

REVISED, AMENDED AND RESTATED DECLARATION
OF COMMUNITY ASSOCIATION
OF
COTTAGES ON THE GREEN

A UTAH COMMUNITY RESIDENTIAL TOWNHOME ASSOCIATION
PROJECT, IN UTAH COUNTY, STATE OF UTAH

WHEN RECORDED, RETURN TO:

PRESIDENT

COTTAGES ON THE GREEN HOME OWNERS ASSOCIATION, INC.

5208 Hampton Court

Highland, Utah 84003



ENT 3116:2011 PG 1 of 31
JEFFERY SMITH
UTAH COUNTY RECORDER
2011 Jan 11 11:58 am FEE 88.00 BY EQ
RECORDED FOR HEIMULI HEMA

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ARTICLE I:

REVISED, AMENDED, AND RESTATED DECLARATION
OF COMMUNITY ASSOCIATION FOR COTTAGES ON THE GREEN
A UTAH RESIDENTIAL TOWNHOME PROJECT.

RECITALS:

A. This Declaration of Community Association is made and executed this ___ day of _____, 2010, by the Management Board [Board] of the Home Owner's Association (Association) of COTTAGES ON THE GREEN, of Highland, Utah;

B. The original Declaration and Reservation of Easements for COTTAGES ON THE GREEN was recorded January 30, 1985, as Entry No. #12123, in Book 2214, at Page 462 in the Utah County Recorder's Office, in and for the State of Utah. Following that, an ADDENDUM TO DECLARATION OF COVENANTS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR COTTAGES ON THE GREEN to be made a part of the original DECLARATION was recorded on May 1, 1985, also as Entry No. 12123, Book 2214, at page 462. All requirements to amend the original Declaration have been satisfied;

Thereafter, an ADDENDUM TO DECLARATION OF COVENANTS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR COTTAGES ON THE GREEN, for "Playground Equipment" was recorded, on January 10, 2005, to be part of Entry No. 12123 in Book 2214 Pages 462 thru 493 in the Utah County Recorders Office;

This new Revised, Amended and Restated Declaration of Community Association hereby revokes and repeals all previous Declarations and Addendums previously issued or distributed, and hereby now constitutes the statement of currently effective policies of the Home Owners Association of COTTAGES ON THE GREEN;

C. The Home Owners Association of COTTAGES ON THE GREEN hereby designates its Management Board [Board] as the sole agent for conducting the policy-making, legal, and financial affairs of said Residential TownHome Complex., which includes the eighteen (18) Units owned by individual homeowner Members, the Common Areas, roads, and Improvements as constructed;

D. This is a Residential TownHome Community known as COTTAGES ON THE GREEN, under the Community Association Act, Chapter 57-8a, Utah Code;

E. As previously recorded by the Utah County Clerk's Office under this same name in 1986, less such Property as has been deeded to another entity, each Unit Owner shall be deemed to have a one 18th (eighteenth) ownership interest, or such proportionate share as may occur in the event one or more of the existing Units are destroyed, in the Common Area; except that such Common Areas existing appurtenant to and in immediate proximity of each Unit, shall not be available for use by other Unit Owners, Residents, guests, visitors or other persons;

F. This Land is hereby made subject to, and is governed by this Declaration, and the Covenants, Conditions and Restrictions set forth herein, and is subject to the described easements and rights of way together with easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real Property;

G. THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, or charges imposed or levied by governmental or quasi-governmental authorities; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Survey Maps or otherwise existing; easements for each and every Common Area Improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Tract; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such Common Area Improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities; and

H. In accordance with the Laws of Utah, COTTAGES ON THE GREEN Home Owners Association has filed Articles of Incorporation with the Department of Commerce.

NOW, THEREFORE, for the reasons recited above and subject to the covenants, conditions and restrictions set forth below, the Home Owner's Association of COTTAGES ON THE GREEN hereby makes the following Declaration:

Submission:

As described herein, the land-area designated as:
"REAL PROPERTY DESCRIPTION OF COTTAGES ON THE GREEN"

PARCEL "A" (Phase 1)

Commencing 2592.44 feet West and 1590.12 feet South of the East Quarter Corner of Section 36, Township 4 South, Range 1 East, SLB & M, thence South 30°00'00" East 60.00 feet (S 29°55'10"E 59.98 feet Alpine Country Club Plat 1"); thence North 60°30'00" East 211.29 feet (N 60°34'50" East 103.13 feet; thence South 57°34'06" West 909.82 feet; thence South 68°49'00" West 389.58 feet; thence North 80°25'01" West 118.20 feet to the Eastern Right of Way of Highway 74, thence along said Right-of-Way North 9°34'59" East 205.08 feet; thence along said Right-of-Way left along the arc of a curve 358.90 feet whose radius is 11,459.20 feet (chord bears N 9°22'52" E 358.90 feet) thence South 81°21'58" East 320.12 feet; thence left along the arc of a curve 28.21 feet whose radius is 70.00 feet (chord bears N 87°05'14" E 28.02 feet); thence North 75°32'26" East 427.44 feet; thence right along the arc of a curve 120.43 feet whose radius is 230.00 feet (chord bears S 89°27'34" E 119.06 feet); thence South 74°27'34" East 138.64 feet; thence left along the arc of a curve 163.91 feet whose radius is 208.51 feet (chord bears N 83°01'13" E 157.73 feet); thence North 60°30'00" East 24.73 feet to the point of beginning.

