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COMMUNITY CHARTER
FOR
SUNDANCE COMMUNITY PRESERVE

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**COMMUNITY CHARTER
FOR
SUNDANCE COMMUNITY PRESERVE**

THIS COMMUNITY CHARTER FOR SUNDANCE COMMUNITY PRESERVE, is dated as of January 4, 2005 and is made by SUNDANCE PARTNERS, LTD., a Utah limited liability partnership ("Master Developer").

RECITALS:

A. Capitalized terms in this Community Charter are defined in the glossary attached hereto as Exhibit "B" and incorporated herein by this reference.

B. Master Developer holds equitable and legal title to certain real property commonly known as Sundance, a four seasons resort located in Utah County, Utah.

C. Master Developer desires to develop, in stages, the aforesaid lands into a planned community consisting of residential, cultural, art, theater, commercial, recreational and other areas and uses.

D. At full development it is intended, without obligation, that the Preserve will have several residential neighborhoods, nightly lodging, cultural, art and theater improvements and recreational areas which may include, without obligation, swimming pool and clubhouse, open spaces, walkways, a trail system, drives and other social, cultural, theatrical, commercial and civic buildings and facilities.

E. As part of the Community Rules and various stages of development of the aforesaid lands, Master Developer intends, without obligation, to record various Plats, Neighborhood Charters and Supplemental Charters covering portions of the Preserve, which Neighborhood Charters and/or Supplemental Charters will designate the purposes for which such portions of the Preserve may be used and may set forth additional covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements applicable to such portions of the Preserve.

F. Master Developer intends, without obligation, to annex Additional Land into the Preserve, which land is not presently included in the Preserve.

G. As part of the development of the Preserve, Master Developer may sell and/or co-develop various parcels included in the Preserve to and/or with various Neighborhood Developers and to record Neighborhood Charters and/or Supplemental Charters containing restrictive covenants on the parcels sold, and those Neighborhood Developers with the Master Developer's approval, may record Plats and make public dedications on the parcels purchased.

H. Master Developer desires to form the Community Association as a non-profit corporation for the purpose of benefiting the Preserve and its Owners and Residents which non-

profit corporation will (1) acquire, construct, operate, manage and maintain a variety of Community Areas and other areas within the Preserve; (2) establish, levy, collect and disburse the Assessments and other charges imposed hereunder; and (3) as the agent and representative of the Members of the Community Association and Residents of the Preserve, administer and enforce all provisions hereof and enforce use and other restrictions imposed on various parts of the Preserve.

I. Master Developer desires to establish for its own benefit and for the mutual benefit of all future Owners, Mortgagees, Residents, occupants or other holders of an interest in the Preserve, or any part thereof, certain easement, rights and mutually beneficial covenants, restrictions and obligations with respect to the proper development, use and maintenance of the various Parcels and Neighborhoods within the Preserve.

J. Master Developer desires and intends that the Owners, Mortgagees, lessees, occupants, Residents and other persons hereafter acquiring any interest in, or otherwise utilizing property at, the Preserve shall at all times enjoy the benefits of, and shall hold their interest subject to the rights, easements, privileges, covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the aesthetic and cooperative aspects of the Preserve and are established for the purpose of enhancing and protecting the value, desirability and attractiveness of the Preserve.

K. Master Developer therefore wishes to subject all of the Preserve to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements hereinafter set forth.

L. In order to cause the Covenants to run with the Preserve and to be binding upon the Preserve and the Owners thereof from and after the date this Community Charter is Recorded, Master Developer hereby makes all conveyances of the Preserve, whether or not so provided therein, subject to the Covenants herein set forth; and by accepting deeds, leases, easements or other grants or conveyances to any portion of the Preserve, the Owners and other transferees for themselves and their heirs, executors, administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally bound by all of the Covenants (including but not limited to the obligation to pay Assessments) hereinafter set forth.

NOW, THEREFORE, MASTER DEVELOPER hereby declares, covenants and agrees as follows:

ARTICLE I

PROPERTY SUBJECT TO SUNDANCE DECLARATION

1.1 General Declaration Creating the Preserve. Master Developer hereby declares that all of the real property within the Preserve, together with any Additional Land annexed pursuant to Article XV of this Community Charter, is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Community Charter as amended or modified from time to time. In addition, some or all of the real property within the Preserve shall be subject to Recorded

Neighborhood Charters and/or Recorded Supplemental Charters, as applicable, and as amended from time to time. Master Developer intends to develop the Preserve by subdivision into various Lots and Parcels and to sell or develop such Lots and Parcels. As portions of the Preserve are developed and sold to Neighborhood Developers for development, Master Developer or its designated nominee (including a Neighborhood Developer) shall Record one or more Neighborhood Charters and/or Supplemental Charters covering such property. Said Neighborhood Charters and/or Supplemental Charters will specify the Land Use Classification and permitted uses of property described therein (in accordance with Article III hereof) and will incorporate this Community Charter and establish such additional covenants, conditions and restrictions as may be appropriate for that property. This Community Charter and all subsequent Neighborhood Charters and Supplemental Charters are declared and agreed to be in furtherance of a general plan for the subdivision, development, improvement and sale of the Preserve and are established for the purpose of enhancing the value, desirability and attractiveness of the Preserve. All of this Community Charter and applicable Neighborhood Charters and Supplemental Charters shall run with the land they encumber and shall be binding upon and inure to the benefit of Master Developer, the Community Association, all Owners and Residents of the land encumbered thereby and their successors in interest. This Community Charter shall not be construed to prevent the Master Developer from dedicating or conveying portions of the Preserve, including but not limited to streets or roadways, for uses other than as a Lot, Parcel, or Community Association Land, subject to the provisions of Section 3.1.

1.2 Community Association Bound. Upon issuance of a Certificate of Incorporation (or other documents evidencing valid existence) to the Community Association, the Covenants shall be binding upon and shall benefit the Community Association.

1.3 Municipal Authority Property. From time to time, the Master Developer may, in its sole and exclusive discretion and without the vote of the Members, convey, assign, or transfer by Deed or other written instrument certain Community Areas to the applicable Municipal Authority. Once any such Community Areas are conveyed, assigned or transferred to a Municipal Authority, they shall be Exempt Property and shall constitute Municipal Authority Property.

1.4 Special Service Districts. In connection with the development of the Preserve, one or more "Special Service Districts" may be formed in order to provide the Preserve with various services and facilities including but not limited to waste water treatment and disposal services, fire protection service, road maintenance, emergency services, special lighting facilities for non-standard street lights, culinary water and facilities including pumping stations and snowplowing. Subject to applicable law, the Special Service Districts shall have the right and authority to levy taxes, charges and/or assessments upon owners of taxable property within the Special Service Districts. The Special Service Districts will have the power, among other things, to contract, to acquire and construct facilities and to finance the cost thereof by the issuance of bonds and to establish rates and charges that enable the Special Service Districts to operate such facilities as are necessary to fulfill its purposes. It is possible that all of the Preserve will be part of one or more Special Service Districts and each Owner and Resident will be subject to all charges levied by them.

1.5 Private Amenities.

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1.5.1 Master Developer or other Persons may, without obligation, develop certain Private Amenities as an integral part of the Preserve including, without limitation, alpine or mountain clubs for recreational, cultural, social and other purposes, on a private or club membership basis or otherwise.

1.5.2 The Community Association shall have no right to grant to any Person any ownership interest in, or right to use, any Private Amenity. No Person shall have any ownership interest in, or right to use, any Private Amenity by virtue of being an Owner of a Lot, Dwelling Unit or Parcel, or by virtue of being a Member of the Community Association. Rights to use the Private Amenities will be granted only to such Persons, and on such terms and conditions, as may be determined from time to time by the respective owners of the Private Amenities. The owners of the Private Amenities shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities, including, without limitation, eligibility for and duration of use rights, membership fees, dues and assessments, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the terms of any governing instruments and written agreements with their respective members.

1.5.3 All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Master Developer, the Community Association, any Neighborhood Developer, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership, operation, existence, location or configuration of any Private Amenity. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity. The ownership, operation, existence, location or configuration of any Private Amenity may change at any time by virtue of, without limitation, (a) the sale to or assumption of operations of any Private Amenity by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; (c) the conveyance of any Private Amenity to one or more of Master Developer's affiliates, shareholders, employees, or independent contractors, and/or (d) the decision of the owner or operator of the Private Amenity to abandon, redevelop (to any extent, which may include an entirely different type of use, such as Dwelling Units or commercial facilities), or change the location or configuration of, all or any part of any Private Amenity, subject to all required approvals of Master Developer, the Architectural Review Committee, any applicable Municipal Authority and/or the Community Association. Consent of the Community Association, any Neighborhood Association, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, or to subject any Private Amenity to or release any Private Amenity from any mortgage, covenant, lien or other encumbrance.

ARTICLE II

EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMUNITY AREAS

2.1 Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the Community Areas which shall be appurtenant to and shall pass with the title to every Lot and Parcel, subject to the following provisions:

2.1.1 The right of the Community Association to suspend the voting rights and right to the use of the Community Areas by any Member (i) for any period during which any Assessment against his Lot or Parcel remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Community Charter, a Neighborhood Charter, a Supplemental Charter, the Community Rules or applicable Design Guide, and (iii) for successive sixty (60)-day periods if any such infraction is not corrected during any prior sixty (60)-day suspension period.

2.1.2 The right of the Community Association to dedicate or transfer all or any part of the Community Association Land to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Community Association.

2.1.3 The right of the Community Association to regulate the use of the Community Areas through the Community Rules and to prohibit access to those Community Areas not intended for use by the Members. The Community Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Community Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

2.1.4 The right of the applicable Municipal Authority and any other governmental or quasi-governmental body having jurisdiction over the Preserve to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Preserve for purposes of providing police, medical and fire protection, transporting school children and providing other governmental or municipal service.

2.2 Easements for Encroachments. If any part of a Dwelling Unit or Improvement built in substantial accord with the boundaries for such Dwelling Unit or Improvement as depicted on a Plat (or in other approved documents depicting the location of such on the Lot or Parcel) encroaches or shall encroach upon the Community Areas, or upon an adjoining Lot or Parcel, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Community Areas encroaches or shall encroach upon a Lot of a Dwelling Unit or Parcel of an Improvement, an easement for such encroachment and for the maintenance of the same shall and does exist. Each Owner shall have an unrestricted right of ingress or egress to and from its Lot or Parcel.

2.3 Easements for Utilities. There is hereby created an easement at specific locations approved by Master Developer upon, across, over and under the Community Areas, and a

blanket easement upon, across, over and under each Lot and Parcel, for ingress to, egress from, and the installation, replacement, repairing or maintenance of all utility and service lines and systems, including, but not limited to, gas, water, sewer, telephone, fiber optic cable, cable television and electricity or communication lines and systems, etc., as such utilities and systems are installed in connection with the initial development of the Community Area, Lot or Parcel and the construction of the first Dwelling Unit or other Improvement thereon. By virtue of this easement, it shall be expressly permissible for the providing utility company to install and maintain the necessary facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the Lots and Parcels. Notwithstanding anything to the contrary contained in this Section 2.3, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Community Area, Lot or Parcel except as initially programmed and approved by the Master Developer or the Architectural Review Committee, or, if installed after a Neighborhood Charter or Supplemental Charter is Recorded, as approved by the Neighborhood Developer of such property and the Architectural Review Committee.

2.4 Easements for Ingress and Egress. There are hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Community Areas. There is also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be improved and intended for such purposes. Such easements shall run in favor of and be for the benefit of the Owners and Residents of the Lots and Parcels and their guests, families, tenants and invitees. Further, certain pathways or trails around and/or through the Preserve may be developed and maintained from time to time as part of hiking and/or bicycling trail systems serving the public in addition to Owners and Residents; in such instances, members of the public shall also have the right to use such trails for the purposes for which they are developed and maintained, subject to reasonable, non-discriminatory rules and regulations as the Board may adopt from time to time and subject to applicable requirements and regulations of Utah County and any other governmental body or agency having jurisdiction. There is also hereby created an easement upon, across and over the Community Areas and all private streets, private roadways, private driveways and private parking areas within the Preserve for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Board shall have the right to relocate and/or reconfigure any and all such easements from time to time as it sees fit without the consent of any Owners (but subject to any necessary approvals of Utah County or any other governmental body or agency having jurisdiction thereover including in particular, but without limitation, the easements granted herein for police, fire, medical and other emergency vehicles and personnel).

2.5 Easement for Development. The Master Developer hereby reserves an easement throughout the Preserve for the purpose of completing all Improvements contemplated by this Community Charter, including but not limited to Improvements to the Additional Land. Master Developer shall be entitled to use all Community Areas within the Preserve, roadways within the Preserve and other facilities located in the Preserve to access the Additional Land in order to make Improvements thereto and to continue with the development of the Preserve. The foregoing easement shall include, without limitation, the right to design, construct, repair, replace, maintain and operate ski trails, runs and related access ways to provide ski access to,

from and between portions of the Preserve and Sundance Ski Resort for the Owners and Residents and their guests.

2.6 Sales Offices. Master Developer hereby reserves the right to maintain sales offices, management offices, signs advertising the Preserve, and models in any areas of the Preserve owned by the Master Developer. Master Developer may relocate sales offices, management offices and models to other locations within the Preserve at any time.

2.7 Delegation of Use. Each Member shall, in accordance with this Community Charter and the Community Rules and the limitations therein contained, be deemed to have delegated his or her right of enjoyment in the Community Areas to the members of his or her family, their tenants, lessees, guests and invitees, as well as to their tenant's family, guests or invitees.

2.8 Transfer of Title. Master Developer reserves the right to convey to the Community Association title to the Community Association Land, free and clear of all liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities) before the closing of the last sale of a Lot or Parcel within the Preserve. In the event Master Developer exercises its right to convey the Community Association Land to the Community Association, then the Community Association shall be obligated to accept such conveyance. The Community Association shall not lease or sublease the Community Association Land or any portion thereof to a third party without the written consent of Master Developer, which consent may be withheld as Master Developer may determine in its sole and exclusive discretion.

ARTICLE III

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

3.1 Land Use Classifications. As portions of the Preserve are readied for development and sale to Neighborhood Developers, the Land Use Classifications, restrictions, easements, rights-of-way and other matters, including new or different uses and restrictions therefor and including any number of subclassifications thereof for any special uses, shall be fixed by Master Developer or a Neighborhood Developer in a Neighborhood Charter and/or Supplemental Charter which shall be recorded for that portion of the Preserve. By way of example, but not by way of limitation, Master Developer has fixed the Land Use Classifications for the first Neighborhood that is within the Preserve and initially subject to the terms and provisions of this Community Charter via the form set forth in Exhibit "C". Any such Neighborhood Charter or Supplemental Charter shall be construed as a supplement to this Community Charter and fully a part hereof for all purposes to the same extent as if all of the provisions thereof were set forth in this Community Charter. In exercising its authority to record Neighborhood Charters and/or Supplemental Charters, Master Developer may impose new Land Use Classifications or new restrictions so long as such are generally in conformance with then existing uses and restrictions applicable to the Preserve and with the scheme of development contemplated by this Community Charter. The Land Use Classifications for Lots, Parcels and Community Association Land established by a Neighborhood Charter or Supplemental Charter

shall not be changed except as specifically permitted by this Community Charter. The contemplated Land Use Classifications are as follows:

- 3.1.1 Commercial Development;
- 3.1.2 Community Association Land;
- 3.1.3 Conference Center and Cultural Facilities Development;
- 3.1.4 Multi-Family Residential Development;
- 3.1.5 Outdoor Recreation Development;
- 3.1.6 Single-Family Residential Development; and
- 3.1.7 Private Amenities.

Unless otherwise specifically provided in this Community Charter, the definitions and characteristics of such Land Use Classifications, and specific permitted and prohibited uses in such Land Use Classifications, shall be determined in the applicable Neighborhood Charter or Supplemental Charter and shall be within the complete discretion of the Master Developer. All Neighborhood Charters and Supplemental Charters shall be subject to the zoning laws of applicable Municipal Authority.

3.2 Covenants Applicable to Lots and Parcels Within All Land Use Classifications. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots and Parcels, the Owners and lessees thereof, and all Residents, whether or not a Neighborhood Charter or Supplemental Charter has been recorded on said property and regardless of the Land Use Classification of such property.

3.2.1 Architectural Control. No Improvements (whether temporary or permanent), alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any property within the Preserve, or the Improvements located thereon, from its natural or improved state existing on the of date this Community Charter is recorded shall be made or done without the prior approval of the Architectural Review Committee, except as otherwise expressly provided in this Community Charter. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or made without the prior written approval of the Architectural Review Committee. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots or Parcels, shall be subject to the prior written approval of the Architectural Review Committee. No changes or deviations in or from the plans and specifications once approved by the Architectural Review Committee shall be made without the prior written approval of the Architectural Review Committee.

3.2.2 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a Residence, either

temporary or permanent. Temporary buildings or structures may be approved by the Architectural Review Committee for use during the construction of any structure on any property, but shall be removed immediately after the completion of construction.

3.2.3 Maintenance of Lawns and Plantings. Except where otherwise provided in a Neighborhood Charter or Supplemental Charter, each Owner of a Lot or Parcel shall keep all shrubs, trees, hedges, grass and plantings of every kind located on his or her Lot or Parcel properly cultivated and free of trash, weeds and other unsightly material. The Architectural Review Committee may require landscaping by the Owner of all or any portion of an improved or developed Lot or an improved or developed Parcel.

3.2.4 Landscaping. All Owners and Residents are required to install or cause to be installed landscaping based on the rules and restrictions described in the Design Guide.

3.2.5 Nuisances; Construction Activities. No dead trees or plants, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Parcel, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Residents of such other property. No other nuisance shall be permitted to exist or operate upon any Lot or Parcel so as to be offensive or detrimental to any other property in the vicinity thereof or to its Residents. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. Normal construction activities and parking in connection with the building of Improvements on a Lot or Parcel shall not be considered a nuisance or otherwise prohibited by this Community Charter, but Lots and Parcels shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials may be piled only in such areas as may be approved by the Architectural Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot or Parcel during construction of Improvements may be kept only in areas approved by the Architectural Review Committee, which may also require screening of the storage areas. The Architectural Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance and may adopt or require the implementation of additional measures to mitigate the negative impact of construction.

3.2.6 Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot or Parcel which shall induce, breed or harbor infectious plant diseases or noxious insects.

