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NEIGHBORHOOD CHARTER
FOR
THE RIDGE LOTS AT SUNDANCE COMMUNITY PRESERVE
SUNDANCE RECREATION RESORT, PLAT K

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NEIGHBORHOOD CHARTER

FOR

THE RIDGE LOTS AT SUNDANCE COMMUNITY PRESERVE

SUNDANCE RECREATION RESORT, PLAT K

This Neighborhood Charter for The Ridge Lots at Sundance Community Preserve - Sundance Recreation Resort, Plat K ("Neighborhood Charter") is made this 5 day of January, 2005, by, Sundance Partners, Ltd., a Utah limited liability partnership (the "Neighborhood Developer"). This Neighborhood Charter shall take effect when recorded in the Office of the Utah County Recorder, Utah.

ARTICLE 1

RECITALS

1.1 Neighborhood Developer holds both legal and equitable title to certain real property located in the County of Utah, State of Utah, which is described in Exhibit "A," which is attached hereto and incorporated herein by this reference.

1.2 Neighborhood Developer desires to establish nine (9) single-family, residential lots ("Lots") to be known as The Ridge Lots at Sundance Community Preserve – Sundance Recreation Resort, Plat K ("Project").

1.3 The Project possesses great natural beauty that the Neighborhood Developer intends to preserve through the use of a coordinated plan of development and the terms of this Neighborhood Charter. It is anticipated that the plan will provide for comprehensive land planning and harmonious and appealing landscaping and improvements. It is assumed that each Purchaser of a Lot will be motivated to preserve these qualities through community cooperation and by complying with not only the letter but also the spirit of this Neighborhood Charter.

1.4 The Project will be part of a larger master planned community known as the Sundance Community Preserve ("Preserve") and will be subject to the terms and conditions of that certain Community Charter for Sundance Community Preserve, as amended or supplemented from time to time (the "Community Charter"), which is recorded against the Project. The Neighborhood Charter is designed to complement the Community Charter and local governmental regulations, and where conflicts occur, the more restrictive requirements shall prevail.

1.5 It is desirable for the efficient management and preservation of the value and appearance of the Project to create a nonprofit corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Project; maintaining and administering the Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding Assessments and charges hereinafter created and referred to; and to perform

such other acts as shall generally benefit the Project and the Owners. The Ridge Lots at Sundance Community Preserve Owners Association, Inc., a Utah nonprofit corporation (the "Neighborhood Association"), has or will be incorporated under the laws of the State of Utah for the purpose of exercising the powers and functions aforesaid.

1.6 Each Owner shall receive fee title to his, her or its Lot and shall have appurtenant to each Lot, one (1) membership in the Neighborhood Association, one (1) membership in the Sundance Community Preserve Owners Association, Inc., a Utah nonprofit corporation ("Community Association"). The voting rights, privileges and obligations associated with each membership shall not be transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Lot, and then only to the transferee of ownership of the Lot as provided herein.

1.7 By this Neighborhood Charter, the Neighborhood Developer intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed and to establish thereon a planned community.

1.8 The covenants, conditions and restrictions contained in this Neighborhood Charter and in the Exhibits attached hereto shall be enforceable covenants and equitable servitudes and shall run with the land.

NOW, THEREFORE, the Neighborhood Developer hereby declares, covenants and agrees that each of the Recitals 1.1 through 1.8 is incorporated into and made a part of this Neighborhood Charter for all purposes and further declares, covenants and agrees as follows:

ARTICLE 2

DEFINITIONS

Unless the context clearly indicates otherwise, the following capitalized words, phrases or terms used in this Neighborhood Charter (including the Recitals in Article 1) shall have the meanings set forth in this Article 2. (Certain terms not defined herein are defined elsewhere in this Neighborhood Charter.)

2.1 "Additional Property" means any real property, together with the Improvements located thereon, located not more than five miles from the exterior boundaries of the Project legally described in Exhibit A.

2.2 "Annual Assessments" means the Assessments levied pursuant to Section 7.3.

2.3 "Architectural Review Committee" means the committee established pursuant to the Community Charter.

2.4 "Architectural Review Committee Rules" means the rules and guidelines adopted by the Architectural Review Committee pursuant to the Community Charter, including, without limitation the Sundance Community Preserve Design Guide and any additional design guidelines

which may be adopted by the Neighborhood Association as amended or supplemented from time to time.

2.5 “Assessable Property” means each Lot, except for Exempt Property.

2.6 “Assessment” means an Annual Assessment, Neighborhood Assessment, Special Assessment or Community Assessment.

2.7 “Assessment Lien” means the lien created and imposed by Article 7.

2.8 “Common Area” means: (a) all Neighborhood Association Land; (b) all land, and the Improvements situated thereon, within the Project which the Neighborhood Developer indicates on a Recorded subdivision plat or other Recorded instrument is to be conveyed to the Neighborhood Association for the benefit and use of the Neighborhood Association Members; (c) all land, and the Improvements situated thereon, which is situated within the boundaries of a Lot and which is designated on a Recorded subdivision plat Recorded by the Neighborhood Developer or approved by the Neighborhood Developer or the Neighborhood Association as land which is to be improved, maintained, repaired and replaced by the Neighborhood Association; (d) all land, and the Improvements situated thereon, within or adjacent to the Project which the Neighborhood Developer indicates on a Recorded subdivision plat or other Recorded instrument is to be used for roads, trails, parks, landscaping, drainage or water retention or flood control for the benefit of the Project or the general public; (e) all real property, and the Improvements situated thereon, within or adjacent to the Project located within dedicated rights-of-way with respect to which Utah County has not accepted responsibility for the maintenance thereof, but only until such time as Utah County has accepted all responsibility for the maintenance, repair and replacement of such areas, and only if the specific areas to be maintained, repaired and replaced by the Neighborhood Association pursuant to this clause have been expressly approved by either the Neighborhood Developer or the Neighborhood Board.

2.9 “Common Expenses” means expenditures made by or financial liabilities of both the Neighborhood Association and the Community Association, together with any allocations to reserves as described in this Neighborhood Charter and the Community Charter.

2.10 “Community Assessment” means any assessment levied pursuant to the Community Charter by the Community Association as described and set forth in Section 7.3.2.

2.11 “Community Association” means such term as described and set forth in Recital 1.6.

2.12 “Community Charter” means such term as described and set forth in Recital 1.4.

2.13 Not used.

2.14 “Community Developer” means Sundance Partners, Ltd., a Utah limited liability partnership, its successors and any Person to whom it may expressly assign any or all of its rights under the Community Charter. For the purposes of this Project, the Community Developer is also the Neighborhood Developer.

2.15 "Exempt Property" means: (a) all land and improvements owned by, or dedicated to and accepted by, the United States, the State of Utah, Utah County or any municipality having jurisdiction, or any political subdivision of any of them, for as long as such entity or political subdivision is the owner thereof or for as long as said dedication remains effective; (b) all Neighborhood Association Land; and (c) all Common Area.

2.16 "First Mortgage" means a Mortgage Recorded against a Lot which has priority over all other Mortgages Recorded against that Lot.

2.17 "Improvement" means: (a) any Residence, building, guest house or other accessory building, fence or wall; (b) any swimming pool, tennis court, basketball court, road, driveway, parking area or satellite dish; (c) any trees, plants, shrubs, grass or other landscaping improvements of every type and kind; (d) any statuary, fountain, artistic work, craft work, figurine, ornamentation or embellishment of any type or kind (whether or not affixed to a structure or permanently attached to a Lot); and (e) any other structure of any kind or nature.

2.18 "Lessee" means the lessee or tenant under a lease, oral or written, of any Lot (or part thereof), including an assignee of the lessee's or tenant's interest under a lease.

2.19 "Lot" means a portion of the Project intended for independent ownership and residential use and designated as a lot on any Plat and, where the context indicates or requires, shall include any Residence, building, structure or other Improvements situated on the Lot.

2.20 "Maximum Neighborhood Assessment" shall have the meaning given such term in Section 7.4.

2.21 "Mortgage" means a deed of trust or a mortgage Recorded against a Lot.

2.22 "Mortgagee" means a beneficiary under a deed of trust, or a mortgagee under a mortgage, Recorded against a Lot, and "First Mortgagee" means such a beneficiary or mortgagee under a First Mortgage.

2.23 "Neighborhood Articles" means the articles of incorporation of the Neighborhood Association, as amended from time to time.

2.24 "Neighborhood Assessment" means any assessment levied pursuant to the Neighborhood Charter by the Neighborhood Association as described and set forth in Section 7.3.1.

2.25 "Neighborhood Association" means The Ridge Lots at Sundance Community Preserve Owners Association, Inc., a Utah nonprofit corporation, and its successors and assigns.

2.26 "Neighborhood Association Land" means all land, together with all Improvements situated thereon, which the Neighborhood Association at any time owns in fee or in which the Neighborhood Association has a leasehold interest, easement or license for as long as the Neighborhood Association is the owner of the fee or holds such leasehold interest, easement or license.

2.27 “Neighborhood Association Member” means any Person who is a member of the Neighborhood Association as provided in Section 6.6.

2.28 “Neighborhood Association Membership” means a membership in the Neighborhood Association.

2.29 “Neighborhood Association Rules” means the rules adopted by the Neighborhood Board pursuant to Section 6.3, as amended from time to time.

2.30 “Neighborhood Board” means the governing Board of Trustees of the Neighborhood Association.

2.31 “Neighborhood Bylaws” means the bylaws of the Neighborhood Association, as amended from time to time.

2.32 “Neighborhood Charter” means this Neighborhood Charter for The Ridge Lots at Sundance Community Preserve - Sundance Recreation Resort, Plat K, as amended from time to time.

2.33 “Neighborhood Developer” means Sundance Partners, Ltd., a Utah limited liability partnership, its successors and any Person to whom it may expressly assign any or all of its rights under this Neighborhood Charter.

2.34 “Neighborhood Developer Affiliate” means any Person directly or indirectly controlling, controlled by or under common control with the Neighborhood Developer, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which the Neighborhood Developer (or another Neighborhood Developer Affiliate) is a general partner, managing member or controlling shareholder.

2.35 “Occupant” means any Person other than an Owner who occupies or is in possession of a Lot, or any portion thereof or building or structure thereon, whether as a Lessee or otherwise, other than on a merely transient basis (and shall include, without limitation, a Resident).

2.36 “Owner” means the Person or Persons who individually or collectively own fee title to a Lot (as evidenced by a Recorded instrument), provided that: (a) the Neighborhood Developer (and not the fee title holder) shall be deemed to be the “Owner” of each Lot with respect to which fee title is held by a Neighborhood Developer Affiliate or by a trustee (other than the trustee of a deed of trust) for the benefit of the Neighborhood Developer or a Neighborhood Developer Affiliate; (b) in the event that, and for so long as, the Neighborhood Developer or a Neighborhood Developer Affiliate has, pursuant to a written agreement, an existing right or option to acquire any one or more Lots (other than by exercise of a right of first refusal or right of first offer), the Neighborhood Developer shall also be deemed to be the “Owner” of each Lot with respect to which the Neighborhood Developer or a Neighborhood Developer Affiliate has such right or option; and (c) in any case where fee title to a Lot is vested in a trustee under a deed of trust pursuant to Chapter 1 of Title 57 of the Utah Code, the owner of the trustor’s interest under the deed of trust shall be deemed to be the “Owner” of that Lot.

Where reference is made in this Neighborhood Charter to Lots “owned by” a Person, such phrase shall be deemed to refer to Lots of which that Person is the Owner, as determined pursuant to this Section.

2.37 “Period of Neighborhood Developer Control” means the period commencing on the date of the Recording of this Neighborhood Charter and ending on the earlier of: (a) one hundred twenty (120) days after the conveyance of title to the last Lot owned by the Neighborhood Developer; (b) December 31, 2015; or (c) such earlier date on which the Neighborhood Developer elects to terminate the Period of Neighborhood Developer Control by providing written notice to the Neighborhood Association.

2.38 “Person” means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

2.39 “Plat” means the Recorded subdivision plat designating the Lots, Common Area, easements and boundaries of the Project.

2.40 “Preserve” means such term as described and set forth in Recital 1.4

2.41 “Project” or “Property” means the real property described on Exhibit A, together with all Improvements located thereon, and all real property, together with all Improvements located thereon, which is annexed and subjected to this Neighborhood Charter pursuant to Section 3.2.

2.42 “Project Documents” means the Neighborhood Charter, Neighborhood Articles, Neighborhood Bylaws, and Neighborhood Association Rules along with the Community Charter, Articles, Bylaws, resolutions of the Community Association and the Architectural Review Committee Rules, as each document may be supplemented and amended from time to time.

2.43 “Purchaser” means any Person, other than the Neighborhood Developer, who by means of a voluntary transfer becomes the Owner of a Lot except for: (a) a Person who purchases a Lot and then leases it to the Neighborhood Developer for use as a model in connection with the sale or lease of other Lots; or (b) a Person who, in addition to purchasing a Lot, is expressly assigned any or all of the Neighborhood Developer’s rights as the Neighborhood Developer under this Neighborhood Charter.