Contains 10.350 acres.

ARTICLE II- DEFINITIONS:

As used in this Declaration and By Laws:

1. "Acts" means federal or state statutes found in 42 U.S. Code, Section 3601 et seq., and the Utah Community Association Act found in Section 57-8a, (2009), Utah Code;
2. "Additional Charges" means administrative costs including attorney's fees, late fees, interest, filing or recording fees or other costs as levied by the Association;
3. "Assessment" means any amount charged to individual Association Unit Owners;
4. "Association" or "HOA" means the COTTAGES ON THE GREEN HOME OWNER'S ASSOCIATION, INC. taken or acting as, a group;
5. "Board" means the Association's Management Board, as duly constituted;
6. "Building" means any structure that has been constructed within the Project;
7. "Business" means an occupation, vocation, work, or ongoing activity which provides goods or services to persons other than a provider's family, for which a provider receives consideration, regardless of whether: a) such activity is engaged in full or part-time; or whether b) such activity is intended to or does generate a profit;
8. "By Laws" means policies/procedures entitled "BY LAWS OF COTTAGES ON THE GREEN HOME OWNER'S ASSOCIATION, a copy of which is attached as Exhibit "A";
9. "Capital Improvement" means a non-recurring task, not considered on-going, for repair, maintenance or replacement of fixed assets; including roads, entry, etc., intended to restore, enhance or improve the use, value, or beauty of the Complex;
10. "Common Area" means all real Property owned in common by Unit Owners, including: (a) the tract of Land and all Improvements thereon, excluding Owner's Units and Owner's lots; (b) all designated facilities; (c) all utility installations and equipment connected with, or related to the furnishing of utilities intended for use by Unit Owners, including phone, electricity, gas, water and sewer; (d) outdoor open grounds, landscaping, walkways, parking spaces, and roadways; (f) components not included in individual Units; and (g) all other parts commonly used or convenient to the operation, maintenance and management of the Complex, or as owned, or may be owned, by the Association;
11. "Common Expense" means all expenditures for the administration, maintenance, repair or replacement of the Common Area facilities incurred by the Association;
12. "Complex" means the completed Project as has been purchased by the individual owners; which term is synonymous with the term "project." [See "Project"];

13. "Declaration" means this DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COTTAGES ON THE GREEN, issued by the Home Owners Association of COTTAGES ON THE GREEN, the Declarant;
14. "Guest" means an invited person, a temporary visitor, or a person whose presence in COTTAGES ON THE GREEN is known about or approved by a Resident;
15. "Improvement" means any physical change that improves, adds or deletes Land or structure, intended to increase the potential value, convenience or accessibility;
16. "Land" means all real-property within the boundaries of COTTAGES ON THE GREEN;
17. "Lot" means a Land parcel owned by a Unit Owner and so designated on a sub-division plat as recorded by the county, excluding Common Areas;
18. "Member" means an adult, age 19 or older, who is a Unit Owner, spouse occupant, or other adult Resident designated by a Unit Owner to exercise rights and privileges of membership. A Member is part of the Home Owner's Association group;
19. "Notice & Hearing" means the notifying of an Owner(s) of an alleged violation of a governing policy; and of their right to present/defend their position to the Board;
20. "Owner/Unit Owner" means a person who has legal fee-simple possession of a Unit, excluding one with a security interest for the performance of an obligation;
21. "Owner Unit" means a single family dwelling/residence in the Complex;
22. "Order" means a Board's written regulatory measure that is specific to one party;
23. "Privacy Fence" means a constructed barrier, with or without a gate, contiguous with an owner's unit [attached or not], on that owner's lot, installed and maintained by that owner, which fully or partly encloses one patio or similar area of not more than 600 square feet in total size, and is less than a height of 73-inches above ground;
24. "Proxy" means an Owner's designee to exercise his/her Association voting rights;
25. "Project" means the entire COTTAGES ON THE GREEN; including Units and Common Areas conveyed to Owners; known either as a "Project," or, as completed, is also legally referred to as the "Complex" [See "Complex"];
26. "Property" means all of the Land, real estate, Improvements and appurtenances which constitute this COTTAGES ON THE GREEN community;
27. "Resident" means an occupant of a Unit; including owners, spouses, tenants, agents, representatives, employees of such persons, or children age-18 or younger who reside with adults,

having rights to access and use the Common Areas. A Resident who is not a Member has no voting rights in Association matters;

