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Amended Restrictive Covenants Page 1 of 52
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**THIRD AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LAVA COVE AT ENTRADA PROPERTY OWNER'S
ASSOCIATION
(INCLUDING BYLAWS)**

A Planned Unit Development

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THIS THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS for Lava Cove (hereafter "Declaration") is made on the date evidenced below by the Lava Cove at Entrada Property Owners Association, Inc. (hereafter "Association").

RECITALS

A. This Declaration and attached Bylaws supersede and replace all prior declarations, bylaws, and amendments or supplements thereto, recorded against the subdivision or unrecorded, including the Lava Cove Second Amended and Restated Declaration of Covenants, Conditions and Restrictions recorded May 28, 1999, as Entry No. 00649825, records of Washington County Recorder, Utah, and all amendments thereto (the "Second Amended Declaration");

B. The property subject to this Declaration is the Lava Cove at Entrada Property Owners Association, also known as, Lava Cove at Entrada II, as amended, in Washington County, Utah. **Exhibit A** of this Declaration further defines the property subject to this Declaration. All Lots therein are part of the Association and each Owner of a Lot is a member of the Association. The Association is created as a planned development and contains certain common area, use restrictions, easements and rights and privileges for the benefit of its members. The Community is not a cooperative or a condominium project and is subject to Utah's Community Association Act (57-8a-101 et seq.); Utah's Revised Nonprofit Corporations Act (16-6a-101, et seq.), this Declaration, the Articles of Incorporation, the attached Bylaws, the Association's Property Development Guidelines and the Association's Rules and Regulations.

C. The Association desires to continue to provide for the preservation and enhancement of the property values and improvements of the Property and to ensure a uniform plan and scheme of development.

D. Pursuant to Article XVI, Section 16.3 of the Second Amended Declaration, the undersigned hereby certifies that all of the voting requirements to amend the Second Amended Declaration have been satisfied and that two-thirds of the voting interest of membership in the Association have voted to approve this document and that the required quorum was present.

NOW, THEREFORE, the Association declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions restrictions, easements, charges and liens hereinafter set forth:

ARTICLE 1 - DEFINITIONS

As used herein, the following terms have the indicated meanings:

- 1.1 "Architectural Control Committee" shall mean the Committee appointed by the Board of Directors to fulfill any duties delegated pursuant to this Declaration, Bylaws or Property Development Guidelines (Rules and Regulations) of the Association.
- 1.2 "Association" shall mean the Lava Cove at Entrada Property Owner's Association, Inc. or any amended name or name in common use as reflected on the records of the State of Utah or Washington County comprising of members of the Lava Cove at Entrada II subdivisions(s).
- 1.3 "Common Area" shall mean all of the land presently owned or otherwise held, if any, or to be so acquired or held in the future by the Lava Cove Property Owners Association and all improvements constructed hereon, and all personal property owned by the Association located thereon. The initial Common Area was conveyed to the Association prior to the conveyance of a Lot to any Lot purchaser other than a builder or developer holding title for the purpose of development and resale. The term shall include all Exclusive Common Area, as defined herein, unless otherwise indicated by the context.
- 1.4 "Community-Wide Standard" shall mean the highest and preeminent standard of conduct, maintenance, aesthetics or other activity or themes generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors.
- 1.5 "Declaration" shall mean this Third Amended and Restated Declaration of Covenants and Restrictions for Lava Cove.
- 1.6 "Declarant" as used herein shall be the original developer of Lava Cove and its successors or assigns, if any.
- 1.7 "Exclusive Use Common Area" means common area that is assigned for the exclusive use and enjoyment of a Lot and Lot Owner. Unless otherwise stated in this Declaration, the Lot Owner shall be responsible for all upkeep, maintenance, repair and replacement of the Exclusive Use Common Areas as may be required due to regular wear and tear or reasonable request of the Board.
- 1.8 "Governing Documents" are the controlling authority of the Association, namely this Declaration, Articles of Incorporation, Bylaws and Rules and Regulation of the Association including the Lava Cove at Entrada Property Development Guidelines ("Property Development Guidelines").
- 1.9 "Lot" shall mean a portion of the Properties intended for development, use, and occupancy as a residence for a single family, and shall, unless specified, include within its meaning (by way of illustration, but not limitation) cluster, patio or zero lot line homes and single-family detached houses on separately platted lots, as well as vacant land intended for



development as such, all as may be developed, used, and defined as herein provided or as provided in subsequent Amendments covering all or a part of the Properties. The term shall include all portions of the lot owned including any structure thereon.

1.10 "Owner" shall mean and refer to one or more Persons who hold the record title to any Lot which is part of the Properties but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded contract of sale and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner. Every Owner shall be a member of the Association and the term member may be used interchangeably with Owner.

1.11 "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

1.12 "Property" or "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by Subsequent Amendment

1.13 "Property Manager" shall mean any properly qualified, licensed and insured real estate property management company hired by the Board of Directors of the Association by contractual agreement.

1.14 "Subsequent Amendment" shall mean an amendment to this Declaration which subjects additional property to this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Subsequent Amendment to the provisions of this Declaration.

ARTICLE 2 - PROPERTY RIGHTS

2.1 Owners Easements. Every Owner shall be a member of the Association and shall have a right and easement of enjoyment in and to the Common Area and shall have a permanent and perpetual right and easement of enjoyment in and to the property subject to this Declaration, which shall be appurtenant to and shall pass with the title to every Lot within Lava Cove, subject to all of the following:

2.1.1 All provisions of this Declaration, any plat of all or any part or parts of Lava Cove, the Articles of Incorporation, the Bylaws of the Association and the Association's Property Development Guidelines;

2.1.2 Rules and regulations adopted by the Association governing the use and enjoyment of that portion of the Common Area not intended to be a part of any Lot;

2.1.3 The right of the Association to promulgate rules and regulations concerning Lava Cove including architectural or design guidelines;

2.1.4 The rights of the Association to levy assessments against each Owner for the maintenance, protection, and preservation of Lava Cove in compliance with this Declaration;

2.1.5 Easements, both recorded and unrecorded, for public and/or private utilities.

2.2 Delegation of Use. An Owner may delegate, in accordance with this Declaration, the Articles of Incorporation, the Association's Property Development Guidelines and By-Laws of the Association, his right to use of the Common Area to the members of his family, his renter/tenants, or contract purchasers who reside on his Lot.

2.3 Permitted Uses. Property in Lava Cove shall be restricted to the following uses:

2.3.1 All Lots shall be used only for single family residential purposes and no professional, business or commercial use shall be made of the same, or any portion thereof, nor shall any resident's use of a Lot endanger the health or disturb the reasonable enjoyment of any other owner or resident, provided, however, that the Lot restrictions contained in this section shall not be construed in such a manner as to prohibit an Owner or resident from (a) maintaining his personal, professional library therein; (b) keeping his personal business or professional records or accounts therein; or (c) handling his personal business or professional telephone calls or correspondence therefrom. Lot sizes as described on the recorded plat of any subdivision in Lava Cove are considered minimum lot sizes, and unless specified in the Property Development Guidelines for that subdivision, no person shall further subdivide any Lot as shown on the recorded plat of said subdivision.

2.3.2 The Common Area, now and forever, shall be restricted hereby such that it shall be maintained as open space for the use or benefit of the Owners of Lava Cove, including common amenities, easements and rights of way for the construction, operation, and maintenance of utility services, both public and private, and drainage facilities, and also for common access, ingress and egress, and shall not be used for any commercial or industrial use except as herein described.

2.4 Rent/Lease Restrictions. The term "Lot" in this Section shall also include "Property" as defined above.

2.4.1 Rental Prohibition. Except as otherwise provided below, no more than eight percent (8%) of the total Lots in the Association may be rented at any given time, including grandfathered Lots ("Rental Cap"). The Association shall keep a list of all Lots rented and those desiring to rent if the Rental Cap is met.

(i) Application Required. Prior to renting any Lot, an Owner shall apply to the Association for approval and shall submit an application to determine if the Rental Cap will be exceeded. The Association shall deny the application if it determines that the rental of the Lot will exceed the Rental Cap or if the Minimum Requirements of 2.4.1(ii) are not met.

(ii) Minimum Requirements. No Owner shall rent less than their entire Lot and no Owner shall rent such Owner's Lot for an initial term of less than twelve (12) months.



Subsequent rental terms shall be no less than six (6) months, if approved. A Lot Owner must own and occupy their Lot for at least one (1) year before qualifying for the opportunity to rent their Lot consistent with the restrictions in this Section. An Owner who owns more than one Lot is not eligible to rent more than one Lot until the pending applications of all Owners who are not currently renting a Lot have been approved.

2.4.2 Definition of Rental. "Rent," "Rental," "Lease," "Renting," or "Rented" means:

(i) a Lot owned by a natural person(s) (not an entity or trust) that is occupied by someone, but is not occupied by the Lot's Owner, or the Lot Owner's spouse, parent, child, or sibling, as their primary residence;

(ii) a Lot owned by an entity or trust, regardless of who occupies the Lot, unless the trust or entity was created for estate planning purposes and was created for: (i) the estate of a current resident of the Lot; or (ii) the spouse, parent, child, or sibling of the current resident of the Lot.

2.4.3 Statutory Exemptions from Rental Cap: The following Lot Owners and their respective Lots, upon proof sufficient to the Board of Directors, are exempt from the rental restrictions stated herein:

(i) A Lot Owner in the military for the period of the Lot Owner's deployment;

(ii) A Lot occupied by a Lot Owner's parent, child, or sibling;

(iii) A Lot Owner whose employer has relocated the Lot Owner.

(iv) A Lot owned by an entity that is occupied by an individual who (a) has voting rights under the entity's organizing documents; and (b) has a twenty-five percent (25%) or greater share of ownership, control, and right to profits and losses of the entity;

(v) And, otherwise stated by Utah law, a Lot owned by a trust or other entity created for estate planning purposes if the trust or other estate planning entity was created for the estate of:

(a) A current resident of the Lot; or,

(b) The parent, child, or sibling of the current resident of the Lot. **A Lot that qualifies for this statutory exemption may not be rented to those not stated in (a) and (b) above unless the Rental Cap is not exceeded, and the entity is in compliance with all other provisions of this Section.**



2.4.4 Grandfathered Lots. All Owners of Lots which are rented at the time that this Declaration is recorded may continue to rent their Lot until the following occurs:

- (i) The Lot is sold, conveyed, or transferred by deed;
- (ii) The Owner occupies the Lot;
- (iii) An officer, owner, member, trustee, beneficiary, director or person holding a similar position of ownership or control of an entity or trust that has an ownership interest in a Lot occupies the Lot; or occupies the property;
- (iv) The Lot ceases to be rented for a period of ninety (90) days or more, or
- (v) Are in breach of the Rental Requirements of Section 2.4.8 herein.