2.44 “Record,” “Recording,” “Recorded” and “Recordation” means placing or having placed an instrument of public record in the official records of Utah County, Utah.

2.45 “Residence” means any building, or portion of a building, including a guest house or other accessory building, situated upon a Lot and designed and intended for separate, independent use and occupancy as a residence.

2.46 “Resident” means each individual who resides in any Residence.

2.47 “Special Assessment” means any Assessment levied pursuant to Section 7.6.

2.48 “Visible From Neighboring Property” means, with respect to an object, that the object is or would be visible to a six-foot tall person standing at ground level on any part of neighboring property, except where the object is visible solely through a wrought iron fence and would not be visible if the wrought iron fence were a solid fence.

ARTICLE 3

PLAN OF DEVELOPMENT

3.1 Property Initially Subject to the Neighborhood Charter. This Neighborhood Charter is being Recorded to establish a general plan for the development and use of the Project in order to protect and enhance the value and desirability of the Project. The Neighborhood Developer intends to develop the Project to consist, initially, of nine (9) Lots for single family use. The Project may be expanded pursuant to the provisions of Section 3.2. All of the property within the Project shall be held, sold and conveyed subject to this Neighborhood Charter. By acceptance of a deed or by acquiring any interest in any of the property subject to this Neighborhood Charter, each Person, for himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Neighborhood Charter. In addition, each such Person by so doing acknowledges that this Neighborhood Charter sets forth a general scheme for the development and use of the Property and evidences his, her or its intent that all the restrictions, conditions, covenants, rules and regulations contained in this Neighborhood Charter shall run with the land and be binding on all subsequent and future Owners, grantees, Purchasers, assignees, Lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Neighborhood Charter shall be mutually beneficial, prohibitive and enforceable by the Neighborhood Association and all Owners.

3.2 Annexation of Additional Property.

3.2.1 At any time on or before December 31, 2015, the Neighborhood Developer shall have the right to annex and subject to this Neighborhood Charter all or any portion of the Additional Property without the consent of any other Owner or Person (other than the Person who owns the property to be annexed, if other than the Neighborhood Developer). The annexation of all or any portion of the Additional Property shall be effected by the Neighborhood Developer Recording a written instrument setting forth the legal description of the Additional Property being annexed and stating that such portion of the Additional Property is annexed and subjected to the Neighborhood Charter.

3.2.2 The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. Property annexed by the Neighborhood Developer pursuant to this Section 3.2 need not be contiguous with other property in the Project, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional

Property. The Neighborhood Developer makes no assurances as to which part of the Additional Property, if any, will be annexed.

3.3 Withdrawal of Property. At any time on or before December 31, 2025, the Neighborhood Developer shall have the right to withdraw property from the Project without the consent of any other Owner or Person (other than the Owner of such property, if other than the Neighborhood Developer). The withdrawal of all or any portion of the Project shall be effected by the Neighborhood Developer Recording a written instrument setting forth the legal description of the property being withdrawn. Upon the withdrawal of any property from the Project pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Neighborhood Charter.

3.4 Disclaimer of Representations. The Neighborhood Developer makes no representations or warranties whatsoever that: (a) the Project will be completed in accordance with the plans for the Project as they exist on the date this Neighborhood Charter is Recorded; (b) any property subject to this Neighborhood Charter will be committed to or developed for a particular use or for any use; (c) any property not now subject to this Neighborhood Charter will be subjected to the provisions hereof; or (d) the use of any property subject to this Neighborhood Charter will not be changed in the future. Nothing contained in this Neighborhood Charter and nothing which may be represented to a Purchaser by real estate brokers or salesmen representing the Neighborhood Developer shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any property subject to this Neighborhood Charter or of any part of the Additional Property.

3.5 Security Gates and Security Devices. Security gates (manned or unmanned) and/or other security devices designed to limit access and to provide more privacy for Owners and Occupants may be constructed, removed, modified or relocated from time to time within or adjacent to the Project. Each Owner and Occupant, and their families, guests and invitees, acknowledge that any such security gate or security device may restrict or delay entry into, or access within, the Project by police, fire department, ambulances and other emergency vehicles or personnel. Each Owner and Occupant and their families, guests and invitees agree to assume the risk that any such security gate or security device will restrict or delay entry into, or access within, the Project by police, fire department, ambulances or other emergency vehicles or personnel. Neither the Neighborhood Developer, any Neighborhood Developer Affiliate or the Neighborhood Association and Community Association nor any director, officer, agent or employee of the Neighborhood Developer, any Neighborhood Developer Affiliate or the Neighborhood Association, Community Association or Utah County, or its agents, officials, officers or employees, shall be liable to any Owner or Occupant or their families, guests or invitees for any claims or damages resulting, directly or indirectly, from the construction, existence or maintenance of any such security gate or security device. All present and future Owners of any Lot or any portion of or interest in any Lot, and all present and future Occupants of any Lot or any portion of any Lot, are advised that, notwithstanding anything to the contrary: (a) shown or depicted on any site plan, site map, conceptual plan, development plan or other drawing, diagram or map, however denominated, (b) contained, stated or depicted in any contract, recorded document, advertising material, promotional material, brochure or other document of any kind or type, or (c) contained, stated or set forth in any representations, promises or statements of any kind whatsoever, oral or written, by or attributed to any salesman,

broker, Owner or any officer, director, agent or representative of the Neighborhood Association, or any member of any committee of the Neighborhood Association (including, without limitation, the Architectural Review Committee), or any officer, director, employee, agent or representative of the Neighborhood Developer, or any other Person: any security gate or similar facility currently situated, or planned for construction, or hereafter constructed, across any street or roadway (a) may never be constructed, (b) if constructed may be removed at some future date or dates, (c) if constructed may be relocated at some future date or dates to a site which does not control or limit access to the Property or portions thereof, or (d) if constructed may be modified (including, without limitation, to change the same from a manned facility to an unmanned facility), in all such cases without any notice or liability to or consent of any Owners or Occupants of the Property or any portion thereof or interest in the Property. The Neighborhood Developer makes no representations regarding, and shall have no liability for, the adequacy or degree of security or protection provided by any security gate or other facility constructed as part of the Project.

3.6 Septic Tanks. In order to provide domestic sewer disposal facilities, each Owner shall be solely responsible for the costs and expenses of purchasing, installing and maintaining a septic tank on his or her Lot. The specifications and location of all sewer tanks on the Lots shall be subject to the review and approval of the Architectural Review Committee. Each Owner shall be solely responsible for obtaining all necessary permits and approvals required from the appropriate governing authority for the construction and installation of such septic tank on such Owner's Lot and shall submit a copy of such permits and approvals to the Architectural Review Committee as a part of the architectural review process described in Section 4.4 below. Each Owner shall be solely responsible for all maintenance, repairs and replacements of the sewer tank situated on his or her Lot and Neighborhood Developer, Neighborhood Developer Affiliates the Community Association and the Neighborhood Association shall have no responsibility for the operations, maintenance, repair or replacement of any such sewer tank. All questions, complaints, repair requests and other inquiries from the Owners of Lots shall be directed to, and resolved by, the Owner and the party installing the sewer tank on such Owner's Lot, and Neighborhood Developer, Neighborhood Developer Affiliates, the Community Association and the Neighborhood Association shall have no duty or responsibility to respond to any such items, nor shall such parties have any liability for damages resulting from the operation of, or any failures in, the sewer tank, or any defects in the operations thereof, including without limitation any leakage or environmental problems which may result from the use and installation of such sewer tank. The provisions of this Section 3.6 shall only apply until such time as sewer services for the Neighborhood are provided pursuant to a Community sewer system or sewer improvement district.

3.7 Development Plan. Notwithstanding any other provision of this Neighborhood Charter to the contrary, the Neighborhood Developer, without obtaining the consent of any other Owner or Person, shall have the right to make changes or modifications to its development plan with respect to any property owned by the Neighborhood Developer in any way which the Neighborhood Developer desires including, but not limited to, changing the density of all or any portion of the property owned by the Neighborhood Developer or changing the nature or extent of the uses to which such property may be devoted.

ARTICLE 4

LAND USES, PERMITTED USES AND RESTRICTIONS

4.1 Land Uses. The Property shall be used exclusively for single-family, detached, residential homes, along with ancillary uses such as public or private pedestrian, bicycle and ski trails, Common Area and the like.

4.2 Community Charter. The Project is encumbered by, and is entitled to receive the benefits arising under, the Community Charter. The Community Charter permits certain development rights with respect to, and imposes certain land use and other restrictions on, the Project. The development, construction, reconstruction, ownership and use of the Project must comply with the terms and requirements of the Community Charter.

4.3 Architectural Review Committee. The Community Association shall have an Architectural Review Committee to perform the functions assigned to it as set forth in the Community Charter. The Architectural Review Committee shall promulgate architectural design guidelines and standards, including, but not limited to, color palettes and plant materials to be used in rendering its decisions. The decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to the Community Charter. In the event of any conflict between this Neighborhood Charter and any design guidelines adopted by the Architectural Review Committee, the Architectural Review Committee guidelines shall control.

4.3.2 No member of the Architectural Review Committee shall be personally liable to any Owner, the Association or any other Person for any mistake of judgment or for any other acts or omissions of any nature whatsoever (including, without limitation, any mistake in judgment, negligence or nonfeasance) except for willful or intentional misconduct or fraud. The Community Association shall indemnify and hold harmless the members of the Architectural Review Committee, and their respective heirs and legal representatives, against all contractual and other liabilities to others arising out of: (a) contracts made by the Architectural Review Committee, within the scope of and in the course of performing its duties hereunder; (b) acts or omissions of such members of the Architectural Review Committee; or (c) their status as members of the Architectural Review Committee; provided, however, that such indemnification shall not be applicable where any such contract, act or omission constitutes willful or intentional misconduct or fraud. The foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, reasonable attorneys' fees and disbursements, amounts of judgments paid and settlement amounts) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such member of the Architectural Review Committee may be involved by virtue of being or having been a member of the Architectural Review Committee; provided, however, that such indemnity shall not be operative with respect to: (i) any matter as to which a member of the Architectural Review Committee shall have finally been adjudged in such action, suit or proceeding to be liable for willful or intentional misconduct or fraud in the performance of his or her duties as such member of the Architectural Review Committee; or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by the Neighborhood Board, there is no reasonable ground for such member of the Architectural

Review Committee being adjudged liable for willful or intentional misconduct or fraud in the performance of his or her duties as a member of the Architectural Review Committee.

4.3.3 Subject to the provisions of Section 4.3.2, neither the Community Association and Board, the Neighborhood Association and Neighborhood Board, nor the Architectural Review Committee, nor any of the members of any of them, shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Neighborhood Charter by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications. Further, the design and construction of any Improvement shall be the sole responsibility of the Owner and any recommendation, requirement or condition with respect to any plans or specifications or the means or method of construction made by the Architectural Review Committee or any member thereof shall not alter the Owner's responsibility for the safe and proper design and construction of said Improvement, nor shall it give rise to any claim by anyone against the Community Association and Board, Neighborhood Association and Neighborhood Board or the Architectural Review Committee or any member of any of them for any defect in design or construction of any Improvement.

4.4 Architectural Control.

4.4.1 All Improvements constructed within the Project shall be of new construction, and no intact buildings or other structures shall be moved from other locations to the Project (except for construction and sales trailers or similar facilities approved in advance by the Architectural Review Committee).

4.4.2 No devegetation, excavation, grading, planting or revegetation work shall be performed within the Project without the prior written approval of the Architectural Review Committee.

4.4.3 No Improvement shall be constructed, installed or removed within the Project without the prior written approval of the Architectural Review Committee.

4.4.4 No addition, alteration, repair, change or other work which in any way alters the exterior appearance (including but without limitation, the exterior color scheme) of any property within the Project, or any Improvements located thereon, shall be made or done without the prior written approval of the Architectural Review Committee, nor shall any Lot be split, divided or further subdivided in any manner without the prior written approval of the Architectural Review Committee.

4.4.5 Any Owner or other Person desiring approval of the Architectural Review Committee for the construction, installation, addition, alteration, repair, change or replacement of any Improvement which would alter the exterior appearance of his, her or its Lot or other portion of the Project, or any Improvements located thereon, shall submit to the Architectural Review Committee a written request for approval specifying in detail the nature and extent of the construction, installation, addition, alteration, repair, change, replacement or other work which such Owner or other Person desires to perform. Any Owner or other Person requesting the approval of the Architectural Review Committee shall also submit to the

Architectural Review Committee any additional information, plans and specifications which the Architectural Review Committee may reasonably request. In the event that the Architectural Review Committee fails to approve or disapprove an application for approval within forty-five (45) days after the application, together with all supporting information, plans and specifications required by the Architectural Review Committee Rules or reasonably requested by the Architectural Review Committee, have been submitted to it, approval will not be required and this Section will be deemed to have been complied with by the Owner or other Person who submitted such application for approval.