28. "Resolution" means a written regulatory measure issued by the Board, that interprets or clarifies a CC&R provision, By Laws, or rule(s) of the Association;

29. "Rule" means a written regulatory measure: a policy, procedure or standard;

30. "Survey Map(s)" or "Map" means documents of "COTTAGES ON THE GREEN" including plat(s), map(s) or similar item(s) on file in the County Recorder's Office, Utah County; and

31. "Unit" means one of the eighteen (18) dwellings of COTTAGES ON THE GREEN, which is individually owned and occupied, designated by a postal/street address, and constitutes an independent domicile with rooms located on one or more floors, hallways, closets, garage, stairway spaces, etc., including walls, floors, ceilings, roofs, indoor and outdoor plumbing-pipe, wires, conduits, or other utility lines or supporting structural-member installations located within walls, floors, ceilings or roofs, all of which constitute a part of or serving such a dwelling; as well as parts, components or other property of any kind, including window frames, doors and door frames, trim, exhaust fans, tubes, or other permanent or semi-permanent fixtures and equipment or components which may not be removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the structure or finished elements of said dwelling, and which are deemed to be a part thereof.

ARTICLE III- COVENANTS, CONDITIONS, AND RESTRICTIONS

The foregoing submission is made subject to the following Declaration of Covenants, Conditions and Restrictions, which define general and specific requirements imposed on all Unit Owners and Residents/Occupants of this Complex:

1- Property Description/Legal Status. A map attached hereto [Attachment B] shows the Unit Number of each Unit, its location, and the Common Areas and facilities which are reserved for Resident use and access. The parcel of Land and its boundaries are as described in paragraph one (1) of the Submission (above). Units are intended only for independent ownership, are encumbered and conveyed, and have an undivided percentage of ownership interest in the appurtenant Common Areas.

2- Membership. Membership in COTTAGES ON THE GREEN HOA is mandatory, and commences upon purchase of a Unit, thereby making each Unit Owner a Member. HOA Membership may not be partitioned away from Unit Ownership. The percent of ownership interest of each Unit Owner is an equal one/eighteenth [1/18] share, regardless of Unit size. The total undivided HOA ownership interest is 100%.

3- Common Areas. Common Areas including grounds and roadways shall be intended for use by Unit Owners, their Guests and service providers. Common Areas, including fences and gates shall be reserved for exclusive use by Unit Owners. No Common Area may be partitioned away from the Unit to which it is appurtenant. The Board may adopt regulatory measures to define rights of usage and restrictions of Common Areas

4- Ownership: Each Owner has an exclusive claim of ownership, ingress or egress and possession of his/her Unit; to an undivided percentage of ownership interest in the use of Common Areas, and membership in the Association. However, an Owner may not claim exemption from liability for Assessments provided for herein by reason of non-use or enjoyment of any Common Areas, or by abandonment of that Owner's Unit. All Assessments shall be verified as paid before title is transferred to a new Owner. Estoppel certificates or other document(s) may be issued to correct or mitigate any existing violations, or other steps taken to insure that sales or purchases conform to this Declaration, By Laws or Rules. In addition:

a) Common Areas: The Common Areas shall be available primarily for use by occupants of the residences, consistent with the residential nature of the Project. Each Unit Owner is entitled to an equal percentage of undivided ownership interest in, and to, the Common Areas and Facilities; free and clear of all liens (other than current tax obligations), and accrue upon the purchase of a Unit.

b) Easements: Where appurtenant, a Unit Owner has an easement through Common Areas to access his/her Unit. A Unit Owner has a non-exclusive easement to use the Common Areas as provided under this Declaration, By Laws, Rules or Resolutions, which is appurtenant to and shall pass with title to a Unit. However:

i) The Board may suspend an Owner's voting rights or privileges to use Common Areas if dues or Assessments are in arrears. Such suspension shall cover the entire period during which a Common Area Assessment remains delinquent. Such suspension shall become effective after ten (10) calendar days after a notice is issued, the holding of a hearing and a decision of the Board pursuant to provisions outlined in Association By Laws; and

ii) The Association may reserve a part of the Common Area for use by a Unit Owner, or by an outside entity, during a limited and specified time period.

c) Policy Regulation: The Board shall adopt policy through governing documents, including: Rules, Resolutions or Orders to implement this Declaration and By Laws, and administer all Association functions and operations. Such regulatory measures and actions shall be binding upon all Unit Owners, Residents, family members, Guests or visitors. The Board may delegate tasks to any Resident(s), including service as Appointed Officers, or to assist in the Association's operations.

