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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATION OF EASEMENTS FOR
THE HOMESTEAD AT HALES FARM**

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THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR THE HOMESTEAD AT HALES FARM (the "Declaration") is made this 1st day of June, 2015 by Brighton Homes Utah, LLC, a Delaware limited liability company ("Declarant").

RECITALS

A. Declarant owns certain real property in the City of Kaysville, in Davis County, Utah, and a portion of said property, as more particularly described in **Exhibit "A"** attached hereto, shall constitute the property initially covered by this Declaration ("Original Property");

B. The Association hereby accepts, the maintenance and other obligations associated with the Common Area within the Community; and

C. In order to efficiently manage and to preserve the value and appearance of the Community, it is necessary and desirable to create a nonprofit corporation to maintain Common Areas in the Community; to collect assessments and disburse funds as hereinafter set forth; and to perform such other acts as shall generally benefit the Community and the Homeowners. The Homestead at Hales Farm Homeowners Association, a homeowners association and a Utah nonprofit corporation, has or will be organized for the purpose of exercising the aforementioned powers and functions.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that all of the Original Property, and, from the date(s) of respective annexation, all Property annexed pursuant to Article 14 (collectively, "Properties") shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Properties (as defined in Article 1 hereof). The protective covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall run with and burden the Properties and shall be binding upon all Persons having or acquiring any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns; shall inure to the benefit of every portion of the Properties and any interest therein; and shall inure to the benefit of and be binding upon, and may be enforced by, Declarant, and each Owner and their respective heirs, executors and

administrators, and successive owners and assigns. All Units within the Properties shall be used, improved, devoted, and limited exclusively to single Family residential use. The Community is not a cooperative, as referred to in U.C.A. 57-8a-212. The Association and Declarant hereby appoint North American Title Insurance Company, at 290 South Main Street Bountiful, UT 84010, as trustee for the purpose of securing payment of assessments. The Declarant hereby conveys and warrants pursuant to U.C.A. Sections 57-1-20 and 57-8a-302 to North American Title Insurance Company with power of sale, the Lots and Units and all Improvements to the Lots and Units for the purpose of securing payment of assessments under the terms of the Declaration.

1. DEFINITIONS

1.1 "Annual Assessment" shall mean the charge levied and assessed each year against each Unit pursuant to Sections 5.4 and 5.5 hereof.

1.2 "Area of Common Responsibility" shall mean all of the properties and facilities owned by Association, for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility (including any maintenance obligations) regardless of who owns them. The Area of Common Responsibility includes all of the Common Area and may also include Units or portions of Units and property dedicated to the public, such as public rights-of-way, trails, parks, and open spaces.

1.3 "Association" shall mean The The Homestead at Hales Farm Homeowners Association, a Utah nonprofit corporation or limited liability company, organized or to be organized to administer and enforce the covenants and to exercise the rights, powers and duties set forth in this Declaration.

1.4 "Board" shall mean the Board of Trustees of the Association.

1.5 "Builders" shall mean those Persons, other than Declarant, who purchase one or more unimproved or improved lots or parcels of land within the Community for further subdivision or development and resale in the ordinary course of their business.

1.6 "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

1.7 "Common Area" shall mean all real property or interests therein (and any personal property) owned or leased by the Association, but shall exclude Units. The Common Area shall include all of that real property designated on the Plat as a "Common Area," "Limited Common Area", "Common Element", "Common Space", "Open Space" or such similar term, including, but not necessarily limited to, any public access easement, landscape easement, and any Improvements respectively thereon, and shall constitute Common Area as to the Properties. Without limiting the generality of the foregoing, Common Areas shall include any entry statements, any park, perimeter walls and fencing, fencing along the public walking trails, and certain designated drainage and sewer easement areas.

1.8 “Common Expenses” shall mean all expenses for maintenance, repairs, landscaping, utilities and taxes incurred on or in connection with, and for improvements and additions to, Areas of Common Responsibility within the Community, including snow removal, landscape maintenance, regular garbage collection, all insurance premiums for all insurance that the Association is required or permitted to maintain, all expenses incurred in connection with enforcement of this Declaration, expenses of management; utility charges, including charges for utility services to the Units to the extent not separately metered or billed; all amounts which the Association agrees to pay by written agreement for services or amenities benefiting the Community; legal and accounting fees; consulting fees; any deficit remaining from a previous period; creation or an adequate contingency reserve, major maintenance reserve; creation of an adequate reserve fund for maintenance repairs, all expenses expressly declared to be Common Expenses by this Declaration or the Bylaws of the Association, and all other expenses which the Association is entitled to incur pursuant to the provisions of this Declaration or its Bylaws.

1.9 “Community” shall mean the collective reference to all real, personal and mixed property shown on the Plat and governed by this Declaration.

1.10 “City” shall mean the City of Kaysville.

1.11 “County” shall mean Davis County.

1.12 “Development and Sale Period” means the period of time during which the Declarant or any Declarant Affiliate owns real property in the Community or has an unexpired option to expand the Community.

1.13 “Emergency Assessment” shall have the meaning set forth in Section 5.7.

1.14 “Family” means one individual, or two or more persons related by blood, marriage, or adoption, living together in a single dwelling unit and maintaining a common household. A family may include four, but not more than four, non-related persons living with the residing family. The term “family” shall not be construed to mean a group of non-related individuals, a fraternity, club or institutional group.

1.15 “Declarant” shall mean Brighton Homes Utah, LLC, a Delaware limited liability company, and any Person to which it shall have assigned any rights hereunder of a Declarant by an express written and Recorded assignment executed by Brighton Homes Utah, LLC, a Delaware limited liability company.

1.16 “Declarant Affiliate” means any Person that is owned or controlled by the Declarant or is otherwise affiliated with Declarant through direct or indirect common ownership or control.

1.17 “Declarant Control Period” means the period of time described in Section 2.2 of this Declaration.

1.18 “Governing Documents” shall mean the Declaration, articles/certificate of incorporation and bylaws for the Association, Plat, and rules and regulations of the Association.

1.19 “Improvement” shall mean any structure or appurtenance thereto of every type and kind, whether above, on, or below the land surface, placed in the Community, including but not limited to Residences and other buildings, walkways, sprinkler pipes, swimming pools, spas and other recreational facilities, carports, garages, roads, driveways, parking areas, walls, private roads, fences, screening walls, block walls, retaining walls, stairs, decks, landscaping, antennae, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, storage areas, exterior air conditioning and water-softener fixtures or equipment.

1.20 “Individual Assessment” shall have the meaning set forth in Section 5.8.

1.21 “Lot” shall mean any numbered portion of a parcel of real property shown upon any recorded plat of the Property together with any Improvements constructed thereon, with the exception of the areas designated as lettered tracts and areas dedicated to the public. Each Lot shall be a separate freehold estate.

1.22 “Member” shall mean any person that is a member of the Association pursuant to the provisions of Section 3.1.

1.23 “Owner” means the Person or Persons, including Declarant, holding fee simple interest of record to any Unit. The term “Owner” includes a seller under an executory contract of sale but excludes Mortgagees.

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

1.25 “Plat” shall mean the final plat map of The Homestead at Hales Farm Phase 1, Recorded on February 19, 2015, in Book 6207 of Plats, Page 569, and any other plat map(s) of additional parcel(s) subsequently Recorded, as said plat map from time to time maybe amended or supplemented of record by Declarant, together with any map which may, in the future, be Recorded.