4.4.6 The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change, replacement or other work pursuant to this Section shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change, replacement or other work subsequently submitted for approval.

4.4.7 Upon receipt of approval from the Architectural Review Committee for any construction, installation, addition, alteration, repair, change, replacement or other work, the Owner or other Person who has requested such approval shall proceed to perform, construct or make the installation, addition, alteration, repair, change or other work approved by the Architectural Review Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Review Committee.

4.4.8 Any change, deletion or addition to the plans and specifications approved by the Architectural Review Committee must be approved in writing by the Architectural Review Committee.

4.4.9 The Architectural Review Committee shall have the right to charge a reasonable fee for reviewing requests for approval of any construction, installation, alteration, addition, repair, change, replacement or other work pursuant to this Section, which fee shall be payable at the time the application for approval is submitted to the Architectural Review Committee. Such fee, if established and charged by the Architectural Review Committee, shall be set at such reasonable level as the Architectural Review Committee may estimate will be necessary to defray the reasonable costs and expenses of the Architectural Review Committee in reviewing and evaluating any such request or application, and may include, if the Architectural Review Committee deems it reasonably necessary under the circumstances, an amount to cover the reasonable costs of professional consultation to the Architectural Review Committee by an architect or engineer.

4.4.10 The provisions of this Section do not apply to, and approval of the Architectural Review Committee shall not be required for, any construction, installation, addition, alteration, repair, change, replacement or other work by, or on behalf of, the Neighborhood Developer.

4.4.11 The approval required of the Architectural Review Committee pursuant to this Section shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation, or

under any other Recorded instrument. The Architectural Review Committee may condition its approval of any application, plans or other items submitted to it on delivery to the Architectural Review Committee of evidence satisfactory to the Architectural Review Committee that the Owner or other Person seeking its approval has also made appropriate applications for (and prior to commencing work shall have obtained) any and all such other approvals or permits. The Architectural Review Committee shall cooperate reasonably with any other approving authorities or entities, provided, however, that the Architectural Review Committee shall not be bound by any approvals, permits or other decisions of any other such approving authority or entity.

4.5 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, trailers or other structures used during the construction of Improvements approved by the Architectural Review Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailers or other structures be maintained or kept on any property for a period in excess of twelve (12) months without the prior written approval of the Architectural Review Committee.

4.6 Maintenance of Landscaping. Each Owner of a Lot shall properly maintain and keep properly cultivated, and free of trash, weeds and other unsightly material, all shrubs, trees, hedges, grass and plantings of every kind (collectively, "Landscaping") located on: (a) his, her or its Lot; (b) any public right-of-way or easement area which abuts or adjoins the Owner's Lot and which is located between the boundary line of his Lot and the paved area of any street, sidewalk, bike-path or similar area (unless otherwise directed by the Neighborhood Board); and (c) any non-street public right-of-way or easement area adjacent to his Lot (unless otherwise directed by the Neighborhood Board); provided, however, that such Owner shall not be responsible for maintenance of any area over which: (i) the Neighborhood Association assumes the responsibility in writing; or (ii) Utah County or any other municipality or other governmental agency or entity having jurisdiction over such property assumes responsibility, for so long as Utah County or such other municipality or other governmental agency or entity assumes or has responsibility. For purposes of this Section 4.6, proper maintenance of Landscaping shall include, without limitation, removal and replacement of dead Landscaping, subject to the Architectural Review Committee Rules. Notwithstanding anything to the contrary herein, portions of a Lot may be maintained with natural ground cover and growth as permitted by the Architectural Review Committee.

4.7 Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or other property, and no odors, loud noises or loud music 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 occupants of such other property. No other nuisance shall be permitted to exist or operate upon or adjacent to any Lot or other property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Normal construction activities and parking in connection with the building of Improvements on a Lot or other property shall not be considered a nuisance or otherwise prohibited by this Neighborhood Charter, but during construction periods, Lots and other property shall be kept in a neat and tidy condition, trash and debris shall not be permitted to

accumulate, supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved in writing by the Architectural Review Committee, and no loud music shall be permitted. In addition, any construction equipment and building materials stored or kept on any Lot or other property during the construction of Improvements may be kept only in areas approved in writing 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. The provisions of this Section shall not apply to construction activities of the Neighborhood Developer.

4.8 Diseases and Insects. No Person shall permit any thing or condition to exist upon any Lot or other property which shall induce, breed or harbor infectious diseases or noxious insects.

4.9 Utah County Requirement. No Lot shall be used for human occupancy, either temporarily or permanently, until culinary water and sewage and waste disposal facilities approved by Utah County are provided and available for use on said Lot; and thereafter, no such Lot shall be used for human occupancy at any time the culinary water or sewage and waste disposal facilities are not in compliance with the statutes of the State of Utah, ordinances of Utah County, and rules and regulations promulgated thereunder.

4.10 Repair of Building. No Residence, building, structure or other Improvement on any Lot or other property shall be permitted to fall into disrepair and each such Residence, building, structure and other Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any Residence, building, structure or other Improvement is damaged or destroyed, then, subject to the approvals required by Section 4.4, such Residence, building, structure or other Improvement shall be immediately repaired or rebuilt or shall be demolished.

4.11 Antennas, Poles, Towers and Dishes. No television, radio, shortwave, microwave, satellite, flag or other antenna, pole, tower or dish shall be placed, constructed or maintained upon any Lot or other part of the Property unless such antenna, pole, tower or dish is fully and attractively screened or concealed so as not to be Visible From Neighboring Property, which means of screening or concealment shall be subject to the regulation and prior approval of the Architectural Review Committee. Notwithstanding the foregoing, the Architectural Review Committee may adopt a rule or regulation permitting an Owner or Occupant to install and maintain a flagpole upon the Owner's or Occupant's Lot, provided that the location and size of such flagpole (and the number and size of any flag(s) mounted thereon) may be regulated by the Architectural Review Committee and may, if so provided in such rule or regulation, be made subject to the prior approval thereof by the Architectural Review Committee. Nothing in this Section shall be deemed to prohibit the Neighborhood Developer from installing and maintaining flagpoles on, at or adjacent to model homes within the Project. Poles to which basketball backboards, goals and related equipment are affixed shall be governed by Section 4.34.

4.12 Mineral Exploration. No Lot or other property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind, except for the drilling, operation and maintenance of any testing, inspection or other water wells approved by the Neighborhood Developer.

4.13 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or other property except in sanitary, 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 and then only for the shortest time reasonably necessary to effect such collection. All rubbish, trash or garbage shall be removed from Lots and other property and shall not be allowed to accumulate thereon. No outdoor incinerators shall be maintained on any Lot or other property.

4.14 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot or other property so as to be Visible From Neighboring Property.

4.15 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot or other property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Review Committee. No provision of this Neighborhood Charter shall be deemed to forbid the erection of temporary power or telephone structures for emergency purposes or incident to the construction of buildings or structures approved by the Architectural Review Committee. Notwithstanding the foregoing, utility meters and related panels and similar equipment may be placed on outside building walls exposed to view from a street in order to comply with any requirements, regulations, orders, conditions or specifications of any public, quasi-public or private utility or any governmental agency or body, provided that reasonable efforts shall be made to avoid placing any such meter, panel or other equipment on the outside front wall of a residence or other building facing the street running directly in front of such residence.

4.16 Overhead Encroachments. No tree, shrub or planting of any kind on any Lot or other property shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, bicycle path or pedestrian way from ground level to a height of eight (8) feet without the prior approval of the Architectural Review Committee.

4.17 Health, Safety and Welfare. In the event additional uses, activities or facilities are deemed by the Neighborhood Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, Lessees and Occupants, the Neighborhood Board may make rules restricting or regulating their presence in the Project as part of the Neighborhood Association Rules or may direct the Architectural Review Committee to make rules governing their presence on Lots or other property as part of the Architectural Review Committee Rules.

4.18 Model Homes. Any provisions of this Neighborhood Charter which prohibit non-residential use of Lots and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes or other model Residences of any kind (including, without limitation, any used in whole or in part as sales offices) (collectively, "Models") by Persons engaged in the construction of Residences in the Project, or parking incidental to the visiting of such Models, so long as the construction, operation and maintenance of such Models and parking otherwise comply with all of the provisions of this Neighborhood Charter. The Architectural

Review Committee may also permit Lots and other areas to be used for parking in connection with the showing of Models. Any homes or other structures constructed as Models shall cease to be used as Models at any time the Owner thereof is not actively engaged in the construction and sale of Residences in the Project, and no home or other structure shall be used as a Model for the sale of homes or other structures not located in the Project. Neither the provisions of this Section nor the provisions of any other Section of this Neighborhood Charter shall restrict or prohibit the right of the Neighborhood Developer or a Neighborhood Developer Affiliate to construct, operate and maintain Models in the Project.

4.19 Incidental Uses. The Architectural Review Committee may approve uses of property within a particular land use which are incidental to the full enjoyment of the Owners and Occupants of the property within that land use. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Architectural Review Committee may wish to impose, in its sole discretion, for the benefit of the Project as a whole.

4.20 Residential Use and Trades or Businesses. All Lots and Residences shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residence, except that an Owner or other Resident may conduct a business activity in a Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residence; (b) the business activity conforms to all applicable zoning ordinances or requirements; (c) the business activity does not involve the door-to-door solicitation of Owners or other Residents in the Project; (d) the use of the Residence for trade or business shall in no way destroy or be incompatible with the residential character of the Residence or the surrounding neighborhood; (e) the trade or business shall be conducted only inside the Residence or inside an accessory building or garage, and shall not involve the viewing, purchase or taking delivery of goods or merchandise at, to, from or in any Residence; (f) the trade or business shall be conducted by a Resident or Residents of the Residence; (g) no more than twenty percent (20%) of the total floor area of the Residence shall be used for trade or business; (h) the Residence used for trade or business shall not be used as a storage facility for a business conducted elsewhere; (i) the volume of vehicular or pedestrian traffic or parking generated by such trade or business shall not result in congestion or be in excess of what is customary in a residential neighborhood; (j) a trade or business shall not utilize flammable liquids or hazardous materials in quantities not customary to a residential use; and (k) a trade or business shall not utilize large vehicles not customary to a residential use. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required for such activity. The leasing of a Residence by the Owner thereof shall not be considered a trade or business within the meaning of this Section; provided, however, that any lease or rental agreement shall have a term of at least thirty (30) days and no Lot or Residence may be leased or rented for less than thirty (30) consecutive days at a time.

4.21 Animals. No animal, livestock, poultry or fowl of any kind, other than a reasonable number of house pets, shall be maintained on or in any Lot 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 which, in the opinion of the Neighborhood Board, result in an annoyance to other Owners or Occupants 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 Property is annexed to the Project, the Neighborhood Developer shall have the unilateral right to create more liberal rules regarding pets and other animals permitted on the Lots of such Additional Property, including, without limitation, the right to keep and use horses.

4.22 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except: (a) 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; and (b) that which the Neighborhood Developer or the Neighborhood Association may permit or require for the development, operation and maintenance of the Project.

4.23 Signs. No signs whatsoever (including, but not limited to commercial, political, "for sale," "for rent" and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot except:

4.23.1 Signs required by legal proceedings.

4.23.2 Residence identification signs provided the size, color, content and location of such signs have been approved in writing by the Architectural Review Committee.

4.23.3 Such construction job identification signs which are in conformance with the requirements of Utah County or any municipality having jurisdiction over the property and which have been approved in writing by the Architectural Review Committee as to number, size, color, design, message content and location.

4.24 Required Approvals for Further Property Restrictions.

4.24.1 All proposed site plans and subdivision plats for any Lot, or any portion thereof, must be approved in writing by the Architectural Review Committee prior to Recordation thereof or commencement of construction on the applicable Lot. No Lot, or portion thereof, shall be further subdivided, no lot lines or boundaries may be modified, and no portion less than all of any such Lot, or any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Architectural Review Committee.

4.24.2 No further covenants, conditions, restrictions, or easements shall be Recorded against any Lot, or portion thereof, without the prior written approval of the Architectural Review Committee.

4.24.3 No applications for rezoning, variances or use permits, or for waivers of or modifications to existing variances, use permits, zoning stipulations or similar restrictions, shall be filed with any governmental authority or agency without the prior written approval of the Architectural Review Committee, and then only if such proposed zoning, variance or use, or waiver or modification, is in compliance with this Neighborhood Charter.

4.24.4 No subdivision plat, easement, declaration of further covenants, conditions, restrictions or easements or other instrument which is to be Recorded and which is required by this Section 4.24 to be approved by the Architectural Review Committee shall be effective unless the required approval is evidenced on such instrument by the signature of an authorized representative of the Architectural Review Committee.

4.24.5 No site plan, subdivision plat, or further covenants, conditions, restrictions or easements, and no application for rezoning, variances or use permits shall be submitted to Utah County or any other governmental authority or agency unless the same has first been approved in writing by the Architectural Review Committee as provided in this Section 4.24; further, no changes or modifications shall be made in any such documents, instruments or applications once the same have been approved by the Architectural Review Committee hereunder unless such changes or modifications have first been approved by the Architectural Review Committee in writing.