d) Public Nuisance: In addition, the Board may adopt Rules to quell public nuisances. Each Owner or Resident or Guest, has an inherent responsibility to prevent the origination or continuance of a public nuisance; which includes:

i) Unclean, unhealthy, unsightly, or un-kempt person(s), vehicle(s), display or exhibitions on, in or about a Unit or Common Areas;

ii) The origination or continuance of a noxious, dangerous, unsightly, unpleasant or offensive condition or activity in or about any Unit or Common Areas, which is objectionable, unclean, untidy, or offends public decency;

iii) Any substance(s) or material in any Unit, or about the Common Area that emits a foul, unpleasant or noxious odor, or which inconveniences, injures, annoys or adversely affects life, health, safety, or use of property, or is offensive to the human sense of hearing, smell or sight, including noise that disturbs the peace, quiet, comfort, or serenity that Residents are normally accustomed to, and;

iv) Actions or activities, including loud music or other noise, that may cause discomfort, embarrassment, annoyance, distress or disturbance to other Residents, Guests, visitors or invited persons, including loitering by non-residents in the Complex, whether or not law-enforcement officers are called.

The Board may promulgate Rules to quell or regulate public nuisances. In addition, within ten (10) working days after the date of a verbal or written notice from the Board to a Unit Owner, identifying the occurrence of a nuisance caused by a renter or lessee, an Owner shall abate the nuisance and notify the Board in writing of the action taken, or of a plan to act. If the nuisance is not abated within 10 (ten) more working days, the Board may correct or eliminate the nuisance and bill the Unit Owner; which, if unpaid within 45 calendar days, may become a lien against the Unit. If non-compliance threatens the health or safety of other Unit Owner(s), the Board may compel the Owner to evict the renter/lessee within a time period so specified.

5- Signs & Activities; Signs shall belong to an Owner, shall be non-commercial and for a single

event, placed only upon an Owner's lot, not in other Common Areas, unless the sign is for giving directions to an event, such as a wedding reception, for a limited time. Activities that create disorderly or unsightly conditions, and which last more than a few hours, may not be undertaken by Unit Owners in Common Areas unless a reasonable and unusual need for such shall be approved by the Board.

6- Garbage & Debris: All Unit Owners are responsible to remove trash, refuse, waste, dust, debris and garbage from each Unit, and to prevent accumulation thereof. Garbage cans are to be removed from curbside within 24 hours of garbage pickup and stored out of sight, unless the Board provides otherwise by Rule.

7- Subdividing of a Unit. No Unit may be subdivided or partitioned for rental/leasing purposes, or to change it from a single-family dwelling.

8- Firearms, Incendiary Devices, Weapons and Graffiti. The use of firearms, incendiary devices or weapons shall accord with State laws and Association Rules; including the use of handguns, rifles, "BB" or pellet guns, sling shots, bows & arrows, blow-darts, or other weapons regardless of size. The painting of graffiti is prohibited.

9- Structures: No Owner/occupant may place or cause to be placed, any temporary stand-alone structure(s), including dog-runs, tents, or sheds, within Common Areas without the consent and approval of the Board.

10- Trees and Shrubs: All Property located at/near driveways, entrances, walkways, paths and streets shall be landscaped in ways that eliminate any obstructions and permit unimpeded sight by vehicle drivers on roadways. No fence, wall, hedge, shrub or tree, etc., -real or artificial, shall be planted or placed in, on, or about the Common Areas without the prior written consent of the Board. The Board may alter or remove objects found in violation, and in doing so, shall not be guilty of trespass.

11- Energy Conservation Equipment. Solar energy collector panels or other energy-conservation equipment or attendant hardware, shall only be installed in accordance with the Board's Rules or Resolutions.

12- Business Use. No Business may be conducted within the Complex, unless:

- (a) The existence or operation of the Business activity is not apparent or detectable by sight, sound, or smell from outside the residence;
- (b) The Business activity does not involve persons who are not Residents who come into the Complex, or conduct door-to-door solicitations of Residents; or
- (c) The Business activity conforms to all city zoning laws, state and local licensing laws with residential provisions therein, is not a nuisance, hazardous, offensive, or threatens the security or safety of other Residents; or

(d) Such as shall accord with Rules of the Association. The leasing of a residence shall not be considered a Business within the meaning of this part.

13- Vehicles and Parking: Resident's vehicles shall be parked in Unit garages or driveways. No garage may be permanently altered in a way that prevents the parking of two medium size automobiles inside. Resident or Guest vehicles may use off-road parking 'pad' spaces for temporary and infrequent parking, but not for consistent on-going use. Unlicensed or un-registered vehicles may not be parked in driveways, parking 'pad' areas or on roadways. The parking of vehicles on city streets shall conform with city ordinances, including prohibited red zone parking or other unauthorized areas. The Association may designate and regulate certain "no parking" areas within the Common Area. Vehicles found to be in violation may be towed away at the Owner's expense. The Board may make Rules as needed to regulate vehicle parking.