1.26 “Property” or “Properties” shall mean the real, personal, or mixed property described in Recital A above which is subject to this Declaration, and all property as may be brought within this Declaration pursuant to Article 14 (“Annexation”).

1.27 “Record,” “Recorded,” “Recorder,” “Filed” or “Recordation” shall mean, with respect to any document, the recordation of such document in the official records of the County Recorder of the County.

1.28 “Reinvestment Fee” shall have the meaning set forth in Section 5.14.

1.29 “Residence” means a building located on a Lot designed and intended for use and occupancy as a residence by a single Family.

1.30 “Rules” shall mean any rules or regulations adopted by the Association pursuant to this Declaration.

1.31 “Special Assessment” shall mean any assessment, other than an Annual Assessment, that is levied and assessed pursuant to this Declaration.

1.32 “Supplement” shall mean any document recorded by Declarant or a Declarant Affiliate that is meant to supplement the provisions of this Declaration.

1.33 “Unit” shall mean a subdivided lot or condominium unit within the Community depicted as a separately identified parcel on a recorded subdivision plat, survey, or condominium instrument, which may be independently owned and conveyed and is zoned or otherwise intended for development, use, and occupancy as an attached or detached residence for a single Family. The term “Unit” further refers to the land, if any, which is part of the Unit, as well as to any structures or other Improvements on the Unit. In the case of a building within a condominium or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. A parcel of land is considered a single Unit until a subdivision plat, survey, or condominium instrument is recorded subdividing it into more than one Unit. The term Unit does not include Common Areas or property dedicated to the public.

2. COMMUNITY ADMINISTRATION

2.1 Declarant. The Declarant has reserved various rights in the Governing Documents with respect to development and administration of the Community. The Declarant may exercise certain of these rights throughout the Development and Sale Period.

2.2 Declarant Control Period. The Declarant has reserved other rights that may be exercised during the Declarant Control Period. The Declarant Control Period begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

2.2.1 When all Units permitted by applicable zoning for the property described in the Declarant's or the Declarant Affiliate's master plan for the Community have certificates of occupancy issued thereon and have been conveyed to persons other than Builders holding title for purposes of construction and resale;

2.2.2 December 31, 2045; or

2.2.3 When, in its discretion, the Declarant so determines and declares in a recorded instrument.

2.3 Declarant Approval Rights. The Declarant may also have certain approval rights for a limited period as provided in the Bylaws after the termination of the Declarant Control Period.

2.4 Assignment of Declarant Rights. The Declarant may assign its status and rights as the Declarant under the Governing Documents to any Declarant Affiliate or any person who takes title to any portion of the property described in Exhibit "A" or Exhibit "B" for the purpose of development and/or sale. Such assignment shall be made only in a recorded instrument signed by both parties, and shall not prevent Declarant from assigning its status and rights for any other property subject to this Declaration.

2.5 The Association. The Declarant has established or will establish the Association as the primary entity responsible for administering the Community in accordance with the Governing Documents. The Association may exercise all rights and powers that the Governing Documents and Utah law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege.

2.6 The Board. On most matters, the Association acts through the Board. However, in some instances the Governing Documents or applicable law limits the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Utah law specifically provide otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

2.6.1 The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of

the Governing Documents, or any other civil claim or action. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or its members.

2.6.2 In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in the Bylaws.

2.7 Builders. Much of the responsibility and credit for helping to create the Community rests with the Builders. The Builders have the same privileges and responsibilities as Owners during the time that they own Units for construction and resale, including the privileges of membership in the Association. In addition, the Declarant may extend any of the rights it has reserved under the Governing Documents with respect to development, marketing, and sale of property in the Community to such Builders as it may designate.

3. MEMBERSHIPS AND VOTING

3.1 Membership. Every Owner shall be a Member of the Association. No evidence of membership in the Association shall be necessary other than evidence of ownership of a Lot. Membership in the Association shall be mandatory and shall be appurtenant to the Lot in which the Owner has the necessary interest. The rights and obligations of a Member shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and any such transfer shall automatically transfer the membership appurtenant to such Lot to the new Owner thereof.

3.2 Classes of Membership. The Association shall have two (2) classes of membership:

3.2.1 CLASS A. "Class A Members" shall be the Members of the Association which are all Owners of Lots within the Property, with the exception of the Declarant. The Class A Members shall be non-voting Members of the Association until such time as voting rights of the Class B Member expire, as provided below. Upon the Class A Members becoming entitled to voting rights, each Class A Member shall be entitled to one (1) vote for each Lot owned and when more than one (1) person holds an interest in a Lot, all such persons shall be Class A Members but the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot owned by a Class A Member(s).

3.2.2 CLASS B. "Class B Members" shall be the Declarant, and Members of the Association who are successors in title to Declarant as Owner(s) to Lot(s), to whom Declarant has specifically granted such Class B Member voting rights in a writing recorded in the records of Davis County, Utah. If Declarant has not granted such Class B voting rights in such a recorded writing, the Owner of a Lot shall be a Class A Member. The Class B membership and the Class B Member voting rights shall cease and be converted to Class A membership and Class A voting rights when the Declarant

(including any transferee who becomes Declarant) relinquishes its rights as Declarant under this Declaration.

3.2.3 Additional Classes of Membership. The Declarant may, by Supplement, create additional classes of membership comprised of the owners of Units within any portion of the additional property submitted to this Declaration. The Declarant shall specify in any such Supplement the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

3.3 Quorum. A quorum for any meeting of the Members shall be the presence in person or by proxy of no fewer than twenty-five percent (25%) of all Members entitled to cast a vote. Absent a quorum, the Members who are present at the noticed meeting may adjourn the meeting to a date, time and place specified prior to adjournment which is no less than five (5) and no more than thirty (30) days after the time of the noticed meeting. A quorum at such later "adjourned meeting" shall be the presence in person or by proxy of no fewer than ten percent (10%) of all Members.

3.4 Conduct of Meeting. If a quorum is present at any meeting or adjourned meeting, the first item of business thereat shall be the selection of a Director of Election, who shall preside over the conduct of the meeting. The Members shall act by majority vote of a quorum, except that members of the Board shall be elected by plurality such that the individual receiving the highest number of votes shall be elected to fill one vacancy, the individual receiving the next highest number of votes shall be elected to fill a second vacancy (if any), and the individual receiving the next highest number of votes shall be elected to fill a third vacancy (if any).

3.5 Lists of Owners. The Association shall maintain up-to-date records showing the name of each person who is an Owner, the address of such person, and the Lot which is owned by such person. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Association with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Davis County, Utah. The Association may for all purposes act and rely on the information concerning Owners and Lot ownership which is thus acquired by it, or at its option, the Association may act and rely on current ownership information respecting any Lot or Lots which is obtained from the office of the County Recorder of Davis County, Utah. The address of an Owner shall be deemed to be the address of the lot owned by such person unless the Association is otherwise advised.

4. ASSOCIATION

4.1 Formation of Association. The Association shall be a nonprofit Utah corporation or limited liability company charged with the duties and invested with the powers prescribed by law and set forth in its articles/certificate of incorporation and Bylaws and the Association. Neither the articles/certificates of incorporation nor Bylaws of the Association shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

4.2 Board of Trustees and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the articles/certificate or incorporation and Bylaws of the Association as the same may be amended from time to time. The initial Board shall be composed of three (3) natural persons, who need not be members of the Association. The Board may also appoint various committees and may appoint and hire at Association expense a manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the manager or any other employee of the Association. Until the end of the Declarant Control Period, the Declarant shall have the right to appoint and substitute all members of the Board.