However, Lots rented pursuant to Section 2.4.4 at the time this Declaration is recorded shall be counted towards the Rental Cap.

2.4.5 Hardship Exceptions. The Board may consider an application for a rental hardship exception which would otherwise cause the Rental Cap to be exceeded. Hardship Exceptions, if granted, shall not exceed a period of twelve (12) months. Hardship Exceptions may only be granted, in the Board's discretion (but such discretion may not be arbitrary or inconsistent), in an attempt to help avoid undue hardships or extreme practical difficulties if an Owner is not permitted to rent their Lot. Examples (but not requirements) for the need to rent based on a hardship exception may include issues such as disability, unemployment, charitable service, extended travel for not less than 18 months or other similar situations, as determined in the sole discretion of the Board.

2.4.6 Additional Rental Guidelines Formalities; Procedures; Rules and Regulations. In addition to the items below, the Association may adopt additional rules and guidelines for the submitting of an application to rent and all processes related thereto.

- (i) All Owner(s) must comply with the Lava Cove at Entrada Rental/Leasing Regulations;
- (ii) All Owner(s) must complete and sign the Homeowner Affidavit;
- (iii) All Owner(s) must have their renters complete and sign the Renter's/Lessee's Affidavit; and
- (iv) The Board may require the Owner(s) to post a \$1,000 refundable security deposit to assure that the rental property is properly maintained and that the renters comply with the Associations Covenants and Rules and Regulations. Said deposit shall be used, if necessary, to maintain the rental property and shall not be refundable if the Owner's renters are found to be in non-compliance. Any unused portion of said deposit will be refunded to Owner.



2.4.7 Breach of the Rental Requirements. If an Owner fails to follow the requirements of this Section or any additional rules and procedures adopted by the Board and rents or leases his or her Lot, and/or rents or leases any Lot after the Board has denied the Owner's application, the Board may assess, in addition to the security deposit in 2.4.6 (iv) above, fines against the Owner and the Owner's Lot in an amount to be determined by the Board pursuant to a schedule of fines adopted by resolution and the removal of the lot from the authorized rental pool.

2.4.8 Attorney Fees and Costs for Violations. The Association shall be entitled to recover from an Owner who violates this Section its costs and attorney's fees incurred for the enforcement of this Section regardless of whether any lawsuit or other action is commenced. The Association may assess such costs and attorney's fees against the Owner and the Lot as an assessment pursuant to the Declaration.

2.4.9 Information to be Provided to Renter/Tenant. Permitted rental and lease agreements shall comply with this subsection.

(i) The Owner shall provide the renter/tenant or lessee with a copy of this Declaration, the Bylaws, including any relevant amendments to such documents, and all rules and regulations, including the Property Development Guidelines, then in effect and shall take a receipt for delivery of the documents. A copy of said receipt shall be provided to the Board president. In the event any such documents are amended, revised, changed, or supplemented by the Association, the Owner shall provide the renter/tenant or lessee with a copy of the amendments, revisions, changes, or supplements within ten (10) calendar days of its being published for the benefit of the Owners after adoption by the Association, its Board, or its membership.

(ii) Upon the commencement of the rental or lease period, the Owner shall provide the Association with the affidavits required in Section 2.4.6 above and all Renter/Tenant contact information as requested by the Board.

2.4.10 Additional Remedies. In addition to any other remedies available to the Association, the Board may require the Owner to terminate a lease or rental agreement if the Board determines that any lessee or renter/tenant has violated any provision of this Declaration, the Articles of Incorporation, the Bylaws, or any amendments thereto, or the rules and regulations, including the Property Development Guidelines adopted thereto. If an Owner fails to correct any such violations related to their renter/tenants or fails to terminate the rental agreement or lease pursuant to the above, the Owner hereby grants the Board standing to initiate eviction proceedings against their renter/tenant or lessee and considers the Association a third-party beneficiary to its rental/lease agreement. The Board may also remove the property's rental status.

ARTICLE 3 - MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1 Membership. Every Owner shall be deemed to have a membership in, and be a member of, the Association. No Owner, whether one or more persons, shall have more than one membership per Lot owned. In the event the Owner of a Lot is more than one person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by an individual Owner or such Owner's spouse, subject to the provisions of this Declaration and the Bylaws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated by the Owner in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the Bylaws.

3.2 Voting Rights. Members shall be entitled to one (1) equal vote for each Lot in which they hold the interest required for membership; there shall be only one (1) vote per Lot. In any situation where a Owner is entitled personally to exercise the vote for his Lot and more than one Person holds the interest in such Lot required for membership, the vote for such Lot shall be exercised as those persons determine among themselves and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

3.3 Dissolution. In the event of the permanent dissolution of the Association for whatever reason, any Owner may petition the District Court of the Fifth Judicial District, Washington County, Utah, for the appointment of a Receiver to manage the affairs of the dissolved Association and the Common Area in place of the Association and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Association and the Common Area.

ARTICLE 4 - COVENANTS FOR MAINTENANCE

4.1 Association's Responsibility. The Association shall at all times maintain the Common Area in good condition and repair. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon such areas.

The Association may maintain property which it does not own, including, without limitation, property dedicated to the public or to the Community Development District, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community - Wide Standard.

4.2 Owner's Responsibility. Each Owner shall maintain his or her Lot, Property and all structures, parking areas and other improvements comprising the Lot in a manner consistent with the Community-Wide Standard and all applicable covenants. If any Owner fails properly to perform his or her maintenance responsibilities, the Association may perform it and assess all costs incurred by the Association against the Lot and the Owner thereof in accordance with Section 9 of this Declaration; provided, however, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to performing maintenance or



bringing the Lot into compliance with this Declaration. In an emergency situation that threatens life or property, however, no notice is required.

ARTICLE 5 - INSURANCE AND CASUALTY LOSSES

5.1 Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

Insurance obtained on the Common Area by the Association shall at a minimum comply with the applicable provisions of this Section 5.1, including the provisions of this Section applicable to policy provisions, loss adjustment, and all other subjects to which this Section applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to each Owner insured and to the Association.

The Board shall also obtain a public liability policy covering the Common Area, the Association and its Owners for all damage or injury caused by the negligence of the Association or any of its Owners or agents. The public liability policy shall have at least a One Million Dollar (\$1,000,000.00) single person limit as respects bodily injury and property damage, a Three Million Dollar (\$3,000,000.00) limit per occurrence, if reasonably available, and a Five Hundred Thousand Dollar (\$500,000.00) minimum property damage limit.

Directors and Officers insurance shall be obtained in an amount deemed sufficient by the Board of Directors.

Premiums for all insurance requirements herein shall be Common Expenses of the Association and shall be included in the Base Assessment, as described in Article 9 hereof. The policy may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefitted parties, as further identified in Section 5.1.2 below.

Such insurance shall be governed by the provisions hereinafter set forth:

5.1.1 All policies shall be written with a company licensed to do business in Utah which holds a Best's rating of A or better and is assigned a financial size category of XI or larger

as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

5.1.2 All policies on the Common Area shall be for the benefit of the Association, its Owners and their mortgagees.

5.1.3 Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

5.1.4 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

5.1.5 All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Washington County, Utah, area.

5.1.6 The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

- (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective renters/tenants, servants, agents, and guests;
- (ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;
- (iii) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Owners;
- (iv) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owners, or Mortgagee;
- (v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
- (vi) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent required by law, directors' and



officers' liability coverage, if reasonably available, and a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if reasonably available.

The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

5.2 Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Owner's Lot(s) and structures constructed thereon meeting the same requirements as set forth in Section 5.1 for insurance on the Common Area, unless the Association carries such insurance (which it is not obligated to do hereunder). Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of structures comprising his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Section 12 of this Declaration. The Owner shall pay any costs of repair or reconstruction which is not covered by insurance proceeds. In the event that the structure is totally destroyed the Owner may decide not to rebuild or reconstruct, in which case the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the Community-Wide Standard.

5.3 Damage and Destruction.

5.3.1 Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

5.3.2 Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Voting Owners representing at least seventy-five percent (75%) of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstructing, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the



determination of whether the damage or destruction to Common Area shall be repaired or reconstructed.

5.3.3 In the event that it should be determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

5.4 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 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 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.

5.5 Repair and Reconstruction. If the damage or destruction to the Common Area is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Voting Owners, levy a Special Assessment against all Owners on the same basis as provided for Base Assessments. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE 6 - NO PARTITION

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board of Directors from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE 7 - 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 of Directors acting on the written direction of the Voting Members representing at least two-thirds (2/3) of the total Association vote 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 Association as trustee for all Owners to be disbursed as follows:

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 at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Section 5.1 hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. 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 Association and used for such purposes as the Board of Directors of the Association shall determine.

ARTICLE 8 - RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8.1 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

8.2 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property.

8.3 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Any and all legal fees incurred by the Board to enforce its governing rules and regulations shall be the personal obligation of the violating homeowner. Imposition of sanctions shall be as provided in the Bylaws of the Association. Prior to enforcing a fine, the Board shall adopt a schedule of fines which sets forth the amount of the fine(s) for the various types of violations. Fines shall be levied consistent with Utah Code §57-8a-208, as may be amended from time to time.

The Association, through the Board by contract or other agreement, shall have the right to enforce municipal or county ordinances or permit the City of Santa Clara and the County of Washington to enforce ordinances on the Properties for the benefit of the Association and its Members.

8.4 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, its Articles of Incorporation, and Utah's Community Association Revised Nonprofit Corporations Act and every other right or privilege



reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

8.5 Governance Authority of the Board. The Board acts in all instances on behalf of the Association unless specific authority is delegated to a committee or agent. In such instances, the committee or agent only has the authority expressly delegated to them. Board decisions are made by a majority of the Board after a quorum is established as provided in the Bylaws. No individual Board member, committee member or agent may represent the Association, without Board authority, by enforcing the Association's governing policies nor shall any individual have authority, without Board approval, to unilaterally act on behalf of the Association in any manner or obligate the Association to contracts, decisions, approvals or sanctions.

ARTICLE 9 - ASSESSMENTS

9.1 Creation of Assessments. There are hereby created assessments for Common Expenses as may from time to time specifically be authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article 9.