14- Aerials, Antennas, and Satellite Systems. The installation of antennas and satellite dishes shall conform with Rules, orders or Resolutions of the Association.

15- Finishes and Colors. Exterior materials, finishes or colorings may not be changed without advisory input from the Architectural Sub-Committee, and final approval by the Management Board; including changes to stucco, fencing, lights, windows, etc.

16- Pets. The keeping/housing of pets shall be conducted according to Board Rules.

17- Insurance Impacts. No action(s) shall occur in, on, or about any Unit or in the Common Areas which shall result in the cancellation of the insurance on the Property, or an increase in the cost of insurance for the Property, -beyond such amounts which the Board, but for such activity, have contracted to pay.

18- Damage or Loss. No actions resulting in diminished loss or value of the Common Areas, shall be taken by any Owner/Resident, Guests or other invited persons. Each Owner/Resident shall indemnify and hold the Association and other Owners harmless, against losses resulting from such a loss or diminished value.

19- Structural Alterations. Except in an emergency, no structural changes, plumbing, electrical or similar work to the Common Areas, shall be effected or permitted by any Owner without the prior written consent of the Board.

20- Recreational Area. Inasmuch as the Association has not provided for recreational areas or equipment, all recreational activities engaged in, or conducted within, the Common Areas, including any use of equipment that may be brought into, upon, and/or placed thereon, shall be at the user's peril. The Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

21- Fences. No Owner shall install, or cause to be installed on his/her Lot or Common Area, a fence or similar barrier; except that a Unit Owner may install a Privacy Fence which fully or partly encircles a patio not exceeding 600 square feet, or 700 square-feet if two separate patio

areas are established for a single Unit.

22- Occupancy Agreements. The Board may promulgate Rules, etc., for the renting or leasing of Units in the Complex; including conditions of occupancy, additional fees, grievance procedures, and related obligations or limitations. In addition:

- a) An agreement to lease or rent a Unit shall be in writing. It shall include full names and complete addresses of all [or both] parties, and names of each occupant. Copies shall be delivered to the Board within fifteen (15) working days of signing.
- b) No Owner may rent, sublet, or lease a Unit for transient, seasonal, or other access or use --for less than one (1) year, including daily or weekly rentals of individual or groups of rooms. No person renting or leasing a Unit may sub-rent or sub-lease it.
- c) The number of Units for rental or lease shall be limited to one of the Units in the Complex. The Board may waive that limit by one (1) in case of extreme and undue hardship. The Association is authorized to demand and collect dues and Assessment payments from tenants if Unit Owner(s) fail to pay.

23- Liability of Owners and Residents for Damages. Each Owner or Resident shall be liable to the Association or other Owners or Residents, for damages to person(s) or Property within the Complex caused by his/her negligence, and may be assessed costs for repairs or replacements.

24- Encroachments. If any part of a Unit or Common Area temporarily encroaches upon another Unit or the Common Area as a result of construction, reconstruction, repair, shifting, settling, or movement, an easement for such encroachment shall thereby be created, and shall exist so long as such encroachment exists. To the extent that a Unit Owner is obligated to take appropriate actions, he/she shall act in a prudent and timely manner as directed by the Board.

25- Officers and Agents. The responsibility to perform all managerial, legal, contractual, fiduciary and operational functions of the Association is delegated to elected and appointed officers comprising the Home Owner Association's Management Board. Such functions shall be undertaken under Board action, and written documents shall be issued as directed by the Board, and all oral orders, contracts or accords issued for and in behalf of the Association are legally un-enforceable. In addition to all other authority, the Association, through its Board, has the right and responsibility to recover attorney fees and court costs as may be required to enforce any provision (including delinquent Assessments) of this Declaration, By Laws or governing policies. Authority and general functions of the Board are as provided in the By Laws.

26- Board Meetings. The Management Board shall meet regularly and as often as necessary to administer Association functions; and may adopt Rules for the conduct and operations of such meetings, including agendas, methods of voting, etc..

27- Owner Meetings. The Association shall meet at least annually; shall set agendas and provide

for the conduct of meetings according to By Laws and Rule(s).