4.24.6 Notwithstanding the foregoing, neither the Neighborhood Developer nor any Neighborhood Developer Affiliate shall be required to seek or obtain any of the approvals or consents otherwise required under this Section 4.24 as to any Lot, or any portion of either, of which the Neighborhood Developer or any Neighborhood Developer Affiliate is the Owner.

4.25 Vehicles. In general, all Vehicles (as defined below) must be parked, kept, maintained, stored, constructed, reconstructed or repaired only within a fully-enclosed garage approved by the Architectural Review Committee pursuant to Section 4.4, or in other areas on a Lot approved in writing by the Architectural Review Committee (which approval may be conditioned upon the planting or construction of landscaping or other screening approved by the Architectural Review Committee). For purposes of this Section, the term "Vehicles" includes cars, trucks and vans of all sizes, motorcycles, motorbikes, mopeds, mini-bikes, motor scooters, all-terrain vehicles, off-road vehicles, motorhomes, recreational vehicles, trailers, travel trailers, tent trailers, camper shells, detached campers, boats, boat trailers, mobile homes, or other similar machinery or equipment, whether motorized or not, whether wheeled or not and whether or not in operating condition. Notwithstanding the foregoing: (a) up to one car, van or truck having a capacity of one ton or less may occasionally be parked on driveways or other improved parking areas on a Lot so long as the same are in operating condition and are regularly used for transportation of passengers; (b) additional cars, vans or trucks having a capacity of one ton or less may be parked from time to time on driveways or other improved parking areas on a Lot to accommodate visitors or guests of the Owner or Occupant of that Lot (provided that the Architectural Review Committee may adopt rules or regulations relating to the number or frequency of guest or visitor vehicle parking, if it determines, in its discretion, that such rules or regulations are necessary); (c) service, repair or delivery vehicles may be parked on a Lot, but only for the period reasonably required to effect the needed service, repair or delivery; and (d) a

temporary construction trailer may be placed and maintained on a Lot in connection with construction of Improvements on that Lot, but only if that temporary construction trailer, its location on the Lot and the period during which it will be permitted to remain on the Lot are approved in writing by the Architectural Review Committee. Except for emergency repairs, no Vehicle shall be repaired, constructed or reconstructed on the Property except within a fully-enclosed garage. No Vehicle shall be parked on any roadway or street within or adjacent to the Property, except for temporary parking (not exceeding 24 hours) of Vehicles of an Owner's or Occupant's guests.

4.26 Towing of Vehicles. The Neighborhood Board has the right, without notice, to have any Vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the Vehicle. Any expense incurred by the Neighborhood Association in connection with the towing of any Vehicle must be paid to the Neighborhood Association upon demand by the owner of the Vehicle. If the Vehicle is owned by an Owner or Occupant, any amounts payable to the Neighborhood Association will be secured by the Assessment Lien against that Owner's or Occupant's Lot, and the Neighborhood Association may enforce collection of those amounts in the same manner provided for in this Neighborhood Charter for the collection of Assessments.

4.27 Snow Removal. The Neighborhood Association shall be responsible for removal of snow from all streets and roads within the Project. Each Owner shall be responsible for removal of snow from the driveway and sidewalks on such Owner's Lot. If an Owner elects to hire a contractor to perform some or all of such Owner's snow removal duties under this Section, such Owner must use the contractor then used by the Neighborhood Association for snow removal, so as to reduce the number of snow removal vehicles within the Project and thereby promote coordination and safety within the Project.

4.28 Variances. The Architectural Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Article 4 if the Architectural Review Committee determines in its discretion that: (a) a restriction would create an unreasonable hardship or burden on an Owner or Occupant or a change of circumstances since the recordation of this Neighborhood Charter has rendered such restriction obsolete; and (b) the activity permitted under the variance will not have any substantial adverse effect on Owners and Occupants and is consistent with the high quality of life intended for residents of the Project.

4.29 Change of Use of Common Area. Upon: (a) adoption of a resolution by the Neighborhood Board stating that in the Neighborhood Board's opinion the then present use of a designated part of the Common Area is no longer in the best interests of the Owners; and (b) the approval of such resolution by Neighborhood Association Members casting more than fifty percent (50%) of the votes entitled to be cast by Neighborhood Association Members who are present in person or by proxy at a meeting duly called for such purpose and who are entitled to use such Common Area under the terms of this Neighborhood Charter, the Neighborhood 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 Neighborhood Board to accommodate the new use), provided such new use shall be consistent with any zoning regulations restricting or limiting the use of the Common

Area. This Section 4.29 shall not apply to, or be deemed to limit in any way, the right and power of the Neighborhood Association pursuant to Section 5.1.1(a) to grant easements over, under or through portions of the Common Area, or to dedicate portions of the Common Area, to public, quasi-public or private utility companies, municipalities or other governmental agencies or entities, in connection with or at the time of development of property within or adjacent to the Project, where required or requested by any municipality or other governmental agency or entity, or any public, quasi-public or private utility company.

4.30 Drainage. No Residence, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Project, or any part thereof, or for any Lot as shown on the drainage plans on file with the county or municipality in which the Project is located.

4.31 Garages and Driveways. The interior of all garages shall be maintained in a neat, clean and sightly condition. Garages shall be used only for parking vehicles and storage, and shall not be used or converted for living or recreational activities. Garage doors shall be kept closed at all times except to the limited extent reasonably necessary to permit the entry or exit of vehicles or persons.

4.32 Rooftop HVAC Equipment Prohibited. No heating, ventilating, air conditioning or evaporative cooling units or appurtenant equipment may be mounted, installed or maintained on the roof of any Residence or other building so as to be Visible From Neighboring Property.

4.33 Solar Collecting Panels or Devices. The Neighborhood Developer recognizes the benefits to be gained by permitting the use of solar energy as an alternative source of electrical power for residential use. At the same time, the Neighborhood Developer desires to promote and preserve the attractive appearance of the Property and the Improvements thereon, thereby protecting the value generally of the Property and the various portions thereof, and of the various Owners' respective investments therein. Therefore, subject to prior approval of the plans therefor by the Architectural Review Committee, solar collecting panels and other active solar devices may be placed, constructed or maintained upon any Lot within the Property so long as such solar collecting panels and devices are placed, constructed and maintained in such location(s) and with such means of screening or concealment as the Architectural Review Committee may reasonably deem appropriate to limit, to the extent possible, the visual impact of such solar collecting panels and devices when viewed from any street or from any other property (whether within or outside the Property).

4.34 Basketball Goals or Play Structures. No basketball goal, back board or similar structure or device, and no swingsets or other play structures, shall be placed or constructed on any Lot without the prior written approval of the Architectural Review Committee (including, without limitation, approval as to appearance and location).

4.35 Tanks. Except for the septic tanks specifically required pursuant to Section 3.6 above, no tanks of any kind (including tanks for the storage of fuel) shall be erected, placed or maintained on any Lot unless such tanks are buried underground. Nothing herein shall be deemed to prohibit use or storage upon any Lot of an aboveground propane or similar fuel tank

with a capacity of ten (10) gallons or less used in connection with a normal residential gas barbecue, grill or fireplace or a spa or "hot tub," so long as any such tank either: (a) has a capacity of ten (10) gallons or less; or (b) is appropriately stored, used and/or screened, in accordance with the Architectural Review Committee Rules or as otherwise approved by the Architectural Review Committee, so as not to be Visible From Neighboring Property.

4.36 Exterior Lighting. Exterior lighting shall be permitted on a Lot in accordance with the Architectural Review Committee Rules.

4.37 Neighborhood Developer's Exemption. Nothing contained in this Neighborhood Charter shall be construed to prevent the construction, installation or maintenance by the Neighborhood Developer, any Neighborhood Developer Affiliate or any agents or contractors thereof, during the period of development, construction and sales on the Property, of Improvements, landscaping or signs deemed necessary or convenient by the Neighborhood Developer, in its sole discretion, to the development or sale of property within the Property.

ARTICLE 5

EASEMENTS

5.1 Owners' Easements of Enjoyment.

5.1.1 Subject to the rights and easements granted to the Neighborhood Developer in Section 5.5, each Owner, and each Occupant of such Owner's Lot, shall have a non-exclusive right and easement of enjoyment in, to and over the Common Area, which right and easement shall be appurtenant to and shall pass with the title to each Lot, subject to the provisions of this Neighborhood Charter including, without limitation, the following:

(a) Except as otherwise provided in this Neighborhood Charter, no dedication, transfer, mortgage or encumbrance of all or any portion of the Common Area shall be effective unless approved by Owners representing two-thirds (2/3) of the votes in each class of Neighborhood Association Members. Notwithstanding the preceding sentence or any other provision of this Neighborhood Charter to the contrary, the Neighborhood Association shall have the right, without the consent of the Owners or any other Person (except the Neighborhood Developer, whose consent shall be required so long as the Neighborhood Developer owns any part of the Property or of the Additional Property), to dedicate portions of the Common Area to the public, or grant easements over, under or through portions of the Common Area to the public, to any municipal or other governmental agency or entity, or to any public, quasi-public or private utility company, for use as right-of-way, for utilities, for public landscape purposes and the like, as may be required or requested by Utah County or any municipal or other governmental agency or entity having jurisdiction, or by a public, quasi-public or private utility company, in connection with or at the time of the development of portions of the Property or of portions of the Additional Property.

(b) The Neighborhood Association shall have the right to regulate the use of the Common Area through the Neighborhood Association Rules (which may include, without limitation, the adoption and implementation of a reservation system for such portions of

the Common Area, or Improvements or amenities thereon, as the Neighborhood Board deems appropriate) and to prohibit access to such portions of the Common Area, such as landscaped right-of-ways, not intended for use by the Owners, Lessees or other Occupants.

(c) The Neighborhood Developer and the Neighborhood Association shall each have the right to grant easements or licenses to other Persons for the construction of Improvements on the Common Area, and the Neighborhood Developer and the Neighborhood Association shall each have the right to grant ingress and egress easements over the streets and roads in the Project to Persons who are not Members of the Neighborhood Association.

(d) The Neighborhood Developer and the Neighborhood Association shall each have the right to convey certain portions of the Common Area to Owners of adjoining Lots in connection with the correction or adjustment of any boundary between Common Area and any one or more adjoining Lots; provided, however, that neither the Neighborhood Association nor the Neighborhood Developer shall have the right to transfer or convey any portion of the Common Area unless approved by a vote of the Neighborhood Association Members pursuant to Section 5.1.1(a).

(e) No Improvement not shown on the Plat may be erected on that portion of the Common Area designated on the Plat as floodplain area, open space or as fuel break for fire control purposes.

5.1.2 If a Lot is leased or rented by its Owner, the Occupants of such Lot shall have the right to use the Common Area during the term of the lease, and the Owner of such Lot shall have no right to use the Common Area until the termination or expiration of such lease.

5.2 Utility Easement. There is hereby created an easement upon, across, over and under the Common Area, Lots and other property for reasonable ingress, egress, installation, replacement, repair or maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the Neighborhood Developer, the Neighborhood Association, and/or the providing utility company to install and maintain the necessary equipment on the Common Area, Lots and other property but no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Common Area, Lots and other property except as initially designed, approved and/or constructed by the Neighborhood Developer or as approved by the Neighborhood Board (and, in the case of a Lot, by the Owner of such Lot). If any utility company requests that a more specific easement be granted in its favor in substitution for the blanket easement hereby established with respect to the Common Area, the Neighborhood Association shall have the power and authority, without the need for any consent by the Owners or any other Person, to grant the more specific easement on such terms and conditions as the Neighborhood Board deems appropriate.

5.3 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 Common Area. 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 paved and intended for such purposes. Such

easements shall run in favor of and be for the benefit of the Owners and Occupants of the Lots and their guests, families, tenants and invitees. There is also hereby created an easement upon, across and over the Common Area and all private streets, private roadways, private driveways and private parking areas within the Project for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Neighborhood Board shall have the right to relocate and/or reconfigure any and all easements granted pursuant to this Neighborhood Charter 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 trail systems and police, fire, medical and other emergency vehicles and personnel).

5.4 Easements for Ski and Bike Trail System. It is anticipated that certain pathways or trails around and/or through the Property and across the Lots may be developed and maintained from time to time as part of ski, hiking and/or bicycling trail systems ("Trail System") serving the Owners and Occupants. Neighborhood Developer hereby dedicates and reserves, for the benefit of the Owners and Occupants, a perpetual nonexclusive easement on, over, upon, across, above, under and through the portions of the Property and the Lots shown on the Plat for location, construction, maintenance and repair of the Trail System and for other related recreational purposes. The Neighborhood Association shall install and maintain the surfaces of the Trail System as a Common Area. All Owners whose Lots are subject to the Trail System easement depicted on the Plat, shall repair any damage to the Trail System caused by their construction, development and maintenance activities and shall restore the Trail System improvements to substantially the same condition as existed immediately prior to any construction, development and maintenance activities therein. Owners and Occupants shall have the right to use and enjoy such Trail System for the purposes for which it is developed and maintained, subject to reasonable, non-discriminatory rules and regulations as the Neighborhood Board may adopt from time to time.