4.3 Board Composition. Except for the initial Board and substitute Board members appointed by Declarant during the Declarant Control Period, all members of the Board must be Owners at the time of their election. Should any member move his or her residence outside of the Community, such member shall automatically be deemed to have resigned and the Board shall declare a vacancy. Upon expiration of the Declarant Control Period, all Board members appointed by the Declarant then serving shall be released from responsibility. The reorganization of the Board shall be by a vote of the then current Owners within the Community present at a duly called meeting of the Owners.

4.4 Term of Office. The term of office of each Board member elected following the termination of Declarant Control Period shall be as follows: each such Board member shall serve for terms of two (2) years beginning immediately upon their election by the Association; provided however that one (1) of the Board members elected at the first annual meeting at which Trustees are chosen by a vote of the Owners shall serve for an initial term of one (1) year, and thereafter, all trustees elected shall serve for two (2) years, commencing on the date of election and extending until a successor is elected pursuant to the Bylaws of the Association. Any such Board member may succeed himself, and there shall be no limit to the number of terms of any such member.

4.5 No Personal Liability. Neither the Declarant, any manager or member of Declarant, nor any member of the Board, officer, manager or other employee or committee member of the Association shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, claim or prejudice suffered or claimed on account of any act, omission to act, negligence, or other matter, of any kind or nature related to his or her involvement in the affairs of the Association, except for acts of fraud or theft, or acts performed intentionally and with malice. The Association shall indemnify every officer and member of the Board against any and all expenses, including but not limited to attorneys' fees reasonably incurred by or imposed upon any officer or member of the Board in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or member of the Board. The officers, managers and members of the Board shall not be liable for any mistake of judgment, negligent or otherwise, including any decision to not institute Proceedings except for their own individual acts performed intentionally and with malice and any acts that are *ultra vires*. The officers, managers and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or members of the Board

may also be Owners), and the Association shall indemnify and forever hold each such officer and member of the Board free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or member of the Board, or former officer or member of the Board, may be entitled. After the Declarant Control Period and the first election of members of the Board by Owners, the Association shall, as a Common Expense, maintain adequate general liability and officer's and director's insurance coverage to fund this obligation.

5. ASSESSMENTS

5.1 Obligation for Assessments. By accepting a deed or entering into a recorded contract to purchase any Unit, each Owner except Declarant and the Declarant Affiliates, covenants and agrees to pay all assessments authorized in the Governing Documents. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

5.1.1 The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Annual Assessments and Special Assessments at the rate established for the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

5.1.2 No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or non-use of services provided to all Units or to all Units within the Service Area to which the Unit is assigned. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

5.1.3 Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

5.1.4 Notwithstanding anything to the contrary herein, Declarant shall be exempt from the payment of Annual Assessments and Special Assessments.

5.2 Exempt Property. The following property shall be exempt from payment of Annual Assessments and Special Assessments:

5.2.1 All Common Area and such portions of the property owned by the Declarant or any Declarant Affiliate as are included in the Area of Common Responsibility;

5.2.2 All Units or portions of the Property owned by Declarant and the Declarant Affiliates;

5.2.3 Any property dedicated to and accepted by any governmental authority, public school, public utility; and

5.2.4 Any property owned by any religious organization or house of worship.

5.2.5 In addition, the Association may, by resolution, grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c) of the Internal Revenue Code.

5.3 Use and Consumption Fees. The Association may offer services or facilities for which it does not recover its costs through assessments under this Article. The Board may charge use, consumption, and activity fees to any Person using Association services or facilities or participating in Association-sponsored activities. The Board may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

5.4 Annual Assessments. Commencing on January 1, 2015, an Annual Assessment shall be made against each Unit, except any Unit owned by Declarant or a Declarant Affiliate, for the purpose of paying (or creating a reserve for) Common Expenses. Prior to January 1, 2015, Declarant shall be responsible for all necessary expenses related to the Common Areas.

5.5 Amount of Initial Annual Assessments and Subsequent Increases.

5.5.1 The initial Annual Assessment for the Assessment Period beginning on January 1, 2015 shall be \$200.00 per Unit. Annual Assessments for each Assessment Period thereafter shall continue at the rate of \$200.00 per Unit unless and until increased or decreased in accordance with this Declaration.

5.5.2 After January 1, 2015, the Annual Assessment may be increased each year in the discretion of the Board by not more than twenty-five percent (25%) of the Annual Assessment for the previous year.

5.5.3 From and after January 1, 2015, the Annual Assessment may be increased above twenty-five percent (25%) limit by a vote of sixty-six and two-thirds percent (66.66%) of the Members (voting in person or by proxy) at a meeting duly called for that purpose.

5.6 Special Assessments. In addition to the Annual Assessment authorized above, the Association may levy, except with respect to Units owned by Declarant or a Declarant Affiliate, in any Assessment Period, a Special Assessment applicable to that period only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Common Area, or for the purpose of defraying other

extraordinary expenses; provided that any such assessment shall have the assent of a majority of the total number of votes held by the Owners (voting in person or by proxy) at a meeting duly called for such purpose. Such Special Assessments shall be collected in monthly payments over a twelve-month period (or longer) unless the possibility of a more accelerated collection plan is duly noted in the notice for the Owners meeting held for the passage of the Special Assessment, and the more accelerated collection plan is separately approved by the assent of a majority of the total number of votes held by the Owners (voting in person or by proxy) at a meeting duly called for the passage of the Special Assessment. Fines against individual Owners may also be levied as Special Assessments pursuant to Section 8.2.1.1 and shall not be subject to the voting and Owner approval requirements set forth in this Section 5.6.

5.7 Emergency Assessments. If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's assessments on a current basis, the Board shall, as soon as practicable, determine the approximate amount of the inadequacy and adopt a resolution which establishes a supplemental budget and levies the additional assessment ("Emergency Assessment"). The resolution shall specify the reason for the Emergency Assessment.

Any Emergency Assessment in the aggregate in any fiscal year would exceed an amount equal to five percent (5%) of the budgeted expenses of the Association for the fiscal year may be levied only if approved by not less than a majority of the members other than the Declarant voting in person or by proxy, at a meeting duly called for such purpose and the written consent of Declarant.

5.8 Individual Assessments. Any expenses benefiting or attributable to fewer than all of the Lots may be assessed exclusively against the Lots benefited ("Individual Assessment"). Individual Assessments shall include, but are not limited to:

5.8.1 Assessments levied against any Lot to reimburse the Association for costs incurred in bringing the Lot or its Owner into compliance with the provisions of this Declaration or the Rules and for fines or other charges imposed pursuant to this Declaration for violation of this Declaration, the Bylaws or any of the Rules.

5.8.2 Expenses related to the costs of maintenance, repair, replacement and reserves of the Units.

5.8.3 The Association reserves the right, and shall have the authority, to charge an Individual Assessment to those Units whose rear yards are maintained by the Association due to the increased level of service and the cost associated with the additional maintenance.