28- Lists of Unit Owners. The Board may obtain and keep the following information:

- a) Names, phone-numbers, current physical & e-mail addresses of all Owners.
- b) Documents respecting any transfer of a fee-interest, or undivided fee-interest in a Unit, either from the transferor or the transferee, who shall furnish the Board with written evidence verifying that a transfer has occurred, that the Deed or other instrument effecting a transfer is on record in the office of the County Recorder of Utah County, Utah, and that the transferee has received a copy of the Declaration and By Laws then in force. The Board may rely upon the information concerning Unit ownership from its own records, or records of the County Recorder. The address on file of any Owner shall be deemed to be the address of the Unit owned by that person, unless the Board is otherwise advised in writing, and
- c) Name-specific data available for Board review, which shall not be issued to others except when summarized data is used for statistical purposes.

29- Capital Improvements. Expenses for Capital Improvements shall be subject to:

- a) Expenditure Limit. Any un-budgeted expense for Capital Improvements, maintenance, major acquisitions, additional insurance, or unexpected needs of the Association, which cost ten percent (10%) or less of that year's Total Annual Budget [otherwise known as the "extra-budget" ceiling] may be authorized by the Board.
- b) Home Owner Approval of Extra-Budget Ceiling. Any planned expenditure which is estimated to exceed the extra-budget ceiling [ten percent], must, prior to a final decision, be authorized by at least a majority percentage of Unit Owners.
- c) Home Owner Approval of Changes. Any Capital Improvement which may materially or significantly alter the nature of the Complex, shall be, regardless of cost, authorized by a majority of eligible Unit Owners, prior to beginning construction.

30- Operation, Maintenance and Alterations. The Common Areas shall be maintained, repaired and preserved in good condition at the Association's expense, to the extent reasonably necessary for on-going normal use, and in accordance with By Laws and Rules of the Association adopted by the Board. However;

- a) Access: The following easements & rights of way are reserved:
 - (i) Easement. A non-exclusive easement over, across, through, above and under Lots and Common Areas for operations, maintenance and regulation of the Common Area, amenities and facilities, and landscaping and maintenance;
 - (ii) Drainage: A reciprocal easement on, over, under, through and across the Common Area for the drainage of surface waters on, over, under, through and across the Complex.

No Unit Owner shall change or interfere with such items, including sprinklers or storm drains, without prior written Board consent;

(iii) City Agreements: Prior agreements between original Project developer(s) and Highland City which have been made, making the City a party to certain covenants between the City and the Association, are for the sole purpose of protecting/preserving the use of mutually beneficial concerns, such as common storm-drainage, or roadway access to serve the Complex. It is agreed that Highland City is not a member of the HOA, and has no vote in the operation, management or regulation of its affairs. However, the City may enter and enforce such agreements, applicable state/federal laws, and ordinances.

(iv) Other Agreements: Such other agreements as have been, or will be made, between the Association and other entities, and are in accordance with purposes that have been mutually agreed to, are appropriately enforceable.

b) Personal Responsibility. Each Owner is responsible for maintaining, and replacing certain physical Improvements for that Owner's Unit, including continued access to electrical service, natural-gas, water, heating, air conditioning, fixtures, windows, doors, garage door systems, light bulbs, patios, balconies and decks. A Unit Owner is responsible to keep his/her Unit clean, attractive, and in a condition that accords with the Project's design or current conditions.

c) Neglect. If the Board determines that a Unit Owner has failed to properly discharge his/her obligation to maintain, repair, or replace items for which s/he is responsible; or that a need for maintenance, repair, or replacement, is caused through the willful or negligent act of a Unit Owner, the family, Guests, lessees, or other invited persons, and such a need is not covered or paid by insurance, in whole or in part, the Association may choose to provide maintenance, repair or replacement at the Owner's sole cost and expense. In addition, the following may apply:

(i) Assessment/Lien. Any such costs may become a part of the Assessment to which the Owner is subject, and if not paid, may become a lien against a Unit;

(ii) Notice of Intent to Repair. Except in an emergency, the Board shall give the Owner written notice of the Association's intent to obtain necessary maintenance, repair, or replacement at Owner's cost and expense; which notice shall stipulate with reasonable particularity the maintenance, repair, or replacement deemed necessary. The Owner shall have ten (10) working days after receipt of notice to either (a) request a hearing on the matter to show sufficient cause, or (b) complete such maintenance or repair. Or, if such actions cannot be completed within the stated time period, he/she shall commence replacement or repair and be finished within a reasonably prudent time period. If the Unit Owner requests, a hearing shall be held and conducted pursuant to outlined notice and hearing procedures.

(iii) Emergencies: If the Board determines and provides documentation that an emergency exists, then such notice is not necessary.

(iv) Rights of Entry: The Board or its agents has a right of entry into or upon any Unit, if necessary to perform emergency or other needed work; and shall not be liable for trespass, invasion of privacy or the like for such entry. A courtesy advance notice shall be given when possible.