5.5 Neighborhood Developer's Use and Easements.

5.5.1 The Neighborhood Developer shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Area with respect to the sales of Lots or other property in the Project or within any of the Additional Property. The Neighborhood Developer reserves the right to place models, management offices and sales and leasing offices on any Lots or other property owned by the Neighborhood Developer and on any portion of the Common Area in such number, of such size and in such locations as the Neighborhood Developer deems appropriate.

5.5.2 So long as the Neighborhood Developer is marketing Lots or other portions of the Property or the Additional Property, the Neighborhood Developer shall have the right to restrict the use of the parking spaces on the Common Area. Such right shall include reserving such spaces for use by prospective Purchasers, the Neighborhood Developer's employees and others engaged in sales, leasing, maintenance, construction or management activities.

5.5.3 The Neighborhood Developer shall have the right and an easement on and over the Common Area to construct all Improvements the Neighborhood Developer may deem necessary and to use the Common Area and any Lots and other property owned by the Neighborhood Developer for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project and property adjacent to the Project.

5.5.4 The Neighborhood Developer shall have the right and an easement upon, over and through the Common Area as may be reasonably necessary for the purpose of exercising the rights granted to or reserved by the Neighborhood Developer in this Neighborhood Charter.

5.6 Easement in Favor of Neighborhood Association. The Lots and Common Area are hereby made subject to the following easements in favor of the Neighborhood Association and its directors, officers, agents, employees and independent contractors:

5.6.1 For inspection during reasonable hours of the Lots and Common Area in order to verify the performance by Owners or other Persons of all items of maintenance and repair for which they are responsible;

5.6.2 For inspection, maintenance, repair and replacement of portions of the Common Area accessible only from such Lots;

5.6.3 For correction of emergency conditions on one or more Lots or on portions of the Common Area accessible only from such Lots;

5.6.4 For the purpose of enabling the Neighborhood Association, the Neighborhood Board, the Architectural Review Committee or any other committees appointed by the Neighborhood Board to exercise and discharge during reasonable hours their respective rights, powers and duties under the Project Documents;

5.6.5 For inspection during reasonable hours of the Lots in order to verify that the Owners and Occupants, and their guests, tenants and invitees, are complying with the provisions of the Project Documents.

ARTICLE 6

THE ASSOCIATION; ORGANIZATION; ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

6.1 Formation of Neighborhood Association. The Neighborhood Association shall be a nonprofit Utah corporation charged with the duties and vested with the powers prescribed by law and set forth in the Neighborhood Articles, the Neighborhood Bylaws and this Neighborhood Charter. Such maintenance responsibility shall include, but shall not be limited to the control of all weeds and other unsightly vegetation, rubbish, trash, garbage and landscaping Visible From Neighboring Property. The Neighborhood Association shall assess and collect fees from the Neighborhood Association Members, in accordance with the provisions hereof and the Neighborhood Bylaws. The Neighborhood Association shall also comply with all applicable

provisions of the Community Charter and other Project Documents. In the event of any conflict or inconsistency between this Neighborhood Charter and the other Project Documents, the Community Charter shall control. Thereafter, priority shall be given to the Project Documents in the following order: the Architectural Review Committee Rules, this Neighborhood Charter, Neighborhood Articles, Neighborhood Bylaws and Neighborhood Association Rules.

6.2 Neighborhood Board and Officers. The affairs of the Neighborhood Association shall be conducted by the Neighborhood Board and such officers as the Neighborhood Board may elect or appoint in accordance with the Neighborhood Articles and the Neighborhood Bylaws. Unless the Project Documents specifically require the vote or written consent of the Neighborhood Association Members, approvals or actions to be given or taken by the Neighborhood Association shall be valid if given or taken by the Neighborhood Board. The Neighborhood Board may appoint various committees at its discretion. The Neighborhood Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Neighborhood Association and the Common Area. The Neighborhood Board shall determine the compensation to be paid to any such manager.

6.3 Neighborhood Association Rules. In addition to the rules adopted by the Community Association, the Neighborhood Board may, from time to time, and subject to the provisions of this Neighborhood Charter, adopt, amend and repeal rules and regulations pertaining to: (a) the management and use of the Common Area; (b) traffic and parking restrictions including speed limits on private streets within the Project; (c) minimum standards for any maintenance of Common Areas, Lots within the Project; or (d) any other subject within the jurisdiction of the Neighborhood Association. In the event of any conflict or inconsistency between the provisions of this Neighborhood Charter and the Neighborhood Association Rules, the provisions of this Neighborhood Charter shall prevail.

6.4 Personal Liability. No member of the Neighborhood Board, the Architectural Review Committee or any other committee of the Neighborhood Association, no officer of the Neighborhood Association and no manager or other employee of the Neighborhood Association shall be personally liable to any Neighborhood Association Member, or to any other Person including the Neighborhood Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Neighborhood Association, the Neighborhood Board or any member thereof, the Architectural Review Committee or any member thereof, the manager, any representative or employee of the Neighborhood Association, any officer of the Neighborhood Association or any member of any other committee of the Neighborhood Association; provided, however, the limitations set forth in this Section shall not apply to any person who has engaged in intentional misconduct.

6.5 Implied Rights. The Neighborhood Association may exercise any right or privilege given to the Neighborhood Association expressly by the Project Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Neighborhood Association by the Project Documents or reasonably necessary to effectuate any such right or privilege.

6.6 Membership in the Neighborhood Association. Every Owner of a Lot which is Assessable Property shall be a Neighborhood Association Member, and the Neighborhood

Developer shall be a Neighborhood Association Member so long as it owns any part of the Project or of the Additional Property (unless and until the Neighborhood Developer expressly relinquishes in writing its status as a Neighborhood Association Member). There shall be one (1) Neighborhood Association Membership for each Lot, which Neighborhood Association Membership shall be held jointly by all Owners of that Lot.

6.7 Membership in the Community Association. Every Neighborhood Association Member shall also be a Community Association Member, pursuant to the Community Charter, Neighborhood Articles and Neighborhood Bylaws.

6.8 Votes in the Neighborhood Association. There shall be one (1) vote in the Neighborhood Association for each Lot. Until the expiration or termination of the Period of Neighborhood Developer Control: (a) the Neighborhood Association shall be deemed to have two classes of Neighborhood Association Members, Class A and Class B; (b) the Neighborhood Developer shall be the Class B Neighborhood Association Member, and all votes held by the Neighborhood Developer shall be Class B votes; (c) all Owners other than the Neighborhood Developer shall be Class A Neighborhood Association Members, and all votes held by such Owners shall be Class A votes. Following expiration or termination of the Period of Neighborhood Developer Control, the Neighborhood Association shall be deemed to have a single class of Neighborhood Association Members and votes. During the Period of Neighborhood Developer Control, all matters coming before the Neighborhood Association for vote shall be decided by the vote of the Neighborhood Developer as the sole Class B Neighborhood Association Member. Following the Period of Neighborhood Developer Control, all Class B Neighborhood Association Memberships and all Class B votes shall cease to exist, and any issue put to a vote at a duly called meeting of Neighborhood Association 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.

6.9 Votes in the Community Association. Each Owner shall have one (1) vote in the Community Association for each Lot pursuant to the terms and provisions of the Community Charter. An Owner may personally attend any meeting of the Community Association. However, the vote for each Lot in the Community Association shall be exercised by the President of the Neighborhood Association representing the Neighborhood at a Community Association meeting. The President may cast all such votes as he or she, in his or her sole discretion, deems appropriate as further described in the Neighborhood Bylaws.

6.10 Voting Procedures. A change in the ownership of a Lot shall be effective for voting purposes from the time the deed or other instrument effecting such change is Recorded; the Neighborhood Board shall thereafter be given written notice of such change and provided satisfactory evidence thereof. The vote for each Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot 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 Neighborhood Association Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Lot 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, the vote or votes for that Lot shall be deemed void and shall not be counted.

6.11 Transfer of Neighborhood Association Membership. The rights and obligations of any Neighborhood Association Member other than the Neighborhood Developer shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership of the Lot. A transfer of ownership of a Lot 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 shall notify the Neighborhood Association of his, her or its purchase of a Lot. The Neighborhood Association may require the Purchaser of a Lot to pay a transfer fee in an amount to be set by the Neighborhood Board and the transfer fee shall be secured by the Assessment Lien.

ARTICLE 7

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

7.1 Creation of Lien and Personal Obligation of Assessments. The Neighborhood Developer, for each Lot, hereby covenants and agrees, and each Owner by becoming the Owner of a Lot is deemed to covenant and agree, to pay Assessments to the Neighborhood Association in accordance with this Neighborhood Charter. All Assessments shall be established and collected as provided in this Neighborhood Charter. The Assessments, together with interest, late charges and all costs, including but not limited to reasonable attorneys fees, incurred by the Neighborhood Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest and all costs, including but not limited to reasonable attorneys fees, incurred by the Neighborhood Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of each Person who was an Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them (unless title is transferred to one or more such successors for purposes of avoiding payment of any Assessment or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title), but the lien created by this Neighborhood Charter against the applicable Lot shall continue to secure payment of such delinquent Assessment (including, but not limited to, any and all interests and late charges) until the same are fully paid.

7.2 Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year. The Neighborhood Board in its sole discretion from time to time may change the Assessment Period.

7.3 Annual Assessment. In order to provide for the operation and management of the Neighborhood Association and to provide funds for the Neighborhood Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, including, without limitation, the establishment of reasonable reserves for replacements,

maintenance and contingencies, the Neighborhood Board, for each Assessment Period beginning with the fiscal year ending December 31, 2005, shall assess an annual Assessment ("Annual Assessment") against each Lot which is Assessable Property. Annual Assessments shall be computed and assessed against all Lots in the Project as follows:

7.3.1 Neighborhood Assessments shall be based upon advance estimates of the Neighborhood Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas, and furnishing common utility services and other common items to the Residences. Such estimated expenses may include, without limitation, the following: road maintenance and repair; snow removal; management expenses; real property taxes on the Common Areas; premiums for all insurance that the Neighborhood Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Neighborhood Association employees, including fees for a manager; utility charges, including charges for utility services to the Common Areas; 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 Common Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Neighborhood Association for the benefit of the Owners under or by reason of this Neighborhood Charter.

7.3.2 The Community Association also imposes certain Assessments and fees on the ownership, use, and transfer of the Lots. Each Owner by accepting a deed or conveyance to a Lot agrees to be bound by all of the terms and provisions of the Community Charter and agrees to pay, as and when due, its applicable Community Assessments, costs and fees arising under the Community Charter. The Common Expenses shall be assessed against the Lots as Community Assessments and shall be included in, and paid by the Neighborhood Association on the Neighborhood Association Members' behalf, as a part of the Common Expenses. Such shall constitute the Common Expenses, and all funds received from Assessments under this Section shall be part of the common expense fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the common expense fund.

7.4 Rate of Assessment. Each Lot shall be assessed an Annual Assessment in an amount equal to the sum of the Neighborhood Assessment and Community Assessment. Unless a greater increase is approved by the affirmative vote of two-thirds (2/3) of the votes of each class of Neighborhood Association Members represented in person or by valid proxy at a meeting of Neighborhood Association Members duly called for such purpose, the Maximum Neighborhood Assessment for any fiscal year (the "New Year") shall be equal to the Maximum Neighborhood Assessment for the immediately preceding fiscal year (the "Prior Year") increased at a rate equal to the greater of: (i) the percentage increase in the CPI from the Base Month to the Index Month (as each of those terms is defined below); or (ii) ten percent (10%). Nothing herein shall obligate the Neighborhood Board to establish, in any fiscal year, a budget which results in Neighborhood Assessments, as calculated pursuant to this Section 7.4, to be in the full amount of the Maximum Neighborhood Assessment for such fiscal year, and the election by the Neighborhood Board not to establish a budget which would result in the Neighborhood Assessment, as calculated pursuant to this Section 7.4, to be in the full amount of the Maximum Neighborhood Assessment for any fiscal year shall not prevent the Neighborhood Board from

establishing a budget in subsequent fiscal years such that the Neighborhood Assessment for such subsequent fiscal year, as calculated pursuant to this Section 7.4, is in the full amount of the Maximum Neighborhood Assessment for such subsequent fiscal year. For purposes hereof: (x) the term "CPI" means the Consumer Price Index -- All Urban Consumers -- All Items (1982-1984 Average = 100 Base) published by the Bureau of Labor Statistics of the U.S. Department of Labor (or its successor governmental agency), or, if such index is no longer published by said Bureau or successor agency, in the index most similar in composition to such index; (y) the term "Index Month" means the month of July immediately prior to the beginning of the New Year; and (z) the term "Base Month" means the month of July immediately prior to the beginning of the Prior Year; provided, however, that if the Neighborhood Board changes the Assessment Period pursuant to Section 7.2, the Neighborhood Board shall have the right to change the calendar month used for purposes of clauses (y) and (z) (so long as the same calendar month in successive years is used for both clauses). The Annual Assessment shall be levied against all Lots, including Lots owned by the Neighborhood Developer.

