

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

OF

COVE ESTATES

THIS DECLARATION made and executed this 11th day of January, 2006, by MWE-COVE, L.L.C., a Utah limited liability company with its principal place of business located in Midway, State of Utah, (hereinafter referred to as "Declarant").

RECITALS:

A. Declarant is the record owner of that certain tract of Property more particularly described in Article II of this Declaration.

B. Declarant desires to provide for preservation of the values and amenities of the Property. To this end, and for the benefit of the Property and of the Owners thereof, Declarant desires to subject the Property described in Article II of this Declaration and the various Homesteads (Lots) now or hereafter contained within the entire tract hereinafter described to the covenants, restrictions, easements, charges, and liens hereinafter set forth.

C. Declarant deems it desirable for the efficient preservation of the values and amenities of the Property, to create an entity which possesses the power to collect and disburse the assessments and charges hereinafter provided for and otherwise to administer and enforce the provisions of this Declaration. For such purpose, Declarant has, in conjunction with recordation of this Declaration, caused or will cause to be incorporated under the laws of the State of Utah, as a nonprofit corporation, COVE ESTATES HOMEOWNERS' ASSOCIATION.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of the Property described in Article II hereof shall be held, transferred, sold, conveyed, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, and obligations hereinafter set forth.

1. DEFINITIONS

1.1. Additional Land shall, at any point in time, mean the real property, or any portion thereof, located in Wasatch County, State of Utah, and more particularly described on Exhibit "B" attached hereto, or any other real property adjacent to the Property or that described on Exhibit "B", provided however, that if any such real property is separated from the Property or that described on Exhibit "B," by a dedicated

road or street, it shall not be excluded and may be annexed as part of the Development in accordance with the provisions of Section 2.2.

1.2. Architectural Committee or the "Committee" shall mean the Architectural Committee created in accordance with the requirements of Article VIII of this Declaration.

1.3. Association shall mean and refer to Cove Estates Homeowners' Association, a Utah nonprofit corporation.

1.4. Board shall mean and refer to the Board of Trustees of the Association as duly elected in accordance with the terms and conditions of the Articles of Incorporation and Bylaws of the Association.

1.5. City shall mean the City of Heber, a political subdivision of the State of Utah.

1.6. Common Areas shall mean and refer to the permanent easement owned by the Association for the common use and enjoyment of the Owners, together with all improvements thereon including but not limited to the monument sign, fixtures and other personal property owned by the Association when the context so requires.

1.7. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions.

1.8. Design Guidelines shall mean and refer to those guidelines and regulations created by the Declarant for the design and construction of Living Units and other improvements within the Development and the corresponding landscaping of Homesteads.

1.9. Development shall at any point in time mean, refer to, and consist of the Subdivision then in existence.

1.10. Environmental Laws shall mean any federal, state, local or foreign statutes, codes, plans, regulations or common laws related to pollution or protection of the environment, including, without limitation, any common laws of nuisance or trespass and any laws or regulations relating to emissions, discharges, releases or threatened releases of Toxic Materials into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Toxic Materials. "Environmental Laws" shall also include all orders, decrees, judgments, injunctions, notices or demand letters issued, entered, promulgated or approved under those Environmental Laws.

1.11. Governing Documents shall mean (a) this Declaration, (b) the Performance Agreement by and between Declarant and the City, (c) the Maps and Plats

(as defined herein), (d) the Articles, (e) the Bylaws, (f) the Association Rules, (g) the Design Guidelines, and (h) the covenants, restrictions and all other agreements and instruments pertaining to and governing the foregoing or the Development or the activity or matter in question as may be amended from time to time.

1.12. Governing Laws shall mean all laws, ordinances, regulations, orders, judgments and other legislation pertaining to and governing the Development or the activity or matter in question.

1.13. Homestead shall mean and refer to any one of the separately numbered and individually described plots of land described on a Plat: (a) which is intended to be owned individually, rather than by an association of Owners or in common by Owners of different Homesteads; and (b) which is intended to be used as the site of a single Living Unit. In other contexts a Homestead would be known as a Lot.

1.14. Household Pets means household pets, including dogs and cats maintained for family use only (non-commercial production), with cages and pens. No wild or dangerous animals shall be kept. No cows, horses, or swine are allowed.

1.15. Living Unit shall mean and refer to a structure which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on or with respect to the Homestead concerned which are used in connection with such residence.

1.16. Member shall mean and refer to every person who holds a membership in the Association.

1.17. Mortgage shall mean any mortgage, deed of trust or trust deed or the act of encumbering any Homestead or any property by a mortgage, trust deed or deed of trust.

1.18. Mortgagee shall mean any person named as a mortgagee of a mortgage or beneficiary under or holder of a deed of trust.

1.19. Owner shall mean and refer to the person who is the Owner of record (in the office of the County Recorder of Wasatch County, Utah) of a fee or an undivided interest in any Homestead. Notwithstanding any applicable theory relating to a mortgage, deed of trust or like instrument, the term "Owner" shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1.20. Parcel shall mean and refer to the Property which is subject to this Declaration, which is filed for record in the office of the County Recorder of Wasatch County, Utah. The real property described in Exhibit A of this Declaration constitutes a Parcel.

1.21. Plat shall mean and refer to any subdivision plat, any plat of a planned unit development, or any plat or map similar to any of the foregoing: (a) which covers the Property; (b) which describes or creates one or more Homesteads; (c) on which or in an instrument recorded in conjunction therewith there is expressed the intent that the Subdivision created by the Plat shall comprise the Development; and (d) which is filed for record in the office of the County Recorder of Wasatch County, Utah. Covered by this Declaration are subdivision plats of COVE ESTATES PHASE 1 and COVE ESTATES PHASE 2, and executed and acknowledged by Declarant on January 6, 2006, and creating separately numbered Homesteads. Said subdivision plats constitutes a Plat.

1.22. Property shall mean and refer to all of the real property which is covered by a Plat.

1.23. Subdivision shall mean and refer to the entire residential development which is created and covered by a Plat.

1.24. Toxic Materials. The term "Toxic Materials" shall mean any flammable explosives, asbestos, industrial substances, pollutants, contaminants, chemicals, wastes, discharges, emissions, radioactive materials and other hazardous substances, whether injurious by themselves or in combination with other materials, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances" described in the "Environmental Laws."

2. PROPERTY DESCRIPTION

2.1. Submission. The Property which is and shall be held, transferred, sold, conveyed and occupied subject to the provisions of this Declaration consists of the following-described real property situated in Wasatch County, State of Utah.

SEE THE LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND INCORPORATED HEREIN BY REFERENCE.

EXCLUDING all presently existing or to be constructed or installed sewer lines, water mains, gas lines, electrical conduits, telephone lines, and related facilities to the extent that they are located outside the Homesteads included with the above-described tract.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across and through and under the above-described tract and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or any assignee of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (a) to construct a Living Unit on each and every Homestead; and (b) to improve the Common Areas as Declarant may reasonably determine to be appropriate. If, pursuant to the foregoing

reservation, the above-described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire twenty (20) years after the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities, including but not limited to all patent reservations and exclusions; all mineral reservations and exclusions; all mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described tract or any portion thereof, including without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; and all easements and rights-of-way of record.

2.2. Annexation by Declarant. Declarant may from time to time expand the Development by the annexation of all or any part of the real property comprising the Additional Land. Such annexation may include (a) Living Units; and/or (b) Common Areas, including improvements constructed thereon. The annexation of any portion of the Additional Land shall become effective upon the recordation in the office of the Wasatch County Recorder of a Plat for the Additional Land, or portion thereof, and by a supplement to this Declaration which (i) describes the real property to be annexed and confirms that it is part of the Additional Land; (ii) declares that the annexed real property is to be held, sold, conveyed, encumbered, leased, occupied and improved as part of the Development and subject to this Declaration; and (iii) sets forth such additional limitations, restrictions, covenants and conditions as are imposed by the owner of and applicable to the annexed real property. Upon the effective date of such annexation, the annexed real property as identified in the Plat of the same, shall become part of the Development and shall be subject to the provisions of this Declaration and any amendment or supplement thereto.

2.3. Limitation on Annexation. Declarant's right to annex any portion of the Additional Land shall be subject to the following limitations:

(a) The annexed real property must be all or part of the Additional Land as identified in this Declaration.

(b) Declarant shall not effectuate any annexation of real property which would cause the total number of Living Units within the Development to exceed seventy-five (75) when completed.

3. MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appurtenant to the Homestead in which the Owner has the necessary interest, and shall not be separated from the Homestead to which it appertains.

3.2. Voting Rights. The Association shall have the following-described two classes of voting membership:

Class A. Class A Members shall be all Owners other than the Declarant until the Class B membership ceases. Class A Members shall be entitled to one (1) Vote for each Homestead in which the interest required for membership in the Association is held, unless suspended under Section 5.8, Section 6.2. In no event, however, shall more than one Class A vote exist with respect to any Homestead.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to four (4) votes for each Homestead in which it holds the interest required for Membership in the Association and ten (10) votes for each acre of Additional Land which may be added to the Development. Class B voting rights shall not be suspended. The Class B Membership shall automatically cease and be converted to a Class A membership on the first to occur of the following events:

(a) When the total number of votes held by all Class A Members equals the total number of votes held by the Class B Member; or

(b) The expiration of twenty (20) years after the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah.

3.3. Multiple Ownership Interests. In the event there is more than one Owner of a particular Homestead, the vote relating to such Homestead shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Homestead concerned unless an objection is immediately made by another Owner of the same Homestead. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

3.4. Record of Ownership. Every Owner shall promptly cause to be duly filed of record the conveyance document (or in the case of contract buyer, a copy of the sales contract) to him of his Homestead. Each Owner shall file a copy of such conveyance document (or contract) with the secretary of the Association who shall maintain a record of ownership of the Homesteads. Any Owner who mortgages his Homestead or any interest therein by a mortgage which has priority over the lien of any assessment provided herein shall notify the secretary of the Association of the name and address of the Mortgagee and also of the release of such Mortgage; and the secretary of the Association

shall maintain all such information in the records of ownership. Any cost incurred by the Association in obtaining the information about an Owner as specified herein which is not furnished by such Owner shall nevertheless be at the expense of such Owner and shall be reimbursed to the Association as a "Reimbursement Assessment" in accordance with the provisions of Section 5.4.

4. PROPERTY RIGHTS IN COMMON AREAS

4.1. Easement of Enjoyment. Each Member shall have a right and non-exclusive easement of use and enjoyment in and to the Common Areas. Such right and easement shall be appurtenant to and shall pass with title to each Homestead and in no event shall be separated therefrom. Any Member may delegate the right and easement of use and enjoyment described herein to any family member, tenant, invitee, lessee or contract purchaser who resides on such Member's Homestead.

4.2. Form for Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Homestead shall describe the interest or estate involved substantially as follows:

(For Phase 1)

Homestead No. ____, contained within Cove Estates Phase 1 Subdivision, as the same is identified in the Plat recorded as Entry 294869, in Book 820, beginning at Page 166, of the official records of the Wasatch County Recorder. TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas described and provided for in said Declaration of Covenants, Conditions and Restrictions and in the Record of Survey Map in the official record of the Wasatch County Recorder.

(For Phase 2)

Homestead No. ____, contained within Cove Estates Phase 2 Subdivision, as the same is identified in the Plat recorded as Entry 294870, in Book 820, beginning at Page 176, of the official records of the Wasatch County Recorder. TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas described and provided for in said Declaration of Covenants, Conditions and Restrictions and in the Record of Survey Map in the official record of the Wasatch County Recorder.

Whether or not the description employed in any such instrument is in the above-specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Homestead.

4.3. Transfer of Title. Declarant agrees to convey to the Association title to the easement comprising the Common Area.

5. ASSESSMENTS

5.1. Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a Homestead, be deemed to covenant and agree to pay to the Association the special assessments described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the Homestead with respect to which such assessment is made; and (b) the personal obligation of the person who is the Owner of such Homestead at the time the assessment falls due. No Owner may exempt himself or his Homestead from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Homestead. In a voluntary conveyance of a Homestead, the grantee shall be jointly and severally liable with the grantor for all such unpaid assessments, late payment fees, interest and costs of collection, including reasonable attorneys' fees, which shall be a charge on the Homestead at the time of the conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

5.2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, and welfare of residents of the Property, including but not limited to the appearance and aesthetics of the Development. The use made by the Association of funds obtained from assessments may include any expenses necessary or desirable to enable the Association to perform or fulfill its obligations, functions or purposes under this Declaration or its Articles of Incorporation.

5.3. Special Assessments. The Association may levy special assessments for fulfilling the purposes identified in Section 5.2. Any such special assessments must be assented to by not less than a majority of the Members other than the Declarant (or if the two class voting structure is still in effect as provided herein, a majority of the votes of each Class of Members), present in person or represented by proxy who are entitled to cast votes at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

5.4. Reimbursement Assessment on a Specific Homestead. In addition to any special assessment authorized pursuant to Section 5.3 above, the Board may levy at any time Special Assessments: (a) on each Homestead the Owner or occupant of which shall cause any damage to the Common Areas necessitating repairs ; (b) on each Homestead as to which the Association shall incur any expense for maintenance or repair work performed, or enforcement action taken, pursuant to Section 6.1(c), Section 6.2(a) or other provisions of this Declaration; and (c) on each Homestead, the Owner or occupant of which shall violate the Declaration and/or the rules and regulations of the Association,

with the first violation resulting in a Special Assessment of not less than \$100 (and in such greater amount as specified in rules and regulations as adopted and amended from time to time by the Association), and any subsequent violation resulting in an assessment.

5.5. Uniform Rate of Assessment. Except as provided in Section 5.4 above, special assessments shall be fixed at a uniform rate for all Homesteads. Declarant, for each unsold Homestead owned by it in the development, shall pay the assessments as herein provided for each unsold Homestead; provided that until such date as Declarant closes and conveys a Homestead to an Owner (other than Declarant), the assessment attributable to such Homestead shall be one-half (1/2) the regular assessment.

5.6. Assessment Due Dates. The assessments provided for herein shall be due on the tenth (10th) day after mailing of invoices by the Association to the Owner of each Homestead. Assessments not paid within ten (10) days of the due date thereof shall be deemed late and subject to a late fee of the greater of five percent (5%) of the total assessment due or Twenty-Five Dollars (\$25.00).

5.7. Certificate Regarding Payment. Upon the request of any Owner or a prospective purchaser or encumbrancer of a Homestead, the Association shall issue a certificate stating whether or not all assessments respecting such Homestead are current and, if not, the amount of the delinquency. Such certificate shall be conclusive in favor of all persons who in good faith rely thereon.

5.8. Effect of Non-Payment; Remedies. Any assessment not paid when due shall, together with the hereinafter provided for interest and costs of collection be, constitute, and remain a continuing lien on the affected Homestead; provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the Homestead recorded prior to the date any such assessments became due. If the assessment is not paid within thirty (30) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum and the Association may bring an action either against the Owner who is personally liable or to foreclose the lien against the Homestead. Any judgment obtained by the Association shall include reasonable attorneys' fees, court costs, and each and every expense incurred by the Association in enforcing its rights. In addition, voting rights associated with the affected Homestead shall be suspended until the assessment, interests and costs due hereunder shall be paid in full.

5.9. Tax Collection. It is recognized that under the Declaration, the Association will own rights to Common Areas. Should the Association become obligated to pay property taxes, it is recognized that each Owner of a Homestead as a Member of the Association will be required to reimburse the Association for his pro rata share of such taxes paid.

6. DUTIES AND POWERS OF THE ASSOCIATION

6.1. Duties of the Association. Without limiting any other duties which may be imposed upon the Association by its Articles of Incorporation or this Declaration, the Association shall have the obligation and duty to do and perform each and every one of the following for the benefit of the Owners:

(a) The Association shall accept all Owners as members of the Association.

(b) The Association shall accept title to all Common Areas conveyed to it by Declarant.

(c) The Association shall ensure the maintenance, repair, and replacement all landscaping and improvements in the Common Areas to be made by the Owner of the Homestead on which the Common Area easement is situated, including but not limited to the maintenance of all exterior trees, shrubs, grass, and other Common Area improvements. The Association shall have no obligation to perform any exterior maintenance and/or repair of any part of a Living Unit or any other landscaping installed by an Owner without the Association's express agreement to maintain such landscaping.

As provided in Section 7.9, each Owner shall have the obligation to provide exterior maintenance of his Living Unit including but not limited to painting, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, and landscaping installed by an Owner or his predecessor in title. Each Owner shall paint, repair, and otherwise maintain the exterior and interior of his Living Unit and shall maintain all mechanical devices, including but not limited to, appurtenant electrical, plumbing and heating, ventilating and air conditioning systems. The maintenance of all Living Units and accessory buildings shall be in accordance with the Design Guidelines.