3.2.7 Repair of Improvements. No Improvement on any Lot or Parcel shall be permitted to fall into disrepair and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any Improvement is damaged or destroyed, then, subject to the approvals required by Section

3.2.1 above and subject to the provisions of any Neighborhood Charter or Supplemental Charter, such Improvement shall be immediately repaired, rebuilt or demolished. If any Improvement should be demolished, then the Owner shall at all times maintain the vacant Lot or Parcel in a clean sightly condition, and shall clear and shall continue to clear the Lot or Parcel of any weeds, debris, garbage, trimmings or like items.

3.2.8 Antennas and Satellite Dishes. Antennas and satellite dishes shall be subject to the rules, regulations and restrictions described in the Design Guide.

3.2.9 Mineral Exploration. No Lot or Parcel shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

3.2.10 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or Parcel, except in covered containers of a type, size and style which are approved by the Architectural Review Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection. All rubbish, trash and garbage shall be removed from the Lots and Parcels and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot or Parcel.

3.2.11 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot or Parcel except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other Improvements; (ii) that which Master Developer or the Community Association may require for the operation and maintenance of the Preserve; or (iii) that used or displayed in connection with any business permitted under a Neighborhood Charter or Supplemental Charter.

3.2.12 Signs. Except as otherwise provided in this Community Charter or the Design Guide, no signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot or Parcel except pursuant to the Design Guide, signs required by legal proceedings, and signs used for directional or labeling purposes as approved by the Architectural Review Committee.

3.2.13 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot or Parcel shall be further subdivided or separated into smaller Lots or Parcels by any Owner, and no portion less than all of any such Lot or Parcel, shall be conveyed or transferred by any Owner, without the prior written approval of the Master Developer (or the Community Association following conversion of the Class B voting Memberships to Class A voting Memberships), which approval must be evidenced on the Plat or other instrument creating the subdivision. This provision shall not apply to transfers of an ownership interest in the whole of any Lot or Parcel. Further, this provision shall not, in any way, limit Master Developer from subdividing or separating into Lots or Parcels any property at any time owned by Master Developer and which has

not previously been platted or subdivided into Lots. No buildings or other Improvements shall be constructed on any Lot or Parcel until a Neighborhood Charter or Supplemental Charter has been recorded on such property. No Neighborhood Charter, Supplemental Charter or further covenants, conditions, restrictions or easements shall be recorded by any Owner or other person against any Lot or Parcel without the provisions thereof having been first approved in writing by the Master Developer or the Architectural Review Committee and any covenants, conditions, restrictions or easements recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot or Parcel, and no applications for variances or use permits, shall be filed with a Municipal Authority unless the proposed use of the Lot or Parcel complies with this Community Charter and any applicable Neighborhood Charter or Supplemental Charter, and has been approved, in writing, by the Master Developer.

3.2.14 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, and cable information highways, shall be erected, placed or maintained anywhere in or upon any Lot or Parcel unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures as approved by the Master Developer or the Architectural Review Committee, except for:

3.2.14.1 overhead power poles and lines to perimeter areas of the Preserve as approved by Master Developer; and

3.2.14.2 boxes on the ground for electrical or communication connections, junctions, transformers and other apparatus customarily used in connection with such underground lines, wires and other devices.

3.2.15 Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot, Parcel or street or other Community Area in the Preserve, and no inoperable vehicle may be stored or parked on any such Lot, Parcel or street, so as to be Visible From Neighboring Property or to be visible from Community Areas or streets; provided, however, that the provisions of this Section 3.2.15 shall not apply to (i) emergency vehicle repairs; (ii) temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Review Committee; (iii) the parking of such vehicles during normal business hours in areas designated for parking within the Preserve; (iv) vehicles parked in garages on Lots or Parcels; (v) the storage of such vehicles in an area designated for such purposes on a Neighborhood Charter or Supplemental Charter or on a site plan approved by the Architectural Review Committee; and (vi) non-Commercial vehicle repair within a garage which is closed except as necessary for ingress and egress.

3.2.16 Parking. It is the intent of the Master Developer to restrict on-street parking as much as possible. Vehicles of all Owners and Residents, and of their employees, guests and invitees, are to be kept in garages and residential driveways of the Owner and other designated parking areas wherever and whenever such facilities are

sufficient to accommodate the number of vehicles at a Lot or Parcel; provided, however, this Section 3.2.16 shall not be construed to permit the parking in the above described areas of any vehicle whose parking on the Preserve is otherwise prohibited or the parking of any inoperable vehicle. Recreational vehicles shall be parked in covered garages except for limited periods in residential driveways or other designated parking areas as determined by the Board and promulgated as part of the Community Rules.

3.2.17 Roofs. No apparatus, structure or object shall be placed on the roof of a Dwelling Unit without the prior written consent of the Architectural Review Committee. No air conditioning units or evaporative coolers extending from windows or protruding from roofs are permitted.

3.2.18 Arterial Fencing and Walls. All perimeter walls and fencing along arterials must be constructed and maintained in accordance with the specifications and regulations established by the Master Developer or the Architectural Review Committee.

3.2.19 Drainage. No Owner or Resident shall interfere with or obstruct the drainage pattern over his or her Lot or Parcel from or to any other Lot or Parcel as that pattern may be established by Master Developer or a Neighborhood Developer.

3.2.20 Garage Openings. All garages shall be fully enclosed. No carports shall be permitted unless otherwise permitted in writing by the Architectural Review Committee. No garage door shall be open except as reasonably necessary for access to and from the garage.

3.2.21 Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other Resident or occupant of a Lot or Parcel, any member of the Architectural Review Committee, any member of the Board or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot or Parcel, and the Improvements thereon, except for the interior portions of any completed Dwelling Unit, for the purpose of ascertaining whether or not the provisions of this Community Charter have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

3.2.22 Master Developer's Exemption. Nothing contained in this Community Charter shall be construed to prevent the erection or maintenance by Master Developer or by Neighborhood Developers or their duly authorized agents, of structures, Improvements or signs necessary or convenient to the development or sale of property within the Preserve if those structures, Improvements or signs have been approved by the Architectural Review Committee.

3.2.23 Health, Safety and Welfare. In the event additional uses, activities and facilities are deemed by the Architectural Review Committee to be a nuisance or to adversely affect the health, safety or welfare of Owners and Residents, the Architectural Review Committee may make rules restricting or regulating their presence within the Preserve as part of the Design Guide.

3.2.24 Model Homes. The provisions of this Community Charter and of Neighborhood Charters or Supplemental Charters which, in certain instances, prohibit non-residential use of Lots and Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes and units by persons engaged in the construction of Dwelling Units at the Preserve and parking incidental to the visiting of such model homes and units, so long as the location of such model homes and the opening and closing hours are approved by the Architectural Review Committee, and the construction, operation and maintenance of such model homes otherwise complies with all of the provisions of this Community Charter. Any homes constructed as model homes or units shall cease to be used as model homes or units at any time the Owner thereof is not actively engaged in the construction and sale of Dwelling Units at the Preserve, and no Dwelling Unit shall be used as a model home for the sale of homes not located at the Preserve.

3.2.25 Incidental Uses. The Master Developer or the Architectural Review Committee may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within that Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Master Developer or Architectural Review Committee may wish to impose, in its sole discretion, for the benefit of the Preserve as a whole. By way of example and not of limitation, the uses which the Board may permit are private roadways and streets within a Condominium Unit project, tennis clubs and/or swimming clubs intended primarily for the benefit of all or certain Owners and Residents within such Condominium Unit project; a business office for the Community Association on Community Association Land; tennis courts, swimming pools and other recreational facilities intended for usage by the Residents or Owners of more than a single Lot or Parcel within any Residential Development; and a sales, information and marketing center operated by the Master Developer, Neighborhood Developer, or other developer on Community Association Land.

3.2.26 Leases. Any Lease between an Owner and a lessee respecting a Lot or Dwelling Unit shall be subject in all respects to the provisions of the Governing Documents, and any failure by the lessee to comply with the terms of such Governing Documents shall be a default under the Lease. Specifically, all Leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Governing Documents. The Lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the Owner and the Owner's property. Nothing herein shall prohibit the nightly or other short-term or long-term rental of any Dwelling Unit located within a Multi-Family Residential Development.

3.2.27 Tree Removal. Except as may be necessary and applicable to satisfy and maintain certain fuel break easement requirements set forth in the Utah County Code, no trees shall be removed, except for (a) diseased or dead trees; and (b) trees which must be removed to promote the growth of other trees or for fire prevention and other safety reasons, unless approved in writing by the Architectural Review Committee.

3.2.28 Nondisturbance Areas. Certain areas at the Preserve possess great natural beauty and shall be designated as “Nondisturbance Areas” at the Master Developer’s sole discretion on a Plat or other written document provided to an Owner. Master Developer intends to preserve such Nondisturbance Areas through the use of a coordinated plan of Lot development and the terms of this Community Charter. No Improvements (whether temporary or permanent), landscaping, alterations, repairs, excavation, grading or other work which in any way alters the exterior appearance of any Nondisturbance Area from its natural state existing on the date this Community Charter is Recorded, or existing on the date a Neighborhood Charter or Supplemental Charter is Recorded, shall be made or done without the prior approval of the Architectural Review Committee.

3.2.29 Animals. No animal, livestock, poultry, fowl or vicious dogs of any kind, other than a reasonable number of house pets as Master Developer may determine in its sole and exclusive discretion, shall be maintained on or in any Lot or Parcel and then only if they are kept or raised thereon solely as domestic pets and not for commercial purposes. No house pets shall be permitted to make an unreasonable amount of noise or create a nuisance. No structure for the care, housing or confinement of any pet shall be Visible From Neighboring Property. Notwithstanding the foregoing, no pets may be kept on or in any Lot or Parcel which, in the opinion of the Master Developer or Board, result in an annoyance to other Owners or Residents in the vicinity. All pets shall be leashed when not on property owned by the pet’s owner or on which the pet’s owner is a Resident or guest, and persons walking any pet shall promptly and properly remove and dispose of the pet’s waste. Notwithstanding anything herein to the contrary, if Additional Land is annexed to the Preserve, the Master Developer and/or Neighborhood Developer shall have the unilateral right to create more liberal or restrictive rules regarding pets and other animals permitted on the Lots and Parcels of such Additional Land, including, without limitation, the right to keep and use horses.

3.2.31 Violations of Law. Any activity which violates local, state, or federal laws or regulations is prohibited; however, the Board shall have no obligation to take enforcement action in the event of a violation.

3.3 Covenants Applicable to Lots Within Residential Developments. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Lots and the Owners and Residents thereof lying within a Residential Development:

3.3.1 General. Property classified for Residential Development under a Neighborhood Charter or Supplemental Charter may be used only for the construction and occupancy of residential Dwelling Units and typical residential activities incidental thereto, such as the construction and use of a family swimming pool, together with any common recreational facilities or any other Community Areas or amenities. All property within such Land Use Classification shall be used, improved and devoted exclusively to residential use.

3.3.1.1 All property within a Single Family Residential Development shall be used, improved and devoted exclusively to single family residential use.

Unless otherwise permitted by Master Developer in writing, no structure whatsoever, other than one private, Dwelling Unit, together with a private garage for cars, shall be erected, placed or permitted to remain on any Lot. No Dwelling Unit located within a Single Family Residential Development shall be used for or developed as a Timeshare/Fractional Program. The entire Dwelling Unit on a Lot may be let to a single family tenant or lessee from time to time by the Owner thereof, subject to the provisions of this Community Charter, the Community Rules and any applicable Neighborhood Charter.

3.3.1.2 All property within a Multi-Family Residential Development shall be used, improved and devoted exclusive to multi-family residential use. Dwelling Units located within a Multi-Family Residential Development may include Condominium Units, which Dwelling Units may be used for or developed as a Timeshare/Fractional Program. The entire Dwelling Unit or Condominium Unit, or any smaller portion thereof, within a Multi-Family Residential Development may be let to a single family tenant or lessee from time to time by the Owner thereof, subject to the provisions of this Community Charter, the Community Rules and any applicable Neighborhood Charter.

3.3.2 Business Activities. Property classified for Residential Development under a Neighborhood Charter or Supplemental Charter shall not be used for any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or Resident may conduct business activities within the Dwelling Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling Unit; (b) the activity conforms to all zoning requirements for the Preserve; (c) the activity does not involve regular visitation of the Dwelling Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the project; and (d) the activity is consistent with the residential character of the project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents of the project, as may be determined in the sole discretion of the Board. This Section 3.3.2 shall not apply to any activity conducted by the Master Developer or a Neighborhood Developer approved by the Master Developer with respect to its development and sale of the Lots or Parcels or its use of any Dwelling Units which it owns within the Preserve.

3.4 Covenants Applicable to Property Within Commercial Developments. The covenants, conditions, restrictions and reservation of rights described in this Section 3.4 shall apply only to Commercial Developments, the Improvements constructed thereon and the Owners and Residents and occupants within such Commercial Developments. Property classified as and located within a Commercial Development will generally be developed as individual commercial projects by one or more Neighborhood Developers. It is contemplated that the Master Developer will sell or lease one or more Parcels to individual Neighborhood Developers who will construct Improvements with respect to such a Parcel in accordance with a specific Neighborhood Charter or Supplemental Charter. Improvements located within a Commercial Development may include Condominium Units and such Improvements may be used for or developed as a Resort/Hotel and/or a Timeshare/Fractional Program. All or some portion of a Parcel or Lot in a Commercial Development may be leased to one or more tenants or lessees from time to time by the Owner

thereof, subject to the provisions of this Community Charter, the Community Rules and any applicable Neighborhood Charter.

3.5 Variances. Subject to the provisions of the Design Guide, the Architectural Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in Article III of this Community Charter or in any Neighborhood Charter or in any Supplemental Charter if the Architectural Review Committee determines, in its discretion: (a) either: (i) that a restriction would create an unreasonable hardship or burden on an Owner, or (ii) that a change of circumstances since the date this Community Charter is Recorded has rendered such restriction obsolete; and (b) that the activity permitted under the variance will not have any substantial adverse affect on the Owners and Residents of the Preserve and is consistent with the high quality of life intended for Owners and Residents of the Preserve.

ARTICLE IV

ORGANIZATION OF COMMUNITY ASSOCIATION

4.1 Formation of Community Association. The Community Association shall be a Utah nonprofit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Community Charter. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Community Charter.

4.2 Board of Directors and Officers. The affairs of the Community Association shall be conducted by a Board of at least three (3) but no more than nine (9) directors (odd numbered totals only) and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Community Association. The Board shall determine the compensation to be paid to the Manager. The Board's responsibilities shall include, but shall not be limited to, the following:

- 4.2.1 administration, including administrative support as required for the Architectural Review Committee;
- 4.2.2 preparing and administering an operational budget;
- 4.2.3 establishing and administering an adequate reserve fund;
- 4.2.4 scheduling and conducting the annual meeting and other meetings of the Members;
- 4.2.5 collecting and enforcing the Assessments;
- 4.2.6 accounting functions and maintaining records;
- 4.2.7 promulgation and enforcement of the Community Rules and the Design Guide;

4.2.8 maintenance of the Community Areas; and

4.2.9 all the other duties imposed upon the Board pursuant to the Governing Documents, including enforcement thereof.

The Board shall not, however, be responsible for those duties and areas of operation specifically designated under the Governing Documents as the responsibility of the Architectural Review Committee.

4.3 The Community Rules. By a majority vote, the Board may, from time to time and subject to the provisions of this Community Charter, adopt, amend and repeal rules and regulations to be known as the Community Rules. The Community Rules may restrict and govern the use of any area by any Member or Resident, by the family of such Member, or by any invitee, licensee or tenant of such Member; provided, however, that the Community Rules shall not discriminate among Members and shall not be inconsistent with the Governing Documents.

4.3.1 Notwithstanding any provision in this Community Charter to the contrary, no rule, regulation or action of the Community Association or Board shall: (i) interfere with the reasonable use, enjoyment or operation of any Private Amenity; or (ii) unreasonably impede Master Developer's right to develop the Preserve.

4.3.2 ALL OWNERS ARE GIVEN NOTICE THAT THE USE OF THEIR LOT, DWELLING UNIT OR PARCEL AND THE COMMUNITY AREAS IS LIMITED BY THE COMMUNITY RULES AND THE DESIGN GUIDE, AS THE SAME MAY BE AMENDED, EXPANDED, AND OTHERWISE MODIFIED FROM TIME TO TIME. EACH OWNER, BY ACCEPTANCE OF A DEED, ACKNOWLEDGES AND AGREES THAT THE USE AND ENJOYMENT AND MARKETABILITY OF HIS, HER OR ITS LOT, DWELLING UNIT OR PARCEL CAN BE AFFECTED BY THIS PROVISION AND THAT THE COMMUNITY RULES AND DESIGN GUIDE MAY CHANGE FROM TIME TO TIME. ALL PURCHASERS OF LOTS, DWELLING UNITS OR PARCELS ARE ON NOTICE THAT THE MASTER DEVELOPER OR THE BOARD MAY ADOPT CHANGES TO THE COMMUNITY RULES AND DESIGN GUIDE FROM TIME TO TIME. COPIES OF THE CURRENT COMMUNITY RULES AND DESIGN GUIDE MAY BE OBTAINED FROM THE COMMUNITY ASSOCIATION.

4.4 Personal Liability. No director or member of any committee of the Community Association (including but not limited to the Architectural Review Committee), no officer of the Community Association and no Manager or other employee of the Community Association shall be personally liable to any Member or to any other person, including the Community Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Community Association, the Board, the Manager, any representative or employee of the Community Association or any committee, committee member or officer of the Community Association; provided, however, the limitations set forth in this Section 4.4 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

4.5 Neighborhood Associations. Prior to such time as a Neighborhood Association is formed by a Neighborhood Developer developing a Parcel or subdivision at the Preserve, the articles of incorporation and bylaws or other governing documents for such Neighborhood Association must be approved by the Master Developer. The governing documents for such Neighborhood Association shall specify that the rights of its members are subject and subordinate to the provisions of the Governing Documents.

4.6 Professional Management. The Community Association may carry out through the Manager those of its functions which are properly subject to delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Community Association (but may be an affiliate of the Master Developer), shall be responsible for managing the Preserve for the benefit of the Community Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Community Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Community Association itself. Any such management agreement may be terminated by the Master Developer without cause at any time while the Class B Membership as described in Section 5.2 exists. Any management agreement executed on or before the termination of the Class B Membership may be terminated by the Community Association without cause at any time after the termination of the Class B Memberships. The above termination provisions shall not apply to any other types of service contracts.