There shall be two (2) types of Assessments: (a) Base Assessments to fund expenses for the benefit of all Members of the Association; and (b) Special Assessments as described in Section 9.3 below. Optional Club Membership Assessments are provided for in Section 9.4 below.

Base Assessments shall be levied annually in an equal amount on all Lots and are due on or before January 1st of any given year. The Board may consider legitimate hardship requests to pay the annual assessment on a different schedule.

Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments, however, an Owner may opt out of the Club Membership and assessment pursuant to Section 9.4.

All assessments, together with interest at a rate not to exceed the highest rate allowed by Utah law as computed from the date the delinquency first occurs, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with interest, costs, late fees and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, upon demand at any time, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer or Managing Agent of the Association setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed Seventy-Five Dollars (\$75.00) for the issuance of such certificate.



No Owner may waive or otherwise exempt him or herself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of the Lot. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with other entities for the payment of some portion of the common expenses.

9.2 Computation of Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of the fiscal year, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget may include a capital contribution establishing a reserve fund in accordance with a Reserve Fund Analysis separately prepared. The Board shall cause a copy of the budget and the amount of assessments to be levied against each Lot for the following year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting of the Voting Owners by vote of Voting Owners or their alternates representing at least a majority of the total votes in the Association. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Owners as provided for in the By-Laws.

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

9.3 Special Assessments. In addition to the assessments authorized in Section 9.1, the Association may levy a Special Assessment or Special Assessments; provided, such assessment shall have the affirmative vote or written consent of Voting Owners or their alternates representing at least fifty-one percent (51%) of the votes in the Association. 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 year in which the Special Assessment is approved, if the Board so determines.

The Association may also levy a Special Assessment against any Owner to reimburse the Association for costs incurred in bringing an Owner and his or her Lot into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the Bylaws, and the Association rules including the Property Development Guidelines, which Special Assessment may be levied upon the vote of the Board after notice to the Owners and an opportunity for a hearing.



9.4 Club Membership Assessments. The Association has and may continue to enter into an agreement with the Entrada at Snow Canyon Country Club (“Club”), and unless a Lot Owner opted out, in accordance with the agreement, they shall be obligated to pay the assessment as set forth in the agreement. The Association shall have the right to levy assessments for Club Membership Assessments according to the terms of the agreement with the Club. The Association shall have all collection remedies in the Section for unpaid Club assessments.

9.5 Lien for Assessments. Upon recording of a notice of lien on any Lot, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Lot at foreclosure sale and to acquire and hold, rent, lease, mortgage, and convey the same.

During the period in which a Lot is owned by the Association following foreclosure: (a) No right to vote shall be exercised on its behalf; (b) no assessment shall be assessed or levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure.

Suit to recover a money judgment for unpaid common expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

9.6 Reserve Fund and Contribution.

9.6.1 Reserve Analysis Required. The Board shall cause a reserve analysis to be conducted no less frequently than every six (6) years, and shall review and, if necessary, update a previously conducted reserve analysis no less frequently than every three (3) years. However, the Board may decrease the frequency of conducting and updating a reserve analysis in a formal resolution of the Board delivered to all Owners. The Board may conduct a reserve analysis itself or may engage a qualified person or organization, as determined by the Board, to conduct the reserve analysis.

9.6.2 Reserve Analysis Defined. “Reserve analysis” means an analysis to determine the need for a reserve fund to accumulate reserve funds, and the appropriate amount of any reserve fund. A reserve analysis shall include:

(i) a list of the components identified in the reserve analysis that will reasonably require reserve funds;

(ii) a statement of the probable remaining useful life, as of the date of the reserve analysis, of each component identified in the reserve analysis;



(iii) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis;

(iv) an estimate of the total annual contribution to a reserve fund necessary to meet the cost to repair, replace, or restore each component identified in the reserve analysis during the component's useful life and at the end of the component's useful life; and,

(v) a reserve funding plan that recommends how the Association may fund the annual contribution described in subsection (iv) above.

9.6.3 Reserve Analysis Summary Provided to Owners. The Association shall: (a) annually provide Owners a summary of the most recent reserve analysis or update; and (b) provide a copy of the complete reserve analysis or update to any Owner who requests a copy. In addition, the Association shall state the reserve fund contribution for any given year as a line item in its annual budget.

9.7 Reserve Fund. The Association shall establish and maintain a reserve fund, separate from other Association funds, for repairs and replacement of the Common Areas, for any emergency, unforeseen, unusual, or unanticipated expenditures, and for any other purpose determined from time to time by the Board. In formulating the budget each year, the Association shall include a reserve fund line item in an amount the Board determines, based on the reserve analysis, to be prudent. The Board may not use money in a reserve fund for daily maintenance expenses, unless a majority of the Owners vote to approve the use of reserve fund money for that purpose.

9.8 Amounts Due on Transfer of Lot – Reinvestment Fee. Each time legal title to a Lot passes from one Owner to another, within thirty days after the effective date of such title transaction, the new Owner shall pay to the Association, in addition to any other required amounts a reinvestment fee in an amount determined by the Board from time to time. The following are not subject to the fee: (i) an involuntary transfer; (ii) a transfer that results from a court order; (iii) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity, or to a legal entity, such as a trust, in which the owner or the owner's spouse, son, daughter, father or mother hold a beneficial interest of at least fifty percent for estate planning purposes; (iv) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution; or (v) the transfer of a Lot owned by a financial institution, except to the extent required for the payment of the Association's costs directly related to the transfer of the property, not to exceed two hundred fifty dollars (\$250.00).

9.9 Nonpayment of Assessments. The Annual Assessments shall be due and payable on such basis established by the Association and shall be delinquent if not paid within the period established by the Association from time to time. The due date of any Special Assessment or other Assessment shall be fixed in the resolution authorizing the Assessment or in the notice of the Assessment.



9.9.1 Interest, Late Charge. Delinquent payments shall bear interest and be subject to a late charge at the rate and amount determined by the Association from time to time.

9.9.2 Acceleration. If the delinquent installments of any Assessments, including an Annual Assessment, and any charges thereon are not paid in full, the Association may declare all of the unpaid balance of the Assessment to be immediately due and payable upon not less than ten days' written notice to the Owner, and may enforce the collection of the full Assessment and all charges thereon in any manner authorized by law and this Declaration. If, however, the Assessment is accelerated and an Owner subsequently files bankruptcy or the Association otherwise decides acceleration is not in its best interest, the Association at its option, may elect to decelerate the obligation.

9.9.3 Rent Payments by Renter/Tenant to Association. If the Owner of a Lot who is renting/leasing the Lot fails to pay an assessment for more than 60 days after the Assessment is due, the Association may demand that the renter/tenant pay to the Association all future lease payments due to the Owner, beginning with the next monthly or other periodic payment, until all amount dues to the Association are paid. Such demand to the renter/tenant shall be made in accordance with Utah law and the written procedures of the Association. The Association shall give the Owner written notice of its intent to demand full payment from the renter/tenant and such notice shall be made in accordance with Utah law and the written procedures of the Association.

9.9.4 Remedies, Including Suspension of Membership Rights and Services. All membership rights, including the right of an Owner to vote, shall be automatically suspended during any period of delinquency, unless otherwise determined by the Association. A Board member shall become immediately ineligible to serve on the Board and automatically dismissed from such position if delinquent more than 60 days in the payment of any Assessment. Any service provided by the Association to the Owners shall also be terminated as to the delinquent Owner. The Association shall have each and every remedy for collection of Assessments provided in the Utah Community Association Act, Utah Code Title 57, Chapter 8a, as amended from time to time, including collecting unpaid assessments from Renters/Tenants. The provisions of the Act shall be deemed to be fully set forth herein when required by such Act in order to exercise any such remedy.

9.10 Personal Obligation and Costs of Collection. Assessments (including late charges, interest, fines, costs and reasonable attorney fees incurred or expended by the Association in the collection of Assessments), whether or not a legal proceeding is initiated, shall also be the personal obligation of the Owner holding title to any Lot at the time when the Assessment became due. In a voluntary conveyance, the grantee of a Lot shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter for his or her share of the unpaid Assessments up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee.



9.11 Appointment of Trustee. By acceptance of a deed for a Lot, each Owner as trustor conveys and warrants to trustee in trust for the Association, as beneficiary, with power of sale, the Owner's Lot and all improvements thereon for the purpose of securing payment of all Assessments provided for in this Declaration. For purposes of this Section and Utah Code Ann. §§57-1-19, et seq., as amended from time to time, the trustee shall mean the attorney for the Association, and the Association may provide notice and disclosure of the trustee by recording an "Appointment of Trustee" on the records of the local County Recorder. Each Owner hereby also grants to the Association and trustee all powers and rights of non-judicial trust deed foreclosure provided for in Utah Code Ann. §§57-1-19, et seq.

9.12 Enforcement of Lien. The lien for unpaid Assessments may be foreclosed by the Association judicially or non-judicially, consistent with the laws of the state of Utah for the nonjudicial foreclosure of deeds of trusts. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Lot, and the defaulting Owner shall be required to pay the reasonable rental value of such Lot during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. The Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental value without regard to the value of the security.

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

9.14 Statement of Unpaid Assessment & Payoff Information. The Association shall, upon demand at any time, furnish to any Owner liable for assessment a certificate in writing signed by an officer or Managing Agent of the Association setting forth whether Assessments have been paid. The certificate shall be conclusive evidence of payment of any assessment therein stated as having been paid. A reasonable charge may be levied in advance by the Association for each certificate so delivered. The Association may charge a fee for providing Association payoff information needed in connection with the financing, refinancing, or closing of an Owner's sale of the Owner's Lot up the maximum amount allowed by law.

9.15 Application of Payments. Payments shall be applied first to costs and attorney fees, then to late charges, then interest, then to all other Assessments in the order of them coming due.

9.16 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Lot upon the date of Closing of the first purchase of the Lot. Assessments shall be due and payable in a manner and on such schedule as the Board of

Directors may provide. The first annual assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Lot.

9.17 Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Utah law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee obtains title pursuant to remedies under the Mortgage, its successors and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to the Lot which became due prior to the acquisition of title to the Lot by such acquired. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from Owners of all the Lots, including such acquirer, its successors and assigns.

9.18 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments and Special Assessments:

9.18.1 All Common Area;

9.18.2 All property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks, if any.

ARTICLE 10 - ANNEXATION OF ADDITIONAL PROPERTY

10.1 Annexation with Approval of Membership. Subject to the consent of the Owner thereof, the Association may annex real property to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of Voting Members or Alternates representing a majority of the votes of the Association present at a meeting duly called for such purpose.