5.9 Reserved.

5.10 Reserve Funds. The Association shall establish and maintain a reserve fund for repairs and replacement of the landscaping or other Improvements by the allocation and payment monthly to such reserve fund in an amount to be designated from time to time by the Board. The fund shall be conclusively deemed to be a common expense of the Association and may be deposited with any banking institution, the accounts of which are insured by an agency of the

United States of America or may, in the discretion of the Board, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

The Association may establish such other reserves for such other purposes as the Board may from time to time consider to be necessary and appropriate.

Members of the Board shall not be personally liable for failure to adequately fund reserves absent evidence of gross mismanagement or willful conduct.

5.11 Failure of Notification. Written notice of the Annual Assessment shall be sent to each Owner. Failure of the Association to send a bill to any Owner shall not relieve such Person of liability for payment of any assessment or charge. The due dates shall be established by the Board.

5.12 Effect of Nonpayment. Each Assessment, together with such interest, collection charges, violation fees, and maintenance reimbursement (as deemed by the Board of Directors), and attorneys' fees, lien reimbursement and collection costs shall also be the personal obligation of the Owner of such Unit at the time the Assessment becomes due. Any assessment or charge or installment thereof not paid when due shall be deemed delinquent and shall bear interest from fifteen (15) days after the due date until paid at the legal rate of interest or other reasonable rate not to exceed the legal rate, and the Owner shall be liable for all costs, including attorneys' fees, which may be incurred by the Association in collecting the same. The Board may also Record a Notice of Delinquent Assessment or Charge against any Unit as to which an assessment or charge is delinquent. The Notice shall be executed by an agent or officer of the Association or a member of the Board, set forth the amount of the unpaid assessment, the name of the delinquent Owner, and a description of the Unit. The Board may establish a fixed fee to reimburse the Association for the Association's cost in Recording such Notice, processing the delinquency, and Recording a release of such lien, which fixed fee shall be treated as part of the Assessment of the Association secured by the Assessment Lien. The Association may bring an action at law against the Owner personally obligated to pay the delinquent assessment and/or foreclose the lien against such Owner's Unit in the same manner as mortgages or non-judicial foreclosure of Deeds of Trust. In the event a non-judicial lien foreclosure is initiated, the Owner, by acceptance of a deed, irrevocably appoints the Association's attorney to act as Trustee for any such foreclosure.

5.13 Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien held by, or first deed of trust of which the beneficiary is, a lender who has loaned funds with a Unit as security, or held by the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges. Except as provided above, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Unit. Sale or transfer of any Unit shall not affect the Assessment Lien.

5.14 Reinvestment Fee Covenant. Upon any conveyance, transfer and/or alienation of a Unit or Lot, the Association shall charge the new Owner and his or her Unit or Lot, and the new Owner shall pay to the Association, a reinvestment fee, in an amount equal to 0.25% of the value of the Unit or Lot at the time of the conveyance, transfer and/or alienation, to cover the costs of the Association in benefitting the property within the Community, including payment of

amounts allowed pursuant to Utah Code § 57-1-46 (the “Reinvestment Fee”). The Reinvestment Fee is required to benefit the Unit or Lot for which it is collected. Subject to the terms of this Declaration and Utah Code § 57-1-46, the use of any funds generated by the Reinvestment Fee shall be at the sole discretion of the Association. The burden of the Reinvestment Fee is intended to run with the land and to bind successors in interest and assigns. Other than the Reinvestment Fee, no other reinvestment fee covenant (as that term is defined in Utah Code § 57-1-46) shall burden the Units or Lots within the Community and the imposition of any other reinvestment fee is precluded. The Reinvestment Fee shall be in effect and enforceable for a period of twenty (20) years from the date the Declaration was recorded, which duration shall be automatically extended for successive periods of ten (10) years each, unless the Declaration is sooner terminated. The Reinvestment Fee shall not be applicable to conveyances, transfers and/or alienations of Units or Lots in those circumstances expressly set forth in Utah Code § 57-1-46(8) or as otherwise required by applicable law. The Reinvestment Fee shall also not be applicable to any conveyance, transfer and/or alienation of a Unit or Lot from Declarant or a Declarant Affiliate to an Owner, if, and only if, Declarant has signed a written waiver of the Reinvestment Fee prior to the conveyance, transfer and/or alienation of the Unit or Lot in question.

5.15 Budget Deficits and Loans During Declarant Control Period. During the Declarant Control Period, Declarant or a Declarant Affiliate may, but shall not be required to, (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the Annual Assessments, Special Assessments and Individual Assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of Declarant or an affiliate of Declarant, (b) cause the Association borrow amounts from the Declarant or a Declarant Affiliate to pay for the costs of construction and installation of Open Space, Common Area and Area of Common Responsibility and improvements thereon and thereto and cause any such loan to be secured by a collateral assignment of rights to the Reinvestment Fees, and/or (c) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Community. Declarant or a Declarant affiliate, in Declarant’s sole discretion may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan.

6. RIGHTS AND POWERS OF ASSOCIATION

6.1 Association’s Rights. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its articles/certificate of incorporation, Bylaws and those granted to it pursuant to applicable law.

6.2 Levy and Collection Assessments. The Association shall have the right to levy assessments and collect such assessments as provided herein.

(a) Proceedings. The Association, acting through the Board, shall have the power and the duty to reasonably defend the Association (and, in connection therewith, to raise counterclaims) in any pending or potential lawsuit,

arbitration, mediation or governmental proceeding (collectively referred to herein as a "Proceeding"). The Association, acting through the Board, shall have the power, but not the duty, to reasonably institute, prosecute, maintain and/or intervene in a Proceeding, in its own name, but only on matters affecting or pertaining to this Declaration or the Common Areas and as to which the Association is a proper party in interest

6.3 Continuing Rights of Declarant. Declarant shall preserve the right, without obligation, to enforce the Governing Documents (including, without limitation, the Association's duties of maintenance and repair, and reserve study and reserve fund obligations). After the end of the Declarant Control Period, and throughout the term of this Declaration, the Board shall deliver to Declarant notices and minutes of all Board meetings and meetings of the Owners, and Declarant shall have the right, without obligation, to attend such meetings, on a non-voting basis. Declarant shall also receive notice of, and have the right, without obligation, to attend, all inspections of the Properties or any portion(s) thereof. The Board shall also, throughout the term of this Declaration, deliver to Declarant (without any express or implied obligation or duty on Declarant's part to review or to do anything) all notices and correspondences to Owners and Voting Delegates, all inspection reports, any reserve studies prepared, maintenance reports, and audited or reviewed annual reports. Such notices and information shall be delivered to Declarant at its most recently designated address.

7. USE RESTRICTIONS & RULE MAKING AUTHORITY

7.1 Use Restrictions. The Properties shall be held, used and enjoyed subject to the following restrictions.

7.2 Exterior Structural and/or Aesthetic Alterations. No Improvement shall be commenced, erected, placed or altered on any Unit until an application and construction plans and specifications, showing the nature, shapes, heights, materials, colors and proposed location of Improvements or changes have been submitted to and approved in writing by the Board. It is the intent of this Declaration to ensure quality of workmanship and materials, to ensure harmony of exterior design with the existing Improvements and landscaping and as to location with respect to topography and finished grade elevation. The Board may promulgate a separate Document of Architectural Rules and Design Standards regarding specific procedures, process, and guidelines for any proposed exterior alterations or modifications of any kind.

7.3 Single Family Residence. Each Unit shall be improved and used solely as a residence for a single Family (as the term "Family" is defined in this Declaration) and for no other purpose.