4.7 Implied Rights. The Community Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Community Association may be exercised by the Board without a vote of the Voting Members. The Board may institute, defend, settle, or intervene on behalf of the Community Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Community Areas, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Community Association or its Members. In exercising the Community Association's rights and powers, making decisions on behalf of the Community Association, and conducting the Community Association's affairs, Board directors shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the Bylaws.

ARTICLE V

MEMBERSHIPS AND VOTING

5.1 Membership in the Association. Every Owner of a Lot or Parcel that is Assessable Property shall be a Member of the Community Association (provided, however, the Master Developer shall remain a Member in the Community Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessment payments). There shall be one (1) Membership for each Lot or Parcel, which Membership shall be held jointly by all Owners of that Lot or Parcel.

5.2 Votes in the Community Association.

5.2.1 There shall be one (1) vote for each Lot or Parcel.

5.2.2 Until the expiration or termination of the Period of Master Developer Control: (a) the Community Association shall be deemed to have two classes of Members, Class A and Class B; (b) the Master Developer shall be the Class B Member, and all votes held by the Master Developer shall be Class B votes; (c) all Owners other than Master Developer shall be Class A Members, and all votes held by such Owners shall be Class A votes. Following expiration or termination of the Period of Master Developer Control, the Community Association shall be deemed to have a single class of Members and votes. During the Period of Master Developer Control, all matters coming before the Community Association for vote shall be decided by the vote of the Master Developer as the sole Class B Member. Following the Period of Master Developer Control, all Class B Memberships and all Class B votes shall cease to exist, and any issue put to a vote at a duly called meeting of Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting.

5.3 Voting Procedures. A change in the ownership of a Lot or Parcel shall be effective for voting purposes from the time the deed or other instrument effecting such change is Recorded and the Board has been given written notice of such change and provided satisfactory evidence thereof. The vote for each Lot or Parcel must be cast as a single vote, and fractional votes shall not be allowed. In the event that a Lot or Parcel is owned by more than one Person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Lot or Parcel, it will thereafter be conclusively presumed for all purposes that the Member was acting with the authority and consent of all other Owners of the same Lot or Parcel unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote or votes for a particular Lot or Parcel, the vote or votes for that Lot or Parcel shall be deemed void and shall not be counted.

5.4 Transfer of Membership. The rights and obligations of any Member other than the Master Developer shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot or Parcel, and then only to the transferee of ownership of the Lot or Parcel. A transfer of ownership of a Lot or Parcel may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Each Purchaser of a Lot or Parcel shall notify the Community Association of its purchase of such Lot or Parcel. The Community Association may require the purchaser of a Lot or Parcel to pay to the Association the transfer fee described in Section 6.12 below.

5.5 Neighborhoods and Voting Members.

5.5.1 Neighborhoods. Every Lot or Parcel shall be located within a Neighborhood and subject to a Neighborhood Charter or Supplemental Charter including

any assessment provisions contained therein. In the discretion of the Owner(s) and Neighborhood Developer(s) of each Neighborhood, each Owner of a Lot or Parcel within a particular Neighborhood may be required to be a member of a Neighborhood Association in addition to being a Member of the Community Association.

5.5.1.1 Exhibit "C" to this Community Charter, attached hereto and incorporated herein by this reference, and each amendment to this Community Charter filed to subject Additional Land to this Community Charter, shall initially assign the real property described therein to a specific Neighborhood by name, which Neighborhood may be then existing or newly created. The Master Developer may unilaterally amend this Community Charter or any amendment to this Community Charter to redesignate Neighborhood boundaries; provided, two or more Neighborhoods shall not be combined without the consent of Owners of a majority of the Memberships in the affected Neighborhoods.

5.5.1.2 The Owner(s) of a majority of the total number of Memberships within any Neighborhood may at any time petition the Board to divide the property comprising the Neighborhood into two or more Neighborhoods. Such petition shall be in writing and shall include a plat or survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Lots and/or Parcels to be included within the proposed Neighborhood(s). Such petition shall be granted upon the filing of all required documents with the Board unless the Board denies such application in writing within thirty (30) days of receipt. The Board may deny an application upon making a determination, in its sole and exclusive subjective discretion, that the proposed division into separate Neighborhoods would not be in the best interest of the Community Association and the Preserve. All applications and copies of any denials shall be filed with the books and records of the Community Association and shall be maintained as long as this Community Charter is in effect.

5.5.2 Voting Members. The Board shall have the right, in its sole and exclusive discretion, to amend the Bylaws to require that the Class A Members within each Neighborhood elect one Voting Member to represent their Neighborhood and each Voting Member shall have the same number of total votes attributable to all Parcels and Lots within such Neighborhood. On all Community Association matters requiring a Membership vote, each such Voting Member shall be entitled to cast their votes attributable to the Class A Members within their Neighborhood. The Class A Members within each Neighborhood shall also elect one or more alternate Voting Members to be responsible for casting such votes in the absence of a Voting Member. In connection with each matter presented to the Community Association for a vote, the Voting Member shall cast all such votes in accordance with the terms and provisions described in the Bylaws and the Neighborhood Association's governing documents.

5.5.2.1 The Voting Member(s) and alternate Voting Member(s) from each Neighborhood shall be elected on an annual basis, either by written ballot or

at a meeting of the Class A Members within such Neighborhood, or as otherwise established in the applicable Neighborhood Charter.

5.5.2.2 Until such time as a Voting Member is elected by the Owners within a Neighborhood, such Owners may personally cast the votes attributable to their respective Memberships on any issue requiring a vote under this Community Charter, the Bylaws, or the Articles; provided, however, that the Board shall have authority to require the selection of a Voting Member for such Neighborhood by an amendment to the Bylaws pursuant to this Section 5.5.2.

5.6 Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Community Charter and such other rights, duties and obligations as are set forth in the Governing Documents, as the same may be amended from time to time.

ARTICLE VI

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

6.1 Creation of Lien and Personal Obligation of Assessments and Maintenance Charges. Except as otherwise provided in Section 6.10, the Master Developer, for each Lot and Parcel hereafter established within the Preserve, hereby covenants and agrees, and each Owner by acceptance of a Deed or other conveyance of a Lot or Parcel (whether or not it shall be so expressed in such Deed or conveyance) is deemed to covenant and agree, to pay to the Community Association the following assessments and charges: (1) Annual Assessments established by this Article VI, (2) Special Assessments for capital improvements or other extraordinary expenses or costs established by this Article VI, (3) Maintenance Charges established by Section 9.3 and 10.3 and (4) transfer fees established by Section 6.12. All such Assessments shall be established and collected as hereinafter provided. No diminution or abatement of Annual Assessments, Special Assessments, Maintenance Charges or set-off shall be claimed or allowed by reason of any alleged failure of the Community Association or Board to take some action or perform some function required to be taken or performed by the Community Association or Board under this Community Charter or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Community Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any Municipal Authority or other governmental authority, the obligation to pay Annual Assessments, Special Assessments or Maintenance Charges being a separate and independent covenant on the part of each Owner. The Annual Assessments, Special Assessments and Maintenance Charges together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot or Parcel and shall be a continuing servitude and lien upon the Lot or Parcel against which each such Assessment is made. The Annual and Special Assessments against each Lot or Parcel shall be based on the number of Memberships appurtenant to the Lot or Parcel as described in Section 6.3 hereof. Each such Annual and Special Assessment and Maintenance Charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of the Lot or Parcel at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly

assumed by them. However, the lien for any unpaid Assessments existing at the time of transfer shall continue, notwithstanding such transfer, until the Assessments have been paid in full.

6.2 Annual Assessments. Annual Assessments shall be computed and assessed against all Lots and Parcels as follows:

6.2.1 Community Expense. Annual Assessments shall be based upon advance estimates of the Community Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Community Areas and operating the Community Association. Such estimated expenses may include, without limitation, the following: expenses of management; real property taxes and other governmental special assessments (unless and until the Lots and Parcels are separately assessed); premiums for all insurance that the Community Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Community Association employees, including fees for a Manager; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance, repairs, and replacement of those Community Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Community Association for the benefit of the Members under or by reason of this Community Charter. Such shall constitute the Community Expense, and all funds received from assessments under this Section 6.2.1 shall be part of the Community Expense Fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and periodic regular maintenance and repair of the Preserve and for other routine operating expenses, and one for capital expenses and for replacement of Improvements on the Community Areas and other areas within the Preserve that the Community Association may be obligated to maintain, repair and replace, which together shall constitute the Community Expense Fund. These two (2) funds shall be maintained out of Annual Assessments for Community Expenses.

6.2.2 Apportionment. Community Expenses shall be apportioned among and assessed to all Members in accordance with Section 6.3 based on the number of Memberships appurtenant to the Lot or Parcel.

6.2.3 Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin as provided in Section 6.7. On or before November 1 of each year thereafter, the Board shall cause to be prepared and to be made available to each Member an operating budget for the upcoming fiscal year. The budget shall itemize the estimated Community Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which the Preserve shall be operated during such annual period.

6.2.4 Notice and Payment. The President of each Neighborhood Association shall act as billing agent and payment liaison with the Community

Association on behalf of the Members who own Lots or Parcels within such Neighborhood. Except with respect to the first fiscal year, the Board shall notify the President of each Neighborhood Association, on behalf of the Members, in writing as to the total amount of the Annual Assessments due from the Neighborhood for each Lot or Parcel contained therein on or before December 1 each year for the fiscal year beginning on January 1 next following. The President of each Neighborhood Association shall have the duty and obligation to inform each Member in writing within his or her Neighborhood of the amount of the Annual Assessment due against such Member's Lot or Parcel and each Neighborhood Association shall collect the Annual Assessment as a part of the assessments levied by such Neighborhood Association pursuant to its Neighborhood Charter. Except as otherwise provided by the Board, the total amount of Annual Assessments levied against an entire Neighborhood shall be payable by the Neighborhood Association on January 1 of each year, unless otherwise provided by the Board in its sole and exclusive discretion. The Neighborhood Association, on behalf of the Members within the Neighborhood, shall commence payment of the total Annual Assessments levied against the respective Lots or Parcels situated within such Neighborhood upon conveyance of the first Lot or Parcel in the Preserve. All Annual Assessments not paid when due shall bear interest at the rate established by the Board, not to exceed eighteen percent (18%) per annum, from and after fifteen (15) days after the date such Assessment became due until paid, and the Neighborhood Association, as the agent for each Member within the Neighborhood, shall be liable for late fees as determined by the Board, and all costs, including attorneys' fees incurred by the Community Association in collecting the same. The failure of the Board to give timely notice of any Annual Assessment to the Neighborhood Association, or the failure of the President of the Neighborhood Association to give timely notice of any Annual Assessment to a Member, as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Community Charter, or a release of any Member from the obligation to pay such Assessment or any other Assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such Assessment shall have been given to the Neighborhood Association on behalf of the Members within such Neighborhood in the manner provided in this Community Charter.

6.2.5 Inadequate Funds. In the event that the Community Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Member's Assessment, the Board may, on behalf of the Community Association, levy additional Special Assessments in accordance with the procedure set forth in Section 6.5 below, except that the vote therein specified shall be unnecessary.

6.3 Uniform Rate of Assessment. The amount of any Annual or Special Assessment against each Lot or Parcel shall be fixed at a uniform and equal rate per Membership; provided, however, the Master Developer, during the Period of Master Developer Control, shall have the right to adjust the rate of Assessment levied against each Lot or Parcel based upon a formula or schedule, as exclusively determined by the Master Developer, under which Assessments for Community Expenses against each Owner are equitably apportioned in accordance with operational and maintenance costs attributable to each type of Improvement constructed on any Lot and/or Parcel. By way of example, but not by way of limitation, the Master Developer may

determine that certain Improvements located on a specific Parcel, such as a hotel which is not condominiumized, may increase the rate of insurance at the Preserve or contribute to an overall increase in the Community Expenses over what the Community Association, but for such Improvements, would pay, and that the Owner(s) of such Parcel shall be assessed for and shall pay the amount of such increased Community Expenses. Notwithstanding the foregoing uniform rate of Assessment, the following Owners shall pay only twenty-five percent (25%) of the Annual Assessment otherwise attributable to his or her Membership during the periods hereafter specified:

6.3.1 The Owner of a Parcel in a Commercial Development restricted under a Neighborhood Charter or Supplemental Charter to uses other than a Residential Development shall pay only twenty-five percent (25%) of the Annual Assessments otherwise attributable to his, her or its Membership until the earlier of (i) the completion of the first Improvement on the Parcel and first occupancy of such Improvement or (ii) twelve (12) months from commencement of construction of the first Improvement on the Parcel.

6.3.2 The Owner of a Parcel which, under a Neighborhood Charter or Supplemental Charter is to be used as a Residential Development (and which remains a Parcel because it has not yet been subdivided) shall pay only twenty-five percent (25%) of the Annual Assessment otherwise attributable to each of his, her or its Memberships until the earlier of (i) the completion of the first Dwelling Unit on the Parcel and first occupancy of such Dwelling Unit or (ii) twelve (12) months from commencement of construction of a Dwelling Unit on the Parcel.

6.3.3 Anything in this Section 6.3 to the contrary notwithstanding, if, after an Assessment's record date but before the end of the fiscal year for which it is levied, an Assessable Property is added to the Preserve or a Neighborhood by a Supplemental Charter, or an Exempt Property becomes Assessable Property, then Annual Assessment which would have been levied against such Assessable Property for such fiscal year if it were not Exempt Property (as hereafter reduced) shall be due within thirty (30) days following the date on which such Assessable Property becomes subject to Assessment levy. If an Assessable Property is added to the Preserve or a Neighborhood as provided for above, the Community Association shall be deemed, automatically and without the need for further action, to have levied against it each Annual, Special or Neighborhood Assessment for such fiscal year which the Community Association has levied against the other Assessable Properties. Each such Assessment levied against such Assessable Property shall be in an amount determined under this Section 6.3.3 as if it were eligible for such levy on such record date, but then reduced in proportion to the number of days (if any) in such fiscal year elapsed as of (and including) the date on which such Supplemental Charter is Recorded, or such Exempt Property becomes an Assessable Property, as the case may be.

6.3.4 Notwithstanding the foregoing, in the event that a Parcel designated by a Neighborhood Charter or Supplemental Charter as a Condominium Unit project is developed in distinct separate phases, then with respect to each phase, the Owner shall pay only twenty-five percent (25%) of the Annual Assessments attributable to his or her

Membership until the earlier of (i) completion of that phase and occupancy of the first Dwelling Unit or building of that phase or (ii) twelve (12) months from commencement of construction of a Dwelling Unit or building of that phase. If the Owner of a Parcel or Lot ceases to qualify for the reduced twenty-five (25%) rate during the period to which an Annual Assessment is attributable or the Parcel ceases to be a Parcel because it has been subdivided as a Residential Development, the Assessment attributable to the Membership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for each rate.

6.4 Certain Owners Exempt from Annual Assessments and Special Assessments.

Notwithstanding Section 6.3 above, the following Owners shall not have an obligation to pay any Annual Assessment or Special Assessment:

6.4.1 Each Owner of a Private Amenity.

6.4.2 Each Owner of Exempt Property.

6.5 Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Community Association may levy, in any Assessment Period, a Special Assessment applicable to that period only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Community Association Land or other Community Areas, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses. During the Period of Master Developer Control, Special Assessments may be levied with the written approval of the Master Developer. Thereafter, any such Special Assessment must be approved by the affirmative vote of at least fifty-one percent (51%) of the votes of the Members. In connection with any such Special Assessment, Owners qualifying for paying only twenty-five percent (25%) of the Annual Assessment attributable to their Memberships pursuant to Section 6.3 above shall also be required to pay only twenty-five percent (25%) of the Special Assessment otherwise attributable to each such Membership. The provisions of this Section 6.5 are not intended to preclude or limit the assessment, collection or use of Annual Assessments for the aforesaid purposes.

6.6 Notice and Quorum for Any Action Authorized Under Section 6.5. Following the Period of Master Developer Control, written notice of any meeting called for the purpose of taking any action authorized under Section 6.5 shall be sent to all Members no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called for the consideration of a Special Assessment, the presence of Members or of proxies entitled to cast thirty percent (30%) of all the votes (exclusive of suspended voting rights) of each class of Membership shall constitute a quorum. With respect to the determination of a quorum for Class A Members, Voting Members having the authority to cast thirty percent (30%) of the Class A votes shall constitute a quorum of the Class A Members. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In lieu of a meeting, approval of a Special Assessment may be

obtained by written ballot or consent of the Members pursuant to the provisions described in the Bylaws.

6.7 Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence upon the recording of the first Neighborhood Charter or Supplemental Charter and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period by Recording with the County Recorder of Utah County, Utah, an instrument specifying the new Assessment Period.

6.8 Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt written procedures for the purpose of making the Assessments provided herein and for the billing and collection of the Annual and Special Assessments and the Maintenance Charges imposed pursuant to Sections 9.3 and 9.4, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Community Association to send a bill to the Neighborhood Association, or the failure of the Neighborhood Association to send a bill to a Member, shall not relieve any Member of his or her liability for any Assessment or charge under this Community Charter, but the Assessment Lien therefore shall not be foreclosed or otherwise enforced until the Member has been given not less than fifteen (15) days written notice prior to the commencement of such foreclosure or enforcement, at the address of the Member on the records of the Community Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after the delinquency of such payment. The Community Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment Period; successor Owners of Lots or Parcels shall be given credit for prepayments, on a prorated basis, made by prior Owners. In case the Owner of a Membership becomes liable for payment of an increased sum pursuant to Section 6.3 during the Assessment Period, he or she shall notify the Community Association, but his or her failure to notify the Community Association shall not relieve him or her of the liability for such amounts. The amount of the Annual Assessment against Members who become such during an Assessment Period upon the recordation of a Neighborhood Charter or Supplemental Charter shall be prorated and such new Members shall not be liable for any previously levied Special Assessments.

6.9 Evidence of Payment of Annual and Special Assessments and Maintenance Charges. Upon receipt of a written request by an officer of the Neighborhood Association, a Member or any other Person, the Community Association within a reasonable period of time thereafter shall issue to such Neighborhood Association, Member or other Person a written certificate stating (a) that all Annual and Special Assessments and Maintenance Charges (including interest, costs and attorneys' fees, if any, as provided in Section 6.2.4 above) have been paid with respect to any specified Lot or Parcel as of the date of such certificate, or (b) if all Annual and Special Assessments and Maintenance Charges have not been paid, the amount of such Annual and Special Assessments and Maintenance Charges (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Community Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or Mortgagee on, the Lot or Parcel in question.