Annexation shall be accomplished by filing of record in the public records of Washington County, Utah, a Subsequent Amendment describing the property being annexed. Any such Subsequent Amendment shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section and to ascertain the presence of a quorum at such meeting.

ARTICLE 11 - USE RESTRICTIONS

Use of the Common Area, Exclusive Common Area, and the Lots shall be in accordance with the following provisions and the Property Development Guidelines so long as the Association exists,



and these restrictions shall be for the benefit of and enforceable by all Owners and members of the Association.

11.1 Pets. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot, part or portion of Lava Cove, except that dogs, cats or other domesticated household pets may be kept in a residence constructed on a Lot, provided that said pets are not kept to be bred, boarded or maintained for commercial gain, and subject to the reasonable rules and regulations adopted by the Board, and the right of the Board, after due notice and opportunity of Owner to remedy, to direct the Owner to remove the pet(s) from the Lot if the Board determines the pet(s) to be a nuisance. No outside dog houses or dog runs are allowed.

11.2 Nuisance. No Owner shall make or permit any noises that will disturb or annoy the occupants of any of the Lots or do or permit any noxious or offensive activity on any Lot, part or portion of Lava Cove which will interfere with rights, comfort or convenience of other Owners.

11.3 Parking Requirements. Garages shall be kept closed when not in use. All vehicles are to be kept in the garage when not in regular and normal use. Any visitor staying with an Owner for more than fourteen (14) days, shall be subject to the parking rules of an Owner. A visitor staying beyond fourteen (14) days, shall obtain special parking permission from the Board. No cars, trucks, boats, trailers, buses, motor homes, motorcycles, golf carts, all-terrain vehicles, snowmobiles, campers, trucks, or the like shall be parked or stored at any time upon the Common Area, driveway or a developed or undeveloped Lot. Trailers, motor homes and campers may be parked for no longer than forty-eight (48) hours on any street or driveway while the vehicle is loaded and unloaded. Remedies for violation including but are not limited to fining, towing, and booting as determined by the Board or the Property Manager.

11.4 Litter and Garbage Collection. No Owner shall sweep or throw from any structure on his Lot any dirt or other materials or litter. No garbage, trash, refuse, or rubbish shall be deposited, dumped, or kept on any part of the Lot except in closed containers, dumpsters, or other sanitary garbage collection facilities, and proper-sized, closed containers or closed plastic bags shall be placed for pickup no earlier than 5 PM the day before scheduled pick-up. Garbage that is placed for pickup shall be located near the roadways contiguous to the Lot but shall only be left outside the night before scheduled pickup and must be removed from the street the next morning after pickup. Garage storage and disposal shall be subject to such additional rules and regulations as the Board may from time to time promulgate. All garbage containers shall be stored inside the garage or behind a screen not visible to other Lots and the storage of containers is also subject to the Architectural Guidelines of the Association.

11.5 Notices, Signs. No signs, advertisements, notices, letterings or descriptive designs shall be posted, displayed, inscribed, or affixed to the exterior of any structures located on any Lot unless approved in writing by the Architectural Control Committee ("ACC"). No "For Sale" or similar signs or notices of any kind shall be displayed or placed upon any part of a Lot by Owners other than approved by the ACC or as provided in Section 11.17 below. No "for rent" signs shall be allowed at any time. Any sign approved for display shall comply with any other applicable Section of this Declaration.

11.6 Interruption of Drainage. No change in the elevation of a Lot shall be made and no change in the condition of the soil or level of the land of a Lot shall be made which results in any permanent change in the flow and drainage of surface water which the Association, in its sole discretion, considers detrimental. The Association may cause the property to be returned to its initial condition at the expense of the Owner.

11.7 Mining. No drilling, mining, or quarrying operations or activities of any kind shall be undertaken or permitted to be undertaken on any part of Lava Cove.

11.8 Fences. No fences or walls shall be allowed on any Lot without the prior written consent thereto from the Association and the Architectural Review Committee of the Association.

11.9 Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of Lava Cove or any property operated by the Association nor any part of it; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction shall be observed

11.10 Temporary or Other Structures. No structure of a temporary nature, and no trailer, bus, basement, outhouse, tent, shack, garage, or other out building shall be used at any time as a residence, either temporarily or permanently, nor shall any such structures be erected or placed on any Lot at any time. No old or second-hand structures shall be moved onto any of said Lots, it being the intention hereof that all dwellings and other buildings to be erected on said Lots within Lava Cove shall be approved in advance by the Architectural Control Committee and be new construction of good quality, workmanship and materials.

11.11 Antenna and Dish Policy. Satellite antennas, such as Direct Broadcast Satellite ("DBS") antennas/dishes one meter in diameter or less, and designed to receive direct broadcast satellite service, including direct-to-home satellite service, or receive or transmit fixed wireless signals via satellite, may be installed; provided the dish and any wires are installed so as to not be visible from the streets. All other outside television or radio aerials or antennas, satellite dishes or other similar devices are prohibited.

If locating the dish so that it is not visible from the streets precludes reception of an acceptable quality signal, the dish shall be installed with the least visibility from the streets possible.

Location of an FCC approved dish may not be restricted by the Association so as to (1) cause unreasonable delay in installation; (2) unreasonably increase the cost of the equipment or its installation, maintenance, or use; (3) or preclude reception of an acceptable quality signal. No dish may encroach upon the Common Area or the Lot of another Owner. The Owner shall keep the dish in good repair so that it does not violate any portion of this Declaration. Satellite dishes not regulated by the FCC are prohibited. Satellite dishes or similar approved devices shall be painted to match the color of the structure on the Lot so long as such paint does not interfere with an acceptable signal.

11.12 Solar Panels and Solar Energy Devices. To help ensure uniformity for building exteriors and to maintain the desired and expected exterior aesthetic of structures on Lots, solar panels



and solar energy devices may not be installed on any Lot or on any structure on the Lot unless such installation is approved by the Architectural Control Committee and Board.

11.13 Clothes Drying. No portion of any Lot shall be used as a drying or hanging area for laundry of any kind, it being the intention hereof that all such facilities be provided within the dwelling to be constructed on each Lot.

11.14 Guests. The Owners of Lots shall be fully responsible for the activities and actions of their guests, invitees, renters/tenants, or visitors and shall take all action necessary or required to ensure that all such persons fully comply with the provisions of this Declaration, Bylaws and all Rules and Regulations of the Association. Renters/Tenants, however, shall be jointly and severally liable with the Owner for any fines, violations or corrective action, including fees incurred or imposed by the Association and any legal fees required to enforce these Covenants

11.15 Additional Rules. The Association, by and through the Board, may adopt additional Rules and Regulations with respect to any provision in this Declaration or Bylaws. Rules and Regulations shall also include any Property Development Guidelines for the Association. These "Governing Documents" shall be adhered to by all Lot Owners and fines charged or other corrective action may be taken for violations thereof. Owners and renters/tenants shall be responsible for any and all costs incurred by the Association due to enforcement of the Governing Documents, including legal fees. Nevertheless, all Rules and Regulations must be reasonable, consistent with Declaration and Bylaws and uniformly enforced.

11.16 Security Company Signs. Security company signs are permitted under the following guidelines: Security stickers may be placed on the inside of an Owner's windows but must be no larger than 9 inches by 3 inches. Metal security signs no larger than 16 inches by 6 inches (rectangular) and 12 inches by 12 inches (square) and issued by a licensed alarm or security company may be placed near door or gate entrances to Owners' homes. All signs must be maintained and replaced when paint fading occurs. No neon, florescent or bright colored signs are permitted. The Association reserves the right to remove any sign found to be in violation of this policy without notice and without such action being deemed a trespass.

11.17 Real Estate For Sale Signs. Real estate "For Sale" signs are permitted under the following guidelines: The "For Sale" sign shall be no larger than 24 inches wide by 18 inches high with rounded corners. The "For Sale" sign and post shall be of a dark brown color and no taller than 6 ft. high. The lettering on the sign shall be of a light beige color. Signs shall be placed in front of the legal property address only and shall be set back from the sidewalk no less than 3 feet. No signs advertising property for rent or lease are permitted. No signs of any kind may be placed on common property except the day of an open house. The Association reserves the right to remove any sign found to be in violation of this policy without notice.

11.18 Burning. Burning of any item, including field burning of cheat grass, bushes, dead or alive, trash, clippings, trimmings, is prohibited in Lava Cove. Burning of wood or wax logs are prohibited in outdoor or indoor fireplaces consistent with Lava Cove's Property Development Guidelines.



ARTICLE 12 - ARCHITECTURAL REVIEW AND CONTROL

The Board of Directors of the Association is authorized to appoint an Architectural Control Committee ("ACC") in accordance with the provisions of the Bylaws. The Board, however, may opt to fulfill the role of the ACC.

12.1 A "Building Envelope" shall be established for each Lot in the Association prior to its initial sale as reflected on the plat map. Any residential structure, including its outbuildings, if any, shall be constructed within such Building Envelope. The ACC may grant minor variances in any Building Envelope to the extent deemed appropriate by the ACC.

12.2 No building, fence, wall, or other structure or change from original construction shall be commenced, erected, or maintained by any Owner, nor shall any exterior addition, change or alteration thereto, including a change in the building exterior paint color, be made nor shall any improvements be made within the Owner's Lot until the plans and specifications showing the nature, kind, shape, height, grade, materials, and location of the same shall have been submitted to and approved in writing by the ACC. Approval criteria include, but are not limited to, the size and shape, the harmony of external design to the other Properties in the Association, the quality and type of materials proposed to be used and location in relation to surrounding structures and topography, as set forth in the Lava Cove Property Development Guidelines attached hereto as Exhibit B.

12.3 In order to promote a harmonious community development and protect the character of the Association, the ACC has adopted Property Development Guidelines for the Lava Cove subdivision. The provisions, terms and requirements of the Property Development Guidelines shall be binding upon the Owners in the Association and are incorporated herein by reference.

ARTICLE 13 - OBLIGATION TO MAINTAIN UNIMPROVED LOT

All Lots upon which construction is not commenced within nine (9) months from the recording of a deed of conveyance to the Owner shall be maintained by Owner in accordance with the Community-Wide Standards, as the same may be amended from time to time, and as reasonably required by the Board.

ARTICLE 14 - BUILDING APPROVAL

All residential dwellings within the Association shall be constructed by a "Preferred Builder" or an "Approved Builder" as those terms are defined in the Property Development Guidelines. No residential dwelling shall be constructed by an Owner, his agent or employee, who is not a Preferred Builder or an Approved Builder as those terms are defined in the Property Development Guidelines. All builders must be contractors licensed by the State of Utah.