In the event that the need for maintenance or repair of Common Areas as specified herein is caused through the willful or negligent acts of an Owner, or through the willful or negligent acts of the family, guests or invitees of an Owner, the Board may cause such repairs to be made by the Association and the cost of such maintenance or repair (and administrative expenses equal to ten (10%) percent of such costs) shall be added to and become part of the Reimbursement Assessment (as set forth in Section 5.4) to which such Homestead is subject.

(d) To the extent not assessed to or paid by the Owners directly, the Association shall pay all real property taxes and assessments levied upon any portion of the Common Areas, provided that the Association shall have the right to contest or compromise any such taxes or assessments.

6.2. Powers and Authority of the Association. The Association shall have all the powers set forth in its Articles of Incorporation and its Bylaws, together with its general powers as a nonprofit corporation, and the power to do any and all things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration, including the power to levy and collect assessments as

hereinafter provided and suspend Class A voting rights. Without in any way limiting the generality of the foregoing, the Association shall have the following powers:

(a) The Association shall have the power and authority at any time and from time to time and without liability to any Owner for trespass, damage or otherwise, to enter upon any Homestead for the purpose of maintaining and repairing such Homestead or any improvement thereon if for any reason the Owner fails to maintain and repair such Homestead or improvement, or for the purpose of removing any improvement constructed, reconstructed, refinished, altered or maintained upon such Homestead in violation of Article VII of this Declaration. The Association shall have the right to permit access to the Subdivision through any and all entrances, subject to governmental requirements, if any. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or in the name and behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or any rules and regulations promulgated by the Board, or to enforce by mandatory injunction or otherwise all of the provisions of this Declaration and such rules and regulations.

(b) In fulfilling any of its duties under this Declaration, provided that any contract for goods or services having a term of more than one (1) year shall state that it may be terminated by either party at the end of the first year or at any time thereafter upon no less than ninety (90) days written notice, the Association shall have the power and authority (i) to pay and discharge any and all liens placed upon any Common Areas on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties and (ii) to obtain, contract and pay for, or to otherwise provide for:

i. Construction, maintenance, repair and landscaping of the Common Areas and exterior repairs of Living Units upon Homesteads to the extent necessitated by the failure of Owners of such Homesteads on such terms and conditions as the Board shall deem appropriate.

ii. Such insurance policies or bonds as the Board may deem appropriate for the protection or benefit of Declarant, the Association, the members of the Board and the Owners;

iii. Such services as the Board may from time to time deem desirable; and

iv. Such materials, supplies, furniture, equipment, services and labor as the Board may deem necessary.

(c) The Board may delegate by resolution or contract to a Managing Agent any of its powers under this Declaration; provided, however, that the Board cannot delegate to such Managing Agent the power to execute any contract binding on the

Association for a sum in excess of Five Thousand Dollars (\$5,000.00), nor the power to sell, convey, mortgage, or encumber any Common Areas.

(d) The Board may suspend Class A voting rights of any Owner who is in violation of the terms and conditions of this Declaration until all violations are remedied. The Board may not suspend the voting rights of the Declarant.

6.3. Association Rules. The Board from time to time and subject to the provisions of this Declaration, may adopt, amend, repeal and enforce rules and regulations governing, among other things: (a) the use of the Common Areas; (b) the collection and disposal of refuse; (c) the maintenance of animals on the Property, provided, however, the provisions of Section 7.6 shall not be subject to amendment except as provided in Section 9.3, but only with the affirmative vote of eighty-five percent (85%) of all Class A membership votes; (d) the use of Living Units for business or rental purposes; and (e) other matters concerning the use and enjoyment of the Property and the conduct of residents. The Board may also adopt additional Architectural Guidelines, in addition to those adopted by the Declarant, for the construction of Living Units; provided, however, that until the earlier of the expiration of twenty (20) years from the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, or all Units to be located upon the Property and the Additional Property have been sold to third parties, Declarant shall have the unilateral right to amend or modify the Design Guidelines or to reject any additional Architectural Guidelines proposed by the Board. Rules and Regulations and/or Architectural Guidelines adopted by the Board may be enforced in accordance with the provisions of Section 7.16.

6.4. Limitation of Liability. No member of the Board acting in good faith shall be personally liable to any Owner, guest, lessee or any other person for any error or omission of the Association, its representatives and employees, the Board, any committee or the Managing Agent.

6.5. Quorum Requirements. The quorum required for any action by the Members hereunder, unless otherwise specifically set forth in this Declaration, shall be as follows: At the first meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all outstanding votes shall constitute a quorum. If a quorum is not present, another meeting may be called (subject to the notice requirement set forth in Section 9.2 and 9.3), at which a quorum shall be one-half (1/2) of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting.

7. USE RESTRICTIONS

7.1. Use of Common Areas. The Common Areas shall be used only in a manner consistent with their unique community nature and with the use restrictions applicable to Homesteads and Living Units.

7.2. Use of Homesteads and Living Units. All Homesteads are intended to be improved with Living Units and are restricted to such use. No gainful occupation, profession, trade or other non-residential use shall be conducted on any Homestead or in any Living Unit which invites or requires customer traffic unless approved by the Association and is consistent with applicable governmental requirements. Each Living Unit shall be used only as a single-family residence. No Homestead or Living Unit shall be used, occupied, or altered in violation of law, so as to jeopardize the support of any other Living Unit or so as to create a nuisance or interfere with the rights of any Owner.

7.3. Building Location, Features and Materials. The location of all buildings, and each building's design, features and materials must be consistent and in accordance with the Design Guidelines, including landscape requirements. Reference must be made to the Design Guidelines for additional requirements and conditions for the design and construction of Living Units, including but not limited to roofs, windows, doors, exterior railings, exterior colors and the landscaping and use of Homesteads.

(a) Building Location. Each Living Unit and accessory building shall be located such that:

i. All improvements on a Homestead shall comply with the minimum setback requirements established by Heber City.

ii. Improvements on a Homestead (including outdoor amenities such as ancillary buildings and related improvements) must be approved by the Architectural Committee in its sole discretion in order to maximize views and minimize any negative impact upon the site.

(b) Garages and Parking. Subject to the provisions of the Design Guidelines, garages must be fully enclosed, accommodate a minimum of two cars, and be equipped with an automatic garage door opener. Carports are not acceptable substitutes for garages. Each Homestead shall in addition be designed and constructed with two (2) unenclosed guest parking spaces.

(c) Exterior Building Wall Materials. Building materials for exterior buildings must be of those permitted as specified in the Design Guidelines and at a minimum must incorporate three (3) approved materials. Use of stucco finishes is severely restricted. All building materials and colors must be approved by the Architectural Committee prior to use.

(d) Porches and Decks. The Design Guidelines contain certain requirements regarding porches and decks, all of which must be approved by the Architectural Committee.

(e) Roof, Soffit and Facia. Roof, soffit and facia designs, materials and colors must be consistent with the requirements of the Design Guidelines. Roof materials shall include non-combustible materials such as unglazed tile, wood, slate, concrete tile,

architectural standard composition shingle or other materials approved by the Architectural Committee. Metal roofs are not allowed except as used for dormers or projections. In all instances roof materials shall be Class A fire treated and non-reflective. Facia and soffit design, materials and colors shall be consistent with the Design Guidelines.

(f) Accessory Structures. Each Living Unit must incorporate open and/or enclosed patios as part of the Living Unit and in accordance with the Architectural Guidelines of the Development. Patio structures, trellises, sunshades, gazebos and any other appurtenant buildings shall be constructed of materials consistent with the colors, textures and materials approved for the dwelling and shall be integral to the architecture of the house, the Architectural Guidelines of the Development and subject to the approval of the Architectural Committee. The base of accessory structures may consist of brick, rock or stone provided such materials are consistent with the design theme of the Development and the appurtenant Living Unit. Accessory structures shall have a maximum height of eleven (11) feet and a minimum 6/12 roof pitch.

(g) Chimneys. Chimneys of approved exterior materials may not exceed the height required by appropriate governmental agencies. Exposed metal flues are not acceptable and all chimneys shall be covered with a hood to hide the flue system. Chimneys must contain brick, rock or stone consistent with the materials used for accessory structures as provided in (e) above.

(h) Mailboxes. All Homesteads shall install at a United States Postal Service-approved location a column-mounted mailbox consistent with the style, design and aesthetics of the home and the neighborhood. Post-mounted mailboxes shall not be allowed.