31- Common Expenses. Each Unit Owner shall pay a monthly Assessment to meet the basic on-going financial obligations for Common Expenses. This amount is due by the first-day of the month, and delinquent by the fifteenth of the month after which a late-fee penalty, plus interest, shall be immediately due and payable. The amount of the monthly Assessment shall be set at the Association's Annual Meeting in accordance with the adopted budget. Other Dues or Assessments for Common Expenses, shall be set in accordance with this Declaration, By Laws and policy of the Board. The omission or failure of the Board to fix any dues or Assessment amounts, or to notify each Unit Owner of such, shall not be deemed a waiver or a release of any obligation of payment. In such event, a Unit Owner shall continue to pay the same Assessment amount as paid for the most recent year in which an Assessment was made, until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

a) Dues and Assessments. Each Unit Owner, by virtue of having purchased or otherwise obtained a Unit, whether or not it shall be so expressed in a deed, or by contract or covenants, thereupon agrees to pay to the Association all Dues and Assessments as levied by the Board.

b) Purpose of Common Area Expenses. Budgeted Assessments shall be used for the Common Expenses of general operations to serve common benefits of Owners, including maintenance of the Common Area.

c) Budgetary Process. At least thirty (30) days prior to the Annual Home Owners Meeting, the Board shall prepare and deliver to Owners a proposed Budget which shall:

(I) Itemize the anticipated Common Expenses for the upcoming twelve (12) month calendar year, commencing with the following January;

(ii) Estimate the cash requirements by the Management Board to maintain and operate the Common Areas and the functions of the Association, and

(iii) Estimate expenses of management, grounds maintenance, taxes, Special Assessments, premiums for all Insurance which the Board is obligated and/or has agreed to maintain, including common electrical, water, and maintenance of Common Areas, legal and accounting fees, deficits, contingency reserve(s), surplus or sinking funds, Capital Improvement reserve, or such other expenses and liabilities as are incurred by the Association for the benefit of the Owners. The Board may prescribe additional budgetary procedures by Rule.

d) Personal Obligations: Owners are liable to pay all levied Assessments and Additional Charges. While no first mortgagee or beneficiary under a first deed of trust (but not the Seller under a uniform real-estate contract, land-sales contract, or other similar instrument), who obtains title to a Unit pursuant to the remedies provided in the mortgage or trust deed, shall be liable for unpaid Assessments which accrued prior to the acquisition of title or sales contract; if a lien has been filed, it shall transfer to a new owner, when possible, under provisions of state law.

e) Equitable Changes. If the aggregate of all monthly payments on all of the Units is

insufficient as a result of unanticipated expenses, the Board may impose an equitable increase in the amount of said payments. However, the total monthly payment may not exceed fifteen (15%) percent of the current calendar year's total budget. Owners shall be given at least thirty (30) days written notice of any additional Assessment amounts.

f) Payment: Dates and manner of payments shall be set by Board Rule.

g) Reserve Accounts. The Board shall set up and maintain a reserve account to pay for Capital Improvements, including roads, to be funded from Assessments, interest earnings from that account, or other specified funds; which amounts shall not be spent for regular budgeted functions. If needed, this reserve account may be used to pay for unexpected or unbudgeted operating expenses.

h) Capital Improvement List. The Board shall maintain and update at least biennially, a list of anticipated Capital Improvements [by a listing of items such as roads, etc.], with estimates of each item's expected useful life, estimated costs of replacement at the end of its projected useful life, and a determination of the amounts of assessed funds available in the reserve account(s) to meet such obligations.

i) Statement of Assessments Due. Upon written request, the Board shall furnish to an Owner a statement of Assessments due. Failure to provide the statement within forty-five (45) days after a written request is received by a Board Member, shall be deemed grounds that all Assessments have been paid current.

32- Special Assessments. In addition to other authorized Assessments, the HOA may levy one, but not more than two, Special Assessments in a year, including:

a) Special Assessments: Any special Assessment shall require approval by a majority of Association members. The Board may allow any Special Assessment to be paid in amounts other than a lump-sum depending on circumstances.

b) Limited Assessments: The Board may assess one or more Unit Owners to resolve a specific problem that pertains to their Unit(s). Before issuing a Limited Assessment, the Board shall obtain input from affected Unit Owners, and shall write an explanation to those Unit Owner(s) defining the issue(s) and outlining expected benefits. Following that written explanation, the Board may set an Assessment(s).

c) Failure to Act: The failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board, nor shall it constitute a waiver of the Board's right to exercise its authority under this Declaration in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Declaration. A failure to act, or a non-decision, on one case shall not set precedent for other matters.

33- Individual Assessments. Individual Assessments may be levied by the Board against a Unit

Owner to pay and/or reimburse the Association for:

a) Unanticipated costs for maintenance, repair or replacement of Common Area items, for which one or more Owner(s) are determined to be responsible;

b) Unanticipated costs associated with expenses incurred by the Board to manage, evaluate/study, or enforce Association policies or Rules, or other charges, fees, expenses, or costs designated for an Individual Assessment(s) by the Board; or

c) Attorneys' fees, interest, fines, or other charges which may arise from related actions taken by the Board in behalf of an individual Unit Owner.