ARTICLE 15 - UTILITY SERVICE

Dedication of Utility Easements. The Declarant dedicated certain portions of Lava Cove through and upon which easements are now and may hereinafter be granted for use by all utilities, both



public and private, for the construction and maintenance of their respective facilities servicing the lands described in this Declaration. Declarant granted to such utilities, jointly and severally, easements for such purpose(s). Such easements may, but are not required to, be dedicated by recorded plat or other instrument. Additional easements may be granted by the Board for utility or recreational purposes in accordance with the requirements of this Declaration.

ARTICLE 16 - GENERAL PROVISIONS, RULES AND FINES

16.1 **Enforcement.** The Association, or any Owner, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws and the Rules and Regulations. Failure by the Association or by any Lot Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

16.2 **Rules and Regulations.**

16.2.1 The Board may adopt, amend, modify, cancel, limit, create exceptions to, expand, or enforce the Rules and Regulations including the Property Development Guidelines, subject to limitation and requirements of the law, including the right of the Owners to disapprove a rule pursuant to law, and subject to the Board's duty to exercise business judgment on behalf of the Association and the Owners.

16.2.2 Before adopting, amending, modifying, canceling, limiting, creating exceptions to, or expanding the Rules and Regulations, the Board shall:

(i) at least 15 days before the Board will meet to consider a change to the Rules and Regulations, deliver notice to the Owners that the Board is considering a change to the Rules and Regulations;

(ii) provide an open forum at the Board meeting giving Owners an opportunity to be heard at the Board meeting before the Board adopts any Rules or Regulations; and,

(iii) deliver to the Owners a copy of the change in the Rules and Regulations approved by the Board within fifteen (15) days after the date of the Board meeting.

16.2.3 The Board may adopt a Rule or Regulation without first giving notice to the Owners if there is an imminent risk of harm to the Common Area, other Owners, an occupant of a Lot, on a structure thereon. The Board shall provide notice to the Owners of such a rule within fifteen (15) days of adoption by the Board.

16.3 **Compliance.** Each Owner, renter/tenant, occupant and guest of an Owner shall comply with the provisions of the Governing Documents (as defined above) and any applicable statute or law. Failure to comply therewith shall be grounds for levying of a fine and/or an action or suit maintainable by the Association or an aggrieved Owner.



16.4 Remedies. Violation of any provisions of the Governing Documents, or of any decision of the Association made pursuant to such documents, shall give the Board, the right, but not the obligation, in addition to any other rights set forth in this Declaration or the Bylaws, or under law, to do any or all of the following after giving notice:

16.4.1 Subject to the provisions of this Declaration, to enter the Lot as to which such violation exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist contrary to such provisions, and the Board shall not thereby be deemed guilty of any manner of trespass;

16.4.2 To enjoin, abate, or remedy such thing or condition by appropriate legal proceedings;

16.4.3 To levy fines according to a schedule of fines adopted by the Association from time to time;

16.4.4 To suspend the right to receive access or use any services or facilities provided by or through the Association until the violation is corrected, and to suspend the voting rights of an Owner, but not for longer than 60 days, except in the case of a continuous violation during which voting rights (including the ability to run for election to or serve on the Board) shall remain suspended until the violation is cured;

16.4.5 Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration, the Bylaws and any rules or regulations adopted pursuant thereto. The Association shall be entitled to an award of its attorneys' fees and costs in any action taken for the purpose of enforcing or otherwise implementing the terms of the Governing Documents, or for any action taken pursuant to the Governing Documents, if it prevails in such action, regardless of who instituted the action.

16.4.6 To record, in the records of the County Recorder, against a Lot as to which a violation exists relating to the land or improvements which has not been cured after notice, a "Notice of Noncompliance" setting forth the thing, condition or violation that exists and thereby providing notice to prospective purchasers and all others of the violation and of the requirement that the violation be remedied by the Owner or future Owner of the Lot.

16.5 Fines. The Board may assess a fine against an Owner for a violation of the Governing Documents in accordance with the following provisions.

16.5.1 Warning. A written warning ("Warning") shall be sent to the Owner and/or Renter/Tenant of the lot. The Warning shall:

- (i) describe the violation,
- (ii) state the rule or provision of the Governing Documents that was violated,



(iii) state that the Board may, in accordance with the provisions of the law, assess fines against the Owner and suspend membership rights if a continuing violation is not cured or if the Owner commits similar repeat violations within one year after the day on which the Board gives the Owner the warning or assesses a fine against the Owner,

(iv) if the violation is a continuous violation, state a time by which the Owner or renter/tenant must cure the violation (which time must be at least 48 hours after the day the Owner or renter/tenant is given the warning), and

(v) state the amount of the fine that will be assessed if a continuous violation is not cured within 48 hours or if the Owner or renter/tenant commits similar violations within one year after the day on which the Board gives the Owner or renter/tenant the warning.

16.5.2 Schedule of Fines. The Board shall adopt a schedule of fines indicating which behavior/action is subject to a fine and the schedule shall state the fine amount for initial and subsequent violations. After a warning, fines shall be levied upon each repeat occurrence. If the violation is continuous, fines may be levied every ten (10) days the violation remains uncured.

16.5.4 Notice of Fine. Each time a fine is assessed, notice of the fine shall be sent to the Owner describing the violation, stating the rule or provision of the Governing Documents that the Owner or renter/tenant has violated, and stating that the Owner may request an informal hearing before the Board to dispute the fine within thirty 30 days after the date of the notice.

16.5.5 Membership Rights – Good Standing. An Owner shall not be deemed an Owner in Good Standing for 60 days after a fine is assessed against the Owner and shall not be eligible to vote run for or serve on the Board.

16.6 Appeal by Owner. Any Owner who is assessed a fine or other penalty or who has rights suspended may request an informal hearing before the Board to dispute the fine, penalty or suspension within thirty (30) days after the date of the notice stating that the fine or penalty is assessed or that rights have been suspended. The hearing requested shall be conducted in accordance with procedures promulgated by resolution (rule) of the Board from time to time, or if none, in accordance with the standards determined by the Board at the hearing.

16.7 Action by Owners. Subject to any limitation imposed under the Governing Documents or Utah law, an aggrieved Owner may bring an action against such other Owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

16.8 Injunctive Relief. Nothing in this section shall prevent an Owner, the Association, or other interested party from resorting to a court of competent jurisdiction in those instances where injunctive relief may be appropriate. In such an action, the violation of any covenants or restrictions in the Governing Documents shall be presumed to cause irreparable harm to the Association and its members.



16.9 Purchase Subject to Violations. Buyers shall take ownership of Lots subject to any violations of the Governing Documents which may exist concerning the Lot, whether or not such violations were disclosed by the Owner/seller of the Lot and whether or not the Association knew of the violations at the time of sale. Such buyers shall be liable for correcting such violations upon demand by the Association.

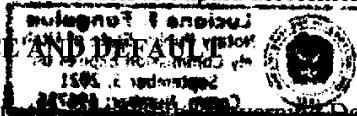
16.10 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

16.11 Duration: Amendment. The covenants and restrictions of this Declaration shall run with and bind the property subject hereto for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years. This Declaration may be amended by the affirmative vote of at least two-thirds (2/3) of the total voting interests of the membership in the Association. Any amendment must be recorded, and the portion of any plat containing Common Area may not be vacated in whole or in part unless the entire plat is vacated.

16.12 Duty to Repair Structure. In the event a structure on a Lot is damaged, through an act of God or other casualty, the Owner of the Lot shall promptly cause the structure to be repaired or rebuilt substantially in accordance with the original architectural plans and specifications and subject to ACC approval regardless of any claim of hardship by the Owner. It shall be the duty of the Association to enforce such repair and rebuilding of the structures to comply with this responsibility.

16.13 Easement for Enforcement. The Association is granted an easement over the Common Areas and Lots within Lava Cove, subject to this Declaration, by each Owner for the purpose of enforcing the provisions of this Declaration and may go upon each Lot to remove or repair any existing cause of a violation thereof. If the Owner required to cure the violation fails to do so, the Association shall have the right to cure such violation, and all costs incident thereto, including court costs and reasonable attorney's fees, shall become the personal obligation of the Owner and in addition, a lien against his Lot and collected in the same fashion as unpaid assessments.

ARTICLE 17 - COMPLIANCE AND DEFAULT



Each Owner shall be governed by and shall comply with the terms of the Governing Documents of the Association and any other applicable laws. Failure of an Owner to comply with such documents and regulations shall entitle the Association and/or other Owners to all appropriate legal and equitable relief available by law.

17.1 Negligence. An Owner shall be liable for the expense of any maintenance, repair, or replacement item rendered necessary by his negligence or by that of any member of his family or his or their renter/tenants, guests, employees or agents.

17.2 Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of an Owner to comply with the terms of the Association's Governing Documents, the Association

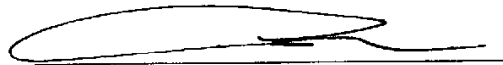


shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be awarded by the court including costs and fees on appeal or certiorari.

17.3 No Waiver of Rights. The failure of the Association, or any Owner to enforce any provision of the Governing Documents, shall not constitute a waiver of the right to do so thereafter.

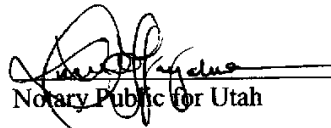
IN WITNESS WHEREOF, Lava Cove at Entrada Property Owners Association, Inc. has executed this Declaration having received the necessary approvals from the members this 19th day of September, 2018.

LAVA COVE AT ENTRADA PROPERTY OWNERS ASSOCIATION, INC.


By: Alan Madsen
Its: Chairman/President

STATE OF UTAH)
)ss:
County of UTAH)

The foregoing instrument was acknowledged before me on this 19th day of SEPTEMBER, 2018, by ALAN MADSEN.


Notary Public for Utah

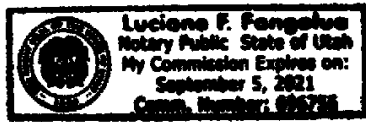


EXHIBIT A

(Legal Description)

All Lots of LAVA COVE 1 AMD (SC), and LAVA COVE AT ENTRADA AMD 2 FKA LAVA COVE (SC), according to the official plats thereof recorded with the office of the Washington County Recorder, State of Utah.