(i) Address Block. All Living Units shall display on the front of the house a rectangular or square inset address block with the house number set in masonry concrete or cast iron aluminum.

(j) Fences and Walls. Subject to the Design Guidelines and the exceptions set forth below and except as to fences installed by Declarant, fencing shall be installed by each Homestead Owner on rear and side yards (i.e., yards not facing a street) only and shall be constructed of tan or beige vinyl in accordance with the fence detail requirements set forth in the Design Guidelines. Only one fence may be erected along any one boundary line with the Owners of Homesteads who share a common boundary line. Each Owner shall be allowed to share in the expense of such common fence equally, subject to the requirements of applicable law. Pet enclosures that are not designated as accessory buildings shall be subject to the fence requirements contained herein.

All existing fences on a Homestead shall be maintained by Owners in the condition originally installed by Declarant or, with respect to other fences, as required herein.

All retaining walls shall be constructed of approved materials, in an approved manner and to blend with existing topography, all in accordance with the Design Guidelines.

(k) Paving. Driveways and other flat paved areas may be concrete, exposed aggregate concrete, stamped concrete, colored concrete, quarry tile, brick, or paving blocks.

(l) Roof Top Equipment. Roof top equipment, including but not limited to solar panels, are to be integrated into roof design, and concealed from view in chimney type structures as integral parts of roof and wall designs. Panels and frames must be copper or compatible with roof colors and all equipment must match roof color.

(m) Antennas. All antennas are restricted to the attic or interior of the residence. Satellite dishes and/or other communication devices shall be allowed on roofs provided they are screened from view and their location is approved by the Architectural Committee.

(n) Skylights. Skylights are to be designed as an integral part of the roof and are subject to review and approval by the Architectural Committee. Skylight glazing may not be reflective. Skylight framing shall be colored to match adjacent roofing materials.

(o) Pools, Spas, Fountains, Game courts. Pools, spas, fountains and game courts may be approved by the Architectural Committee and shall be located to avoid impacting adjacent properties with light or sound. No game court shall be located in front or side yards. Pool heaters and pumps must be screened from view and sound insulated from neighboring houses. Nothing herein shall be construed as permitting the construction of skateboard areas and/or ramps, which structures shall be prohibited.

(p) Sheet Metal, Flashing and Vents. All sheet metal, flashing, vents and pipes must be colored to match the material to which they are attached or from which they project, with the exception of copper.

(q) Mechanical Equipment. All air conditioning, heating equipment, swamp coolers and soft water tanks must be screened from view and insulated for sound attenuation. Air conditioning units and swamp coolers are not permitted on roofs or through windows unless screened from view and approved by the Architectural Committee.

(r) Exterior Lighting. All exterior side lighting is to be indirect and shall not shine directly on neighboring Homesteads. In addition to the foregoing, Owners shall be permitted to utilize accent and spot lights on their own Living Units. All exterior lighting shall be installed and maintained in accordance with the Governing Laws.

(s) Landscape Site Preparation Guidelines. All demolition, clearing, grubbing, stripping of soil, excavation, compaction and grading must be performed within the confines of a Homestead.

(t) Site Grading and Drainage. Grading for Homesteads must conform to the Governing Documents including the Design Guidelines. Site drainage shall be in accordance with the Design Guidelines, including but not limited to a requirement that all buildings shall utilize gutters and down spouts to direct roof drainage to onsite drainage collection areas and/or street drainage systems.

(u) City and Other Approval. Approval of any improvements by the Architectural Committee does not waive the requirement for any other required public agency review or permit approval process. By approving plans, the Architectural Committee takes no responsibility for plan conformity to any other criteria other than the requirements of this Declaration and any Design Guidelines.

(v) Metal Awnings and Carports. Metal awnings, metal "lean-tos", metal patio covers and/or carports shall not be permitted on any Homestead.

(w) Height of Living Unit. Each Living Unit shall not exceed a height of thirty-five (35) feet or such lesser height if restricted by the Governing Laws. Such height shall be measured as specified in the Design Guidelines and the Governing Laws.

(x) Mass and Form of Living Unit. The mass and form of each Living Unit must be consistent with the requirements of the Design Guidelines, including, but not limited to a requirement that no portion of a building may exceed a length of fifty (50) feet without a change in direction, roof alignment, wall offset or elevation change.

(y) Permitted Living Unit Size and Styles by Homestead. No single-story Living Units ("Ramblers") shall be erected or constructed on any Homestead with floor space in said Living Unit of less than 1,800 square feet on the ground level, excluding garages, any space over any garage, porches, decks and patios.

No 1 ½ story Living Unit ("1 ½ Story" or "Main Level Master") shall be erected or constructed on any Homestead in the subdivision with floor space in said dwelling of less than 1,700 square feet on the ground floor level, excluding garages, space over any garage, porches, decks and patios. To qualify as a 1 ½ Story design, the second level shall consist of finished square footage equal to or greater than thirty percent (30%) and no more than fifty percent (50%) of the floor space located on the ground floor level, excluding garages, space over any garage, porches, decks and patios.

No 2-story Living Unit ("2-Story") shall be erected or constructed on any Homestead in the subdivision with floor space in said dwelling of less than 1,700 square feet on the ground floor level, excluding garages, space over any garage, porches, decks and patios. To qualify as a 2-Story design, the second level shall consist of finished square footage equal to or greater than fifty-one percent (51%) of the floor space located

on the ground floor level, excluding garages, space over any garage, porches, decks and patios.

The following table identifies permitted Living Unit types that may be constructed on each Homestead:

Homestead Number	Rambler	1 ½ Story	2-Story
66	√	√	
67	√	√	
68	√	√	
69	√	√	
70	√	√	
71	√	√	√
72	√	√	√
73	√	√	
74	√	√	
75	√	√	
76	√	√	
77	√	√	
78	√	√	
79	√	√	
80	√	√	
81	√	√	
82	√	√	
83	√	√	√
84	√	√	√
85	√	√	√
86	√	√	
87	√	√	√
88	√	√	√
89	√	√	√
90	√	√	√
91	√	√	√
92	√	√	√
93	√	√	√
94	√	√	
95	√	√	√
96	√	√	√
97	√	√	√
98	√	√	√
99	√	√	√
100	√	√	√
101	√	√	√
102	√	√	√
103	√	√	√
104	√	√	√
105	√	√	√
106	√	√	
107	√	√	
108	√	√	
109	√	√	
110	√	√	

(Refer to Exhibit C – “Cove Estate Phase 1 Plat” and Exhibit D – “Cove Estates Phase 2 Plat” for maps showing Homestead locations).

(z) Basements. Basements are required for all Homesteads. No slab-on-grade foundation, block or CMU foundation shall be approved by the Architectural Committee. All basements must be of a size no less than 80% of the size of the ground floor level, exclusive of garages, porches, decks and patios. The Architectural Committee may grant a variance from these requirements if required by site considerations of certain Homesteads.

(aa) Culinary Water System Booster Pumps. Certain Homesteads may desire the installation of a booster pump to increase the water pressure from their culinary water system. To the extent an Owner seeks to install a booster pump, the Owner must first obtain a permit from Heber City and the pump must be installed per city standards.

(bb) Sewer Pumps. Heber City suggests that basement elevations for Homesteads 66-69 and 105-110 may be restricted unless a sewer pump is installed.

7.4. Landscaping and Common Area Improvements.

(a) Each Owner of a Homestead shall be responsible, at his own cost and expense, for landscaping the Homestead and irrigating such landscaping in accordance with the Design Guidelines and as approved by the Architectural Committee. Each Owner shall be responsible at his own cost and expense to maintain and water all such landscaping installed by the Owner (or his predecessor). The addition to, modification of, or removal of trees and other approved vegetation (excluding removal of the same because of death which is thereafter immediately replaced by the same approved vegetation) without the prior approval of the Architectural Committee shall be deemed a violation of the requirements of Owner to maintain the same and the Architectural Committee shall have the right to require Owner to restore such area to its prior approved condition at the sole cost of Owner. In the event Owner fails to restore such area as required herein, the Association shall have the right to restore the same and the cost of such restoration together with administrative expenses equal to ten percent (10%) of such costs, shall be added to and become part of the Reimbursement Assessment (as set forth in Section 5.4) to which such Homestead is subject. Common Areas shall be maintained and watered by the Homestead Owner upon which the easement is situated. The provisions of this Section relating to the removal of trees and approved vegetation shall not be applicable or binding upon Declarant with respect to the initial clearing, grading and landscaping of the Property.