7.4 Landscaping. All landscaping for each Unit shall be installed by the Owner of the home no later than sixty (90) days after the initial close of escrow or occupancy (whichever is earlier) for the Residence on the Unit, provided, however, that if seasonal temperatures do not permit installation of the landscaping at that time, then the landscaping shall be installed by the Owner within six (6) months thereafter. "Back yard landscaping" for purposes of this Declaration is defined as landscaping within the privately fenced back yard

portion of each Unit. Owner shall have the obligation to maintain, repair and, if necessary, replace the back yard landscaping.

7.5 Storage. The storage or accumulation of junk, trash, manure or other offensive or commercial materials is prohibited. Facilities for hanging, drying or airing clothing or household fabrics shall only be allowed in the back yard landscaping area of a Unit and shall be appropriately screened from view. No pads used for the storage of vehicles or other material either temporarily or permanently shall be constructed by an Owner unless it is within the back yard landscaping area and conforms with the requirements of this Declaration, the rules and regulations of the Association and applicable zoning and building ordinances and regulations.

7.6 Easements. Easements for installation of and maintenance of utilities, drainage facilities, entry monuments and trails are reserved as shown on the Recorded Plat. Within these easements, no structure, planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the areas or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each of the Units and all improvements in it shall be maintained continuously by the Owner of the Unit, except for those improvements for which a public authority or utility company is responsible.

7.7 Declarant Exemption. Units owned by Declarant are exempt from the provisions of this Article 7, until such time as Declarant conveys title to the Unit to a third-party. All activities of Declarant reasonably related to Declarant's development, construction, sales, and marketing efforts, shall be exempt from the provisions of this Article 7. This Article 7 may not be amended without Declarant's prior written consent.

7.8 Variance. Any exceptions to the provisions of Article 7 must be obtained by the written permission of the Board. Any variance must also be in accordance with city and other governmental requirements.

7.9 Association Rules. The Association is hereby vested with the power to adopt, amend, and repeal such rules and regulations as the Association deems reasonable. Such rules shall govern the use by Owners and Occupants or any other person of Common Area and other property owned or controlled by the Association; provided, however, Association rules shall not discriminate among Owners and shall not be inconsistent with the articles/certificate of incorporation, Bylaws or this Declaration. A copy of Association rules as they may from time to time be adopted, amended or repealed shall be mailed or otherwise delivered to each Owner and Occupant. Upon such mailings said Association rules shall have the same force and effect as if they were set forth in and were part of this Declaration. In the event of any conflict between an Association rule or any provision of the articles/certificate of incorporation, Bylaws or this Declaration, the conflicting provisions of the Association rules shall be deemed superseded to the extent of any such inconsistency.

8. COMPLIANCE AND ENFORCEMENT

8.1 Compliance. Every Owner, tenant, occupant and visitor to a Unit must comply with the Governing Documents and shall be subject to sanctions for violations as described in

this Article. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants, tenants, guests, or invitees to their Units and for any damage to the Area of Common Responsibility that such Persons may cause.

8.2 Remedies for Non-Compliance. The Association, the Declarant, any Declarant Affiliate, and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents. In addition, the Board may impose sanctions for violation of the Governing Documents, including those sanctions listed below and any others described elsewhere in the Governing Documents.

8.2.1 Sanctions Requiring Prior Notice and Hearing. After written notice and an opportunity for a hearing upon at least five (5) days advance written notice therefor, the Board may:

8.2.1.1 Impose reasonable monetary fines, which shall constitute a lien upon the violator's Unit. In the event that any occupant, tenant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board; unpaid fines shall be collected as an Individual Assessment with all available remedies applicable thereto;

8.2.1.2 Suspend an Owner's right to vote (except that no notice or hearing is required if the Owner is more than 90 days delinquent in paying any Annual Assessment or Special Assessment);

8.2.1.3 Suspend any Person's right to use any Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation (except that no hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed the Association); provided, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;

8.2.1.4 Suspend services the Association provides (except that no hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);

8.2.1.5 Exercise self-help or take action to abate any violation of the Governing Documents in a non-emergency situation (including removing personal property that violates the Governing Documents);

8.2.1.6 Require an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed, with all charges and fees associated with such action being

charged to the Owner as an Individual Assessment, and any such action shall not be deemed a trespass;

8.2.1.7 Without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of the Governing Documents from continuing or performing any further activities in the Community;

8.2.1.8 Levy Special Assessments to cover costs the Association incurs in bringing a Unit into compliance with the requirements under the Governing Documents; and

8.2.1.9 Record a notice of violation with respect to any Unit on which a violation exists.

8.2.2 Other Sanctions. The Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:

8.2.2.1 Exercise self-help or take action to abate a violation on a Unit in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

8.2.2.2 Exercise self-help or take action to abate a violation on the Common Area under any circumstances;

8.2.2.3 Require an Owner or a Neighborhood Association, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Unit or on the Neighborhood Association's property, respectively, that is in violation of the Governing Documents and to restore the property to its previous condition;

8.2.2.4 Enter the property and exercise self-help to remove or cure a violating condition if an Owner or Neighborhood Association fails to take action as required pursuant to Section 8.2.2.3 above within 10 days after receipt of written notice to do so, and any such entry shall not be deemed a trespass; or

8.2.2.5 Bringing suit at law for monetary damages or in equity to stop or prevent any violation, or both.

8.3 Board Decision to Pursue Enforcement Action. The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

8.3.1 The Association's position is not strong enough to justify taking any or further action;

8.3.2 The covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

8.3.3 Although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

8.3.4 That it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

8.4 Attorneys Fees and Costs. In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

8.5 Enforcement of Ordinances. The Association, by contract or other agreement, may enforce applicable city and county ordinances. In addition, the County or the City may enforce ordinances within the Community.

9. TERM OF DECLARATION; TERMINATION AND AMENDMENTS.

9.1 Term and Termination. This Declaration shall be effective for a minimum of 30 years from the date it is recorded. After 30 years, this Declaration shall be extended automatically for successive 10-year periods unless at least 67% of the then Owners sign a document stating that this Declaration is terminated and that document is recorded within the year before any extension. In such case, this Declaration shall terminate on the date specified in the termination document.

9.1.1 If any provision of this Declaration would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

9.1.2 This Section shall not permit termination of any easement created in this Declaration without the consent of the holder of such easement.

9.2 Amendment.

9.2.1 By Declarant. In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Declarant Control Period, the Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or

governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any amendment under this paragraph shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

9.2.2 By Owners. Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of the Owner or Voting Delegates representing 67% of the total votes in the Association, including 67% of the total votes held by Owners other than the Declarant and the Declarant Affiliates. In addition, during the Development and Sale Period, any such amendment shall also require the Declarant's written consent. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

9.2.3 Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant (or the assignee of such right or privilege). If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. Any amendment shall become effective upon recording unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

9.2.4 Exhibits. Exhibit "A" is incorporated by this reference, and this Article shall govern amendment of those exhibits. All other exhibits, if any, are attached for informational purposes and may be amended as provided in those exhibits or in the provisions of this Declaration that refer to such exhibits.

10. RIGHTS OF LENDERS

10.1 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage that provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

10.1.1 Any condemnation loss or any casualty loss that affects a material portion of the Community or that affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder; and

10.1.2 Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within 60 days.

10.1.3 Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

10.1.4 Any proposed action, which would require the consent of a specified percentage of Eligible Holders.

10.2 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

10.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

10.4 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

10.5 Construction of Article 10. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws or Utah law for any of the acts set out in this Article.