Parcel Numbers:

SC-LACE-1	SC-LACE-16	SC-LACE-28	SC-LACE-46
SC-LACE-3	SC-LACE-17	SC-LACE-29	SC-LACE-49
SC-LACE-4	SC-LACE-18-A-1-B	SC-LACE-30	SC-LACE-50
SC-LACE-5	SC-LACE-19	SC-LACE-32-A	SC-LACE-51
SC-LACE-6	SC-LACE-20	SC-LACE-33-A	SC-LACE-31-A
SC-LACE-7	SC-LACE-22	SC-LACE-34-A	
SC-LACE-8-A	SC-LACE-23	SC-LACE-36	
SC-LACE-9-A	SC-LACE-24	SC-LACE-41	
SC-LACE-10	SC-LACE-25	SC-LACE-42	
SC-LACE-14	SC-LACE-26	SC-LACE-43	
SC-LACE-15	SC-LACE-27	SC-LACE-44	



EXHIBIT B

Property Development Guidelines

Owners and prospective owners are hereby notified that Property Development Guidelines (and other rules and regulations) exist for the Association and may change from time to time. Notice is provided that these documents exist, and it is the Owner or prospective owners' obligation to be aware of the terms and conditions of those and other Governing Documents of the Association.



**BYLAWS
OF LAVA COVE**

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ARTICLE 1 – IDENTITY

These are the Bylaws of the LAVA COVE AT ENTRADA PROPERTY OWNERS ASSOCIATION, INC., (hereinafter referred to as “Association”), a corporation not for profit under laws of the State of Utah, the Articles of Incorporation of which were filed in the office of the Division of Corporations and Commercial Code of the State of Utah. If at any time the Association’s nonprofit corporate status lapses or expires, the Board upon its own motion, may re-incorporate the Association.

The Association has been organized for the purpose of owning, governing and maintaining certain lands located in Washington County, Utah, and any additions thereto, (hereinafter referred to as “Lava Cove”), which land and personal property are to be used in common by members of the Association.

Such operation by the Association shall include management of Lava Cove in keeping with the terms and conditions set forth in the Declaration of Covenants, Conditions and Restrictions for Lava Cove at Entrada Property Owner’s Association (as amended) (hereinafter referred to as “Declaration”), these Bylaws and the Rules and Regulations. and the enforcement of such covenants, conditions and restrictions.

Section 1.1 The Office of the Association shall be found and is listed on the Association’s website. If not contained therein, the office of the Association shall be the address on file with the State of Utah, Division of Corporations and Commercial Code.

Section 1.2 The Fiscal Year of the Association shall be January 1 through December 31.

Section 1.3 Definitions of terms used herein shall be the same as are contained in the Declaration.

ARTICLE 2 – OWNERS’ MEETINGS

Section 2.1 The Annual Owners’ Meeting shall be held at such location as shall be designated in the notice of meeting in November of each year on or before the 20th of the month for the purpose of electing Directors and transacting any other business authorized to be transacted by the Owners.

Section 2.2 Special Owners’ Meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from Voting Owners (as hereinafter defined) representing one-third (1/3) or 13 of the total existing lots.

Section 2.3 Voting Owners If a Lot is owned by one person, his right to vote shall be established by the record title to his Lot. If a Lot is owned by more than one person (a husband and wife, significant other, business partner, etc.), any Owner of record shall be entitled to vote at any meeting provided however, that any such Owners shall only be entitled to a single vote for



each Lot owned and that if all Owners of a Lot are present, and they disagree as to how their vote is to be cast, then their vote shall not be counted unless and until they shall agree and the officer of the Association presiding officially recognizes such agreement during the voting portion of the meeting.

Section 2.4 Proxies must be filed with the Secretary or Property Manager no later than the beginning of any meeting at which votes are cast. A proxy must be signed by the Owner of the Lot to be valid. A proxy may be emailed, mailed or delivered to the above person(s) during the time period designated herein. Incomplete proxies or those containing errors will be void.

Section 2.5. Notice. Notice of any Owner meetings shall be provided no less than twenty (20) and no more than sixty (60) days prior to the meeting to the address contained in the Association's records. The Owner is obligated to provide their contact information to the Board and Property Manager. The Association may provide notice by any method allowed under Utah Code Ann. §16-6a and such notice shall constitute fair and reasonable notice. Notice that an Association provides by a method not referred to in Utah Code Ann. §16-6a, still constitutes fair and reasonable notice if (a) the method is authorized in the Declaration, Articles, Bylaws or Rules and Regulations; and (b) considering all the circumstances, the notice is deemed fair and reasonable.

The Association may provide notice by electronic means, including text messages, email or the Association's website (if one is in use). Nevertheless, any Owner may request, by submitting a written demand, requesting the Association provide notice to the Owner by regular U.S. mail.

Section 2.6 Affairs, Electronic Means. Any transaction or action involving the business or affairs of the Association, including but not limited to voting and providing notice or records, may be conducted by electronic means. The Association may accept a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation as the act of the Owner if the Board does so in good faith and has no reason to believe it is not the act of the Owner.

A writing may be delivered in an electronic medium or by electronic transmission, and may be signed by photographic, electronic, or other means. An electronic record or electronic signature is attributable to a person if it was the act of the person. An electronic signature may consist of a mark, symbol, character, letter, or number or any combination thereof attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record and the same shall be considered the signature of such person.

A writing includes any document, record, vote, ballot, proxy, or instrument required or permitted to be transmitted by an Owner or by the Association.

Section 2.7 Quorum of Members' Meetings shall consist of persons entitled to cast one-fourth (1/4) or 10 of the total votes of the Association except as otherwise provided for in the Articles, the Declaration, or these Bylaws. The acts approved by a majority of the votes present at a

meeting at which a quorum is present shall constitute the acts of the members, except when approval by a greater number is required by the Articles of Incorporation, these Bylaws or law. In addition, multiple Owners of a single Lot shall only be counted as a single Lot holder for each Lot owned for purposes of determining a quorum.

Section 2.8 Adjourned Meetings and Reconvened Meetings. If any meeting of the Owners cannot be held because a quorum has not been established, then the Owners who are then present, either in person or by proxy, may adjourn the original meeting that failed due to lack of a quorum and then those present may immediately, but no later than seven (7) days from the original meeting that failed, recall the meeting by giving notice to only those present and those present at the subsequent and recalled meeting shall be the quorum. A majority of the quorum shall act on behalf of the Association at any such adjourned and reconvened meeting.

Section 2.9 Order of Owner Meetings. The Order of Business at annual Owners' meetings, and as far as practicable at other Owners' meetings, shall be:

1. Calling of the roll and certifying proxies
2. Proof of notice of the meeting or waiver of notice
3. Reading and disposal of any unapproved minutes
4. Reports of Officers
5. Reports of Committees
6. Election of Inspectors of Elections
7. Election of Directors
8. Unfinished Business
9. New Business
10. Adjournment

Section 2.10 Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of Owners may be taken without a meeting if the Association causes to be delivered a written ballot to every Owner entitled to vote on the matter not less than fifteen (15) days prior to the date on which the ballots must be received by the Association in order to be counted.

A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this Section shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.



All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

In the event the action is for election of Board members, there shall be space on the ballot to write in nominations. Action taken under this section has the same effect as action taken at a meeting of Owners and may be described as such in any document.

The Board may elect to conduct a vote pursuant to this section by a secrecy procedure whereby a written ballot is accompanied by: (1) a secrecy envelope; (2) a return identification envelope to be signed by the owner; and (3) instructions for marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

Section 2.11 Action without Notice and a Meeting. Any action required to be taken or which may be taken at a meeting of Owners may be taken without a meeting and without prior notice if one or more consents in writing, setting forth the action so taken, are signed by Owners having not less than the minimum voting power that would be necessary to authorize or take the action at a meeting at which all Owners entitled to vote on the action were present and voted.

All such writings must be received by the Association within a sixty (60) day period. Any such writing may be received by the Association by electronically transmitted facsimile or other form of communication providing the Association with a complete copy thereof, including a copy of the signature thereto. Action taken pursuant to this section shall be effective when the last writing necessary to affect the action is received by the Association, unless the writings describing and consenting to the action set forth a different effective date. Any change in ownership of a Lot which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose.

Unless the written consents of all Owners entitled to vote have been obtained, notice of any Owner approval under this Section shall be given to all Owners at least 10 days before the consummation of the transaction, action, or event authorized by the Owner action. The notice shall contain or be accompanied by the same material that would have been required to be sent in a notice of meeting at which the proposed action would have been submitted to the Owners for action.

ARTICLE 3 – DIRECTORS

Section 3.1 Membership. The affairs of the Association shall be managed by a Board of not less than three (3) and not more than nine (9) Directors. The initial Board, as designated in the Articles, shall serve until the conditions set forth in the Articles have occurred.

Section 3.2 Election of Directors shall be conducted by the Voting Owners in the following manner:

3.2.1 Election of Directors shall be held at a property, noticed and called meeting, at least annually.

3.2.2 A Nominating Committee of three (3) owners may be appointed by the Board of Directors not less than thirty (30) days prior to the annual members' meeting. The committee shall nominate one person for each director's seat. Nominations for additional directorships to be created at the meeting shall be made from the floor, and other nominations may be made from the floor. Owners may notify the Secretary or Property Manager of their desire to be on the Board.

3.2.3 The Election shall be by secret written ballot (unless dispensed with by unanimous consent) and by plurality of the votes cast, each person voting being entitled to cast his vote for up to as many nominees as there are vacancies to be filled. The person(s) receiving the largest number of votes shall be elected. There shall be no cumulative voting.

3.2.4 Except as vacancies created by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of Owners shall be filled by the remaining Directors.

3.2.5 Any Director may be removed by concurrence of a majority of all votes of the Voting Owners at a special meeting of the Voting Owners called for that purpose. The vacancy on the Board of Directors so created may be filled by the Owners of the Association at the same meeting.

3.2.6 A Director may be appointed by the Board, at the Board's discretion between elections, if in the Board's opinion, an additional Director is deemed necessary up to 9 Directors.

Section 3.3 The Term of each Director's service shall be the year following his or her election and subsequently until his or her successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

Section 3.4 The Organization Meeting of a newly-elected Board of Directors shall be held within ten (10) days of their election at such place and times as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary. The purpose of the meeting is to elect officers and the chair of the Architectural Control Committee and any other committee established by the Board and to do any other act of organization required to operate the Association.

Section 3.5 Regular Meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each director, personally, by mail, email or telephone, at least five (5) days prior to the day named for such meeting. This Section shall not be construed to require regular meetings of the Board of Directors.