(b) Irrigation systems shall be installed in accordance with the Design Guidelines and the necessary permits and inspections must be obtained from Heber City to install any irrigation and/or sprinkling system.

7.5. Recreational Vehicles. No recreational vehicles, including but not limited to boats, trailers, snowmobiles, ATV's, large trucks and commercial vehicles belonging to Owners or other residents of the Property shall be parked within the Development except in an enclosed garage or for temporary parking not to exceed seventy-two (72) hours. No motor vehicle of any kind shall be repaired, constructed or reconstructed upon any Homestead, Private Street or other Common Areas, except that these restrictions shall not apply to emergency repairs to vehicles.

7.6. Animals. Except as provided herein below, no animals shall be kept or allowed on any Homestead, in any Living Unit, or within any part of the Common Areas. Subject to the Governing Laws, Household Pets may be maintained on a Homestead as follows: (i) not more than four (4) Household Pets may be kept on a Homestead, further provided that no more than two (2) dogs may be maintained on a Homestead; (ii) the Owner of any animal shall be personally liable for any damages or inconveniences resulting from keeping Household Pets on a Homestead and shall take all necessary steps to prevent his or her pet from roaming unrestrained throughout the neighborhood. Without exception, all dogs shall be restrained (i.e. leash) when off the Homestead of their Owner. Approved perimeter fencing or "Invisible Fencing" may be used for the confinement of animals. If not contained by perimeter fencing, all dogs must be on a leash or tied up in some manner so as to not become a nuisance to the other Owners. Partially enclosed and roofed structures (i.e., cages, pens, dog houses, etc.) provided and maintained for animals shall be located at the rear of the Living Unit and at least thirty (30) feet from neighboring Living Units. All such structures shall comply with all Governing Laws and any applicable setback requirements. All such structures for the care, housing or confinement of any such animals shall be maintained by Owner and approved by the Architectural Committee. If a dog run is constructed, it shall be constructed consistent with the specifications provided in the Design Guidelines. Any Owner or other resident within the Development who violates this Section shall be subject to such penalties or fines as the Board by resolution or as regulation may provide.

7.7. Common Areas. The Common Areas of the Development shall be improved and used only for the following purposes:

(a) Beautification of the Development.

(b) Such other uses as shall be determined from time to time by the Board for the benefit of members of the Association, following consultation with the Architectural Committee.

7.8. Insurance. No use shall be made of any Living Unit which shall cause the improvements within the Development or any part thereof to be uninsurable against loss by fire or other perils included in insurance contracts, or cause such insurance to be cancelled or suspended, or cause any company issuing such insurance to refuse renewal thereof. Each Owner shall be responsible for securing insurance presently known as homeowners special form coverage (Form 3, or better).

7.9. Maintenance and Repair. No Living Unit, building, structure (including interiors thereof), or landscaping upon any Homestead shall be permitted to fall into disrepair. Subject to the requirements herein as to approval by the Architectural Committee, each such building, structure, or landscaping at all times shall be kept in good condition and, as appropriate, adequately painted or otherwise finished. Such obligation shall extend, but shall not be limited to, the painting, repair, replacement and care of roofs, gutters, downspouts, and exterior building surfaces.

7.10. Nuisances. No rubbish or debris of any kind, including but not limited to equipment and machinery which is no longer operational, shall be placed or permitted by an Owner upon or adjacent to any Homesteads, so as to render such Homestead or portion thereof unsanitary, unsightly, offensive, or detrimental to other Owners. No Living Unit or Homestead shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other Living Units or Homesteads. Without any of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices (except security devices used exclusively for security purposes) shall be located or placed on Homesteads or in Living Units.

7.11. Right of Entry. During reasonable hours, any member of the Architectural Committee or any member of the Board, or any officer or authorized representative of any of them, shall have the right to enter upon and inspect any Homestead, and the improvements thereof, to ascertain whether or not the provisions of this Declaration and the rules and regulations of the Board or of the Association have been or are being complied with.

7.12. Governing Documents and Laws. Each portion of the Development shall be used subject to and in compliance with all Governing Documents and Governing Laws. The Governing Documents each impose certain obligations on the Development. To the extent that those Governing Documents impose specific obligations on certain portions of the Development, the Owners associated with those portions of the Development shall take all actions and pay all costs reasonably necessary to carry out those obligations as they apply to their specific areas.

7.13. Signs. No signs whatsoever (including, without limitation, political signs) shall be erected or maintained on any Homestead, except:

- (a) Such signs as may be required be legal proceedings.
- (b) Construction identification signs, placed and maintained only during construction of a Living Unit, not exceeding four feet wide and four feet high, for each Living Unit.
- (c) A "For Sale" or "For Rent" sign.

7.14. Trash Containers and Collection. All garbage and trash shall be placed and kept in covered containers of a type and style which shall be approved by or made

available by the City and/or Wasatch County. Insofar as possible, such containers shall be maintained as not to be visible from neighboring Homesteads except to make them available for collection and then only for the shortest time necessary to effect such collection.

7.15. Toxic Materials. No Owner shall store, use, manufacture, process, distribute, treat, transport, handle, emit, dispose of, discharge or release any Toxic Materials at or from the Development or any portion thereof in violation of any Environmental Laws.

7.16. Enforcement of Land Use Restrictions. The following persons shall have the right to exercise or seek any remedy at law or in equity to enforce strict compliance with this Declaration:

- (a) Declarant, so long as it has any interest in any of the Property; or
- (b) The Association.

The prevailing party in an action for the enforcement of any provisions of this Declaration shall be entitled to collect court costs and reasonable attorney's fees. In addition to the foregoing, the Association is granted the specific authority to assess a Reimbursement Assessment in accordance with the provisions of Section 5.4 for a violation of the Use Restrictions contained in this Article VII or any other provision of the Declaration.

7.17. Exception for Declarant. Notwithstanding the restrictions contained in this Article VII, for the twenty (20) years following the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah, Declarant shall have the right to use any Homestead or Living Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in any way in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and/or sale of all Homesteads owned by the Declarant.

8. ARCHITECTURAL CONTROL

8.1. Architectural Committee. In accordance with the procedures set forth in Article 4 of the Design Guidelines, until such time as the Class B voting rights terminate, the Declarant shall appoint, and thereafter the Board of Trustees of the Association shall appoint, a three (3) member Committee, to be known as the Architectural Committee, the function of which shall be to insure that all improvements and landscaping within the property harmonize with the Design Guidelines and the existing surroundings and structures. The Committee need not be composed of Owners. If such a Committee is not appointed, the Board itself shall perform the duties required of the Committee.

8.2. Submission to Committee. No Living Unit, accessory building or structure or addition to a Living Unit and no landscape installations, additions and/or changes shall be constructed or maintained, and no alteration, repainting (excluding repainting of the same color as originally painted), or refurbishing of the exterior of any Living Unit, nor of any court enclosure, except as herein otherwise mentioned, shall be performed, unless complete plans and specifications therefor have first been submitted to and approved by the Committee. All such plans and specifications shall be consistent with Design Guidelines which shall be from time to time adopted. All such plans and specifications shall be submitted to the Architectural Committee in accordance with its time frames, conditions and procedures set forth in Article 4 of the Design Guidelines.

8.3. Standard. In deciding whether to approve or disapprove plans and specifications submitted to it, the Committee shall use its best judgment to insure that all improvements, construction, landscaping and alterations on Homesteads within the Property conform to the Design Guidelines and harmonize with existing surroundings and structures and that such proposed improvements enhance the value and aesthetics of the Project.

8.4. Approval Procedure. Any plans and specifications submitted to the Committee shall be submitted, after a pre-application conference with a member of the Committee, on a form provided by the Committee and in duplicate. A preliminary review of design drawings will be required with a final review to be made of working drawings. Upon completion of each review, one set of plans will be retained by the Association and the remaining set of plans will be returned to the property owner.

Architectural review fees (made payable to the Association) as specified in the Design Guidelines, are required with the submittal of plans and specifications.

No later than five (5) business days prior to making a submission to the Committee, the Committee shall be given notice that a submission will be made on a specified date (the "Noticed Submission Date"). In general, plans and specifications shall be approved or disapproved by it in writing within ten (10) business days after submission (the "Actual Submission Date"). However, in the event the Committee is not given the five (5) business day notice of a pending submission, the Committee shall have an additional five (5) business days (for a total of fifteen (15) business days) to approve or disapprove a submission. In the event notice is given, but the submission is not made on the specified Notice Submission Date, the Committee shall have additional working days to review the submission equal to the number of days the submission is late. In the event the Actual Submission Date is prior to the Noticed Submission Date, the Committee shall have until ten (10) business days after the Noticed Submission Date to respond. In the event the Committee fails to take any action within such period it shall be deemed to have approved the material submitted.