10.6 HUD/VA Approval. The following actions shall require the prior approval of the U.S. Department of Housing and Urban Development ("HUD") or the U.S. Department of Veterans Affairs ("VA"), if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described in Exhibit "B"; dedication, conveyance (other than to correct errors on property descriptions or other inconsequential or immaterial conveyances), or mortgaging of Common Area; or material amendment of this Declaration of the Bylaws. Notwithstanding anything to the contrary in this Article, the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership, or HUD or VA.

11. INSURANCE

11.1 Insurance by Association. Commencing not later than the date a Unit is conveyed to a Person other than Declarant, the Association shall have the authority to and shall obtain and maintain, to the extent reasonably available, the insurance specified below.

11.1.1 The Board of Directors may adopt General Insurance House Rules, Policies and Procedures intended as a guide for Owners and residents in order to maintain the insurability of the project, keep the insurance premium reasonable, and enforce the maintenance responsibilities of the individual owners. The Association shall obtain the following insurance coverages:

11.1.1.1 Public Liability. Public liability for the Common Areas and Facilities;

11.1.1.2 Common Area. Property, fire and extended hazard for all Common Areas;

11.1.1.3 Buildings and Units. Special form property, fire and extended hazard for all Buildings that contain more than one Unit, including any improvement which is a permanent part of a Building such as cabinets, floor and wall coverings, built-in appliances, and attached fixtures;

11.1.1.4 D&O. Directors and officers in not less than \$1,000,000;

11.1.1.5 Fidelity Bond. Fidelity bond, in an amount not less than the reserves and operating capital of the association; and

11.1.1.6 Workmen's Compensation Insurance. The Board shall purchase and maintain in effect workmen's compensation insurance for all employees of the Association to the extent that such insurance is required by law.

11.1.2 Insurance Company. The Association shall use a responsible insurance company or companies duly qualified and licensed in the State of Utah.

11.1.3 Minimum Amount of Insurance Coverage. The limits of each liability insurance policy purchased for the Association shall be in an amount not less than \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate for bodily injury, death, and property damage. This amount may be increased by resolution of the Board of Directors.

11.1.4 Premium as a Common Expense. The premium for the Association's insurance; including but not limited to: general liability, property coverage, directors and officers, and fidelity bond coverage is to be a Common Expense.

11.2 Damages. Each Unit Owner is responsible for the maintenance of his Unit and for the repair of any damage he causes to another Unit or the Common Area and Facilities.

11.3 Validity of Document. If any term, part or provision of this document is ruled by a court of competent jurisdiction to be illegal or in conflict with any law of the State of Utah, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the document did not contain such term, part or provision.

11.4 **Right to Adjust Claims.** The Association has the right, power and authority to adjust claims.

11.5 **Use of Insurance Proceeds and Repairs.** Repair of damage shall be completed within a reasonable time and insurance proceeds shall be used to repair the covered damage.

12. RESERVATION OF RIGHTS

12.1 **Withdrawal of Property.** During Development and Sale Period, the Declarant may amend this Declaration to remove any unimproved portion of the Community from the coverage of this Declaration, provided such withdrawal does not reduce the total number of Units then subject to the Declaration by more than 10%. "Unimproved" means that no permanent structure has yet been completed on the property. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association shall consent to such withdrawal.

12.2 **Marketing and Sales Activities.** Notwithstanding anything in the Governing Documents to the contrary, during the Development and Sale Period the Declarant and its designees or assigns may construct, use, and maintain upon portions of the Common Area and other property they own, such facilities and activities as, in the Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Units. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, the Declarant and its employees, agents, and designees may park vehicles in designated parking areas.

12.3 **Right to Make Improvements, Replat.** During the Development and Sale Period, the Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, construction, and installing improvements, including cellular towers, on the Common Area and to the Exhibit "B" property as it deems appropriate. In addition, during the Development and Sale Period, the Declarant may replat property that it or a Declarant Affiliate owns and convert Units it or a Declarant affiliate owns into Common Area.

12.4 **Right to Approve Changes in the Community Standards.** During the Development and Sale Period, no amendment to or modification of any rules or regulations of the Association shall be effective without prior notice to and the written approval of the Declarant.

12.5 **Additional Covenants and Restrictions.** During the Development and Sale Period, no one other than the Declarant or a Declarant Affiliate may record any additional covenants or restrictions affecting any portion of the Community without the Declarant's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

12.6 **Exclusive Rights to Use Name of Development.** No Person shall use the name of the Community or any derivative of such name or in any logo or depiction associated with the Community in any printed or promotional material without the Declarant's prior written consent.

However, Owners may use the name of the Community in printed or promotional matter where such term is used solely to specify that particular property is located within the Community, and the Association shall be entitled to use the words "Homestead at Hales Farm" in its name.

12.7 Installation of Improvements by Declarant. The Declarant reserves for itself, Declarant Affiliates, and its respective successors and assigns, a perpetual right and easement over all property in the Community to install and operate such Improvements as the Declarant, in its discretion, deems appropriate to serve any portion of the Community. Such right shall include, without limitation, the Declarant's right to select and contract with companies licensed to provide telecommunications, cable television, and other products and services in the region. The Declarant also has the right to charge individual users a reasonable fee not to exceed the maximum allowable charge for such service, as from time to time is defined by the laws, rules, and regulations of the relevant government authority, if applicable. Notwithstanding the above, there is no guarantee or representation that any particular Improvement, product or service will be made available.

12.8 Easement to Inspect and Right to Correct. The Declarant reserves for itself and others it may designate the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition that may exist on any portion of the property within the Community, including Units, and a perpetual nonexclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into an enclosed structure shall be permitted without the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage he or she causes. Nothing in this paragraph shall relieve an Owner of the responsibility for the maintenance and repair of his or her Unit.

12.9 Right to Notice of Design or Construction Claims. No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

12.10 Development of Open Space. Plans for the Community identify or may identify certain areas as "Open Space." Declarant shall have the right, in its discretion, to determine appropriate uses for, or improvements that may be constructed on, such Open Space areas. In addition, for any Open Space owned by the City, the County, or an SSD, such entity shall have the right, with the approval of Declarant, to determine appropriate uses for, or improvements that may be constructed on such Open Space. Appropriate uses or improvements may include, without limitation, signage, walls, landscaping, conservation, drainage, parks, green areas, pathways, or cellular towers. Open Space areas may be owned and maintained by the Association, the City, the County, the SSD, or the Council.

12.11 Right to Use Common Area for Special Events. As long as Declarant or a Declarant Affiliate owns any property described in Exhibit "A" or Exhibit "B", Declarant may

use the Common Area to sponsor special events for charitable, philanthropic, political, or marketing purposes, subject to the following conditions:

12.11.1 The availability of the facilities at the time requested;

12.11.2 Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event;

12.11.3 Declarant shall return the facilities and personal property used in conjunction with the special event to the Association in the same condition as existed prior to the special events; and

12.11.4 Declarant shall have the right to assign its rights to charitable organizations or foundations selected by Declarant. Declarant's right to use the Common Area for special events shall be enforceable by injunction, by any other remedy in law or equity, and by the terms of this Declaration.