Section 3.6 Open Board Meetings; Executive Sessions.



3.6.1 Open Meetings. Except for Executive Session described herein, all meetings of the Board shall be open to Owners. At each meeting, the Board shall provide each Owner a reasonable opportunity to offer comments but may set and regulate the allotted time each Owner has to speak in order to manage the meeting efficiently. Beyond such comment period, no Owner shall have a right to participate in the Board meeting unless the Owner is also a member of the Board.

The President or the Board (by a majority vote of the Board) shall have the authority to exclude an Owner or Owner's agent who disrupts the proceedings at a Board meeting. The Board may adopt policies governing meetings of the Board from time to time, including policies to reflect current Utah law. If such Utah law supersedes any provision of these Bylaws, the policy adopted by the Board shall also supersede these Bylaws to the extent the policy restates then current Utah law. "Meeting" means a gathering of a Board, whether in person or by means of electronic communication in real time, at which the Board can take binding action. If a Board member may participate by means of electronic communication, the Board shall provide the information necessary to allow the Owner(s) to participate by electronic communication, so all can be heard at the same time.

3.6.2 Notice of Board Meetings to Owners. At least 48 hours before a Board meeting, the Association **shall give written notice of the meeting via email to each Owner who requests notice of a Board meeting** ("Meeting Notice"), unless notice of the meeting is included in a meeting schedule that was previously provided to the Owner, or the meeting is to address an emergency, and each Board member receives notice of the meeting less than 48 hours before the meeting.

A Meeting Notice shall: (i) be delivered to the Owner by email, to the email address that the Owner provides to the Association; (ii) state the time and date of the meeting; (iii) state the location of the meeting; and (iv) if a Board member may participate by means of electronic communication, provide the information necessary to allow the Owner to participate by the available means of electronic communication.

3.6.3 Executive Sessions. In the discretion of the Board, the Board may close a Board meeting and adjourn to executive session to: (a) consult with an attorney for the purpose of obtaining legal advice; (b) discuss ongoing or potential litigation, mediation, arbitration, or administrative proceedings; (c) discuss a personnel matter; (d) discuss a matter relating to contract negotiations, including review of a bid or proposal; (e) discuss a matter that involves an individual if the discussion is likely to cause the individual undue embarrassment or violate the individual's reasonable expectation of privacy; or (f) discuss a delinquent assessment or fine

3.6.4 Executive Session Procedure. Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president or other Presiding officer shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting.



Section 3.7 Meetings by Telephonic or Electronic Communication in Real Time (e.g., by Conference Call or Skype). In the event of an emergency, or by decision of the Board, and to the fullest extent allowed by law, meetings of the Board may be conducted by means of electronic communication that allows all members of the Board participating to be able to communicate orally in real time.

Section 3.8 Action Taken by Board without a Meeting (e.g., by Email).

3.8.1 Notice, Response. Any action or decision required or permitted to be taken at a Board meeting may be taken without a meeting if, either:

(i) All members of the Board vote in favor of the action or decision in writing (e.g., via email). Such action or decision is deemed taken at the time the last Board member submits a vote describing the action or decision, unless prior to that time, any Board member revokes their vote. or,

(ii) If less than all Board members consent to the action in writing, then: (a) if notice is given in writing to each member of the Board, (a) if no Board member makes a written demand that the action be taken only at a meeting, and (c) if each Board member, by the deadline stated in the notice, either votes for or against the action, abstains in writing from voting, or fails to respond or vote.

3.8.2 Consent of Notice. The notice required by these Bylaws for Board meetings (the "Notice") shall state (a) the action to be taken; (b) the time by which a Board member must respond to the Notice; (c) that failure to respond by the time stated in the Notice will have the same effect as abstaining in writing by the time stated in the Notice and failing to demand in writing by the time stated in the Notice that action not be taken without a meeting; and (d) any other matters the Association determines to include.

3.8.3 Electronic Transmission. An electronic transmission communicating a vote, abstention, demand, or revocation is valid for all purposes and is considered to be written, signed, and dated for purposes of these Bylaws if the electronic transmission is delivered with information from which the Association can determine the date it is sent and that the electronic transmission is transmitted by the person (e.g., if sent from a Board member's known email account). The date on which an electronic transmission is sent is considered the date on which the vote, abstention, demand, or revocation is signed.

Section 3.9 Waiver of Notice. Any Board member may, at any time, waive notice of any meeting of the Board in writing, and the waiver shall be deemed equivalent to the giving of the notice. Attendance by a Board member at any meeting of the Board shall constitute a waiver of notice by the Board member, except where the Board member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not



properly called or convened. If all Board members are present at any meeting of the Board, no notice to Board members shall be required and any business may be transacted at the meeting.

Section 3.10 Special Meetings of the Board of Directors may be called by the President or must be called by the Secretary at the written request of two-thirds (2/3) of the Directors. Not less than two (2) days' notice of the Special Meeting shall be given.

Section 3.11 Waiver of Notice. Any Directors may waive notice of a meeting before, during or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

Section 3.12 Quorum of Directors / Proxies. A Quorum of Directors' for a Board meeting shall consist of a majority of all the members of the Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors., except when approval by a greater number of Directors is required by the Articles of Incorporation, or these Bylaws. Board members may give proxies to another Board member to establish a quorum and to vote on their behalf.

Section 3.13 Adjourned Meetings If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice by those Directors present.

Section 3.14 Joinder in Meeting by Approval of Minutes. The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such Director for the purpose of determining a quorum.

Section 3.15 The Presiding Officer of Directors' Meetings shall be the President. In the absence of the presiding officer the Directors present shall designate one of their members to preside.

Section 3.16 Order of Directors Meeting. The Order of Business of Directors' Annual Meetings and, except for the election of officers, at other Directors' meetings, shall be:

1. Calling of roll
2. Proof of Due Notice of Meeting
3. Reading and disposal of any unapproved minutes
4. Open Forum for Owners
5. Reports of officers and committees
6. Election of officers (when required)
7. Unfinished business

8. New business
9. Adjournment

ARTICLE 4 – POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 4.1 All of the powers and duties of the Association existing under the Articles of Incorporation and these Bylaws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, and subject only to approval by the members where such approval is specifically required.

Section 4.2 Governance Authority of the Board. The Board acts in all instances on behalf of the Association unless specific authority is delegated to a committee or agent. In such instances, the committee or agent only has the authority expressly delegated to them. Board decisions are made by a majority of the Board when a quorum is established as provided in the By-laws. No individual Board members, committee members or agents may represent the Association, without Board authority, by enforcing the Association's governing policies nor shall any individual have authority, without Board approval, to unilaterally act on behalf of the Association in any manner or obligate the Association to contracts, decisions, approvals or sanctions.

Section 4.3 Powers.

The Board shall have the power to:

4.3.1 Adopt and publish rules and regulations governing the use of the Common Property and facilities and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

4.3.2 Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles, the Declaration, the Association's Property Development Guidelines and applicable statutes;

4.3.3 Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive meetings of the Board of Directors, provided, however, that concurrence in the minutes of the meeting as provided for herein shall constitute presence at said meeting.

4.3.4 Employ such employees as they deem necessary and prescribe their duties;

4.3.5 Exercise such other powers as given by Utah Statutes and not in conflict therewith.

Section 4.4 Duties. It shall be the duty of the Board to:

4.4.1 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Owners at an annual meeting of the Owners;



4.4.2 Supervise all officers, agents and employees of the Association, and determine that their duties are properly performed;

4.4.3 As more fully provided in the Declaration to:

(i) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(ii) After the Annual Owners' Meeting send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) Begin foreclosure on any lien against any lot for which assessments are not paid within thirty (30) days after due and/or bring an action at law against the owner personally obligated to pay the same;

4.4.4 Issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A charge of \$75.00 shall be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

4.4.5 Procure and maintain adequate liability and hazard insurance on property owned by the Association;

4.4.6 Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

4.4.7 Cause the Common Property to be maintained.

All of the powers and duties of the Association existing under the Articles of Corporation, these Bylaws, the Declaration and the Association's Property Development Guidelines; shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by members where such approval is specifically required.

ARTICLE 5 – OFFICERS

Section 5.1 The Executive Officers of the Association shall be a President, who shall be a director, a Vice President, who shall be a director, Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors, and who may be removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary. No person shall hold the office of president or vice president for a period longer than two (2) consecutive years. The Board of Directors, from time to time, shall elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

Section 5.2 The President shall be the chief executive officer of the Association. He or she shall have all of the powers and duties usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the Owners from time



to time, as he or she, in his or her discretion, may determine appropriate to assist in the conduct of the affairs of the Association.

Section 5.3 The Vice President in the absence or disability of the President shall exercise the powers and perform the duties of the President. He also shall assist the President generally and exercise such other powers and perform such other duties as shall be prescribed by the directors.

Section 5.4 The Secretary shall keep the minutes of all proceedings of the Directors and the Owners. The Secretary shall attend to the giving and serving of all notices to the Owners and Directors and other notices required by law. The Secretary shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the Secretary of an association and as may be required by the Directors or the President. The Property Manager shall perform the duties of the Secretary when the Secretary is absent.

Section 5.5 The Treasurer shall have the custody of all property of the Association, including funds, securities, and evidences of indebtedness. The Property Manager under the direction of the Treasurer shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer.

Section 5.6 The Compensation of all employees of the Association shall be fixed by the Directors. The provision that directors' fees shall be determined by Owners shall not preclude the Board of Directors from employing a Director as an employee of the Association.

ARTICLE 6 – FISCAL MANAGEMENT

The provisions for fiscal management of the Association are set forth more specifically in Article 9 of the Declaration. This Article 6 of the Bylaws shall supplement the Declaration.

Section 6.1 Accounts. The receipts and expenditures of the Association shall be created and charged to accounts as shall be appropriate, all of which expenditures shall be common expenses

Section 6.2 Annual Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to fund the anticipated expenditures, together with appropriate contingencies and reserves, and to provide and maintain funds for the accounts and reserves according to good accounting practices.

A copy of the budget shall be provided at the annual meeting or upon request. If the budget is amended subsequently, a copy of the amended budget shall be furnished to each Owner.

Section 6.3 Assessments. Assessing authority and procedures for base annual assessments and special assessments are set forth in the Declaration, including remedies for unpaid assessments. Assessments against Owners for their shares of items of the budget shall be made for the fiscal year annually in advance on or before November 30 preceding the year for which the assessments are made. Assessments are due on or before January 1st of each year. Hardship requests for installment payments may be submitted to the Board.