8.5. Completion Deposit. As a condition for approval, the Architectural Committee will require an Owner to pay to the Association a Completion Deposit equal to Five Thousand Dollars (\$5,000) or ten percent (10%) of the estimated cost of the

submitted improvements, whichever is less. This amount may be adjusted by the Architectural Committee as directed by the Board of Trustees. No person shall commence any work or improvement until this Completion Deposit requirement has been complied with to the satisfaction of the Architectural Committee.

The deposit is intended to assure Owner's compliance with the requirements for construction of an approved building(s) and the proper clean-up of dirt and debris and the repair of any damage to the landscaping, streets or other property within the Subdivision, caused by Owner or his agents in the construction of improvements.

8.6. Address for Submittal. Plans and specifications for the construction and installation of any and all improvements shall be submitted and approved by the Architectural Committee (prior to submittal to any required governmental agency) at the following address:

COVE ESTATES
c/o The Ritchie Group, L.C.
Attn: Brent Ritchie
1245 Brickyard Road, Suite 70
Salt Lake City, Utah 84106

8.7. Construction.

(a) Once begun, any improvements, construction, landscaping, or alterations approved by the Committee shall be diligently prosecuted to completion:

i. The exterior construction of all structures on any Homestead shall be completed within a period of one (1) year following commencement of construction; provided however the Association may grant an extension to complete such construction, not to exceed two (2) six (6) month extensions, upon a showing of reasonable need submitted to the Association in advance of the required construction completion date.

ii. The front, side and rear yards of each Homestead shall be landscaped within a period of nine (9) months following completion or occupancy of the Living Unit.

(b) Owners and builders shall comply with all construction and builder regulations contained within the Design Guidelines, including but not limited to the clean up of all trash and debris on the construction site at the end of each day. Trash and debris shall be removed from each construction site at least once per week to a dumping location off-site of the development. Lightweight material, packaging and other items shall be covered or weighted down to prevent wind from blowing such materials off the construction site. Owners and builders are prohibited from dumping, burying or burning trash anywhere on a Homestead. During the construction period, each construction site

shall be kept neat and shall be promptly removed from public or private roads, open spaces and driveways.

Each property owner and builder shall be responsible for providing adequate sanitary facilities for his construction personnel. Portable toilets or similar temporary toilet facilities shall be located only on the site itself or in areas approved by the Architectural Committee.

Construction crews shall not park on, or otherwise use other Homesteads or any open space. All construction vehicles and machinery shall be parked only in areas designated by the Architectural Committee.

8.8. Liability for Damages. The Committee and/or the Association shall not be held liable for damages by reason of any action, inaction, approval, or disapproval by it with respect to any request made pursuant to this Article VIII.

8.9. Exception for Declarant. The foregoing provisions of this Article VIII shall not apply to any improvement, construction, landscaping, or alteration which is carried out by Declarant on any Homestead or on any part of the Common Areas and which occurs at any time during the twenty (20) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah.

8.10. Declarant's Obligation. Declarant hereby covenants in favor of each Owner that all Living Units erected by it and all improvements of the Common Areas accomplished by it in the Development shall be architecturally compatible with respect to one another.

9. MISCELLANEOUS

9.1. Governing Documents. The Parties shall take all actions and pay all costs necessary to perform all of their respective obligations under the Governing Documents except to the extent modified under this Declaration. Declarant shall not pass Declarant's obligations under the Governing Documents on to the Association, the Owners or any other person or entity without the prior written consent of the Board; provided, however nothing herein shall eliminate the Association or the Owners from their obligation to pay for services which may be provided under such Governing Documents.

9.2. Notices. Any notice required or permitted to be given to any Owner or Member under the provisions of this Declaration shall be deemed to have been properly furnished if mailed, postage prepaid, to the person who appears as a Member or Owner, at the latest address for such person appearing in the records of the Association at the time of mailing.

9.3. Amendment. Subject to the provisions of Section 6.3 of Article VI, any amendment hereto shall require (i) the affirmative vote of at least two-thirds (2/3) of all

Class A membership votes, which Members present in person or represent by proxy are entitled to cast at a meeting duly called for such purpose; and so long as the Class B membership exists, (ii) the written consent of the Declarant. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of the Class A Membership shall constitute a quorum. If the quorum is not present, another meeting may be called (subject to the notice requirement set forth in the foregoing portion of this Section), at which a quorum shall be one-half (1/2) of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by the President or Vice President of the Association, and by the Declarant if the Class B Membership then exists. In such instrument the President or Vice President of the Association shall certify that the vote required by this Section for amendment has occurred.

9.4. Consent in Lieu of Voting. In any case in which this Declaration requires for authorization or approval of a transaction the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Members entitled to cast at least the stated percentage of all membership votes outstanding in connection with the Class of membership considered. The following additional provisions shall govern any application of this Section 9.4:

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Member.

(b) The total number of votes required for authorization or approval under this Section 9.4 shall be determined as of the date on which the last consent is signed.

(c) Except as provided in the following sentence, any change in ownership of a Homestead which occurs after consent has been obtained from the Owner thereof shall not be considered or taken into account for any purpose. A change in ownership which would otherwise result in an increase in the total number of Class A votes outstanding shall, however, be effective in that regard and shall entitle the new Owner to give or withhold his consent.

9.5. Lease Provision. Any Owner may lease his Homestead and such buildings as are situated thereon; provided, however, that any lease agreement between a Homestead Owner and a Lessee must be in writing, and must provide, inter alia, that:

(a) The terms of the lease shall in all respects be subject to the provisions of the Declaration, Articles of Incorporation of the Association and the By-Laws; and

(b) Any failure by the Lessee to comply with the terms of such documents shall constitute a default under the lease.

9.6. Declarant's Rights Assignable. All or any portion of the rights of Declarant under this Declaration or in any way relating to the property may be assigned.

9.7. Dissolution. The Association may be dissolved by the affirmative assent in writing of two-thirds (2/3) of the votes of each class membership. Upon dissolution of the Association, all of its assets (including the Common Areas) may be dedicated or transferred to an appropriate public agency or authority to be used for purposes similar to those provided for in the By-laws, the Articles of Incorporation or this Declaration. In the event such dedication or transfer is not made or is not accepted, the Association's assets shall be transferred to a non profit corporation, trust, or other entity to be used for such similar purposes, and each Owner shall continue to be obligated to make assessment payments for the maintenance and upkeep of the Common Areas on a pro rata basis which conforms substantially with the assessment procedure, terms and conditions set forth in Article V of this Declaration.

Declarant's Covenant to Construct Common Areas. Declarant hereby covenants to construct and complete all Common Areas improvements within two (2) years of the filing of this Declaration in the office of the County Recorder of Wasatch County, Utah.

9.8. Interpretation. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any party thereof, and any gender shall include the other gender. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

9.9. Reservation of Right to Buy. **NOTE: SELLER IS RESERVING THE RIGHT TO REPURCHASE THE PROPERTY IN THE EVENT THAT (i) CONSTRUCTION OF HOME DOES NOT COMMENCE BEFORE TWO (2) YEARS FROM THE DATE OF THE CLOSING OF THIS SALE; OR (ii) BUYER SEEKS TO SELL OR TRANSFER THE PROPERTY TO A THIRD PARTY PURCHASER WITHOUT A LIVING UNIT CONSTRUCTED ON THE LOT.** In the event that (i) construction of a Living Unit is not commenced within a period of two (2) years from the date of Closing; or (ii) the Buyer seeks to sell or transfer the Property to a third party purchaser without a living unit constructed on the Property and before the Buyer may actually transfer or sell the Property, the Buyer shall give written notice to the Seller of the Buyer's intention to transfer or sell the Property. For 30 days following receipt of the notice, Seller shall have the right to repurchase the Property upon the same

terms and conditions, including but not limited to purchase price, as such Property was originally sold by Seller to Buyer. In the event that Seller elects to repurchase the Property, Seller shall give written notice of its election to the Buyer and such repurchase shall be closed within sixty (60) days after the date of such notice at a location acceptable to Seller. At closing and as a condition thereto, Buyer shall reconvey the Property to Seller by warranty deed, subject only to those exceptions which encumbered the Property at the date of original sale. In the event that Buyer transfers or sells the Property without giving the Seller notice and an opportunity to purchase the Property pursuant to these terms, the Buyer shall immediately forfeit to Seller the difference between the Buyer's sales price to a third party and the original purchase price. The Seller's right to repurchase the Property shall automatically terminate upon the completion of construction upon such Property of a Living Unit approved by the Architectural Committee or twenty (20) years from the date of recording of the Declaration of Covenants, Conditions and Restrictions in the Wasatch County Recorder's Office, provided that Seller shall have the right to close the repurchase of any Property for which notice of repurchase has been given to the Owner prior to the expiration of twenty (20) years from recording.