6.10 Property Exempted from the Annual and Special Assessments and Assessment Lien. Exempt Property shall be exempt from the assessment of the Annual and Special Assessments, but such property shall not be exempt from the Maintenance Charges provided for in Sections 9.3 and 9.4; from attorneys' fees, costs and expenses as described in Section 11.2; or from the Assessment Lien to secure said Maintenance Charges, attorneys' fees, costs and expenses; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the Annual and Special Assessments (prorated as of the date it became Assessable Property) and the Assessment Lien.

6.11 Master Developer Right to Subsidize the Community Association. Notwithstanding any other provision of this Community Charter to the contrary, no Annual Assessment shall be levied against Lots and Parcels owned by the Master Developer. In lieu of paying such Assessments, during the Period of Master Developer Control, the Master Developer shall subsidize the Community Association for the amount by which (i) the cost of operating and administering the Community Association exceeds (ii) the total amount of Assessments levied against Lots and Parcels owned by Owners other than the Master Developer. The subsidy required of Master Developer under this Section 6.11 may be in the form of cash or in the form of "in-kind" contributions of goods or services, or in any combination of the foregoing, and any subsidies made by Master Developer in the form of "in-kind" contributions of goods or services shall be valued at the fair market value of the goods or services contributed. Master Developer shall make payments or contributions in respect of its subsidy obligations under this Section 6.11 at such times as the Board may reasonably request from time to time (but shall not be required to make such payments or contributions more often than monthly). At the end of each fiscal year of the Community Association, either: (1) Master Developer shall pay or contribute to the Community Association such additional funds, goods or services (or any combination thereof) as may be necessary, when added to all other funds, goods and services paid or contributed by Master Developer during such fiscal year, to satisfy in full Master Developer's subsidy obligations under this Section 6.11 for such fiscal year; or (2) the Community Association shall pay to Master Developer or credit against Master Developer's subsidy obligation for the immediately following fiscal year, as Master Developer may elect, the amount, if any, by which the total of all payments or contributions paid or made by Master Developer during such fiscal year exceeded the total subsidy obligation of Master Developer for such fiscal year under this Section 6.11.

6.12 Transfer Fee. Each purchaser of a Parcel, Lot, Dwelling Unit or other Improvement within the Preserve shall pay to the Community Association at closing a transfer fee immediately upon becoming the Owner of the Parcel, Lot, Dwelling Unit or Improvement in such amount as is established from time to time by the Master Developer or the Board, to reimburse the Community Association for costs incurred by the Community Association in connection with transfer of title to such new Owner and for the payment of other Community Expenses and reserves, as the Board may determine in its sole and exclusive discretion. Currently, the transfer fee shall be 0.5% of the gross sales price of any Parcel, Lot, Dwelling Unit or other Improvement, unless otherwise determined by the Board and set forth in the Bylaws; provided, however, that in no event shall the transfer fee exceed 1.0% of the gross sales price of any Parcel, Lot Dwelling Unit or Improvement without the vote or written consent of 67% of the total amount of votes of the Class A Members other than the Master Developer. The

Master Developer or the Board shall have the right to collect and enforce the payment of the transfer fee in the same manner as enforcement and collection of delinquent Assessments as further described in this Community Charter. In the event that the transfer fee is not paid at closing to the Community Association, then the Master Developer or the Board shall have the right to impose a penalty against the new Owner of the Parcel, Lot, Dwelling Unit or Improvement in an amount as determined by the Board from time to time in its sole and exclusive discretion.

6.12.1 For purposes of this Section 6.12, "gross sales price" shall mean shall mean, in the case of a transfer that is in all respects a bona fide sale, the consideration given for the transfer less actual customary expenses of sale (or the equivalent thereof which would have been received by the transferor had the transaction been an arms-length, third-party cash transaction, in the event the transfer is not an arms-length, third-party cash transaction) of the Parcel, Lot, Dwelling Unit or other Improvement subject to transfer. Notwithstanding the foregoing, the value of timeshare interests and timeshare estates and vacation club ownership interests, for purposes of determining Gross Sales Price, shall be determined by valuing the real property interest associated with the timeshare interest or timeshare estate, exclusive of the value of any intangible property and rights associated with the acquisition, operation, ownership, and use of the timeshare interest or timeshare estate, including the fees and costs associated with the sale of the timeshare interests and timeshare estates that exceed those fees and costs normally incurred in the sale of other similar properties, the fees and costs associated with the operation, ownership, and use of timeshare interests and timeshare estates, vacation exchange rights, and benefits available to a timeshare unit owner. In case of a transfer that is a lease for a period of twenty (20) or more years or is otherwise not in all respects a bona fide sale, gross sales price of the Parcel, Lot, Dwelling Unit or other Improvement subject to transfer shall be determined by the Board. A transferee may make written objection to the Board's determination within fifteen (15) days after the Board has given notice of such determination, in which event the Board shall obtain an appraisal, at the transferee's sole expense, from an MAI real estate appraiser of good reputation, who is qualified to perform appraisals in Utah, who is familiar with Utah County and Sundance area real estate values, and who shall be selected by the Board. The appraisal so obtained shall be binding on both the Board and the transferee. Notwithstanding any provision herein to the contrary, where a transferee does not object within fifteen (15) days after the time required herein for objecting, the transferee shall be deemed to have waived all right of objection concerning gross sales price, and the Community Association's determination of such shall be binding.

6.12.2 No such transfer fee shall be payable and a transfer shall not have occurred with respect to (i) the creation of any Mortgage, (ii) in connection with any foreclosure of a First Mortgage, (iii) the exercise of a power of sale available under a First Mortgage, (iv) the taking of a Deed or assignment in lieu of a foreclosure by a First Mortgagee, (v) the conveyance by a First Mortgagee of a Deed in respect of a Parcel, Lot, Dwelling Unit or improvement, or part thereof or interest therein, to a grantee if such First Mortgagee shall have obtained title to such Parcel, Lot, Dwelling Unit or improvement, or part thereof or interest therein, pursuant to subclause (ii), (iii) or (iv) above or (vi) any transfer, sell or conveyance between the Master Developer and its

affiliates. For purposes of this Section 6.12, a “transfer” shall mean, whether in one transaction or in a series of related transactions, any sale, conveyance, assignment, lease, or other transfer of any beneficial ownership of or interest in any Lot, Dwelling Unit or Parcel, including but not limited to (1) the conveyance of fee simple title to any Lot, Dwelling Unit or Parcel, (2) the transfer of any ownership interest in any timeshare or fractional ownership interest or vacation club interest; (3) the transfer of more than 50 percent of the outstanding shares of the voting stock of a corporation which, directly or indirectly, owns one or more Lots, Dwelling Units or Parcels, and (4) the transfer of more than 50 percent of the interest in net profits or net losses of any partnership, joint venture or other entity which, directly or indirectly, owns one or more Lots, Dwelling Units or Parcels. The Master Developer, prior to the organization of the Community Association, and thereafter the Board shall have the right to determine in their respective sole and exclusive whether or not a “transfer” has occurred for the purposes of levying a transfer fee.

ARTICLE VII

ENFORCEMENT OF PAYMENT OF ANNUAL AND SPECIAL ASSESSMENTS AND MAINTENANCE CHARGES AND ENFORCEMENT OF ASSESSMENT LIEN

7.1 Community Association as Enforcing Body. The Community Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Community Charter. However, if the Community Association shall fail or refuse to enforce this Community Charter or any provision hereof for an unreasonable period of time after written request to do so, then any Member or Neighborhood Association, on behalf of the Members within its Neighborhood, may enforce them at his or her own expense by any appropriate action, whether in law or in equity.

7.2 Community Association’s Remedies to Enforce Payment of Annual and Special Assessments and Maintenance Charges. If any Neighborhood Association or Member fails to pay the Annual or Special Assessments or installments when due, or to pay Maintenance Charges assessed pursuant to Sections 9.3 and 9.4, the Community Association may enforce the payment of the Annual or Special Assessments, Maintenance Charges and/or Assessment Lien by taking one or more of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Community Association does not prejudice or waive its right to exercise the other remedy):

7.2.1 Bring an action at law and recover judgment against the Member personally obligated to pay the Annual or Special Assessments or the Maintenance Charges;

7.2.2 Foreclose the Assessment Lien against each Lot or Parcel within the Neighborhood in accordance with then prevailing Utah law relating to the foreclosure of mortgages or deeds of trust (including the right to recover any deficiency), the method recognized under Utah law for the enforcement of a mechanic’s lien which has been established in accordance with Chapter 1, Title 38, Utah Code Annotated, as amended

from time to time, or any other means permitted by law, and the Lot or Parcel may be redeemed after foreclosure sale if provided by law. In order to facilitate the foreclosure of any such lien in the manner provided at law for the foreclosure of deeds of trust, Master Developer hereby designates First American Title Insurance Company as trustee and grants and conveys the Preserve, IN TRUST, to First American Title Insurance Company, as trustee with full power of sale, to foreclose any such liens as directed by the Board. The Board may, at any time, designate one or more successor trustees, in the place of First American Title Insurance Company, in accordance with provisions of Utah law for the substitution of trustees under deeds of trust. Such trustee, and any successors, shall not have any other right, title or interest in the Preserve beyond those rights and interests necessary and appropriate to foreclose any liens against Lots or Parcels arising pursuant hereto. In any such foreclosure, the Owner of the Lot or Parcel being foreclosed shall be personally liable for and shall be required to pay all of the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the Assessment Lien being foreclosed. The Community Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots or Parcels purchased at such sale.

7.2.3 Notwithstanding subordination of an Assessment Lien as described in Section 7.3, the delinquent Member shall remain personally liable for the Assessments and related costs after his membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

7.3 Subordination of Assessment Lien to First Mortgage; Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any First Mortgage and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot or Parcel. Sale or transfer of any Lot or Parcel shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a First Mortgage to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust of sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot or Parcel free of the Assessment Lien for all Annual and Special Assessments and Maintenance Charges that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; provided, however, that such First Mortgage foreclosure sale purchaser or grantee shall take subject to all Annual and Special Assessments, Maintenance Charges and the Assessment Lien therefor accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

7.4 Owner's Right to Cure. In the event Assessments or other charges payable to the Community Association by the Neighborhood Association pursuant to this Community Charter may or have become delinquent on the Parcel or Lot due to the Neighborhood Association's failure to timely pay such Assessments or charges, then the Board may in its sole and exclusive discretion, but shall not be obligated to, give notice of the delinquent Assessment or charges to each Owner owning a Lot or Parcel in the respective delinquent Neighborhood and any Eligible Mortgagee that has requested notice of such delinquency from the Community Association in a

reasonable manner as determined by the Board. In the event the Board determines that it will give such notice to each Owner owning a Lot or Parcel in the delinquent Neighborhood, then the Board shall have the absolute right at any reasonable time to inspect and copy the Neighborhood Developer's sales records or the Neighborhood Association's membership register, so long as the Community Association agrees not to use, or allow the use of, the information from the sales records or membership register for commercial or other purposes not reasonably related to the business of the Community Association. Notwithstanding the forgoing, the Neighborhood Association shall give notice of the delinquent Assessment to each Owner owning a Lot or Parcel in the respective Neighborhood, and shall send a courtesy copy to the Community Association and to each Eligible Mortgagee in respect thereof. The Neighborhood Association shall cause notice to be given to each Owner within three (3) days after the Neighborhood Association knows or has reason to know that its delinquent payment may or has become a delinquent Assessment. The Neighborhood Association's notice to each Owner shall set forth:

7.4.1 The name of the Neighborhood Association as shown in the records of the Community Association;

7.4.2 The name of the Owner as shown in the records of the Neighborhood Developer or Neighborhood Association;

7.4.3 The legal description or street address of the Owner's Lot or Parcel;

7.4.4 The total amount payable to the Community Association by the Neighborhood Association, including interest, Recording fees, reasonable attorneys' fees, court costs, collection costs and other sums payable to the Community Association; and

7.4.5 The pro-rata amount the individual Owner must pay in order to prevent or release an Assessment Lien from being Recorded against his, her or its Lot or Parcel.

Notwithstanding the forgoing, the Neighborhood Association's success or failure to give proper notice to an Owner within its respective delinquent Neighborhood shall not affect the validity of the Assessments or charges established by the Board nor relieve any Neighborhood Association or Member from its obligation to pay such Assessments or charges. Any Owner who owns a Lot or Parcel located within the delinquent Neighborhood, or any combination of Owners therein, may jointly or singly pay their portion of the Neighborhood Association's delinquent Assessment and other charges. Upon receipt by the Community Association of payment in full by the Owner(s) of his, her, its or their pro-rata share of the Neighborhood Association's delinquent Assessment and charges, including but not limited to interest, Recording fees, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Community Association by the Neighborhood Association, the Board shall release or forgo Recording an Assessment Lien against the Owner's or Owners' individual Lot(s) or Parcel(s), or part thereof or interest therein, located within the delinquent Neighborhood.

ARTICLE VIII

USE OF FUNDS; BORROWING POWER;
OTHER COMMUNITY ASSOCIATION DUTIES

8.1 Purposes for Which Community Association's Funds May Be Used. The Community Association shall apply all funds and property collected and received by it (including the Annual and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Preserve and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any kind and all land, properties, Improvements, facilities, services, projects, programs, studies and systems, within the Preserve, which may be necessary, desirable or beneficial to the general common interests of the Preserve, the Members and the Residents. The following are some, but not all, of the areas in which the Community Association may seek to aid, promote and provide for such common benefit: social interaction among Members and Residents; maintenance of landscaping on Community Areas and public right-of-way and drainage areas within the Preserve; recreation; insurance; communications; ownership and operation of vehicle storage areas; transportation; health; utilities; public services; safety and indemnification of officers and directors of the Community Association. The Community Association also may expend its funds as otherwise permitted under the laws of the State of Utah.

8.2 Borrowing Power. The Community Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate as determined by the Board without a vote of the Members.

8.3 Community Association's Rights in Spending Funds From Year to Year. The Community Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Community Association shall not be obligated to reduce the amount of Annual Assessment in the succeeding year if a surplus exists from a prior year and the Community Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Community Association and the accomplishment of its purposes.

ARTICLE IX

MAINTENANCE

9.1 Community Areas and Public Right-of-Way. The Community Association, or its duly delegated representative, shall maintain and otherwise manage all Community Areas, including, but not limited to, the landscaping, walkways, open space, riding paths, parking areas, drives, recreational facilities and the roofs, interiors and exteriors of the buildings and structures located upon said properties; provided, however, the Community Association shall not be responsible for providing or maintaining the landscaping or structures on any Community Areas which are part of Lots or Parcels unless (i) such landscaping or structures are available for use by

all Owners and Residents or are within easements intended for the general benefit of the Preserve and (ii) the Community Association assumes in writing the responsibility as set forth in a recorded instrument as hereinafter provided. The Community Association shall also maintain any landscaping and other Improvements not on Lots and Parcels which are within the exterior boundaries of the Preserve, which are within areas shown on a Plat or other plat of dedication for the Preserve or covered by a Neighborhood Charter or Supplemental Charter and which are intended for the general benefit of the Owners and Residents of the Preserve, except the Community Association shall not maintain areas which (i) owned by a Municipal Authority, (ii) which a Neighborhood Association is required under a Neighborhood Charter or Supplemental Charter to maintain or (iii) are to be maintained by the Owners of a Lot or Parcel pursuant to Section 3.2.3 of this Community Charter. Specific areas to be maintained by the Community Association may be identified on Plats recorded or approved by the Master Developer, in Neighborhood Charters, Supplemental Charters and in Deeds from the Master Developer to a transferee of a Lot or Parcel, but the failure to so identify such areas shall not affect the Community Association's rights or responsibilities with respect to such Community Areas and other areas intended for the general benefit of the Preserve. As applicable and required, the Neighborhood Developer shall provide fire hydrants and fuel breaks, in accordance with Utah County requirements. The Community Association shall maintain all hydrants and fuel breaks in the Preserve, in accordance with Utah County requirements. Nevertheless, it is recognized that the Preserve is located in a remote natural area where fires may be more difficult to prevent, and substantially more difficult to fight if a fire were to occur. Consequently, neither the Master Developer, the Community Association, the Board, any Neighborhood Association or its Neighborhood Board, or the Neighborhood Developer shall be liable for any loss or damage to persons or property resulting from fire or any other natural disaster, including without limitation, an avalanche or landslide.

9.2 Standard of Care. The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property so that the Preserve development will reflect a high grade of ownership. In this connection the Community Association may, subject to any applicable provisions on Special Assessments for capital Improvements, in the discretion of the Board:

9.2.1 Reconstruct, repair, replace or refinish any Improvement or portion thereof upon Community Association Land;

9.2.2 Construct, reconstruct, repair, replace or refinish any road Improvement or surface upon any portion of the Community Areas used as a road, street, walk, driveway or parking area, except that no permanent Improvements shall be made by the Community Association on any Community Area that is not Community Association Land and the Community Association shall provide only maintenance on Community Areas which are not Community Association Land;

9.2.3 Remove and replace, as appropriate, injured and diseased trees and other vegetation in any Community Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil, maintaining fuel breaks and for aesthetic purposes;

9.2.4 Place and maintain upon any Community Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and

9.2.5 Do all such other and further acts which the Board deems necessary to preserve and protect the Community Areas and the beauty thereof, in accordance with the general purposes specified in this Community Charter.

9.2.6 The Board shall be the sole judge as to the appropriate maintenance of all Community Areas and other properties maintained by the Community Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

9.2.7 In the event any Plat, Neighborhood Charter, Supplemental Charter, Deed restriction or this Community Charter permits the Board to determine whether or not Owners of certain Lots or Parcels will be responsible for maintenance of certain Community Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Residents of the Preserve for the Community Association or for an individual Owner or a Neighborhood Association to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Community Association to contract with others for the performance of the maintenance and other obligations of the Community Association under this Article IX and, in order to promote uniformity and harmony of appearance, the Board may also cause the Community Association to contract to provide maintenance services to Owners of Lots and Parcels having such responsibilities in exchange for the payment of such fees as the Community Association and Owner may agree upon.

