document and the document was the act of the Company for its stated purpose.


NOTARY PUBLIC
Address: 2563 S. 300 W., Washington, UT 84780
My Commission Expires: 07/09/2011

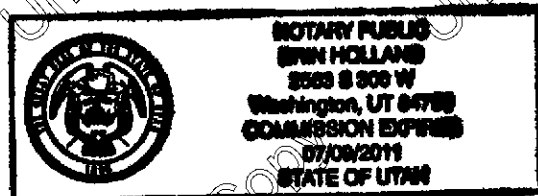


EXHIBIT B
Sand Hollow Master Declaration