7.5 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 on the date of Neighborhood Charter, and, on or before December 1 of each year thereafter fiscal year. The Neighborhood Board shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated Common Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating fiscal year. 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 Project shall be operated during such fiscal year.

7.6 Special Assessments. The Neighborhood Association may levy against each Lot which is Assessable Property, in any Assessment Period, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Improvements upon the Common Area, including fixtures and personal property related thereto, provided that any Special Assessment shall have the assent of two-thirds (2/3) of the votes entitled to be cast by Neighborhood Association Members who are voting in person or by proxy at a meeting duly called for such purpose.

7.7 Notice and Payment. Beginning with the 2005 Assessment Period, the Neighborhood Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give prior notice shall not affect the validity of the Annual Assessment established by the Neighborhood Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Neighborhood Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will become, inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessments by Neighborhood Association Members, it may increase the Annual Assessment for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Neighborhood Board (provided, however, that the total Annual Assessment for such Assessment Period shall not exceed the maximum amount determined pursuant to Section 7.4).

7.8 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a monthly basis or such other basis as may be selected by the Neighborhood Board. Special Assessments may be collected as specified by the Neighborhood Board. The Neighborhood Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Neighborhood Charter. The failure of the Neighborhood Association to send a bill to a Neighborhood Association Member shall not relieve any Neighborhood Association Member of his liability for any Assessment or charge under this Neighborhood Charter, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Neighborhood Association Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement 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 delinquency of such payment. The Neighborhood Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period; successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

7.9 Effect of Nonpayment of Assessments; Remedies of the Neighborhood Association.

7.9.1 Any Assessment, or any installment of an Assessment, not paid within thirty (30) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate established from time to time by the Neighborhood Board. In addition, the Neighborhood Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within thirty (30) days after such payment was due.

7.9.2 The Neighborhood Association shall have a lien on each Lot for all Assessments levied against the Lot and for all other fees and charges payable to the Neighborhood Association by the Owner of the Lot pursuant to this Neighborhood Charter. Recording of this Neighborhood Charter constitutes record notice and perfection of the Assessment Lien. The Neighborhood Association may, at its option, Record a notice of lien setting forth the name of the delinquent Owner as shown in the records of the Neighborhood Association, the legal description or street address of the Lot against which the notice of lien is Recorded and the amount claimed to be past due as of the date of the Recording of the notice, including interest, lien recording fees and reasonable attorneys' fees.

7.9.3 The Assessment Lien shall have priority over all liens or claims except for (a) tax liens for real property taxes; (b) assessments in favor of any municipal or other governmental body or assessment district; and (c) the lien of any First Mortgage.

7.9.4 The Neighborhood Association shall not be obligated to release any Recorded notice of lien until all delinquent Assessments, interest, lien fees, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Neighborhood Association by the Owner of the Lot have been paid in full.

7.9.5 The Neighborhood Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys fees and any other sums due to the Neighborhood Association in any manner allowed by law including, but not limited to: (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien securing the delinquent Assessments; or (b) enforce the Assessment Lien against the applicable Lot by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or judicial foreclosure of deeds of trust or mortgages or in any other manner permitted 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, the Neighborhood Developer hereby designates First American Title Insurance Company, as trustee and grants and conveys the Project, IN TRUST, to First American Title Insurance Company, as trustee, with full power of sale, to foreclose any such liens as directed by the Neighborhood Board. The Neighborhood 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 Project beyond those rights and interests necessary and appropriate to foreclose any liens against Lots arising pursuant hereto. In any such foreclosure, the Owner of the Lot being foreclosed shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Neighborhood Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

7.10 Evidence of Payment of Assessments. Upon receipt of a written request by a Neighborhood Association Member or any other Person, the Neighborhood 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 Assessments, interest and other fees and charges have been paid with respect to any specified Lot as of the date of such certificate; or (b) if all Assessments have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date. The Neighborhood 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 matters therein stated as against any bona fide Purchaser of, or lender on, the Lot in question.

7.11 Purposes for Which Neighborhood Association's Funds May be Used. The Neighborhood Association shall apply all funds and property collected and received by it (including the 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 Project and the Owners and Occupants 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 and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners and the Occupants, and to the establishment and funding of reasonable reserves for replacements and contingencies. The following are some, but not all, of the areas in which the Neighborhood Association may seek to

aid, promote and provide for such common benefit: social interaction among Neighborhood Association Members and Occupants, maintenance of landscaping on Common Area and public right-of-way and drainage areas within the Project, construction, maintenance the Common Area, maintenance, replacement and repair of Improvements thereon, insurance, communications, ownership and operation of vehicle storage areas, education, transportation, health, utilities, public services, safety, indemnification of officers, directors and committee members of the Neighborhood Association, employment of professional managers, and hiring professional consultants such as architects, engineers, attorneys and accountants.

7.12 Surplus Funds. The Neighborhood Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Neighborhood Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Neighborhood Association may carry forward from year to year such surplus as the Neighborhood Board in its discretion may determine to be desirable for the greater financial security of the Neighborhood Association and the accomplishment of its purposes.

7.13 Transfer Fee. Each Purchaser of a Lot shall pay to the Neighborhood Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Neighborhood Board.

7.14 Notice and Quorum for Meetings to Consider Special Assessments and Certain Increases in Annual Assessments. Notwithstanding any other provision hereof or of the Neighborhood Articles, Neighborhood Bylaws or Neighborhood Association Rules, written notice of any meeting called for the purpose of: (a) approving the establishment of any Special Assessment, as required by Section 7.6 hereof; or (b) approving any increase in the Maximum Neighborhood Assessment greater than that permitted by Section 7.4 shall be sent to all Neighborhood Association Members not less than thirty (30) days nor more than sixty (60) days prior to the date of said meeting. At the first meeting thus called to consider the particular Special Assessment or increase in the Maximum Neighborhood Assessment, a quorum shall consist of sixty percent (60%) of the votes in each class of Neighborhood Association Members (whether represented in person or by valid proxy), provided, however, that if a quorum, as so determined, is not present at said first meeting, a second meeting may be called (subject to the same notice requirements as set forth above) to consider the same issue, and a quorum at said second meeting shall be one-half (1/2) of the required quorum at the first meeting, as described above. Such second meeting may not be held more than sixty (60) days after the first meeting.

ARTICLE 8

MAINTENANCE

8.1 Common Area and Public Right of Way.

8.1.1 The Neighborhood Association, or its duly delegated representative, shall manage, maintain, repair and replace the Common Area and all Improvements located thereon (subject to Section 8.1.3), except the Neighborhood Association shall not be obligated to maintain areas which any governmental entity or any utility company is maintaining or is

obligated to maintain. The Neighborhood Association shall maintain and repair all roads within the Project in accordance with Utah County requirements. The Neighborhood Association shall provide for the removal of snow from all streets within the Project, but not from driveways or walkways on individual lots. All necessary care and maintenance of drainage facilities within the Project shall be performed by the Neighborhood Association in compliance with Utah County requirements. Garbage and trash removal shall be arranged by the Neighborhood Association in accordance with Utah County requirements. The Neighborhood Developer shall provide fire hydrants and fuel breaks, in accordance with Utah County requirements. The Neighborhood Association shall maintain all hydrants and fuel breaks in the Project, in accordance with Utah County requirements. Nevertheless, it is recognized that the Project 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 Neighborhood Association, the Neighborhood Board, Utah County or the Neighborhood Developer shall be liable for any loss or damage to persons or property resulting from fire.

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

8.1.3 In the event any subdivision plat, deed restriction or this Neighborhood Charter permits the Neighborhood Board to determine whether or not Owners of certain Lots will be responsible for maintenance of certain Common Area or public right-of-way areas, the Neighborhood Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Occupants for the Neighborhood Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Neighborhood Board. The Neighborhood Board may cause the Neighborhood Association to contract to provide maintenance service to Owners of Lots having such responsibilities in exchange for the payment of such fees as the Neighborhood Association and Owner may agree upon.

8.2 Lots. Each Owner of a Lot shall be responsible for maintaining, repairing or replacing his, her or its Lot, and all buildings, landscaping or other Improvements situated thereon, except for any portion of the Lot which is Common Area (unless otherwise required by the Neighborhood Board pursuant to Section 8.1.3). All buildings, landscaping and other Improvements shall at all times be kept in good condition and repair. Landscaping shall be maintained as required by Section 4.6. All Lots upon which no Residence or other Improvements have been constructed shall be maintained in an attractive manner and in accordance with all rules, regulations and guidelines that may be adopted for vacant lots by the Neighborhood Board or the Architectural Review Committee.

8.3 Nondisturbance Areas. Certain areas at the Project possess great natural beauty and shall be designated as "Nondisturbance Areas" at the Neighborhood Developer's sole discretion, as such areas may be identified on a Plat or other written document provided to an Owner. Neighborhood Developer intends to preserve such Nondisturbance Areas through the use of a coordinated plan of Lot development and the terms of Neighborhood 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 Neighborhood Charter is Recorded shall be made or done without the prior approval of the Architectural Review Committee. No building, fence, wall, Residence or other Improvement 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, Residence or other Improvement, including exterior color scheme, and all changes in the grade of Nondisturbance Areas, 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. Neighborhood Developer hereby reserves the right for the benefit of itself, Neighborhood Developer Affiliates, their successors and assigns, the sole and exclusive unilateral right to adjust, relocate and realign the Nondisturbance Areas and to establish the precise location of such Nondisturbance Areas for purposes of configuring individual site plans for each Lot and to account for actual site conditions. All Owners of Lots within the Project agree and acknowledge that any such adjustment to or relocation of the Nondisturbance Areas, or any portion thereof, shall be subject to Neighborhood Developer's sole and exclusive discretion.

8.4 Installation of Landscaping. The Owner of a Lot shall install (if not already installed) grass, trees, plants and other landscaping improvements (together with an irrigation system sufficient to adequately water any grass, trees, plants and other landscaping improvements), on those certain portions of the Lot that are approved by the Architectural Review Committee pursuant to a landscaping plan submitted by the Owner of such Lot as part of the architectural control review described in Section 4.4 above, not later than the last day of September next occurring after the date on which a certificate of occupancy is issued with respect to a Residence on that Lot. The Architectural Review Committee shall have the right to require certain minimum landscaping requirements, such as, without limitation, specifying the minimum number of trees that must be planted on a Lot and the areas of such plantings. All landscaping must be installed in accordance with the landscaping plans and only in the specific landscaping areas approved in writing by the Architectural Review Committee and the Owner shall not have the right to making any landscaping improvements in any areas on his or her Lot other than those areas specifically approved by the Architectural Review Committee as further described in the Architectural Review Committee Rules. If landscaping and an irrigation system are not installed on a Lot in the manner and by the applicable date provided for in this Section, the Neighborhood Association shall have the right, but not the obligation, to enter upon such Lot to install such landscaping improvements as the Neighborhood Association deems appropriate (together with an irrigation system sufficient to adequately water the same), and the cost of any such installation shall be paid to the Neighborhood Association by the Owner of the Lot, upon demand from the Neighborhood Association. Any amounts payable by an Owner to the Neighborhood Association pursuant to this Section shall be secured by the Assessment Lien, and the Neighborhood Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Neighborhood Charter for the collection and enforcement of Assessments. Notwithstanding anything to the contrary herein, portions of a Lot may be maintained with natural ground cover and growth as permitted by the Architectural Review Committee.

8.5 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of the Common Area or any other area maintained by the Neighborhood Association is caused through the willful or negligent act of any Neighborhood Association Member, his family, tenants, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Neighborhood Association Member and the Neighborhood Association Member's Lot is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot pursuant to this Section in connection with a contract entered into by the Neighborhood 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.

8.6 Improper Maintenance and Use of Lots. In the event any portion of any Lot 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 or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Neighborhood Charter, or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents, the Neighborhood Board may 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 Neighborhood Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period the requisite corrective action has not been taken, the Neighborhood Board shall be authorized and empowered to cause such corrective action as it deems appropriate 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 is subject and shall be secured by the Assessment Lien.

8.7 Walls and Fences. Walls and fences on a Lot shall be prohibited unless expressly authorized by the Architectural Review Committee. In the event that any walls or fences are allowed to be constructed on a Lot, they shall be maintained, repaired and replaced by the Owner of such Lot. There shall be no common fences or walls along property lines.