9.10. Property Part of Development. The Property shall comprise the Cove Estates Subdivision.

9.11. Covenants to Run With Land. This Declaration and all provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of the Declarant, and all parties who hereafter acquire any interest in a Homestead or in the Common Areas. Owners shall be subject to the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration; and failure to comply with any of the foregoing shall be grounds for an action by the Association for the recovery of damages, or for injunctive relief, or both. By acquiring any interest in a Homestead or in the Common Areas, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

9.12. Effective Date. This Declaration and any amendment hereof shall take effect upon its being filed for record in the office of the County Recorder of Wasatch County, Utah.

EXECUTED the day and year first above written.

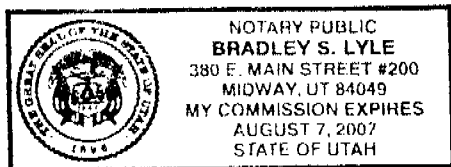
MWE-COVE, L.L.C.,
a Utah limited liability company

By: Paul W. Ritchie
Paul W. Ritchie, Manager

By: David M. Nelson
David M. Nelson, Manager

STATE OF UTAH)
 :SS
COUNTY OF WASATCH)

On the 11 day of January, 2006, personally appeared before me Paul W. Ritchie, who being by me duly sworn did say that he is a Manager of MWE-COVE, L.L.C., and that the within and foregoing instrument was signed in behalf of said limited liability company by authority of a resolution of its members and/or the terms of its operating agreement and the said Paul W. Ritchie duly acknowledged to me that said limited liability company executed the same.



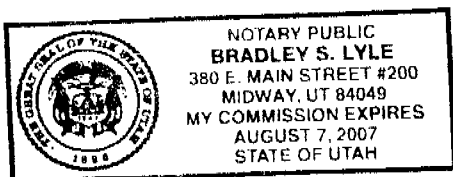
Bradley S. Lyle
NOTARY PUBLIC

STATE OF UTAH)

:SS

COUNTY OF WASATCH)

On the 10 day of January, 2006, personally appeared before me David M. Nelson, who being by me duly sworn did say that he is a Manager of MWE-COVE, L.L.C., and that the within and foregoing instrument was signed in behalf of said limited liability company by authority of a resolution of its members and/or the terms of its operating agreement and the said David M. Nelson duly acknowledged to me that said limited liability company executed the same.



Bradley S. Lyle

NOTARY PUBLIC

EXHIBIT ALEGAL DESCRIPTIONParcel 1

Commencing at a point located S89°44'50"W 1339.53 feet and North 1491.02 feet from the Wasatch County Monument for the Southeast corner of Section 29, Township 3 South, Range 5 East, Salt Lake Base & Meridian (brass cap set in 1976), said point being the Southeast corner of the Cove at Valley Hills; thence North along said boundary 1518.07 feet to the point of beginning; thence North 966.68 feet; thence East 310.44 feet; thence South 130.00 feet; thence S25°34'08"E 66.51 feet; thence S00°28'02"W 375.01 feet; thence S03°31'25"E 127.47 feet; thence S07°13'17"W 201.83 feet; thence S07°55'06"W 66.01 feet to the beginning of a non-tangent curve concave to the Northwest having a radius of 300 feet; thence Southwesterly along said curve 72.25 feet through a central angle of 13°47'57" (chord bearing and distance of said curve being S82°56'56"W 72.08 feet); thence West 237.93 feet to the point of beginning. Contains 7.33 acres.

OZA - 1066 — OZA - 1077

Said property also known as Cove Estate Phase 1.

Parcel 2:

Commencing at a point located S89°44'50"W 1339.53 feet and North 1491.02 feet from the Wasatch County Monument for the Southeast corner of Section 29, Township 3 South, Range 5 East, Salt Lake Base & Meridian (brass cap set in 1976) said point being the Southeast corner of the Cove at Valley Hills Plat; thence North along said boundary 761.10 feet to the true point of beginning; thence North 567.62 feet; thence East 5.00 feet; thence North 189.35 feet; thence East 232.93 feet to the beginning of a tangent curve to the left having a radius of 300 feet; thence Northeasterly along said curve a distance of 72.25 feet through a central angle of 13°47'57" (chord bearing and distance of said curve being N82°56'56"E 72.08 feet); thence N07°55'06"E 66.01 feet; thence N07°13'17"E 201.83 feet; thence N03°31'25"W 127.47 feet; thence N00°28'02"E 375.01 feet; thence N25°34'08"W 66.51 feet; thence North 130.00 feet; thence East 762.91 feet; thence S16°46'42"W 155.31 feet to the beginning of a non-tangent curve to the right having a radius of 60.00 feet; thence Southeasterly along said curve a distance of 163.78 feet through a central angle of 156°23'40" (chord bearing and distance of said curve being S10°24'42"E 117.46 feet); thence S22°14'03"E 97.18 feet; thence S00°12'40"W 65.49 feet to the centerline of the canal and the beginning of a non-tangent curve to the right having a radius of 784.79 feet; thence southwesterly along said curve a distance of 44.70 feet through a central angle of 03°15'48" (chord bearing and distance of said curve being S67°35'15"W 44.69 feet) to the beginning of a reverse curve to the left having a radius of 1194.88 feet; thence Southwesterly along said curve a distance of 100.91 feet through a central angle of 04°50'20" (chord bearing and distance of said curve being S66°47'59"W 100.88 feet); thence S64°22'47"W a distance of 123.53 feet to the

beginning of a tangent curve to the left having a radius of 150.66 feet; thence Southwesterly along said curve a distance of 133.45 feet through a central angle of $50^{\circ}45'03''$ (chord bearing and distance of said curve being $S39^{\circ}00'15''W$ 129.13 feet); thence $S13^{\circ}37'44''W$ a distance of 26.14 feet to the beginning of a tangent curve to the right having a radius of 698.14 feet; thence Southwesterly along said curve a distance of 244.22 feet through a central angle of $20^{\circ}02'35''$ (chord bearing and distance of said curve being $S23^{\circ}39'01''W$ 242.98 feet); thence $S33^{\circ}40'19''W$ a distance of 333.69 feet to the beginning of a tangent curve to the left having a radius of 138.95 feet; thence Southwesterly along said curve a distance of 32.61 feet through a central angle of $13^{\circ}26'49''$ (chord bearing and distance of said curve being $S26^{\circ}57'03''W$ 32.54 feet); thence $S19^{\circ}57'54''W$ a distance of 104.88 feet to the beginning of a tangent curve to the right having a radius of 725.99 feet; thence Southwesterly along said curve a distance of 76.17 feet through a central angle of $06^{\circ}00'42''$ (chord bearing and distance of said curve being $S22^{\circ}58'14''W$ 76.14 feet); thence $S25^{\circ}58'34''W$ a distance of 116.78 feet to the beginning of a tangent curve to the right having a radius of 1198.17 feet; thence Southwesterly along said curve a distance of 97.89 feet through a central angle of $04^{\circ}40'52''$ (chord bearing and distance of said curve being $S28^{\circ}19'00''W$ 97.87 feet); thence $S30^{\circ}39'23''W$ a distance of 133.18 feet to the beginning of a tangent curve to the left having a radius of 136.11 feet; thence Southwesterly along said curve a distance of 67.82 feet through a central angle of $28^{\circ}32'54''$ (chord bearing and distance of said curve being $S16^{\circ}22'56''W$ 67.12 feet) thence West a distance of 206.28 feet to the point of beginning. Containing approximately 19.30 acres.

Said property also known as Cove Estate Phase 2.

OZA-2078 - OZA-2110

EXHIBIT B

ADDITIONAL LAND

Together with any other real property adjacent to the Property or that is described on this Exhibit "B".

All of Parcel 1 Buckwheat Subdivision Agricultural Exemption Area according to the official Plat thereof recorded in the Office of the County Recorder of Wasatch County, State of Utah.