9.3 Assessment of Certain Costs of Maintenance and Repair of Community Areas and Public Areas. In the event that the need for maintenance or repair of Community Areas, structures and other property maintained by the Community Association is caused through the willful or negligent act of any Owner or Resident of a Lot or Parcel, or any family, guests, invitees or tenants of such Persons, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot or Parcel pursuant to Section 9.1 in connection with a contract entered into by the Community Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

9.4 Maintenance and Use of Lots and Parcels. Each Dwelling Unit, Improvement, Lot and Parcel shall be properly maintained by the Owner so as not to detract from the appearance of the Preserve and so as not to affect adversely the value or use of any other Dwelling Unit, Improvement, Lot or Parcel. In the event any portion of any Lot or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots and Parcels or other areas of the Preserve which are substantially affected thereby or related thereto, or in the event any portion of a Lot or Parcel is being used in a manner which violates this Community Charter or any Neighborhood Charter

or any Supplemental Charter applicable thereto, or in the event the Owner of any Lot or Parcel is failing to perform any of its obligations under the Governing Documents and standards of the Architectural Review Committee, the Board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien.

ARTICLE X

ARCHITECTURAL REVIEW COMMITTEE

10.1 Membership. There is hereby established an Architectural Review Committee which shall be responsible for the establishment and administration of the Design Guide and to carry out all other responsibilities assigned to the Architectural Review Committee in order to carry out the purposes and intent of this Community Charter. The members of the Architectural Review Committee need not be Members of the Community Association. All of the members of the Architectural Review Committee shall be appointed, removed, and replaced by Master Developer in its sole discretion, until such time as the Class B membership is terminated, and at that time the Board shall succeed to Master Developer's right to appoint, remove, or replace the members of the Architectural Review Committee. At the sole and exclusive option of Master Developer, the Master Developer may establish a "Modifications Committee" which shall be a subcommittee of the Architectural Review Committee. The Modifications Committee shall deal solely with changes to structures and improvements which have previously been approved by the Architectural Review Committee and which an Owner desires to alter or change following the original construction of such structure or improvements. It is contemplated, but not required, that the Modifications Committee will be made up largely of Owners who will take over responsibility for modifications subject to appropriate written guidelines established by the Architectural Review Committee.

10.2 Purpose. The Architectural Review Committee shall review, study and either approve, reject or request resubmittal of proposed developments and Improvements to a Lot or Parcel, all in compliance with this Community Charter and as further set forth in the rules and regulations of the Architectural Review Committee and the Design Guide adopted and established from time to time by the Architectural Review Committee. Each developer, including any Neighborhood Developer, of a Parcel shall demonstrate to the Architectural Review Committee that its Neighborhood Charter or Supplemental Charter, Plat and development plan have been approved by the Master Developer and by the applicable Municipal Authority and that such items are in compliance with the Design Guide.

10.2.1 The Architectural Review Committee shall exercise its best judgment to see that all Improvements conform and harmonize with any existing structures as to external design, quality and type of construction, materials, color, location on the Lot or

Parcel, height, grade and finished ground elevation, and all aesthetic considerations set forth in this Community Charter or in the Design Guide.

10.2.2 The Architectural Review Committee shall exercise its best judgment to see that each Neighborhood Developer undertakes its development of a Parcel, including but not limited to, the roadways and major infrastructure, in compliance with the Design Guide.

10.2.3 Except for Improvements made by Master Developer, no Improvement on a Lot or Parcel shall be erected, placed or altered on any Lot or Parcel nor shall any construction be commenced until plans for such Improvement shall have been approved by the Architectural Review Committee; provided, however, that Improvements and alterations which are completely within a building may be undertaken without such approval.

10.2.4 The actions of the Architectural Review Committee in the exercise of its discretion by its approval or disapproval of plans and other information submitted to it, or with respect to any other matter before it, shall be conclusive and binding on all interested parties subject to appeal as provided in the Bylaws.

10.3 Organization and Operation of the Architectural Review Committee.

10.3.1 Term. The term of office of each member of the Architectural Review Committee, subject to Section 10.1 hereof, shall be two (2) years, commencing January 1 of each year, and continuing until his or her successor shall have been appointed. Should an Architectural Review Committee member die, retire, become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in Section 10.1 hereof. The Master Developer may remove any member of the Architectural Review Committee at any time for any cause without notice.

10.3.2 Chairman. So long as Master Developer appoints the Architectural Review Committee, Master Developer shall appoint the chairman. At such time as the Architectural Review Committee is appointed by the Board, the chairman shall be elected annually from among the members of the Architectural Review Committee by majority vote of said members.

10.3.3 Operations. The chairman shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the Architectural Review Committee prior to any meeting. The notice shall set forth the time and place of the meeting, and notice may be waived by any member. In the absence of a chairman, the party responsible for appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, a temporary successor.

10.3.4 Voting. The affirmative vote of a majority of the members of the Architectural Review Committee shall govern its actions and be the act of the Architectural Review Committee. A quorum shall consist of a majority of the members.

10.3.5 Expert Consultation. The Architectural Review Committee may avail itself of technical and professional advice and consultants as it deems appropriate.

10.4 Expenses. Except as provided below, all expenses of the Architectural Review Committee shall be paid by the Community Association. The Architectural Review Committee shall have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the Architectural Review Committee from time to time, and such fees shall be collected by the Architectural Review Committee and remitted to the Community Association to help defray the expenses of the Architectural Review Committee's operation.

10.5 Design Guide and Rules. The Architectural Review Committee shall adopt, establish, and publish from time to time a Design Guide, which shall constitute a Governing Document. The Design Guide shall define and describe the design standards for the Preserve and the various uses within the Preserve. The Design Guide may be modified or amended from time to time by the Architectural Review Committee. To the extent permitted by the Design Guide, the Architectural Review Committee, in its sole discretion, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may permit compliance with different or alternative requirements. Compliance with the Preserve design review process is not a substitute for compliance with applicable Municipal Authority building, zoning, and subdivision regulations and requirements, and each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to obtaining final approval of any Improvements from the Architectural Review Committee and prior to commencing construction.

10.6 Procedures. As part of the Design Guide, the Architectural Review Committee shall make and publish such rules and regulations as it may deem appropriate to govern its proceedings. Appeals shall be conducted as provided in the Bylaws.

10.7 Limitation of Liability. The Architectural Review Committee shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the Architectural Review Committee, nor any individual Architectural Review Committee member, shall be liable to any person for any official act of the Architectural Review Committee in connection with submitted plans and specifications, except to the extent the Architectural Review Committee or any individual Architectural Review Committee member acted with gross negligence or was guilty of willful misconduct. Approval by the Architectural Review Committee does not necessarily assure approval by the appropriate Municipal Authority. Notwithstanding that the Architectural Review Committee has approved plans and specifications, neither the Architectural Review Committee nor any of its members shall be responsible or liable to any Owner, developer, or contract holder with respect to any loss, liability, claim, or expense which may arise by reason of such approval of the construction of any Improvements. Neither the Board, the Architectural Review Committee, or any agent thereof, nor Master Developer or any of its shareholders, employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Preserve documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events the Architectural Review Committee and its members shall be defended and indemnified by the Community Association in any such suit or proceeding which may arise by reason of the

Architectural Review Committee's decision. The Community Association, however, shall not be obligated to indemnify each member of the Architectural Review Committee to the extent any such member of the Architectural Review Committee shall be adjudged to be liable for gross negligence or willful misconduct in the performance of his duty as a member of the Architectural Review Committee, unless and then only to the extent that the Court in which such action or suit may be brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expense as such court shall deem proper.

10.8 Certificate of Compliance. Upon payment of a reasonable fee established from time to time by the Board, and upon written request of any Owner or his agent, an existing or prospective Mortgagee, or a prospective grantee, the Architectural Review Committee shall issue an acknowledged certificate, in recordable form, setting forth generally, to the best of the Architectural Review Committee's knowledge, that the Owner is not in violation of any of the terms and conditions of the Preserve documents. Unless such request shall be complied with within thirty (30) days after receipt of the request, it shall be conclusively presumed that the Owner and the Owner's Improvements are in conformance with all the terms and conditions subject to the control of the Architectural Review Committee.

ARTICLE XI

RIGHTS AND POWERS OF COMMUNITY ASSOCIATION

11.1 Community Association's Rights and Powers As Set Forth in Articles and Bylaws. In addition to the rights and powers of the Community Association set forth in this Community Charter, the Community Association shall have such rights and powers as are set forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Master Developer, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Community Charter and are necessary, desirable or convenient for effectuating the purposes set forth in this Community Charter. After incorporation of the Community Association, a copy of the Articles and Bylaws of the Community Association shall be available for inspection at the office of the Community Association during reasonable business hours.

11.2 Community Association's Rights of Enforcement of Provisions of This and Other Instruments. The Community Association, as the agent and representative of the Owners and Members shall have the right to enforce, by any proceeding at law or in equity, the Covenants set forth in this Community Charter and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Community Charter, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Community Association or by Master Developer. In the event suit is brought or arbitration is instituted or an attorney is retained by the Community Association to enforce the terms of this Community Charter or other document as described in this Section 11.2 and the Community Association prevails, the Community Association shall be entitled to recover, in addition to any other remedy, reimbursement for

attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith including but not limited to the Community Association's administrative costs and fees. Said attorneys' fees, costs and expenses shall be the personal liability of the breaching Owner and shall also be secured by the Assessment Lien against said Owner's Lot or Parcel. If the Community Association should fail to act within a reasonable time, any Owner shall have the right to enforce the Covenants set forth in this Community Charter.

11.3 Contracts with Others for Performance of Community Association's Duties. Subject to the restrictions and limitations contained herein, the Community Association may enter into contracts and transactions with others, including the Master Developer and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more Board members or officers of the Community Association or members of any committee are employed by or otherwise connected with Master Developer or its affiliates, provided that the fact of such interest shall be disclosed or known to the other Board members acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such Board member, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he or she is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by the Master Developer, its affiliated companies or any competitor thereof and may vote thereat to authorize any such contract, transaction or approval with like force and effect as if he or she were not so interested.

11.4 Change of Use of Community Association Land and Procedure Therefor. Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the present use of a designated part of the Community Association Land or of the Community Association's interest in other Community Areas is no longer in the best interests of the Owners and Residents and (b) the approval of such resolution by the Members in accordance with Article V, the Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and Improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Owners and Residents, and (ii) shall be consistent with any Deed restrictions (or zoning regulations) restricting or limiting the use of the Community Association Land or Community Areas. Any construction, reconstruction, alteration or change of the buildings, structures and Improvements on Community Association Land shall require the approval of the Architectural Review Committee.

ARTICLE XII

INSURANCE AND FIDELITY BONDS

12.1 Hazard Insurance. The Community Association shall at all times maintain in force insurance meeting the following requirements: A "master" or "blanket" type policy of property insurance shall be maintained, if reasonably available, covering all insurable Improvements, if any, on the Community Association Land and where appropriate on the Community Areas; fixtures, building service equipment, personal property and supplies comprising a part of the Community Areas or owned by the Community Association; but excluding land, foundations, excavations, and other items normally not covered by such policies.

References herein to a “master” or “blanket” type policy of property insurance are intended to denote single entity insurance coverage. If blanket all-risk insurance is not reasonably available, then at a minimum, such “master” or “blanket” policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Preserve in construction, location, and use, including (without limitation) all perils normally covered by the standard “all risk” endorsement, where such endorsement is available. Such “master” or “blanket” policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Community Areas covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent of the property’s insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). The maximum deductible amount for such policy shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount.

12.2 Policy Requirements.

12.2.1 The name of the insured under each policy required to be maintained by the foregoing Section 12.1 shall be the Community Association for the use and benefit of the individual Owners. Notwithstanding the requirement of the immediately foregoing sentence, each such policy may be issued in the name of an authorized representative of the Community Association, including any Insurance Trustee (as hereinafter defined) with whom the Community Association has entered into an Insurance Trust Agreement (as hereinafter defined), or any successor to such Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Community Association (or Insurance Trustee), as a trustee for each Owner and each such Owner’s First Mortgagee. Each Owner and each such Owner’s First Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and First Mortgagee upon request.

12.2.2 Each policy required to be maintained by the foregoing Section 12.1, shall contain the standard mortgagee clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Preserve is located. In addition, such mortgagee clause or another appropriate provision of each such policy shall provide that the policy may not be cancelled or substantially modified without at least thirty (30) days’ prior written notice to the Community Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

12.2.3 Each policy required to be maintained by the foregoing Section 12.1, shall provide, if available, for the following: recognition of any insurance trust

agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

12.2.4 Each policy required to be maintained by the foregoing (Section 12.1 shall also contain or provide the following: (1) "Inflation Guard Endorsement", if available; (2) "Building Ordinance or Law Endorsement", if the enforcement of any building, zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and, if appropriate, (3) "Steam Boiler and Machinery Coverage Endorsement" which shall provide that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the Improvements containing the boiler or machinery.

12.3 Fidelity Bonds or Insurance. The Community Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds or insurance, including but not limited to, trustees and officers insurance for the benefit of all members of the Board, officers and members of committees and subcommittees appointed by the Board or otherwise established pursuant to the provisions of this Community Charter, for all officers, agents, and employees of the Community Association and for all other persons handling or responsible for funds of or administered by the Community Association. Furthermore, where the Community Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide "blanket" fidelity bonds or insurance, with coverage identical to such bonds required of the Community Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Community Association. The total amount of fidelity coverage required shall be based upon the Community Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Community Association, or the Manager, as the case may be, at any given time during the term of coverage. A lesser amount of fidelity insurance coverage is acceptable for the Project so long as the Community Association and the Manager adhere to the following financial controls: (1) the Community Association or the Manager maintains separate bank accounts for the working account and the reserve account, each with appropriate access controls, and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Community Association; (2) the Manager maintains separate records and bank accounts for each Community Association that uses its services and the Manager does not have authority to draw checks on or to transfer funds from the Community Association's reserve account; or (3) two trustees must sign any checks written on the reserve account. Nevertheless, in no event may the amount of such fidelity coverage be less than the sum equal to three months' aggregate Assessments on all Lots and Parcels. The coverage required shall meet the following additional requirements: (1) the fidelity coverage shall name the Community Association as obligee or insured; (2) the bonds or insurance shall contain waivers by the issuers of the bonds or insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions; (3) the premiums on all bonds or insurance required herein for the Community Association (except for premiums on fidelity bonds or insurance maintained by the Manager for its officers, employees and agents)

shall be paid by the Community Association as part of the Community Expenses; and (4) the bonds or insurance shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the Community Association and to any Insurance Trustee.

12.4 Liability Insurance. The Community Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Community Areas, public ways in the Preserve, if any, all other areas of the Preserve that are under the Community Association's supervision, and commercial spaces owned by the Community Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to the Preserve in construction, location, and use. Nevertheless, such coverage shall be for at least Three Million Dollars (\$3,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Community Areas, and legal liability arising out of lawsuits related to employment contracts of the Community Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Preserve in construction, location, and use, including but not limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Community Association or any other Owner. Such policy shall provide that it may not be cancelled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Community Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

12.5 Insurance Trustees and General Requirements Concerning Insurance. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Community Association, the Community Association's authorized representative, including any trustee with whom the Community Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Community Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Community Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Community Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear. Each insurance policy maintained pursuant to this Community Charter shall be written by insurance carriers which are licensed to transact business in the State of Utah and which have a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating

Guide or an A or better rating from Demotech, Inc., or which are written by Lloyd's of London or which are otherwise approved by the Board. The provisions of this Article XII shall not be construed to limit the power or authority of the Community Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Community Association may deem appropriate from time to time.

12.6 Annual Review of Policies and Coverage. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Community Areas and Improvements thereon which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Community Charter. In the event any of the insurance coverage provided for in this Article XII is not available at a reasonable cost or is not reasonably necessary to provide the Preserve with adequate insurance protection, as determined by the Board, the Board shall have the right to obtain different insurance coverage or insurance coverage which does not meet all of the requirements of this Article XII so long as, at all times, the Board maintains insurance coverage on a basis which is consistent with the types and amounts of insurance coverage obtained for projects similar to the Preserve.

ARTICLE XIII

DAMAGE OR DESTRUCTION

13.1 Community Association as Attorney in Fact. Each and every Owner hereby irrevocably constitutes and appoints the Community Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on the Community Areas upon damage or destruction as provided in this Article or a complete or partial taking as provided in Article XIV below. Acceptance by any grantee of a Deed or other instrument of conveyance from the Master Developer or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Community Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, Deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Community Association as attorney-in-fact. All proceeds from the insurance required hereunder shall be payable to the Community Association except as otherwise provided in this Community Charter.

13.2 Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any part of the Improvements on the Community Areas in the Preserve, the Community Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Community Areas so damaged or destroyed. "Repair and reconstruction" as used in this Article XIII shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

13.3 Repair and Reconstruction. As soon as practical after obtaining estimates, the Community Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Community Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Community Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

13.4 Funds for Repair and Reconstruction. The proceeds received by the Community Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Community Association may, pursuant to Section 6.5 above, levy, assess, and collect in advance from all Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

13.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Community Association and the amounts received from the Special Assessments provided for in Section 6.5 above constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Community Association under Section 13.4 above, or, if no Special Assessments were made, then in equal shares per Membership, first to the Mortgagees and then to the Owners, as their interests appear.

13.6 Decision Not to Rebuild. If Members representing at least sixty-seven percent (67%) of the votes of each class of Members in the Community Association (with Voting Members casting the votes of the Class A Members) and fifty-one percent (51%) of the Eligible Mortgagees (based upon one vote for each Mortgage owned) of the Lots and Parcels vote not to repair and reconstruct and no alternative Improvements are authorized, then and in that event the affected portion of the Community Areas shall be restored to their natural state and maintained as an undeveloped portion of the Community Areas by the Community Association in a neat and attractive condition, and any remaining insurance proceeds shall be distributed in equal shares per Membership first to the Mortgagees and then to the Owners, as their interests appear.

13.7 Notice to First Mortgagees. The Community Association shall give timely written notice to any holder of any First Mortgage on a Lot or Parcel who requests such notice in writing in the event of substantial damage to or destruction of a material part of the Community Areas.

ARTICLE XIV

CONDEMNATION

14.1 Rights of Owners. Whenever all or any part of the Community Areas shall be taken or conveyed in lieu of and under threat of condemnation, each Owner shall be entitled to notice of the taking, but the Community Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

14.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Community Association as trustee for all Owners to be disbursed according to this Section 14.2. If the taking involves a portion of the Community Areas on which Improvements have been constructed, then, unless within sixty (60) days after such taking Master Developer and Owners representing at least sixty-seven percent (67%) of the Class A votes in the Community Association shall otherwise agree, the Community Association shall restore or replace such Improvements so taken on the remaining land included in the Community Areas to the extent lands are available therefor, in accordance with plans approved by the Board and the Architectural Review Committee. If such Improvements are to be repaired or restored, the provisions in Article XIII above 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 Community Areas, 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 distributed in equal shares per Membership, first to the Mortgagees and then to the Owners, as their interests appear.