ARTICLE 9

INSURANCE

9.1 Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to a Purchaser, the Neighborhood Association shall maintain, to the extent reasonably available, the following insurance coverage:

9.1.1 Property insurance on the Common Area insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Common Area, as determined by the Neighborhood Board; provided however, that the total amount of insurance shall not be less than one hundred percent (100%) of the current replacement cost of the insured property (less reasonable deductibles), exclusive of the land, excavations, foundations and other items normally excluded from a property policy;

9.1.2 Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Neighborhood Board, but not less than \$1,000,000. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area and other portions of the Project which the Neighborhood Association is obligated to maintain under this Neighborhood Charter, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

9.1.3 Workmen's compensation insurance to the extent necessary to meet the requirements of applicable law;

9.1.4 Such other insurance as the Neighborhood Board shall determine from time to time to be appropriate to protect the Neighborhood Association or the Owners;

9.1.5 Each insurance policy purchased by the Neighborhood Association shall, to the extent reasonably available, contain the following provisions:

(a) The insurer issuing such policy shall have no rights of subrogation with respect to claims against the Neighborhood Association or its agents, servants or employees, or with respect to claims against Owners or Occupants;

(b) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Neighborhood Association, will void the policy or adversely affect recovery on the policy;

(c) The coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners, Occupants or Mortgagees;

(d) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of the negligent acts of the Neighborhood Association or other Owners or Occupants;

(e) Statement naming the Neighborhood Association as the insured;

(f) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify any Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

9.2 Certificates of Insurance. An insurer which has issued an insurance policy under this Article shall issue a certificate or a memorandum of insurance to the Neighborhood Association and, upon request, to any Owner or Mortgagee. Any insurance obtained pursuant to this Article shall not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Neighborhood Association and to each Owner and each Mortgagee to whom certificates of insurance have been issued.

9.3 Payment of Premiums. The premiums for any insurance obtained by the Neighborhood Association pursuant to this Neighborhood Charter shall be included in the budget of the Neighborhood Association and shall be paid by the Neighborhood Association.

9.4 Payment of Insurance Proceeds. With respect to any loss to the Common Area covered by property insurance obtained by the Neighborhood Association, the loss shall be adjusted with the Neighborhood Association, and the insurance proceeds shall be payable to the Neighborhood Association and not to any Mortgagee. Subject to the provisions of Section 9.5, the proceeds shall be disbursed for the repair or restoration of the damage to the Common Area.

9.5 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Area which is damaged or destroyed shall be repaired or replaced promptly by the Neighborhood Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners representing at least eighty percent (80%) of the total votes in the Neighborhood Association vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Neighborhood Association. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either: (i) be retained by the Neighborhood Association as an additional capital reserve; or (ii) be used for payment of operating expenses of the Neighborhood Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Neighborhood Association Members representing more than fifty percent (50%) of the votes in the Neighborhood Association.

ARTICLE 10

GENERAL PROVISIONS

10.1 Enforcement. The Neighborhood Association or any Owner shall have the right to enforce the Project Documents. Moreover, Utah County shall have the right to enforce certain portions of this Neighborhood Charter pursuant to certain future agreements that may be entered into by and between Neighborhood Developer, the Neighborhood Association and Utah County. In the event of a failure by the Neighborhood Association to enforce this Neighborhood Charter following at least thirty (30) days prior written notice to the Neighborhood Association of such failure, Utah County may, in its discretion, cause suit to be brought against the Neighborhood Association for the purpose of enforcing this Neighborhood Charter, or may, in Utah County's sole discretion, itself bring and prosecute a suit in the name of the Neighborhood Association for the purpose of enforcing the terms of this Neighborhood Charter. The Neighborhood Association shall indemnify and hold Utah County, its agents, officials, officers, representatives, and employees, harmless from all costs, expenses (including attorneys' fees) and liabilities resulting from any such action taken by Utah County.

10.2 Term; Method of Termination. Unless terminated in accordance with this Section, this Neighborhood Charter (as amended from time to time pursuant to the provisions of this Neighborhood Charter, if applicable) shall continue in full force and effect for a term of twenty (20) years from the date this Neighborhood Charter is Recorded, after which time this

Neighborhood Charter shall be automatically extended for successive periods of ten (10) years each. This Neighborhood Charter may be terminated at any time if such termination is approved by the affirmative vote or written consent, or any combination thereof, of Neighborhood Association Members holding ninety percent (90%) or more of the votes in the Neighborhood Association. If the necessary votes and consents are obtained, the Neighborhood Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Neighborhood Association, with their signatures acknowledged. Thereupon this Neighborhood Charter shall have no further force and effect, and the Neighborhood Association shall be dissolved pursuant to applicable law.

10.3 Amendments.

10.3.1 Subject to amendments made pursuant to Sections 10.3.2, 10.3.3 and 10.3.4 of this Neighborhood Charter, this Neighborhood Charter may only be amended by the written approval or the affirmative vote, or any combination thereof, of Neighborhood Association Members holding not less than sixty-seven percent (67%) of the votes in the Neighborhood Association. This Neighborhood Charter cannot be amended without the prior written consent of Utah County, which consent shall not be unreasonably withheld. In the event that Utah County fails to respond to a request for approval of an amendment, by written notice to the Neighborhood Association of approval or disapproval, within thirty (30) days following the date that such request is received by the Chairman of the Board of County Commissioners, such amendment shall be deemed approved and no further action or approval of Utah County shall be required.

10.3.2 Either the Neighborhood Board or the Neighborhood Developer may amend this Neighborhood Charter, without obtaining the approval or consent of any Owner, Mortgagee or other Person, in order to conform this Neighborhood Charter to the requirements or guidelines of the Federal National Mortgage Neighborhood Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project or the Project Documents is required by law or requested by the Neighborhood Developer.

10.3.3 The Neighborhood Developer alone may amend or terminate this Neighborhood Charter prior to the closing of a sale of the first Lot. Notwithstanding anything contained in this Neighborhood Charter to the contrary, so long as the Neighborhood Developer or any Neighborhood Developer Affiliate owns any Lot or other portion of the Property, or any portion of the Additional Property, the Neighborhood Developer may amend this Neighborhood Charter without the consent or approval of any other Owner or other Person.

10.3.4 So long as the Neighborhood Developer or any Neighborhood Developer Affiliate owns any Lot or other portion of the Property, or any portion of the Additional Property, no amendment to this Neighborhood Charter shall be effective unless approved in writing by the Neighborhood Developer (or unless the Neighborhood Developer expressly waives in writing its right to approve such amendments).

10.3.5 Any amendment approved pursuant to Section 10.3.1 of this Neighborhood Charter or by the Neighborhood Board pursuant to Section 10.3.2 of this

Neighborhood Charter shall be signed by the President or Vice President of the Neighborhood Association and shall be Recorded. Any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Neighborhood Developer pursuant to Sections 10.3.2 or 10.3.3 of this Neighborhood Charter shall be executed by the Neighborhood Developer and shall be Recorded.

10.3.6 Neighborhood Developer, the Neighborhood Association and each Owner hereby agree and acknowledge that the Neighborhood Association's maintenance, repair and replacement duties set forth in Article 8 above shall not be amended or deleted and this Neighborhood Charter shall not be terminated without the prior written approval of Neighborhood Developer (prior to the expiration of the Period of Neighborhood Developer Control) and Utah County. Such approval shall be evidenced by a written consent attached to or incorporated in such Recorded amendment or certificate of termination executed by Neighborhood Developer (if necessary) and the Utah County Attorney or such other person as the Utah County Attorney may designate as the appropriate Utah County official to sign such instrument.

10.4 Interpretation. Except for judicial construction, the Neighborhood Association shall have the exclusive right to construe and interpret the provisions of this Neighborhood Charter. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Neighborhood 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 this Neighborhood Charter.

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

10.6 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Neighborhood Charter shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of the person holding the office of President of the United States on the date this Neighborhood Charter is Recorded.

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

10.8 Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Neighborhood Charter, the Neighborhood Association shall have the right to adopt, as part of the Neighborhood Association Rules, additional rules and regulations with respect to any other aspects of the Neighborhood Association's rights, activities and duties, provided said additional rules and regulations are not inconsistent with the provisions of the other Project Documents.

10.9 Laws, Ordinances and Regulations.

10.9.1 The covenants, conditions and restrictions set forth in this Neighborhood Charter and the provisions requiring Owners and other Persons to obtain the approval of the Neighborhood Board or the Architectural Review Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Neighborhood Charter shall not relieve an Owner or any other Person from the obligation also to comply with all applicable laws, ordinances and regulations.

10.9.2 Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be in violation of this Neighborhood Charter and subject to any or all of the enforcement proceedings set forth herein.

10.10 References to this Neighborhood Charter in Deeds. Deeds to and instruments affecting any Lot or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Neighborhood Charter; but regardless of whether any such reference is made in any deed or instrument, each and all of the provisions of this Neighborhood Charter shall be binding upon the grantee-Owner or other Person claiming through any instrument and his, her or its heirs, executors, administrators, successors and assigns.

10.11 Gender and Number. Wherever the context of this Neighborhood Charter so requires, any word used in the masculine, feminine or neuter genders shall include each of the other genders, words in the singular shall include the plural, and words in the plural shall include the singular.

10.12 Captions and Title; Section References; Exhibits. All captions, titles or headings of the Neighborhood Articles and Sections in this Neighborhood 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 meaning or intent thereof. References in this Neighborhood Charter to numbered Articles, Sections or Sections, or to lettered Exhibits, shall be deemed to be references to those paragraphs or Exhibits so numbered or lettered in this Neighborhood Charter, unless the context otherwise requires. Any Exhibits referred to in this Neighborhood Charter are hereby incorporated herein by reference and fully made a part hereof.

10.13 Notices. If notice of any action or proposed action by the Neighborhood Board or any committee or of any meeting is required by applicable law, the Project Documents or resolution of the Neighborhood Board to be given to any Owner, Lessee or Resident then, unless otherwise specified in the Project Documents or in the resolution of the Neighborhood Board, or unless otherwise required by law, such notice requirement shall be deemed satisfied if notice of such action, proposed action or meeting is: (a) sent by United States mail to the last known mailing address of the Owner, Lessee or Resident (as applicable), as shown in the records of the Neighborhood Association; or (b) if no such mailing address is reflected on the records of the Neighborhood Association, then sent by United States mail to the mailing address of the Lot (as applicable) if, at the time, there is a Residence situated thereon; or (c) if there is no such mailing

address reflected in the records of the Neighborhood Association and there is then no Residence situated on the applicable Lot, then sent or given in whatever reasonable manner the Neighborhood Board may elect, which may include, without limitation, publishing the same in any newspaper in general circulation within Utah County, Utah. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other reasonable and appropriate manner.

10.14 Indemnification. The Neighborhood Association shall indemnify each and every trustee and officer of the Neighborhood Association, and each and every member of any committee appointed by the Neighborhood Board (including, for purposes of this Section, former officers and directors of the Neighborhood Association, former members of the Architectural Review Committee, and former members of committees appointed by the Neighborhood Board) (collectively, "Neighborhood Association Officials" and individually an "Neighborhood Association Official") against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon a Neighborhood Association Official in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Neighborhood Board serving at the time of such settlement) to which he or she may be a party by reason of being or having been a Neighborhood Association Official, unless the liability for such expenses arises out of his or her own intentional misconduct. No Neighborhood Association Official shall have any personal liability with respect to any contract or other commitment made by them or action taken by them, in good faith, on behalf of the Neighborhood Association (except indirectly to the extent that such Neighborhood Association Official may also be a Neighborhood Association Member of the Neighborhood Association and therefore subject to Assessments hereunder to fund a liability of the Neighborhood Association), and the Neighborhood Association shall indemnify and forever hold each such Neighborhood Association Official free and harmless from and against any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Neighborhood Association Official may be entitled. If the Neighborhood Board deems it appropriate, in its sole discretion, the Neighborhood Association may advance funds to or for the benefit of any Neighborhood Association Official who may be entitled to indemnification hereunder to enable such Neighborhood Association Official to meet on-going costs and expenses of defending himself or herself in any action or proceeding brought against such Neighborhood Association Official by reason of his or her being, or having been, a Neighborhood Association Official. In the event it is ultimately determined that a Neighborhood Association Official to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section 10.14 or otherwise under the Neighborhood Articles, Neighborhood Bylaws or applicable law, such Neighborhood Association Official shall promptly upon demand repay to the Neighborhood Association the total of such funds advanced by the Neighborhood Association to him or her, or for his or her benefit, with interest (should the Neighborhood Board so elect) at a rate not to exceed ten percent (10%) per annum from the date(s) advanced until paid.

10.15 No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek, any judicial partition of the Common Area, nor shall any Owner sell, convey, transfer, assign, hypothecate or otherwise alienate all or any of such Owner's interest in the Common Area or any funds or other assets of the Neighborhood

Association except in connection with the sale, conveyance or hypothecation of such Owner's Lot (and only appurtenant thereto), or except as otherwise expressly permitted herein. This Section shall not be construed to prohibit the Neighborhood Board from acquiring and disposing of tangible personal property nor from acquiring or disposing of title to real property (other than disposition of title to the Common Area, which shall be subject to Section 5.1) which may or may not be subject to this Neighborhood Charter.