12.12 Right to Stormwater Runoff. Declarant reserves for itself and its designees and its assigns all rights to ground water, surface water, and stormwater runoff located within the Community, and each Owner agrees, by acceptance of a deed to a Unit, that Declarant shall retain all such rights. Such rights shall include the reservation of an easement over the Community for access, and for installation and maintenance of facilities and equipment to capture and transport such water, and runoff. All such water shall be available for use by Declarant, the Association, the City, and/or an SSD for irrigation, fire protection, and similar purposes, as such right of use may be designated by the Declarant from time to time. Declarant may establish programs for reclamation of stormwater runoff and wastewater for appropriate uses within or outside the Community and may require Owners and occupants of Units to participate in such programs to the extent reasonably practical. No Owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed from his or her Unit. This Section may not be amended without Declarant's consent, and the rights created in this Section shall survive termination of this Declaration.

12.13 Right to Transfer or Assign the Declarant's Rights. Any or all of the Declarant's special rights and obligations set forth in this Declaration or the Bylaws may be transferred in whole or in part to other Persons. However, such a transfer shall not reduce an obligation or enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless it is in a recorded instrument the Declarant signs. The foregoing sentence shall not preclude the Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to the Declarant in this Declaration where the Declarant does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless necessary to evidence the Declarant's consent to such exercise.

12.14 Improvement Ownership and Maintenance. The Association is responsible to own, maintain, and if necessary replace the streets, sidewalk, curb and gutter, culinary water lines, secondary water lines, sewer lines, land drain lines, and storm drain lines. The Association is responsible to own and maintain repair and if necessary replace those land drain, culinary, and

sewer laterals located on each Lot. The Association shall be responsible to keep the common area in a state of good repair and maintenance including the Association Snow Removal and Sidewalk Maintenance Areas as well as the Entry Monument and associated landscaping, etc.

12.15 Snow Storage, Snow Removal and Driveway and Sidewalk Maintenance Easement. The Association hereby reserves a snow storage easement for itself and its agents between lots 5 and 6 as shown on the Final Plat (the "Association Snow Removal and Sidewalk Maintenance Area"). The Association shall be responsible for removal of snow and the maintenance of concrete within the Association Snow Removal and Sidewalk Maintenance Area.

12.16 Entry Monument and Landscape Easement. The Association hereby reserves an Entry Monument and Landscape easement as depicted on lot 1 of the Final Plat for the purpose of sign and landscape installation, maintenance, replacement and repair easement for itself and its agents. The Association shall install, maintain, replace and repair all signage and landscaping within the easement (the "Association Maintained Landscape Area"). Without the prior written consent of the Association, which may be granted or withheld for any reason or no reason, no Person shall install, maintain, repair, replace or otherwise alter any landscaping or other improvements within the Association Maintained Landscape Area

12.17 Surface Water Drainage and Grading Easement. Exclusive of the portion of each Lot that is occupied by a Residence, the Association hereby reserves an easement allowing, but not requiring, the Association and its agents to enter onto each Lot for the purpose of installing, creating, grading, re-grading, maintaining, repairing, correcting, altering and restoring surface water drainage flows and surface water drainage systems. No Person shall alter, obstruct or redirect the final grade of a Lot or the drainage of surface water from a Lot without the prior written consent of the Association.

12.18 Termination of Rights. The rights contained in this Article shall not terminate until the earlier of (a) termination of the Development and Sale Period; or (b) the Declarant's recording of a written statement that all sales activity has ceased.

13. RESERVATION OF ADDITIONAL RIGHTS

13.1 Declarant's Reserved Rights. Any other provision herein notwithstanding, Declarant reserves, in its sole discretion, the following developmental rights and other special Declarant's rights, on the terms and conditions and subject to the expiration deadlines, if any, set forth below:

13.1.1 Right to Complete Improvements and Construction Easement. Declarant reserves, for a period terminating on the fifteenth (15th) anniversary of Recordation of this Declaration, the right, in Declarant's sole discretion, to complete the construction of the Improvements in the Community and an easement over the Community for such purpose; provided, however, that if Declarant still owns any property in the Community on such fifteenth (15th) anniversary date, then such rights and reservations shall continue for one additional successive period of sixty (60) months thereafter. Any damage to any Unit or the Common Areas caused by Declarant or its

agents in the use or exercise of said right and/or easement shall be repaired by and at the expense of Declarant.

13.1.2 Exercise of Developmental Rights. Declarant reserves the right to add or withdraw real property from the Community.

13.1.3 Offices, Model Homes and Promotional Signs. Declarant reserves the right to maintain signs, sales and management offices, and models in any Unit owned or leased by Declarant in the Community, and signs anywhere on the Common Areas, for so long as Declarant owns or leases any Unit.

13.2 Appointment and Removal of Directors. Declarant reserves the right to appoint and remove the members of the Board as set forth in this Declaration.

13.3 Amendments. Declarant reserves the right to amend this Declaration from time to time, as set forth in detail, above, during the time periods set forth therein.

13.4 Easements. Declarant has reserved certain easements, and related rights, as set forth in this Declaration.

13.5 Other Rights. Declarant reserves all other rights, powers, and authority of Declarant set forth in this Declaration.

13.6 Restriction of Traffic. Declarant reserves the right, until the close of escrow of the last Unit in the Community, to unilaterally restrict and/or re-route all pedestrian and vehicular traffic within the Community, in Declarant's sole discretion, to accommodate Declarant's construction activities and sales and marketing activities; provided that no Unit shall be deprived of access to a dedicated street adjacent to the Community.

13.7 Exemption of Declarant. Notwithstanding anything to the contrary in this Declaration, the following shall apply:

13.7.1 Nothing in this Declaration shall limit, and no Owner or the Association shall do anything to interfere with, the right of Declarant to complete excavation and grading and the construction of Improvements to and on any portion of the Community, or to alter the foregoing and Declarant's construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Community, for so long as any Unit owned by Declarant remains unsold.

13.7.2 This Declaration shall in no way limit the right of Declarant to grant additional licenses, easements, reservations and rights-of-way to itself, to governmental or public authorities (including without limitation public utility companies), or to others, as from time to time may be reasonably necessary to the proper development and disposal of Units; provided, however, that if FHA or VA approval is sought by Declarant, then the FHA and/or the VA shall have the right to approve any such grants as provided herein.

13.7.3 Prospective purchasers and Declarant shall have the right to use all and any portion of the Common Areas for access to the sales facilities of Declarant and for placement of Declarant's signs.

13.7.4 Declarant may use any structures owned or leased by Declarant, as model home complexes or real estate sales or management offices, subject to the time limitations set forth herein, after which time, Declarant shall restore the Improvement to the condition necessary for the issuance of a final certificate of occupancy by the appropriate governmental entity.

13.7.5 All or any portion of the rights of Declarant in this Declaration may be assigned by Declarant to any successor in interest, by an express and written Recorded assignment which specifies the rights of Declarant so assigned.

13.7.6 The prior written approval (which shall not be unreasonably withheld) of Declarant, as developer of the Community, shall be required before any amendment to the Declaration affecting Declarant's rights or interests (including, without limitation, this Article) can be effective.

14. EXPANSION OF THE COMMUNITY

14.1 Expansion by the Association. The Association also may submit additional property to this Declaration by recording a Supplement describing the additional property. Any Supplement which the Association records must be approved by the Owners of more than 50% of the total votes in the Association at a meeting duly called for such purpose and by the owner of the property to be submitted. In addition, during the Development and Sale Period, the Declarant's consent is required. The Association's President and Secretary, the owner of the property, and the Declarant, if the Declarant's consent is required, shall sign the Supplement.