14.3 Complete Condemnation. If all of the Preserve is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Community Charter shall terminate, and the portion of the condemnation award attributable to the Community Areas shall be distributed to Owners based upon the relative value of the Lots, Dwelling Units and Parcels (as applicable) prior to the condemnation.

ARTICLE XV

ADDITIONAL LAND

15.1 Right to Expand and State of Title to New Lots and Parcels. There is hereby granted unto Master Developer, and Master Developer hereby reserves, the absolute right and option to expand the Preserve at any time (within the limits herein prescribed) and from time to time by adding to the Preserve the Additional Land or a portion or portions thereof. Notwithstanding any provision of this Community Charter which might be construed to the contrary, such right and option may be exercised without obtaining the vote or consent of any other person (including any Owner or Mortgagee) and shall be limited only as specifically provided in this Community Charter. Any given portion of the Additional Land shall be deemed added to the Preserve at such time as a Supplemental Charter containing the information required by Section 15.3 below has been recorded with respect to the portion of the Additional Land concerned. After the date such Supplemental Charter is Recorded, title to each Lot and Parcel thereby created within the portion of the Additional Land concerned and its appurtenant right and

easement of use and enjoyment in and to the Community Areas shall be vested in and held by Master Developer, and none of the other Owners or the Community Association shall have any claim or title to or interest in such Lot and Parcel or its appurtenant right and easement of use and enjoyment to the Community Areas.

15.2 Rights and Statements Respecting Additional Land. Master Developer hereby furnishes the following information and statements respecting the Additional Land and Master Developer's right and option concerning expansion of the Preserve by the addition thereto of the Additional Land or a portion or portions thereof:

15.2.1 All of the Additional Land need not be added to the Preserve if any of such Additional Land is added. Rather, a portion or portions of the Additional Land may be added to the Preserve at any time (within the limits herein prescribed) and from time to time.

15.2.2 There are no limitations or requirements relative to the size, location, or configuration of any given portion of the Additional Land which can be added to the Preserve or relative to the order in which particular portions of the Additional Land can be added to the Preserve. Provided, however, future Improvements shall be consistent with the initial Improvements in quality of construction, and shall be subject to the Design Guide.

15.3 Procedure for Expansion. Each Supplemental Charter by which an addition to the Preserve of any portion of the Additional Land is accomplished shall be executed by Master Developer, shall be in recordable form, must be Recorded in the office of the County Recorder of Utah County, Utah, as applicable, on or before the date which is fifty (50) years from the date that this Community Charter is Recorded, and shall contain the following information for that portion of the Additional Land which is being added:

15.3.1 Data sufficient to identify this Community Charter with respect to that portion of the Additional Land being added.

15.3.2 The legal description of the portion of the Additional Land being added.

15.3.3 A statement that such portion of the Additional Land shall thereafter be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens set forth in this Community Charter.

15.3.4 Such other matters as may be necessary, desirable, or appropriate and as are not inconsistent with any limitation imposed by this Community Charter, including to the extent as determined by the Master Developer, the fixing of the Land Use Classifications of the Additional Land and the designation of its Neighborhood in substantially the same form as included in Exhibit "C" attached hereto.

Upon the date any supplement contemplated above is Recorded, it shall automatically supplement this Community Charter and any supplements previously recorded. At any point in

time, this Community Charter for the Preserve shall consist of this Community Charter, as amended and expanded by all supplements theretofore recorded pursuant to the terms hereof.

15.4 Allocation of Assessments and Voting Rights Following Expansion. Each Lot or Parcel created shall be apportioned a share of the Community Expenses attributable to the Preserve, as provided in Article VI. Each Owner of a Lot or Parcel shall be entitled to votes in the Community Association as provided for in Section 5.2. Assessments and voting rights shall commence as of the date the Master Developer executes a Supplemental Charter.

15.5 No Obligation to Expand. Except to the extent specifically indicated herein, this Community Charter is not intended, and shall not be construed so as, to impose upon Master Developer any obligation respecting, or to restrict Master Developer in any way with regard to: (i) the addition to the Preserve of any or all of the Additional Land; (ii) the creation or construction of any Lot or other Improvement; (iii) the carrying out in any particular way or within any particular time of any development or addition which may be undertaken; or (iv) the taking of any particular action with respect to any portion of the Additional Land. Except to the extent specifically indicated herein, no covenant, restriction, limitation, representation, or commitment in this Community Charter concerning anything that is or is not to occur, apply, or be done on or relative to the Additional Land or any portion thereof shall be binding as to such of the Additional Land as is never added to the Preserve.

15.6 Withdrawal of Property. At any time on or before the date which is twenty-five (25) years from the date that this Community Charter is recorded, the Master Developer shall have the right to withdraw property ("Withdrawable Land") from the Preserve without the consent of any other Owner or Person (other than the Owner of such Withdrawable Land, if other than the Master Developer). The withdrawal of all or any portion of the Withdrawable Land from the Preserve shall be effected by the Master Developer Recording a written instrument that shall contain the following information for that portion of the Withdrawable Land which is being withdrawn:

15.6.1 Data sufficient to identify this Community Charter with respect to that portion of the Withdrawable Land being withdrawn.

15.6.2 The legal description of the portion of the Withdrawable Land being withdrawn.

15.6.3 A statement that such portion of the Withdrawable Land shall thereafter be free and clear of the covenants, restrictions, easements, charges, and liens set forth in this Community Charter.

15.6.4 Such other matters as may be necessary, desirable, or appropriate and as are not inconsistent with any limitation imposed by this Community Charter.

Upon the date any supplement contemplated above is Recorded, it shall automatically supplement this Community Charter and any supplements previously Recorded and upon the withdrawal of any Withdrawable Land from the Preserve pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Community Charter.

ARTICLE XVI

MORTGAGEE REQUIREMENTS

16.1 Notice of Action. Upon written request made to the Community Association by a Mortgagee, or an insurer or governmental guarantor of a Mortgage, which written request shall identify the name and address of such Mortgagee, insurer or governmental guarantor and the Parcel, Lot number or address of the Dwelling Unit, any such Mortgagee, insurer or governmental guarantor shall be entitled to timely written notice of:

16.1.1 Any condemnation loss or any casualty loss which affects a material portion of the Preserve or any Lot or Parcel on which there is a Mortgage held, insured or guaranteed by such Mortgagee, insurer or governmental guarantor;

16.1.2 Any delinquency in the payment of Assessments or charges owed by an Owner, whose Lot or Parcel is subject to a Mortgage held, insured or guaranteed by such Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days; and

16.1.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond or insurance maintained by the Community Association.

16.2 Availability of the Preserve Documents and Financial Statements. The Community Association shall maintain and have current copies of the Governing Documents and other rules concerning the Preserve as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of Mortgages that are secured by Lots or Parcels. Generally, these documents shall be available during normal business hours.

16.3 Subordination of Lien. The lien or claim against a Lot or Parcel for unpaid Assessments or charges levied by the Community Association pursuant to this Community Charter shall be subordinate to the First Mortgage affecting such Lot or Parcel, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Lot or Parcel shall take the same free of such lien or claim for unpaid Assessment or charges, but only to the extent of Assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a Deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Community Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Lot or Parcel affected or previously affected by the First Mortgage concerned.

16.4 Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Community Areas are not timely paid, or in the event the required hazard insurance described in Section 12.1 lapses, is not maintained, or the premiums therefor are not paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any First Mortgagee which

expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Community Association.

16.5 Priority. No provision of this Community Charter or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Lots, Parcels or the Community Areas.

ARTICLE XVII

TERM; AMENDMENTS; TERMINATION

17.1 Term; Method of Termination. This Community Charter shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of fifty (50) years from the date this Community Charter is recorded. From and after said date, this Community Charter, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Community Charter by then Voting Members casting eighty percent (80%) of the total votes cast at an election held for such purpose or otherwise approved in writing within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. The Declaration may be terminated at any time if eighty percent (80%) of the votes of the Members shall be cast in favor of termination at an election held for such purpose. If the necessary votes and consents are obtained, the Board shall cause to be recorded with the County Recorder of Utah County, Utah, as applicable, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Community Association, with their signatures acknowledged. Thereupon these Covenants shall have no further force and effect, and the Community Association shall be dissolved pursuant to the terms set forth in its Articles.

17.2 Amendments. This Community Charter may be amended by Recording with the County Recorder of Utah County, Utah, as applicable, a Certificate of Amendment, duly signed and acknowledged by and on behalf of the Association. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided in Sections 17.3 and 17.4 hereof or elsewhere in this Community Charter, shall certify that at a meeting duly called and held pursuant to the provisions of the Articles and Bylaws or by separate written consent without a meeting, the Members casting at least sixty seven percent (67%) of the votes of the Members who are voting in person or by proxy at the election voted affirmatively for the adoption of the amendment or approved such amendment by separate written consent. The votes of the Class A Members shall be cast by the Voting Members. Within twenty-five (25) years from the date of recording this Community Charter and so long as the Master Developer is the Owner of any Lot or Parcel in the Preserve, this Community Charter and any Neighborhood Charter and any Supplemental Charter may be amended or terminated only with the written approval of the Master Developer.

17.3 Unilateral Amendments. The Master Developer alone may amend or terminate this Community Charter prior to the closing of a sale of the first Lot or Parcel. Notwithstanding

anything contained in this Community Charter to the contrary, this Community Charter may be amended unilaterally at any time and from time to time by Master Developer (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith, to make technical corrections or to fix mistakes or remove/clarify ambiguities; or (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots or Parcels subject to this Community Charter; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, so long as the Class B Membership exists, Master Developer may unilaterally amend this Community Charter for any other purpose; provided, however, any such amendment shall not materially adversely affect title to any property without the consent of the affected Owner.

17.4 Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Article or Declaration to the contrary notwithstanding, Master Developer reserves the unilateral right to amend all or any part of this Community Charter to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency) and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Community Charter or approval of the sale of property within the Preserve, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or Parcel(s) or any portions thereof. Any such amendment shall be effected by the recordation by Master Developer of a Certificate of Amendment duly signed by the Master Developer, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate of Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate of Amendment, when Recorded, shall be binding upon all of the Preserve and all persons having an interest therein. It is the desire of Master Developer to retain control of the Community Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Article XVII deletes, diminishes or alters such control, Master Developer alone shall have the right to amend this Community Charter to restore such control.

ARTICLE XVIII

MASTER DEVELOPER'S RIGHTS

18.1 Transfer. Any or all of the special rights and obligations of the Master Developer may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Master Developer and duly recorded in the public records of Utah County, Utah as appropriate. Nothing in this Community Charter shall be construed to require Master Developer or any successor to develop any Additional Land in any manner whatsoever. So long as Master Developer continues to have rights under this paragraph, no person or entity shall record any declaration of covenants,

conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Preserve without Master Developer's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Master Developer.

18.2 Sales Material. So long as Master Developer continues to have rights under this Article XVIII, all sales, promotional, and advertising materials, and all forms for deeds, contracts for sale, and other closing documents for the subdivision and sale of property in the Preserve by any Neighborhood Developer shall be subject to the prior approval of Master Developer, which approval shall not be unreasonably withheld. Master Developer shall deliver notice to any Neighborhood Developer of Master Developer's approval or disapproval of all such materials and documents within thirty (30) days of receipt of such materials and documents and, if disapproved, the specific changes requested. If Master Developer fails to so notify any Neighborhood Developer within such thirty (30) day period, Master Developer shall be deemed to have waived any objections to such materials and documents and to have approved the foregoing. Upon disapproval, the foregoing procedure shall be repeated until approval is obtained or deemed to be obtained.

18.3 Modifications. Master Developer reserves for itself and its assigns the right to vary the timing, mix, type, use, style, and numbers of Dwelling Units, Lots and Parcels, and other such details of construction or modifications in adding phases to this Community Charter.

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

18.5 Trademark Holders' Exclusive Use Of Sundance ® Marks.

18.5.1 Sundance Enterprises, Inc., a Utah corporation, its affiliates or subsidiaries ("Trademark Holders") are the owners of all rights in the "Sundance" name and trademark ("Trademarks"), including but not limited to all rights in the Trademarks in connection with the Preserve, and any variant or combination of the Trademarks exclusively determined by the Trademark Holders to be confusingly similar to the Trademarks or the "Sundance" name (collectively, with the Trademarks, "Sundance® Marks"). Neither the Community Association nor the Owners have any license to use or other interest in the Sundance® Marks; provided, however, the Community Association and the Owners may identify the Preserve as the "Sundance Community Preserve" until such time as the Trademark Holders, in their sole and exclusive discretion, determine otherwise. In the event the Trademark Holders, in their sole and exclusive discretion, provide written notice to the Community Association (which notice shall be deemed to be notice to each Owner of any interest in the Preserve, or portion thereof or interest therein) that it shall no longer be permitted to use the name "Sundance Community Preserve" to identify the Preserve, the Community Association and each Owner shall immediately

take steps to cease all use of all Sundance® Marks identified in Trademark Holders' notice to identify the Preserve, and shall:

18.5.1.1 immediately remove all signs containing any and all Sundance® Marks from the Preserve, and from any off-site location to the extent the sign refers to the Preserve contemplated herein;

18.5.1.2 immediately destroy all stationery, descriptive literature or printed or written matter bearing any and all Sundance® Marks;

18.5.1.3 immediately cease and desist from using any and all Sundance® Marks (or any other variations thereof) orally or in writing in referring to the Community Association and/or the Preserve; and

18.5.1.4 take immediate action to effect changes to the Preserve Documents reflecting any and all Sundance® Marks to eliminate the use of such Marks as soon as possible, but in any event, within three (3) months.

18.5.2 The provisions of this Section 18.5 may be enforced by any remedy at law or equity, including mandatory and/or prohibitory injunctions, and by accepting a deed of conveyance in which this Community Charter is deemed to be incorporated, each Owner hereby agrees and acknowledges that in the event of non-performance of any of the above described restrictions, Trademark Holders' remedies at law shall be deemed inadequate to enforce the terms of this Section 18.5.

18.5.3 Notwithstanding any provision of this Community Charter to the contrary, this Section 18.5 shall not be amended without the written consent of the Trademark Holders, which consent may be withheld for any reason in the Trademark Holders' sole and exclusive discretion.

ARTICLE XIX

ARTICLE XX MOUNTAIN RESORT DEVELOPMENT

20.1 Assumption of Risk, Waiver of Claims and Indemnification. Each Owner, by its purchase of a Lot, Dwelling Unit or Parcel, hereby acknowledges that the Preserve is a mountain resort community with resort-type activities, which may include, without limitation: skiing, ski runs and trails, hiking trails, mountain biking trails, open spaces, wildlife, rugged terrain, Private Amenities, snow making, tennis courts, horses and horseback riding, outdoor concerts, indoor and outdoor theater, art activities, festivals, children's events, games and activities, running, snow shoeing, alpine and cross country skiing and mountain bike courses and/or races and/or other competitions of various kinds, and other resort-type facilities, events, activities and programs (collectively, "Resort Activities"), and each such Owner expressly assumes the risk of noise, nuisances, hazards, personal injury, or property damage related to any and all Resort Activities, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance may take place at any time(s) of the day or night), (b) noise caused by Resort Activities and participants, (c) noise from snowmaking systems and trail grooming machinery, (d) construction and development activities, (e) view restrictions

caused by installation, relocation and maturation of trees and shrubbery, (f) reduction in privacy, including that related to maintenance activities, (g) errant equipment, including skis and mountain bikes and (h) Sundance Ski Resorts facilities design. Each such Owner agrees that neither Master Developer, the Manager, the Community Association, any committee created by the Community Association, any of the Master Developer's affiliates or agents, nor any Resort Activities participant (unless acting recklessly or in a willfully wrongful manner) shall be liable to an Owner or any other person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to: (a) the proximity of an Owner's Lot, Dwelling Unit or Parcel to any ski run or trail, Private Amenity or other Resort Activity venue; (b) any claim arising in whole or in part from the negligence of Master Developer, any of Master Developer's affiliates or agents, the Manager, the Community Association or any committee created by the Community Association; or (c) any Resort Activity or Private Amenity (collectively referred to herein as the "Waived Claims"). Each Owner hereby agrees to indemnify, defend and hold harmless Master Developer, Master Developer's affiliates and agents, the Manager, the Community Association and any committee created by the Community Association, from and against any and all Waived Claims asserted by such Owner and/or by such Owner's visitors or tenants, and by others upon such Owner's Lot, Dwelling Unit or Parcel. Each Owner further covenants that the Community Association, any committee created by the Community Association, the Manager, the Master Developer and the owners and operators of all Resort Activities shall have the right, in the nature of an easement, to subject all or any portion of the Preserve to nuisances incidental to the maintenance, operation or use thereof, and to the carrying out of such Resort Activities.

20.2 Disclaimer Regarding Sundance Ski Resort. All Persons, including without limitation all Owners, are hereby advised that, except as expressly set forth in this Community Charter, no representations, warranties or commitments have been or are made by the Master Developer or any other Person with regard to the present or future development, ownership, operation or configuration of, or right to use, Sundance Ski Resort including its ski runs, lifts or related facilities within, near or adjacent to the Preserve, whether or not depicted on the Plat, or any other land use plan, sales brochure or other marketing display, rendering or plan. No purported representation, warranty or commitment, written or oral, in such regard shall ever be effective without an amendment hereto executed by the Master Developer. Further, the ownership, operation or configuration of, or rights to use, any such ski resort or related facilities may change at any time and from time to time. No Owner or Resident shall have any ownership interest in or right to use, or right to exercise any degree of control over Sundance Ski Resort or related facilities solely by virtue of: (i) his, her or its Membership; or (ii) his, her or its ownership, use or occupancy of any Lot, Dwelling, Dwelling Unit or Parcel, or portion thereof.

20.3 Rights of Access. The owner of the Sundance Ski Resort, its successors and assigns, and its members, invitees, spectators, employees, agents, contractors or designers shall at all times have a right and nonexclusive license of access and use over all roadways located within the Preserve as reasonably necessary to travel to and from any entrance within the Preserve to and from such Sundance Ski Resort or related facilities and, further, over those portions of the Preserve (whether Community Areas or otherwise) reasonably necessary to the

operation, maintenance, repair, and replacement of the Sundance Ski Resort and its facilities (including any portions thereof located within the Preserve).