10.16 Property Held in Trust. Except as otherwise expressly provided in this Neighborhood Charter, any and all portions of the Property (and of the Additional Property) which are now or hereafter held in a subdivision or similar trust or trusts (or similar means of holding title to property), the beneficiary of which trust(s) is the Neighborhood Developer or a Neighborhood Developer Affiliate, shall be deemed for all purposes under this Neighborhood Charter to be owned by the Neighborhood Developer or such Neighborhood Developer Affiliate, as applicable, and shall be treated for all purposes under this Neighborhood Charter in the same manner as if such property were owned in fee by the Neighborhood Developer or such Neighborhood Developer Affiliate, as applicable. No conveyance, assignment or other transfer of any right, title or interest in or to any of such property by the Neighborhood Developer or any such Neighborhood Developer Affiliate to any such trust (or the trustee thereof) or to the Neighborhood Developer or any such Neighborhood Developer Affiliate by any such trust (or the trustee thereof) shall be deemed for purposes of this Neighborhood Charter to be a sale of such property or any right, title or interest therein.

10.17 Number of Days. In computing the number of days for purposes of any provision of this Neighborhood Charter or the Neighborhood Articles or Neighborhood Bylaws, all days shall be counted including Saturdays, Sundays and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or legal holiday.

10.18 Notice of Violation. The Neighborhood Association shall have the right to Record a written notice of a violation by any Owner or Occupant of any restriction or provision of the Project Documents. The notice shall be executed and acknowledged by an officer of the Neighborhood Association and shall contain substantially the following information: (a) the name of the Owner or Occupant; (b) the legal description of the Lot against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Neighborhood Association pursuant to this Neighborhood Charter; and (e) a statement of the specific steps which must be taken by the Owner or Occupant to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Occupant, and to any subsequent Purchaser of the Lot, that there is such a violation. If, after the Recordation of such notice, it is determined by the Neighborhood Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Neighborhood Association shall Record a notice of compliance which shall state the legal description of the Lot against which the notice of violation was recorded, the Recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or, if such be the case, that it did not exist. Notwithstanding the foregoing, failure by the Neighborhood Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

10.19 Disclaimer of Representations. Notwithstanding anything to the contrary herein, neither the Neighborhood Developer nor any Neighborhood Developer Affiliate makes any warranties or representations whatsoever that the plans presently envisioned for the complete development of the Project can or will be carried out, or that any real property now owned or hereafter acquired by the Neighborhood Developer or by any Neighborhood Developer Affiliate is or will be subjected to this Neighborhood Charter, or that any such real property (whether or not it has been subjected to this Neighborhood Charter) is or will be committed to or developed for a particular (or any) use, or that if such real property is once used for a particular use, such use will continue in effect. While neither the Neighborhood Developer nor any Neighborhood Developer Affiliate believes that any of the restrictive covenants contained in this Neighborhood Charter is or may be invalid or unenforceable for any reason or to any extent, neither the Neighborhood Developer nor any Neighborhood Developer Affiliate makes any warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Lot agrees to hold the Neighborhood Developer and all Neighborhood Developer Affiliates harmless therefrom.

10.20 Ski Area Operations. By acceptance of a deed to a Lot, each Owner hereby agrees and acknowledges the Project is located adjacent to a public skiing facility known as Sundance Ski Resort (the "Ski Facility"), which area may generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof. The activities associated with the Ski Facility include, without limitation: (i) vehicular and residential traffic, including, without limitation, (a) buses, vans, snowcats, snowmobiles and other vehicles which transport residents and guests around and through the Ski Facility, and (b) construction vehicles and equipment; (ii) activities relating to the construction, operation and maintenance of ski trails, skiways and skier bridges and tunnels relating to the Ski Facility, including, without limitation, (a) construction, operation and maintenance of access roads serving the Ski Facility, snow-making equipment and chair lifts, gondolas and other skier transportation systems, and (b) operation of snow-grooming vehicles and equipment, and safety and supervision vehicles; and (iii) activities relating to the use of the Ski Facility, including, without limitation, skiing, snow-boarding, hiking, horseback riding, bicycling and other recreational activities. By acceptance of a deed to a Lot, each Owner also agrees and acknowledges that the Neighborhood Developer is not the operator of the Ski Facility, and accordingly, the Neighborhood Developer cannot make any representations relating thereto. Neither the Neighborhood Developer nor any of its employees or agents can make any representations regarding the opening or closing dates of the Ski Facility or other nearby ski areas in any given year. Each Owner fully understands that the operator of those ski areas may decide, in its sole discretion, whether any or all of the ski lifts within those ski areas should be operated.

10.21 Off Site Construction. By acceptance of a deed to a Lot, each Owner hereby agrees and acknowledges, that, inasmuch as an Owner is purchasing a Lot during a period of construction at the Project, and the acquisition of Lot will occur prior to the completion of the construction of other Lots and Improvements at the Project, there will be certain inconveniences, including, but not limited to, interruption of travel caused by road construction, noise, dust, odors and debris associated with construction, until all construction within the Project is complete.

Each Owner waives all claims against the Neighborhood Developer, Neighborhood Developer Affiliate, Community Neighborhood Association, Neighborhood Association or any of their employees or agents with respect to any such inconveniences and nuisances.

10.22 Amendments Affecting Neighborhood Developer Rights. Notwithstanding any other provision of this Neighborhood Charter to the contrary, no provision of this Neighborhood Charter (including but not limited to, this Section) which grants to or confers upon the Neighborhood Developer or upon any Neighborhood Developer Affiliate any rights, privileges, easements, benefits or exemptions (except for rights, privileges, easements, benefits, or exemptions granted to or conferred upon Owners generally) shall be modified, amended or revoked in any way, so long as the Neighborhood Developer, any Neighborhood Developer Affiliate or a trustee for the benefit of the Neighborhood Developer or any Neighborhood Developer Affiliate owns any portion of the Property, without the express written consent of the Neighborhood Developer.

10.23 Bulk Service Agreements.

10.23.1 The Neighborhood Board, acting on behalf of the Neighborhood Association, shall have the right, power and authority to enter into one or more Bulk Service Agreements with one or more Bulk Providers (each of which terms is defined below), for such term(s), at such rate(s) and on such other terms and conditions as the Neighborhood Board deems appropriate, all with the primary goals of providing to Owners and Occupants of Lots or both within the Property, or within one or more portions thereof, cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or any concierge or other personal services: (a) which might not otherwise be generally available to such Owners and Occupants; (b) at rates or charges lower than might otherwise generally be charged to Owners and Occupants for the same or similar services; (c) otherwise on terms and conditions which the Neighborhood Board believes to be in the interests of Owners and Occupants generally; or (d) any combination of the foregoing.

10.23.2 If all Lots within the Property are to be served by a particular Bulk Service Agreement, the Neighborhood Board shall have the option either to: (a) include the Neighborhood Association's costs under such Bulk Service Agreement in the budget for each applicable fiscal year and thereby include such costs in the Annual Assessments for each such applicable year; or (b) separately bill to each Owner his, her or its proportionate share of the Neighborhood Association's costs under such Bulk Service Agreement (as reasonably determined by the Neighborhood Board, and with such frequency as may be determined by the Neighborhood Board, but no more often than monthly) (provided that such "separate billing" may be made as one or more separate line items on billings or invoices from the Neighborhood Association to the affected Owner(s) for Assessments or other charges). If not all Lots within the Property will be served by a particular Bulk Service Agreement the Neighborhood Board shall have only the billing option described in clause (b) above.

10.23.3 The Neighborhood Developer, for each Lot, hereby covenants and agrees, and each Owner other than the Neighborhood Developer, by becoming the Owner of a Lot, is deemed to covenant and agree, to pay all amounts levied or charged against or to him, her

or it (or his, her or its Lot) by the Neighborhood Board pursuant to this Section 10.23, and all such amounts: (a) shall be deemed to be a part of the Assessments against the Lots against or to which they are levied or charged (or against or to whose Owners they are levied or charged); (b) with interest, late charges and all costs, including but not limited to reasonable attorneys fees, incurred by the Neighborhood Association in collecting or attempting to collect delinquent amounts, shall be secured by the lien for Assessments established by this Neighborhood Charter; and (c) as with other Assessments, shall also be the personal obligation of each Person who was an Owner of the Lot at the time such amount became due (which personal obligation for delinquent amounts shall not pass to the successors in title of the Owner unless expressly assumed by them unless title is transferred to one or more such successors for purposes of avoiding payment of such amounts or other Assessments or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title).

10.23.4 No Owner of a Lot covered by a Bulk Service Agreement shall be entitled to avoid or withhold payment of amounts charged by the Neighborhood Board to such Owner or such Owner's Lot under this Section 10.23, whether on the basis that such Owner does not use, accept or otherwise benefit from the services provided under such Bulk Service Agreement, or otherwise. However, the Neighborhood Board shall have the right, at its option, to exempt from payment of such amounts any Lot upon which no Residence or other building has been completed.

10.23.5 "Bulk Provider" means a private, public or quasi-public utility or other company which provides, or proposes to provide, cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or concierge or other personal services, to Owners, Residents, Lots within the Property, or within one or more portions thereof, pursuant to a "Bulk Service Agreement" (as defined below).

10.23.6 "Bulk Service Agreement" means an agreement between the Neighborhood Association and a Bulk Provider pursuant to which the Bulk Provider would provide cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or concierge or other personal services, to Owners, Residents, Lots with the Property, or within one or more portions thereof.

10.23.7 During the Period of Neighborhood Developer Control, the Neighborhood Board shall not, without the approval of Neighborhood Association Members holding at least fifty-one percent (51%) of all Class A votes represented in person or by proxy at an annual or special meeting of the Neighborhood Association Members of the Neighborhood Association, enter into a Bulk Service Agreement which imposes on the Neighborhood Association or its Neighborhood Association Members (other than the Neighborhood Developer who agrees in writing thereto) any obligation to pay the direct costs of construction of any cables, lines or other facilities or equipment for any cable television, community satellite television, high speed Internet, security monitoring or electronic entertainment, information, communication or security services, but nothing in this Section 10.23.7 shall prevent the Neighborhood Board from entering into, or require approval by the Neighborhood Association Members of, any Bulk Service Agreement which imposes on the Neighborhood Association or

its Neighborhood Association Members installation, connection, service charge or similar charges or fees which do not exceed those generally prevailing at the time within the greater Utah County, Utah, area, or which includes as a component of the monthly fee charged by the Bulk Provider amortization of some or all of its capital costs and related costs in providing services under the Bulk Service Agreement.

10.24 Maintenance and Open Space Preservation Agreement. That certain Maintenance and Open Space Preservation Agreement (the "Preservation Agreement") among Neighborhood Developer, the Neighborhood Association, and Utah County, which Agreement is being recorded concurrently herewith in the Office of the Utah County Recorder, is, by this reference, incorporated herein and made a part hereof. Notwithstanding anything contained herein to the contrary, in the event of any conflict between the terms of the Project Documents and the terms of the Preservation Agreement, the terms and provisions of the Preservation Agreement shall control.


IN WITNESS WHEREOF, the Neighborhood Developer has executed this instrument as of the date first set forth above.

NEIGHBORHOOD DEVELOPER:

SUNDANCE PARTNERS, LTD.,
a Utah limited partnership

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

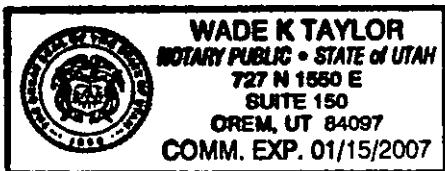
By: SUNDANCE ENTERPRISES, INC.,
a Utah corporation,
Its Managing Member

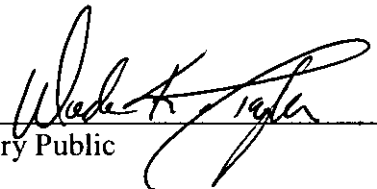
By: 

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 Neighborhood Charter. U.S. Bank National Association, hereby subordinates the lien and encumbrances of the Deeds of Trust to this Neighborhood Charter and to the rights of the Owners as set forth in such Neighborhood 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 Neighborhood Charter and Plat, U.S. Bank further consents to the subdivision of said property into lots, and subordinates the lien and encumbrances of the Deeds of Trust to the Plat and to all areas dedicated to the public, or dedicated for public use, all roads and streets (public and private), all utility easements, all other easements, all common areas, and all open spaces, as shown on the Plat.

U.S. Bank National Association

By: 
Its: Vice President

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

The foregoing instrument was acknowledged before me this 14th day of December, 2004, by John Seastrand, the Vice President of U.S. Bank National Association.

Sandy Ricks

NOTARY PUBLIC
Residing at: Salt Lake County, Utah

My Commission Expires:

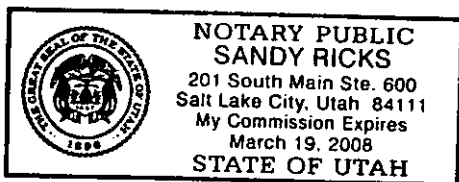


EXHIBIT A

Description of the Project

Lot Nos. 1-9, inclusive, THE RIDGE LOTS AT SUNDANCE COMMUNITY PRESERVE, SUNDANCE RECREATION RESORT, PLAT K according to the official plat thereof on file and of record in the Office of the Utah County Recorder.

Described in metes in bounds as follows:

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.