For informational purposes only, Tax Serial Number: OBW-0001.

FIRST SUPPLEMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
COVE ESTATES
(PHASE 3)

THIS FIRST SUPPLEMENT TO DECLARATION is made and executed this ___ day of _____, 200___, by MWE-COVE, L.L.C., a Utah limited liability company (hereinafter referred to as "Declarant").

RECITALS:

A. Declarant is the Declarant as identified and set forth in that certain Declaration of Covenants, Conditions and Restrictions of COVE ESTATES dated January ___, 2006, and recorded in the office of the Wasatch County Recorder on January ___, 2006 as Entry No. _____ in Book _____ beginning at page _____ (the "Declaration").

B. Under the terms of the Declaration, Declarant reserved the right to annex certain additional real properties ("Additional Land" or portions thereof) to the provisions of the Declaration and now desires to do the same in order to further the intent of the Declarant as expressed in the Declaration.

NOW, THEREFORE, in consideration of the recitals set forth hereinabove, the Declarant hereby declares and certifies as follows:

1. Submission of Phase 3. Declarant hereby submits the following described real properties, and its interests therein, to the terms, conditions, restrictions, covenants and easements to the terms of the Declaration, as amended:

SEE SCHEDULE "A" ATTACHED HERETO

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above described real property (the real property).

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across and through and under the above

described tract and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or any assignee of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct a Living Unit on each and every Lot; and (ii) to improve the Common Areas as Declarant may reasonably determine to be appropriate; and (iii) for the benefit of the Additional Land, however developed or utilized, over the real property described on Exhibit "B" attached hereto, whether or not the Additional Land, or portions thereof, is part of the Development. If, pursuant to the foregoing reservation, the above-described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire twenty (20) years after the date on which the Declaration was filed for record in the office of the County Recorder of Wasatch County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities; all patent reservations and exclusions; all mineral reservations and exclusions; all mineral reservations of record and rights incident thereto; all instruments of record which affect the above described tract or any portion thereof, including without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; and all easements and rights-of-way of record.

2. Supplemental Plat. The real properties described in Paragraph 1, and the improvements to be constructed thereon, all of which are submitted to the terms and conditions of the Declaration, are more particularly set forth on a supplemental Plat pertaining to the same, which supplemental Plat shall be recorded with this Supplement.

3. Representations of Declarant. Declarant represents as follows:

a. The annexed real property is part of the Additional Land as identified in the Declaration.

b. By the annexation of the real property described in paragraph 1, the total number of Living Units when completed, will equal _____ ().

4. Effective Date. This Supplemental Declaration, and the Supplement Plat relative to this addition, shall take effect upon their being filed for record in the office of the County Recorder of Wasatch County, Utah.

EXECUTED the day and year first above written.

EXHIBIT "A"

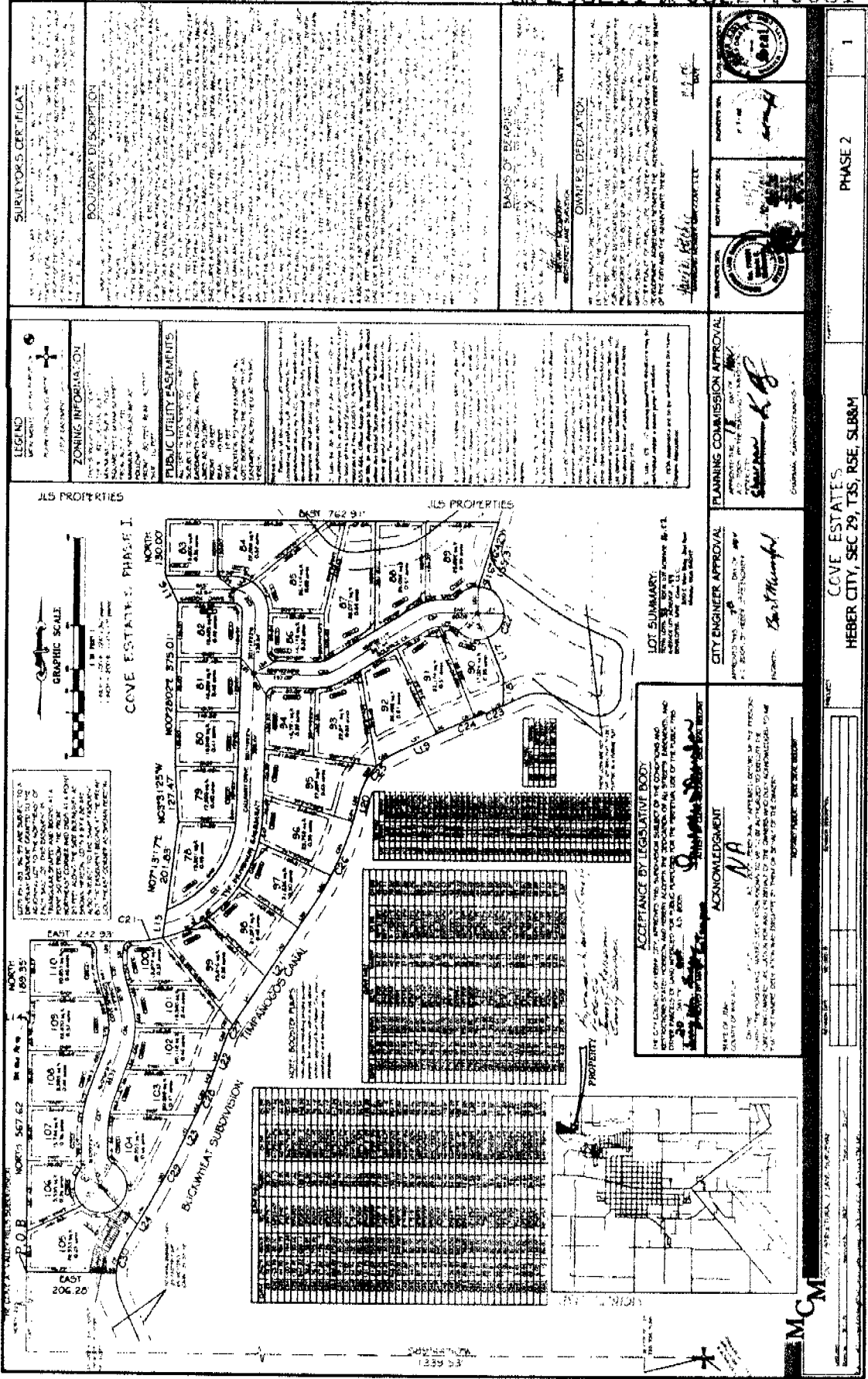
LEGAL DESCRIPTION

EXHIBIT C

COVE ESTATE PHASE 1 PLAT

EXHIBIT D

COVE ESTATE PHASE 2 PLAT



SURVEYOR'S CERTIFICATE
 I, the undersigned, being a duly licensed Surveyor of the State of Utah, do hereby certify that the foregoing is a true and correct copy of the original record of the subdivision of the above described land as the same appears on the books of the County Clerk of the County of Wasatch, State of Utah.

BOUNDARY DESCRIPTION
 The boundary of the above described land is as follows: ...

OWNER'S DEDICATION
 The undersigned, the owner of the above described land, do hereby dedicate the same to the public for the use and purpose of the above described road and street.

PLANNING COMMISSION APPROVAL
 Approved by the Planning Commission on this 1st day of January, 2008.

CITY ENGINEER APPROVAL
 Approved by the City Engineer on this 1st day of January, 2008.

LEGEND
 ...

ZONING INFORMATION
 ...

PUBLIC UTILITY EASEMENTS
 ...

LOT SUMMARY
 ...

ACCEPTANCE BY LEGISLATIVE BODY
 ...

ACKNOWLEDGMENT
 ...

NOTICE
 ...

COVE ESTATES, PHASE I
 HEBER CITY, SEC 29, T3S, R5E, S188M

MCM

MWE-COVE, L.L.C.,
a Utah limited liability company

By: _____
Paul W. Ritchie, Manager

STATE OF UTAH)
 :SS
COUNTY OF WASATCH)

On the ___ day of _____, 200__, personally appeared before me Paul W. Ritchie, who being by me duly sworn did say that he is a Manager of MWE-COVE, L.L.C., and that the within and foregoing instrument was signed in behalf of said limited liability company by authority of a resolution of its members and/or the terms of its operating agreement and the said Paul W. Ritchie duly acknowledged to me that said limited liability company executed the same.

NOTARY PUBLIC