20.4 Ski Run Easements. It is contemplated there will be certain nonexclusive easements for ski runs, chair lifts, gondolas, towers, trails, bridges and accessways which may or may not be designated as such on one or more Plats of the Preserve, or portions thereof, which may be used for skiing and snowboarding, grooming, maintenance and vehicle access, and unhindered access between said easements and the Sundance Ski Resort. Nothing shall be placed or maintained in any such easement which shall interfere with the utilization thereof as part of the Sundance Ski Resort, and all other Improvements within said easements (except those installed or constructed by the Master Developer) shall require the approval of the owner of Sundance Ski Resort.

20.5 Operation of the Ski Resort. Each Owner acknowledges that the operation and maintenance of any ski resort within, near or adjacent to the Preserve, including but not limited to, all facilities that are now or hereinafter part of the Sundance Ski Resort, will require that maintenance personnel and other workers perform work relating to the operation and maintenance of such ski resort and that snowmaking, snow grooming and other equipment may operate at any time(s) of the day or night. In connection therewith, each Owner and Resident agrees that the Master Developer, and the owner or owners of all or any portion of the Sundance Ski Resort and the employees, agents and contractors of the Master Developer and of such owners, shall not be responsible or accountable for, liable for and shall be held harmless from, any claims, causes of action, loss or liability arising in connection with or associated with any noise or inconvenience normally associated with such operations.

20.6 Other Ski Resort Agreements. No Owner or Resident, and no guest, invitee, employee, agent or contractor of any Owner or Resident, shall at any time enter upon the Sundance Ski Resort property, for any purpose (other than to engage in skiing or as a spectator or guest of the Sundance Ski Resort or to engage in other activities specifically permitted within the Sundance Ski Resort, in each and every case subject to all fees, charges, rules and regulations of Sundance Ski Resort), and each Owner and Resident shall keep his, her or its pets and other animals off any property (and out of any related facilities) of the Sundance Ski Resort at all times. No Owner shall (or permit his, her or its Residents, guests, invitees, employees, agents or contractors to) interfere in any way with skiing within the Preserve or the Sundance Ski Resort (whether in the form of physical interference, noise, harassment of skiers or spectators, or otherwise). Each Owner (for such Owner and its Residents, guests and invitees) recognizes, agrees and accepts that: (a) operation of a year round resort and related facilities will often involve parties, events and other gatherings (whether or not related to skiing, and including without limitation weddings and other social functions) at or on the Sundance Ski Resort property, competitions, loud music, use of public address systems and the like, supplemental lighting and other similar or dissimilar activities from early in the morning until late at night; (b) by their very nature, ski resorts present certain potentially hazardous conditions, which may include, without limitation, man-made or naturally occurring snow, avalanches and topographical features such as washes, gullies, canyons, uneven surfaces and the like; (c) grooming and snow making or related facilities may result in snow drifting or blowing onto adjacent or nearby Lots, Dwelling Units or Parcels; and (d) neither such Owner nor its Residents, guests and invitees shall make any claim against the Master Developer, the Manager, the

Community Association, the Architectural Review Committee, any other committee of the Community Association, any sponsor, promoter or organizer of any competition or other event, or the owner or operator of the Sundance Ski Resort (or any affiliate, agent, employee or representative of any of the foregoing) in connection with the matters described or referenced in (a), (b) and (c) above, whether in the nature of a claim for damages relating to personal injury or property damage, or otherwise.

ARTICLE XXI

MISCELLANEOUS

21.1 Interpretation of the Covenants. Except for judicial construction, the Community Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Community Charter. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Community Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefited or bound by the Covenants and provisions hereof.

21.2 Agreement to Avoid Costs of Litigation. The Community Association, Master Developer, all Persons subject to this Community Charter, and any Person not otherwise subject to this Community Charter who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the properties at the Preserve, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving properties at the Preserve, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Community Charter or the Governing Documents (collectively "Claim") shall be resolved using the following procedures before filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim:

21.2.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") shall notify each Respondent in writing of the Claim ("Notice"), stating plainly and concisely:

21.2.1.1 the nature of the Claim, including date, time, location, person involved, Respondent's role in the Claim;

21.2.1.2 the basis of the Claim (i.e., the provision of the Declaration, Governing Documents, or other authority out of which the Claim arises);

21.2.1.3 what Claimant wants Respondent to do or not to do to resolve the Claim; and

21.2.1.4 that Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

21.2.2 Good Faith Negotiation.

21.2.2.1 Each Claimant and Respondent (“Parties”) shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

21.2.2.2 Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Preserve community.

21.2.3 Non-Binding Mediation.

21.2.3.1 If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent agency providing mediation services upon which the Parties may mutually agree.

21.2.3.2 If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiation, Claimant shall be deemed to have waived the Claim, and Respondent shall be deemed to have waived the Claim, the Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

21.2.3.3 If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

21.2.3.4 Each Party shall, within five (5) days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent. The Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.

If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within fifteen (15) days of Termination of Mediation, the Parties may exercise all rights available to them under Utah law, whether at law or in equity.

21.3 Severability. Any determination by any court of competent jurisdiction that any provision of this Community Charter is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

21.4 Change of Circumstances. Except as otherwise expressly provided in this Community Charter, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Community Charter.

21.5 Rules and Regulations. In addition to the right to adopt the Community Rules on the matters expressly mentioned elsewhere in this Community Charter, the Community Association (through its Board) shall have the right to adopt rules and regulations with respect to all other aspects of the Community Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Community Charter.

21.6 Master Developer's Disclaimer of Representations. Anything to the contrary in this Community Charter notwithstanding, and except as otherwise may be expressly set forth on a Plat or other instrument Recorded in the office of the County Recorder of Utah County, Utah, as applicable, Master Developer makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Preserve can or will be carried out, or that any land now owned or hereafter acquired by it is or will be subjected to this Community Charter, or that any such land (whether or not it has been subjected to this Community Charter) is or will be committed to or developed for a particular (or any) use, or if that land is once used for a particular use, such use will continue in effect.

21.7 References to the Covenants in Deeds. Deeds or any instruments affecting any Lot or Parcel or any part of the Preserve may contain the covenants herein set forth by reference to this Community Charter; but regardless of whether any such reference is made in any Deed or instrument, each and all of the covenants shall be binding upon the grantee-Owner or other person claiming through any instrument and his or her heirs, executors, administrators, successors and assigns.

21.8 List of Owners and Eligible Members. The Board shall maintain up-to-date records showing: (i) the name of each Person who is an Owner, the address of such Person, and the Lot or Parcel which is owned by him or her; (ii) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity and the Lot or Parcel which is encumbered by the Mortgage held by such person or entity; and (iii) the name of each person or entity who is an insurer or governmental guarantor, the address of such person or entity. In the event of any transfer of a fee or undivided fee interest in a Lot or Parcel, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of Record in the office of the County Recorder of Utah County, Utah, as applicable. The Board may for all purposes act and rely on the information concerning Owners and Lot or Parcel ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Lot, Parcel or Lots or Parcels which is obtained from the office of the County Recorder of Utah County, Utah, as applicable. The address of an Owner shall be deemed to be the address of the Lot or Parcel owned by such person unless the Board is otherwise advised. The list of

Owners shall be made available by the Board to any Owner for noncommercial purposes upon such Owner's written request and such Owner's payment of any copying charges.

21.9 General Obligations. Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to this Community Charter. With respect to unsold Lots and Parcels, the Master Developer shall enjoy the same rights and assumes the same duties with respect to each unsold Lot and Parcel.

21.10 Rights of Action. The Community Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of this Community Charter or the decisions of the Community Association. Owners shall have a similar right of action against the Community Association.

21.11 Successors and Assigns of Master Developer. Any reference in this Community Charter to Master Developer shall include any successors or assigns of Master Developer's rights and powers hereunder.

21.12 Gender and Number. Wherever the context of this Community Charter so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

21.13 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Community Charter are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

21.14 Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to such person at the address given by that person to the Community Association for the purpose of service of such notice or to the address of the Lot of such person if no address has been given. Such address may be changed from time to time by notice in writing received by the Community Association. Notice to the Board or to the Architectural Review Committee shall also be delivered or mailed to the Master Developer or such other address as the Board may designate after the end of Master Developer's control of the Board.

21.15 Security. The Community Association may, but shall not be obligated to, maintain or support certain activities within the Preserve designed to make the Preserve safer than it otherwise might be. NEITHER THE COMMUNITY ASSOCIATION, NOR THE MASTER DEVELOPER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN SUNDANCE, HOWEVER, AND NEITHER THE COMMUNITY ASSOCIATION, NOR THE MASTER DEVELOPER SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS, RESIDENTS, TENANTS, GUESTS AND INVITEES OF

ANY OWNER OR RESIDENT, AS APPLICABLE, ACKNOWLEDGE THAT THE MASTER DEVELOPER, THE COMMUNITY ASSOCIATION AND ITS BOARD OF DIRECTORS AND THE ARCHITECTURAL REVIEW COMMITTEE DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM OR BURGLAR ALARM SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE MASTER DEVELOPER OR THE ARCHITECTURAL REVIEW COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE NOR THAT FIRE PROTECTION OR BURGLARY ALARM SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER, RESIDENT, TENANT, GUEST OR INVITEE OF AN OWNER OR RESIDENT, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE MASTER DEVELOPER, THE COMMUNITY ASSOCIATION, ITS BOARD OF DIRECTORS AND ARCHITECTURAL REVIEW COMMITTEE ARE NOT INSURERS AND THAT EACH OWNER, RESIDENT, TENANT, GUEST AND INVITEE ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO DWELLING UNITS AND TO THE CONTENTS OF DWELLING UNITS AND FURTHER ACKNOWLEDGES THAT MASTER DEVELOPER, THE COMMUNITY ASSOCIATION, ITS BOARD OF DIRECTORS AND ARCHITECTURAL REVIEW COMMITTEE HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, RESIDENT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN SUNDANCE.

21.16 Use of the Preserve Term. No Person shall use the term the “Sundance Community Preserve” or any derivative thereof in any printed or promotional material without the prior written consent of the Master Developer, which consent may be withheld for any reason in Master Developer’s sole and exclusive discretion.

IN WITNESS WHEREOF, the Master Developer has executed this Community Charter as of the day first above written.

MASTER DEVELOPER:

SUNDANCE PARTNERS, LTD.,
a Utah limited partnership

By: SUNDANCE HOLDING, L.L.C.,
a Utah limited liability company,
General Partner

By: SUNDANCE ENTERPRISES, INC.,
a Utah corporation,
Its Managing Member

By: 

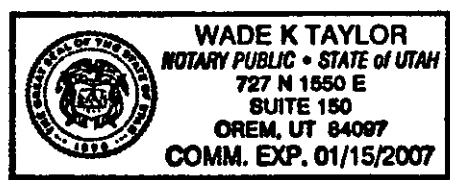
Kyle Pexton, Chief Financial Officer

STATE OF Utah)
)
) :ss.
COUNTY OF Utah)

The foregoing instrument was acknowledged before me this 28th day of February, 2005, by Kyle Pexton the Chief Financial Officer of Sundance Enterprises, Inc., the Managing Member of Sundance Holding, L.L.C., the General Partner of Sundance Partners, Ltd., a Utah limited partnership.



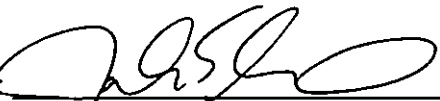
Notary Public



**CONSENT TO RECORD AND SUBORDINATION
(U.S. Bank National Association)**

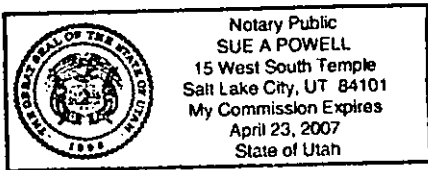
The undersigned U.S. Bank National Association, is the holder of that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 28, 2004, recorded July 28, 2004, as Entry No. 86507:2004 of the official records of Utah County, Utah, that certain Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 28, 2004, recorded July 28, 2004, as Entry No. 86506:2004 of the official records of Utah County, Utah, and that certain Development Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 28, 2004, recorded July 28, 2004, as Entry No. 86505:2004 of the official records of Utah County, Utah, together with related loan documents (collectively the "Deeds of Trust") which constitute liens of record against the property subject to the foregoing Community Charter. U.S. Bank National Association, hereby subordinates the lien and encumbrances of the Deeds of Trust to this Community Charter and to the rights of the Owners as set forth in such Community Charter and The Ridge Lots @ Sundance Community Preserve a Sundance Recreational Resort Subdivision, Plat K (the "Plat") recorded in the official records of Utah County, Utah and consents to the recordation of such Community Charter.

U.S. Bank National Association

By: 
Its: Vice President

STATE OF UTAH)
) : ss.
COUNTY OF Jat/Kelce)

On the 28 day of February, 2005, personally appeared before me James Sestrand, who, being by me duly sworn, did say that he/she is the VP, of USBNIC, N.A. that said instrument was signed in behalf of said national association by authority of its bylaws or a resolution of its board of directors, and said vi? acknowledged to me that said national association executed the same.



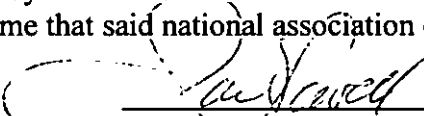

NOTARY PUBLIC

EXHIBIT "A"

SUNDANCE COMMUNITY PRESERVE REAL PROPERTY**The Ridge Lots at Sundance Preserve, Plat "K":**

Beginning at a point located South 578.81 feet and East 1,093.17 feet from the Northwest Corner of Section 14, Township 5 South, Range 3 East, Salt Lake Base and Meridian (basis of bearing North 00°07'50" West along the section line from the Northwest corner of Section 14 to the West 1/4 of Section 11, T5S, R3E, SLB&M); thence North 83°44'16" East 675.13 feet; thence South 01°33'02" West 265.07 feet; thence South 79°39'11" West 158.28 feet; thence South 63°46'48" West 337.78 feet; thence South 27°30'39" West 436.09 feet; thence South 30°32'31" East 138.71 feet; thence South 28°10'12" West 115.78 feet; thence West 654.57 feet; thence North 48°24'09" West 62.83 feet; thence South 45°00'00" West 32.03 feet; thence West 73.07 feet; thence North 204.89 feet; thence North 36°58'51" East 392.09 feet; thence North 70°21'46" East 169.03 feet; thence North 19°26'26" East 160.00 feet; thence North 45°58'30" East 206.36 feet; thence North 63°48'15" East 201.71 feet to the point of beginning.

EXHIBIT "B"

GLOSSARY OF DEFINED TERMS

The following words, phrases or terms used in this Community Charter (including that portion hereof headed "Recitals") shall have the following meanings:

1. "Additional Land" shall mean, refer to, and consist of any real property located not more than ten (10) miles from the exterior boundaries of the property described in Exhibit A. A description of the Additional Land is set forth in this Community Charter solely for purposes of identification. This Community Charter is not intended as and should not be deemed to constitute any lien, encumbrance, restriction, or limitation upon any portion of the Additional Land unless and until such portion is added to the existing the Preserve project in accordance with the provisions of Article XV of this Community Charter.
2. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot, Parcel and the Owner thereof pursuant to Section 6.2.
3. "Architectural Review Committee" shall mean the committee created pursuant to Article X.
4. "Articles" shall mean the Articles of Incorporation of the Community Association as the same may from time to time be amended or supplemented.
5. "Assessable Property" shall mean any Lot, Parcel or Condominium Unit, except such part or parts thereof as may from time to time constitute Exempt Property.
6. "Assessment" shall mean an Annual Assessment, Special Assessment, Maintenance Charge and/or transfer fee (described in Section 6.12) imposed by the Community Association.
7. "Assessment Lien" shall mean the lien created and imposed by Article VI;
8. "Assessment Period" shall mean the term set forth in Section 6.7.
9. "Board" shall mean the Board of Directors of the Community Association.
10. "Bylaws" shall mean the Bylaws of the Community Association as the same may from time to time be amended or supplemented.
11. "Commercial Development" shall mean any Parcel or portion thereof owned, leased or developed by one Person or a group of Persons, which is used for one or more commercial, non-residential purposes, including, but not limited to such general commercial purposes designated by the Design Guide and such commercial projects that include Condominium Units, a Resort/Hotel and/or a Timeshare/Fractional Program. Commercial Developments shall not include any Community Association Land or other Community Areas

owned by a Neighborhood Association or owned in common by Owners within a Condominium Unit project.

12. “Community Area(s)” shall mean (a) all Community Association Land; (b) all areas identified as open space on a Plat or a Neighborhood Charter and/or Supplemental Charter, including without limitation the Trail System, unless and until such open space is dedicated to a Municipal Authority; (c) all land within the Preserve which the Master Developer, by this Community Charter or other recorded instrument, makes available for use by Members of the Community Association; (d) all land within the Preserve which the Master Developer indicates on a Plat, Neighborhood Charter or Supplemental Charter is to be used for landscaping, drainage, and/or flood control for the benefit of the Preserve and/or the general public, unless and until such land is dedicated to the public or a Municipal Authority; (e) all land or right-of-way easements within the Preserve which are dedicated to the public or to a Municipal Authority, but which such Municipal Authority or other governmental agency requires the Community Association to maintain; (f) areas on a Lot or Parcel within easements granted to the Community Association or its Members for the location, construction, maintenance, repair and replacement of improvements, which easement may be granted or created on a Plat or Neighborhood Charter or Supplemental Charter or by a Deed or other conveyance accepted by the Community Association.

13. “Community Association” shall mean the Utah nonprofit corporation to be organized by Master Developer to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Community Charter, its successors and assigns. Master Developer hereby reserves the exclusive right to cause such Community Association to be incorporated and intends to name the Community Association the “SUNDANCE COMMUNITY PRESERVE OWNERS ASSOCIATION, INC.”

14. “Community Association Land” shall mean such part or parts of the Preserve, together with the open space, buildings, structures and Improvements thereon, and other real property which the Community Association now or hereafter owns in fee for as long as the Community Association is the owner of the fee.

15. “Community Charter” shall mean this COMMUNITY CHARTER FOR SUNDANCE COMMUNITY PRESERVE, as amended or supplemented from time to time.

16. “Community Expense Fund” shall mean and refer to the fund created pursuant to the provisions of Article VI of this Community Charter into which all monies of the Community Association shall be deposited. Two separate and distinct funds shall be created and maintained thereunder, one for operating expenses and one for capital or reserve expenses, which together shall constitute the Community Expense Fund.