No Owner may waive or otherwise escape liability for assessments provided for herein by nonuse or partial use of the common property or the limited common property or claim or offset against the Association by abandonment of his or her lot.

Section 6.4 Acceleration of Hardship Assessment Installments upon Default. If a lot Owner granted hardship status shall be in default in the payment of an installment of an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the lot Owner, and the unpaid balance of the assessment shall be due upon the date stated in the notice, but no less than ten (10) days after the delivery of the notice to the lot Owner, or not less than twenty (20) days after the mailing of such notice to lot Owner by registered or certified mail, whichever shall occur first.

Section 6.5 Assessments for Emergencies. Assessments for emergencies that cannot be paid from the annual assessments for common expenses may be made without notice of the need for such expenditures being given. The assessment shall become effective and shall be due after thirty (30) days' notice in such manner as the Board of Directors may require in the notice assessment.

Section 6.6 Depository for Funds. The depository of the Association shall be such financial institutions as shall be designated from time to time by the Board and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Board.

ARTICLE 7 – AMENDMENTS

These By-laws may be amended in the follow manner:

Section 7.1. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

Section 7.2. Limitation on Amendments. No amendment shall discriminate against any Owner or against any Lot or other class or group unless the Owners so affected shall consent by the percentage vote as required by the Association for the amendment. No amendment shall be adopted in conflict with the Declaration, the Articles of Incorporation or the laws of State of Utah. Amendments to these Bylaws shall pass upon the receipt of affirmative votes of at least fifty-one percent (51%) or 20 of those Owners who vote, after a quorum has been established.

7.2.1 In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

7.2.2 No amendment shall materially impair or prejudice the rights and/or priorities of an institutional mortgagee of any of the lots without prior written approval of such mortgagee.

Section 7.3. Execution. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment to the Bylaws, which certificate shall be executed by the officers of the Association with the formalities of the execution of the deed.

ARTICLE 8 – ARCHITECTURAL CONTROL COMMITTEE

Section 8.1. Establishment of Committee. The Board of Directors is authorized to establish an Architectural Control Committee (hereinafter referred to as “ACC”) and to delegate to the ACC any necessary and appropriate powers related to the Property Development Guidelines and architectural and landscaping matters (or any other associated matter so delegated). In the event a Committee is not appointed, the ACC’s duties shall be fulfilled by the Board.

Section 8.2. Number, Selection and Term of Committee. If the Board is not serving as the ACC, the ACC shall consist of no fewer than three (3) and no more than seven (7) members, appointed by the Board of Directors. Members of the ACC shall serve at the pleasure of the Board of Directors and may be removed without cause. The Board shall appoint an ACC Chair to oversee the committee and act as the Owner’s contact for all matters relating to the ACC and the Association’s Property Development Guidelines. Members of the ACC shall be appointed annually. In the event of a vacancy in the ACC, the Board of Directors shall, at its next meeting, select a replacement member. The Board or ACC, as necessary may appoint or hire a professional architect, engineer or land planner, who may or may not be an Owner to serve on said ACC. and may provide that said architect, engineer or land planner be fairly compensated for serving on the ACC. The Board of Directors may approve and distribute funds to meet the reasonable expenses of the ACC. If a licensed professional is engaged to review a proposal from an Owner, the ACC may pass the billed cost of that work to the Owner as an assessment.

The ACC shall be responsible to the Board of Directors, which shall have veto power over any decision made by the ACC. The veto power may be exercised by a majority of the Directors at any Board of Directors meeting, after an appeal is made by an aggrieved Owner or by a member of the ACC within thirty (30) days of the ACC’s decision which is appealed. If the Board is serving as the ACC, the Board’s decision shall be final with no right of appeal.

Section 8.3 ACC Design Guidelines / Rules and Regulations. The ACC is responsible for administering the Property Development Guidelines and with final approval of the Board, may promulgate from time to time such rules and regulations as it deems necessary and proper, which shall include but not be limited to, the following (in other words, the ACC may not adopt Rules and/or Guidelines):

8.3.1 Guidelines and procedures to be followed by any applicant seeking its approval.

8.3.2 Guidelines and procedures to be followed by an application seeking a special exception.

8.3.3 An application form to be prepared and submitted by any applicant seeking its approval as a special exception.

8.3.4 A schedule of reasonable fees applicable for the processing of applications.



8.3.5 A procedure for action at a meeting of the Board of Directors or Committee (which may include regular or special Board meetings.)

8.3.6 Such other procedural rules, regulations, and requirements as the A.C.C. and the Board may deem necessary and proper, which are not in conflict with the Articles of Incorporation, By-Laws, and Declaration.

ARTICLE 9 -LIABILITY; INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each officer and Board member of the Association, in consideration of his or her services, shall be indemnified by the Association to the extent permitted by the Utah Revised Nonprofit Corporation Act (regardless of the Association's corporate status or lack thereof) against expenses and liabilities reasonably incurred by him or her in connection with the defense of any actual or threatened action, suit or proceeding, civil or criminal, to which he or she may be a party by reason of being or having been a Board member or officer of the Association.

The foregoing right to indemnification shall not be exclusive of any other rights to which the Board member or officer or person may be entitled by law, agreement, vote of the members or otherwise.

No member of the Board or any committee of the Association, and no officer of the Association shall be personally liable to the Association or to any Owner for damages for breach of fiduciary duty, mistake of judgment, negligence, tortuous acts or other conduct but this Article shall not eliminate or limit the liability of such for acts or omissions that involve intentional misconduct, fraud or a knowing violation of law.

No member of the Board or any committee of the Association, and no officer of the Association shall be personally liable in contract under any agreement, contract, instrument or transaction entered into by them on behalf of the Association. Further, no member of the Board or any committee of the Association, and no officer of the Association shall have any personal liability arising out of the use, misuse or condition of the Project or any part thereof that might in any way be assessed against or imputed to them as a result of or by virtue of their capacity as Directors, officers or committee members.

ARTICLE 10 - RECORDS AND AUDITS

The Association shall maintain within the State of Utah, all documents, information and other records of the Association in accordance with the Declaration, these Bylaws and the Utah Revised Nonprofit Corporation Act.

Section 10.1 General Records.



10.1.1 The Board and Property Manager, if any, shall keep records of the actions of the Board and Property Manager; minutes of the meetings of the Board; and minutes of the meeting of the Association.

10.1.2 The Board shall maintain a Book of Resolutions containing the rules, regulations, and policies adopted by the Association and Board.

10.1.3 The Board shall maintain a list of Owners. The list of Owners may specify whether the Owner is an Owner in good standing. Emails and phone number shall remain private for Association or Board use only.

10.1.4 The Association shall retain within this State of Utah, all records of the Association for not less than the period specified in applicable law.

Section 10.2 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. The account shall designate the Lot number, the name and address of the Owner or Owners, the amount of each Assessment against the Owners, the dates and amounts in which the Assessment comes due, the amounts paid upon the account, and the balance due on the Assessments.

Section 10.3 Financial Reports and Audits.

10.3.1 Upon written request by an Owner or mortgagee of a Lot, an annual report of the receipts and expenditures of the Association and a balance sheet showing assets and liabilities shall be rendered by the Board to the Owner(s) making the request within ninety (90) days after the end of each fiscal year.

10.3.2 From time to time, the Board, at the expense of the Association, may obtain an audit by a certified public accountant or other qualified financial review of the books and records pertaining to the Association and furnish copies thereof to the Owners and mortgagees of Lots.

Section 10.4 Inspection of Records by Owners.

10.4.1 Except as otherwise provided in Section 10.5 herein, all records of the Association shall be reasonably available for examination by an Owner and any mortgagee of a Lot pursuant to rules adopted by resolution of the Board or if no such resolution has been adopted, pursuant to the Utah Revised Nonprofit Corporation Act.

The Board shall maintain a copy, suitable for the purposes of duplication, of the following: (1) The Declaration, Bylaws and any Amendments in effect or supplements thereto, Association's Property Development Guidelines and rules and regulations of the Association; (2) The most recent financial statement prepared pursuant to Section 10.3 above; and (3) The current operating budget of the Association.



10.4.2 The Association, within five (5) business days after receipt of a written request by an Owner, shall furnish the requested information required to be maintained under Subsection (a) of this section, subject to a reasonable fee for furnishing copies of any documents, information or records described in this section. The fee may include reasonable personnel costs incurred to furnish the information.

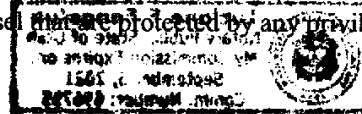
10.4.3 The Board, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of any documents, information or records described in this section. The fee may include reasonable personnel costs incurred to furnish the information.

Section 10.5 Records Not Subject to Inspection. Records kept by or on behalf of the Association may be withheld from examination and duplication to the extent the records concern:

10.5.1 Personnel matters relating to a specific identified person or a person's medical records.

10.5.2 Contracts, leases and other business transactions that are currently under negotiation to purchase or provide goods or services.

10.5.3 Communications with legal counsel that relate to matters specified in this section, and any other communications with legal counsel that are protected by any privilege, including the attorney client privilege.



10.5.4 Disclosure of information in violation of law.

10.5.5 Documents, correspondence or management or Board reports compiled for or on behalf of the Association or the Board by its agents or committees for consideration by the Board in executive session held in accordance with these Bylaws and the minutes of any executive session.

10.5.6 Documents, correspondence or other matters considered by the Board in executive session held in accordance with these Bylaws and the minutes of any executive session.

10.5.7 Files of individual Owners, other than those of a requesting Owner or requesting mortgagee of an individual Owner, including any individual Owner's file kept by or on behalf of the Association. Records, including the assessment roll, may be redacted by the Board such that specific individuals are not identifiable as being delinquent in payment of assessments and such information is specifically deemed confidential and private and not subject to any inspection requirements of the law or the Governing Documents. Any list or compilation of phone numbers or email addresses of Owners kept by the Association is not subject to



viewing, inspection or copying by any Owner and is specifically deemed confidential and private and not subject to any inspection requirements of the law or the Governing Documents.

10.5.8 Emails and phone numbers given to the Board.

IN WITNESS WHEREOF, the Association has caused these Bylaws to be executed by its duly authorized officers on this 19th day of September, 2018.

(Sign): [Signature]
(Print Name): Alan Madsen, President

STATE OF UTAH)
)ss:
County of UTAH)

The foregoing instrument was acknowledged before me on this 19th day of SEPTEMBER, 2018, by ALAN MADSEN.

[Signature]
Notary Public for Utah