14.2 Gabbitas Lots. At the time of recordation of this Declaration, Lots 4 and 15 of the Original Property are owned by Donald Savage Gabbitas and Cheryl Hales Gabbitas. These lots and owners shall not be required to pay assessments or be subject to, or required to abide by, the covenants, conditions and restrictions set forth in this Declaration until such a time as title to Lots 4 and/or 15 of the Original Property are transferred to another person and/or entity. At the time title to Lots 4 and/or 15 of the Original Property transfers to another person or entity, such lot(s) and their new owner(s) shall automatically become subject to and bound by all of the terms of this Declaration on a forward going basis, including, but not limited to, the obligation to pay all assessments imposed pursuant to Section 5 and elsewhere in this Declaration.

14.3 Additional Covenants and Easements. Any Supplement that the Declarant records may impose additional covenants and easements on the property described in such Supplement, such as covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Special Assessments. Such provisions may be included in a Supplement submitting new property to this Declaration or may be set forth in a separate Supplement applicable to property previously submitted to this Declaration. If someone other than the Declarant owns the property, then the Supplement must be signed by such owner evidencing such owner's consent. Any Supplement may add to, create

exceptions to, or otherwise modify the terms of this Declaration as it applies to the property described in the Supplement, in order to reflect the different character and intended use of such property.

14.4 Effect of Filing a Supplement. A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

14.5 Withdrawal. Notwithstanding any other provisions of this Declaration, Declarant reserves the right to amend this Declaration so long as it has the right to expand/annex additional property pursuant to this Article, for the purpose of removing property then owned by the Declarant or its assignees from coverage of this Declaration, to the extent originally included in error or as a result of any changes in Declarant's plans for the Property, provided such withdrawal is not unequivocally contrary to the overall scheme of development for the Property.

14.6 No Obligation to Expand. Nothing herein shall constitute a representation, warranty or covenant that Declarant, any successors or assigns of Declarant, or any other Person will subject any additional property to the provisions of this Declaration, nor shall Declarant, any successors or assigns of Declarant, or any other person be obligated so to do, and Declarant may, by recorded instrument executed by Declarant, waive their rights so to do, in whole or in part, at any time or from time to time.

14.7 FHA/VA Approval. In the event that, and for so long as, the FHA or the VA is insuring or guaranteeing loans or has agreed to insure or guarantee loans on any portion of the Annexable Property with respect to the initial sale by Declarant or builder to the initial purchaser of any Residence, then a condition precedent to any annexation of any property other than the Annexable Property shall be written confirmation by the FHA or the VA that the annexation is in accordance with the development plan submitted to and approved by the FHA or the VA; provided, however, that such written confirmation shall not be a condition precedent if at such time the FHA or the VA has ceased to regularly require or issue such written confirmations.

15. MISCELLANEOUS

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

15.2 Severability. The provisions hereof are independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction does not affect the validity or enforceability of any other provision hereof.

15.3 Construction of This Declaration. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community,

and any violation of this Declaration is a nuisance. The Article and Section headings have been inserted for convenience only, and may not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular includes the plural and the plural the singular; and the masculine, feminine and neuter each include the other, unless the context dictates otherwise.

15.4 No Public Right or Dedication. Nothing contained in this Declaration constitutes a gift or dedication of all or any part of the Properties to the public, or for any public use.

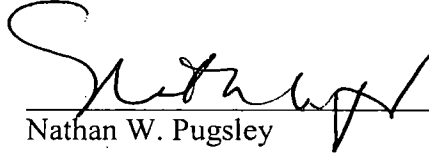
15.5 Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Unit or other portion of the Properties does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Properties or any portion thereof.

15.6 Business of Declarant. Except to the extent expressly provided herein, no provision of this Declaration shall be applicable to limit or prohibit any act of Declarant, its agents or representatives in connection with or incidental to Declarant's improvement, development, and sales and marketing activities regarding the Properties, so long as any Unit therein owned by Declarant remains unsold.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Declarant has executed the instrument this 1 day of June, 2015.

BRIGHTON HOMES UTAH, LLC,
a Delaware limited liability company

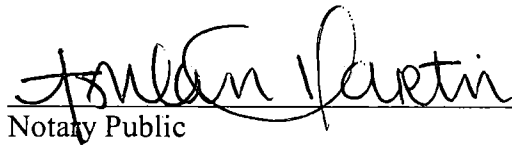


Nathan W. Pugsley

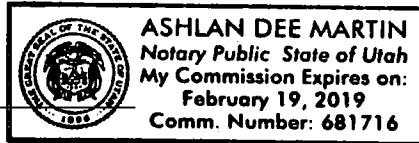
Manager

STATE OF UTAH)
):ss
County of Davis)

On the 1st day of June 2015, personally appeared before me Nathan W. Pugsley who being by me duly sworn did say that he, Nathan W. Pugsley is a Manager of said BRIGHON HOMES UTAH, LLC, a Utah limited liability company, that executed the within instrument and did acknowledge to me that the said corporation executed the same.



Notary Public



AGREEMENT & CONSENT TO RECORD DECLARATION:

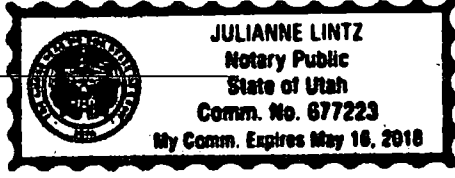
The undersigned hereby consent and agree to the recordation of the Declaration against that property within the legal Description that they own and the undersigned hereby agree that this Declaration shall in the future become binding upon all lots within the Original Property and all subsequent owners thereof pursuant to the terms of Section 14.2 in the foregoing Declaration.

By: Don GABBITAS By: Cheryl H. Gabbitas
Printed Name: Don Gabbitas Printed Name: CHERYL H. GABBITAS

STATE OF UTAH)
) :ss
County of Davis)

On the 1st day of June 2015, personally appeared before me Don Gabbitas who being by me duly sworn did say that he/she executed the within instrument and did acknowledge to me that he/she executed the same.

Julianne Lintz
Notary Public



STATE OF UTAH)
) :ss
County of Davis)

On the 1st day of June 2015, personally appeared before me Cheryl H. Gabbitas who being by me duly sworn did say that he/she executed the within instrument and did acknowledge to me that he/she executed the same.

Julianne Lintz
Notary Public

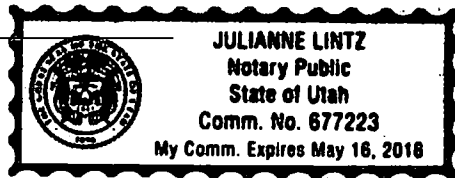


EXHIBIT "A"

ORIGINAL PROPERTY

The Original Property is described as follows:

All of Lot 1 of The Homestead at Hales Farm Phase 1, recorded on February 19, 2015, in Book 6207, Page 569, Entry number 2849163 on the Official Records of Davis County, Utah.

All of Lots 2-15 of The Homestead at Hales Farm Phase 2, recorded on June 2, 2015 in Book 6279, Page 123, Entry Number 2870658 on the Official Records of Davis County, Utah.

[NOTE: DECLARANT HAS SPECIFICALLY RESERVED THE RIGHT FROM TIME TO TIME TO UNILATERALLY SUPPLEMENT OR MODIFY OF RECORD ANY AND ALL OF THE FORGOING LEGAL DESCRIPTIONS]