17. “Community Expenses” shall mean and refer to those costs and expenses arising out of or connected with the maintenance and operation of the Preserve and the Community Association as described in Article VI and which determine the Assessments made to Owners.

18. “Community Rules” shall mean the rules for the Preserve adopted by the Board pursuant to Section 4.3.

19. “Condominium Unit” shall mean a condominium unit (as defined under Utah Code Ann. § 57-8-1, et seq., as amended) created under Utah law. For purposes of this Community Charter, a “Condominium Unit project” shall mean a condominium ownership regime established under the laws of the State of Utah, which may include residential Condominium Units and commercial Condominium Units, or both.

20. “Conference Center and Cultural Facilities Development” shall mean shall mean any area within the Preserve approved by Master Developer and the applicable Municipal Authority for use as a conference center or cultural facilities, as those terms are generally understood, and shall include, without limitation, any building providing space to convene gatherings for educational, cultural or social programs, classes, demonstrations, workshops, research, meetings, conferences, events, tours, exhibitions, performances, lectures and presentations, and certain other buildings and accessory facilities for group dining, sale of retail goods and storage of equipment incidental to such program use.

21. “Covenants” shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.

22. “Deed” shall mean a deed or other instrument conveying the fee simple title in a “Lot” or “Parcel” or “Condominium Unit”.

23. “Design Guide” means that certain Sundance Community Preserve Design Guide and rules associated therewith for development of all the real property subject to this Community Charter, as established by the Master Developer and/or the Architectural Review Committee from time to time. Master Developer or the Architectural Review Committee reserves the right to modify the Design Guide. The Design Guide may impose certain restrictions with respect to a Dwelling Unit’s mandatory minimum and maximum square footage, restrictions that relate to the design, color scheme, architecture, thematic, and structural components of all improvements within the Preserve and the development and construction of roadways, major infrastructure and other matters related to both off-site and on-site development of Parcels and Lots. The Design Guide may also include signage guidelines for development of the real property subject to this Community Charter. There is no assurance that such Design Guide will not change from time to time as determined by Master Developer in its sole and exclusive discretion.

24. “Dwelling Unit” shall mean any single family home, building or portion of a building situated upon a Lot or Parcel within a Residential Development designed and intended for long or short term residential use and occupancy.

25. “Eligible Mortgagee” shall mean and refer to a Mortgagee which has requested notice of certain matters from the Community Association in accordance with Section 16.1 of this Community Charter.

26. “Exempt Property” shall mean the following parts of the Preserve:

26.1 All land and Improvements owned by or dedicated to and accepted by the United States, a Municipal Authority, or any political subdivision thereof, for as long as any such entity or political subdivision is the owner thereof or for so long as said dedication remains effective including all Municipal Authority Property;

26.2 All Community Association Land, for as long as the Community Association is the owner thereof;

26.3 All land and/or Improvements (or portions thereof) utilized for Private Amenities;

26.4 Each other property, including each Lot, Parcel or Condominium Unit, while owned by Master Developer or a Master Developer-related entity, until the acquisition of its record title by a Person other than Master Developer or a Master Developer-related entity. Master Developer or a Master Developer-related entity may expressly waive its right to an exemption from Assessments as to some or all Exempt Properties of which it is then the Owner, by sending written notice to the Community Association.

26.5 All Exempt Property described herein shall be exempt from Assessments and Membership in the Community Association (provided, however, the Master Developer or a Master Developer related entity shall remain a Member in the Community Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessment payments) and its associated privileges and responsibilities, but shall nevertheless be subject to all other provisions of this Community Charter, including but not limited to, the use restrictions and architectural controls. Provided, however, at the sole and exclusive option of Master Developer, property described in Article XV shall be fully exempt from all of the terms and provisions of this Community Charter.

27. “First Mortgage” means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

28. “First Mortgagee” means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage.

29. “Governing Documents” shall mean this Community Charter and such recorded amendments, Neighborhood Charter(s), Supplemental Charter(s), the Bylaws, the Articles, the Community Rules, the Design Guide and the Board’s resolutions.

30. “Improvement(s)” shall mean any improvement now or hereafter constructed in the Preserve and includes anything which is a structure for purposes of applicable Municipal Authority law including but not limited to any building, structure, shed, covered patio, fountain, pool, radio or television antenna or receiving dish, tree, shrubbery, paving, curbing, landscaping, tank, fence, mailbox, sign, newspaper vending and distribution machines, overnight delivery service drop boxes, any excavation or fill having a volume exceeding ten (10) cubic yards and

any excavation, fill, ditch, diversion, dam, or other thing or device which affects the natural flow of surface water or the flow of water in a natural or artificial stream, wash or drainage channel.

31. “Land Use Classification” shall mean the classification to be established by the Master Developer pursuant to Section 3.1, which designates the type of Improvements which may be constructed on a Lot, Parcel or Community Association Land and the purposes for which such Improvements and surrounding land may be utilized.

32. “Lease” shall mean a written lease or sublease for the leasing or rental of any Lot, Parcel or Condominium Unit within the Preserve.

33. “Lot” shall mean (a) any area of real property within the Preserve designated as a Lot on any Plat recorded or approved by Master Developer that may be limited by a Neighborhood Charter and/or Supplemental Charter and (b) any Condominium Unit within the Preserve, or any portion thereof or interest therein.

34. “Maintenance Charges” shall mean any and all costs assessed pursuant to Sections 9.3 and 9.4.

35. “Manager” shall mean such person or entity retained by the Board of Directors to perform certain functions of the Board pursuant to this Community Charter or the Bylaws. The Manager for the Community Association shall carry out certain responsibilities of the Community Association as required herein.

36. “Master Developer” shall mean SUNDANCE PARTNERS, LTD., a Utah limited liability partnership and the successors and assigns of Master Developer’s rights and powers hereunder.

37. “Member” shall mean any person holding a Membership in the Community Association pursuant to this Community Charter.

38. “Membership” shall mean a Membership in the Community Association and the rights granted to the Owners and Master Developer pursuant to Article V to participate in the Community Association.

39. “Mortgage” shall mean any mortgage, deed of trust, or other document pledging any portion of a Lot or Parcel or interest therein as security for the payment of a debt or obligation.

40. “Mortgagee” shall mean a beneficiary of a Mortgage as well as a named Mortgagee.

41. Not used.

42. “Multi-Family Residential Development” shall mean Lots in a high density planned unit development, condominium project or subdivision intended for multi-family occupancy in two (2) or more Dwelling Units, together with related areas intended for the use

and enjoyment of the Owners and Residents of such Lots. Multi-Family Residential Developments may also include Timeshare/Fractional Developments and Dwelling Units that are rented on a nightly, short-term or long-term basis. For purposes of this Community Charter, "multi-family" shall mean a group of two or more single families, or a group of persons not all so related, who maintain separate households in two (2) or more Dwelling Units located on a single Lot or Parcel.

43. "Municipal Authority" shall mean the applicable governmental entity or municipality which has jurisdiction over some part of the Preserve including without limitation, Utah County, Utah.

44. "Municipal Authority Property" shall mean all real property which is from time to time conveyed, assigned, or transferred by Deed or other written instrument to the applicable Municipal Authority, including but not limited to community parks, mini parks, portions or all of the Trail System, public streets including medians and enhanced parkways, retention basins and drainage facilities and open space areas.

45. "Neighborhood" shall mean two or more Lots or Parcels which share interests other than those common to all Lots or Parcels, as more particularly described in Section 5.5. Where the context permits or requires, the term "Neighborhood" shall also refer to the Neighborhood Association which in some instances may be established to act on behalf of the Owners within the Neighborhood. Neighborhood boundaries may be established and modified as provided herein.

46. "Neighborhood Association" shall mean any Utah nonprofit corporation or unincorporated association, or its successor in interest, the membership of which is composed of the Owners of a Parcel or Lots subject to one or more Neighborhood Charters and/or Supplemental Charters. Subject to Master Developer approval, any Neighborhood Developer or Neighborhood may, but shall not be required to, Record a Neighborhood Charter against a Neighborhood development or may organize such Neighborhood Association under the conditions set forth in this Community Charter.

47. "Neighborhood Charter" shall mean a declaration recorded pursuant to Section 3.1 of this Community Charter. A Neighborhood Charter shall contain restrictions on use and establish a Land Use Classification for each Parcel covered by the Neighborhood Charter as described in Section 3.1 of this Community Charter. The Neighborhood Charter shall identify the density allocated to the property it covers. It is contemplated that a Neighborhood Charter will be, in contrast to a Supplemental Charter, a more comprehensive and detailed document such as a condominium declaration, subdivision or planned unit development restrictive covenants which more specifically regulate a Neighborhood.

48. "Neighborhood Developer" shall mean a Person who acquires a Parcel or a group of five or more Lots in the Preserve for the purpose of improving and constructing Dwelling Units or other Improvements thereon for resale to the general public or other development purposes; provided, however, that the term "Neighborhood Developer" shall not mean or refer to Master Developer or its successors.

49. “Neighboring Property” is any property or street within the Preserve (including annexed property) other than the specific property in reference.

50. “Outdoor Recreational Development” shall mean shall mean any area within the Preserve approved by Master Developer and the applicable Municipal Authority, if necessary, for use as outdoor recreation purposes and shall include any building, facility or manipulated and/or designed landscape or improvements that provide opportunities for active or passive recreation, including but not limited to walking, running and bicycle paths, skiing, skating, tennis, swimming and water-based activities, athletic fields, picnicking, and equestrian activities, and facilities for dining, sale and rental of retail goods and recreational equipment and storage of equipment incidental to such uses.

51. “Owner” shall mean (a) any Person who is record holder of legal, beneficial or equitable title to the fee simple interest of any Lot, Parcel or Condominium Unit including, without limitation, one who is buying a Lot, Parcel or Condominium Unit under a recorded contract or recorded notice of such contract, but excluding others who hold an interest therein merely as security and (b) any Person entitled to occupy all of a Lot, Parcel or Condominium Unit under a lease or sublease for an initial term of at least ten (10) years, in which case the fee owner or sublessor of the Parcel or Lot shall not be deemed the Owner thereof for purposes of this Community Charter during the term of said lease or sublease.

52. “Parcel” shall mean an area of real property within the Preserve limited by a Neighborhood Charter or Supplemental Charter to Commercial Development. The term Parcel shall also include those areas of land within the Preserve which a Neighborhood Charter or Supplemental Charter designates for Residential Development but which have not yet been subdivided into Lots and related amenities and rights-of-way, but any such areas shall cease to be a Parcel upon the recordation of a Plat or other instrument covering the area and creating Lots and related amenities. A Parcel shall not include a Lot, any Exempt Property or any Community Association Land but, in the case of staged developments, shall include areas not yet included in a Plat, condominium property regime or other recorded instrument creating Lots and related amenities. Master Developer shall have the right to identify and create and/or reconfigure the boundaries of any Parcel of which Master Developer is the Owner.

53. “Period of Master Developer Control” means the period commencing on the date of the Recording of this Community Charter and ending on the earlier of: (a) December 31, 2040; or (b) such earlier date on which the Master Developer elects to terminate the Period of Master Developer Control by providing written notice to the Community Association.

54. “Person” shall mean a natural individual, a corporation, limited liability company, partnership or any other entity with the legal right to hold title to real property.

55. “Plat” shall mean any subdivision plat or condominium plat affecting the Preserve filed in the office of the County Recorder of Utah County, Utah, as such may be amended from time to time, including but not limited to any such Recorded plats or maps respecting all or any portion of the Additional Land.

56. “Preserve” shall mean, refer to, and consist of the parcels of real property situated in Utah County, Utah described in Exhibit “A” which is attached hereto and incorporated herein by this reference and the development to be completed thereon, together with any real property hereafter annexed pursuant to the provisions of this Community Charter.

57. “Private Amenity” shall mean any real property, improvements and/or facilities thereon located and all related and supporting facilities and improvements within the Preserve that are owned and operated by Persons other than the Community Association for recreational and related purposes, on a club membership basis or otherwise.

58. “Recording” “Record” shall mean placing an instrument of public record in the office of the County Recorder of Utah County, Utah, and “Recorded” shall mean having been so placed of public record.

59. “Resident” shall mean:

59.1 Each buyer under a contract of sale covering any part of the Assessable Property, regardless of whether the contract is Recorded, and each tenant or lessee actually residing or conducting a business on any part of the Assessable Property; and

59.2 Members of the immediate family of each Owner, lessee, tenant and of each buyer referred to in subparagraph 59.1 actually living in the same household with such Owner, lessee, tenant or buyer.

59.3 Subject to the Community Rules (including the imposition of special non-resident fees for use of the Community Association Land if the Community Association shall so direct), the term “Resident” also shall include the on-site employees, guests or invitees of any such Owner, lessee, buyer or tenant, if and to the extent the Board in its absolute discretion so directs.

60. “Residential Development” shall mean those types of developments and uses designated by the Design Guide as residential use, including without limitation, Single Family Residential Developments and Multi-Family Residential Developments.

61. “Resort/Hotel” shall mean any Improvement located within a Commercial Development that is used as a resort or hotel project and shall include, without limitation, any building containing sleeping rooms for the occupancy of guests for compensation on a nightly basis and accessory facilities such as a lobby, meeting rooms, recreational facilities and group dining facilities.

62. “Single Family Residential Development” shall mean Lots in a planned unit development or subdivision intended for single family occupancy in Dwelling Units, together with related areas intended for the use and enjoyment of the Owners and Residents of such Lots. For purposes of this Community Charter, “single family” shall mean a group of one or more persons, each related to the other by blood, marriage or legal adoption, or a group of persons not all so related, who maintain a common household in a Dwelling Unit.

63. “Special Assessment” shall mean any assessment levied and assessed pursuant to Section 6.5.

64. “Sundance Ski Resort” shall mean the real property and related improvements and facilities commonly known as Sundance located within or adjacent to the Preserve, which property and facilities are owned and operated as a ski resort.

65. “Supplemental Charter” shall mean an amendment or supplement to this Community Charter filed pursuant to Article XV which subjects Additional Land to this Community Charter and/or imposes, expressly or by reference, additional restrictions and obligations on the land described thereon, including but not limited to, designation of certain Lots or Parcels as Neighborhoods thereon. The term shall also refer to an instrument filed by the Master Developer identified as a Supplemental Charter and recorded pursuant to Section 3.1 of this Community Charter which establishes a Land Use Classification. In the Master Developer’s sole, exclusive, and subjective discretion, certain Lots or Parcels may be subject to both a Neighborhood Charter and a Supplemental Charter. It is contemplated that a Supplemental Charter will be, in contrast to a Neighborhood Charter, a relatively short document adding property to the Preserve, identifying Land Use Classifications, designating Neighborhoods and identifying density allocated to the property it covers.

66. “Timeshare/Fractional Program” shall mean any all use and occupancy arrangements falling within the definition of “timeshare interests” under the Utah Timeshare and Camp Resort Act (Utah Code Ann. §§ 57-19-1, et seq.), but a determination that any use and occupancy arrangements do not constitute a “timeshare interest” under such Act shall not be determinative of whether such arrangements constitute a Timeshare/Fractional Program hereunder. It is intended that the definition of “Timeshare/Fractional Program” hereunder shall be broader than, and not limited by, the definition of “timeshare interest” in the Timeshare and Camp Resort Act. Notwithstanding anything to the contrary contained in this Community Charter, the Master Developer may locate a Timeshare/Fractional Program in any area within the Preserve (except within a Single Family Residential Development) and such Timeshare/Fractional Programs may include, without limitation, Dwelling Units:

66.1 used for the operation of a timesharing, fractional ownership, interval ownership, private residence club or similar program whereby the right to exclusive use of the Dwelling Unit rotates among participants in the program, regardless of whether such program utilizes a fixed or floating schedule, a first come-first served reservation system or any other arrangement; or

66.2 for the operation of a reservation or time-use system among co-Owners of a Dwelling Unit, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

66.2.1 the ownership interest in such Dwelling Unit is marketed for sale to the public subject to such system, or

66.2.2 the co-Owners are or were required as a condition of purchase of the ownership interest in such Dwelling Unit to subject the interest to a pre-determined reservation or time-use system among co-Owners; or

66.3 in the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time-use system among the interest-holders, or among the interest-holders and others, involving the Dwelling Unit, or involving the Dwelling Unit and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

66.3.1 the Interest is marketed for sale to members of the public, or

66.3.2 the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others.

67. "Trail System" shall mean the system of trails for the Preserve which may be established from time to time by the Master Developer and/or the Community Association and which may be identified on any Plat for the Preserve, or otherwise designated by a recorded easement, license or mere signage, including without limitation hiking, biking and ski trails. The Trail System may be owned or maintained by the Community Association, Sundance Ski Resort and/or conveyed, a Municipal Authority or other entity selected by Master Developer in its sole and exclusive discretion.

68. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall standing on Neighboring Property, on the level of the base of the object being viewed.

69. "Voting Member" shall mean the representative(s) selected by the Members within each Neighborhood as provided in Section 5.5.2 to be responsible for casting votes attributable to Lots, Parcels or other properties in the Neighborhood on matters requiring a vote of the Membership (except as otherwise specifically provided in this Community Charter and in the Bylaws). The term "Voting Member" shall include alternate Voting Members acting in the absence of the Voting Member and any Owners authorized to personally cast the votes for their respective Lots or Parcels pursuant to Section 5.5.2.

EXHIBIT "C"

LAND USE CLASSIFICATION AND NEIGHBORHOOD DESIGNATION

THE RIDGE LOTS

AT

SUNDANCE COMMUNITY PRESERVE

1. **Land Use Classification.** The real property described in Exhibit A attached hereto shall be subdivided into Lots and all nine (9) Lots numbered 1-9, inclusive, in the official plat of The Ridge Lots at Sundance Community Preserve, Sundance Recreation Resort, Plat K ("Neighborhood Plat"), to be created by the Neighborhood Developer's Recording of such Neighborhood Plat and the Neighborhood Charter. Such Neighborhood is hereby designated as a Single Family Residential Development for single family, residential use as further described in the Community Charter and the Neighborhood Charter. The Neighborhood Plat designates certain areas within the Neighborhood as "Limits of Disturbance" and such areas are Nondisturbance Areas as described in Section 3.2.28 hereof.

2. **Neighborhood Designation.** All of the nine (9) Lots in The Ridge Lots at Sundance Community Preserve as depicted on the Neighborhood Plat comprise a residential Neighborhood. The name of such Neighborhood shall be "The Ridge Lots at Sundance Community Preserve."