34- Collections. The Board may impose the collection of dues, fees, Assessments, or fines upon Unit Owners for acts of non-compliance. If such are not paid within specified time periods, they shall become obligations of Unit Owners according to a posted schedule set by the Board in accordance with By Laws, Rules or Resolutions for judgments passed by the Board. The Board may expend Association funds for litigation costs without membership approval, and may seek to recover legal fees from violating Owners if the Association prevails. The Board shall collect all funds promptly, within fifteen [15] calendar days, and may make Rules to provide for the scheduling of payments of Owner's financial obligations. In addition:

a) Late Payments: When payments are not received within set time periods, late-fees, interest or attorney's fees may be charged under the HOA fee schedule. Other penalties may apply as defined by Rule, and are enforceable by a securable lien.

b) Delinquencies: When a securable lien is imposed to collect delinquent dues, fees/fines, interest, Assessments or attorney's fees, it may be attached to a Unit as a money judgment, regardless of whether written notice is filed/recorded. The Board may engage in collection efforts, including the retaining of professional or legal practitioners, at the delinquent Unit Owner's expense.

c) Penalties: If a financial obligation becomes delinquent, it may be considered to be in arrears, and Unit Owners may be denied the right to vote on HOA matters.

35- Liability of Board. Each Member or agent including Unit Owners who assist with responsibilities of the Association, or the Board, shall be indemnified by the Association against any and all expenses, including attorney's fees that arise from any action, suit, or other legal proceeding (including settlement of any suit or proceeding if approved by the Board) to which s/he may be a party by reason of being or having been a Member or agent of the Board; except in such cases wherein the Board Member or officer is found guilty, by a court of competent jurisdiction, of willful misfeasance or malfeasance in the performance of duties --provided that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association. The Members/agents of the Board shall not be liable for any mistake of judgment, negligent or otherwise, nor shall they have any personal liability with respect to any contract or other

commitment made by them in good faith, on behalf of the Association (except that such Members/agents of the Board may also be Members of the Association), and each Member/agent of the Board shall be held harmless against any and all liability on account of any contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any Member or agent of the Board, or former member/agent of the Board, may be entitled. The Association shall maintain adequate officer or general insurance coverage to fund this obligation, unless such insurance is not available.

36- Mortgage Protection [Note: The following is language taken from Article XIV of the 1986 Declaration of Cottages On The Green, -including non-substantive clarifications.]

Notwithstanding any provisions of this Declaration to the contrary, the following shall control:

(a) A first Mortgage holder, upon his/her written request, is entitled to written notice from the association of a default by the Mortgagor in the performance of financial obligations under this Declaration, the Association's Articles of Incorporation, or By Laws, which default is not cured within thirty days after the Association learns of such default

(b) Each Owner, including a first Mortgage holder which obtains title to such Lot pursuant to remedies provided in the Mortgage, or by foreclosure, or by deed (or assignment) in lieu of foreclosure; shall be exempt from any right of first refusals.

(I) Any right of first refusal provided by Association documents, shall not impair any right of a first mortgagee to: (a) foreclose or take title to any Lot pursuant to remedies provided in the mortgage, or (b) accept a deed or an assignment in lieu of foreclosure in the event of default by a mortgagor, or (c) interfere with the subsequent sale or lease of a Unit so acquired by the mortgagee.

(ii) Any first mortgagee, first mortgage purchaser, successor or assigns, that obtains title to any Lot pursuant to remedies provided in the mortgage or foreclosure of the mortgage, or pursuant to a deed given in lieu of foreclosure, is not liable for said Unit's unpaid dues, or charges which accrue prior to the acquisition of title, to such Unit by the mortgagee.

(c) Each first Mortgagee, or any first mortgage purchaser, successor or assigns, or any Owner of a Lot, or such first Mortgagee, its purchaser, successor or assigns, that obtains title to such Lot pursuant to remedies provided in a Mortgage, or by foreclosure of a Mortgage or by deed in lieu of foreclosure, shall not be liable for of any claims of unpaid Assessments or charges against said Lot which accrued prior to the acquisition of title to such Lot by the Mortgagee.

(d) Unless one hundred percent (100%) of first Mortgagees (using one vote for each Mortgage owned) of individual Units grant written approval, the Association may not:

(I) Abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly, by the Association for the benefit of the Units in the association; including the Common Area. (Easements granted by the Board for public purposes pursuant hereto, are not a transfer within the scope of this clause);

(ii) Change the method of determining the obligations, Assessments, 2002 or other

charges which may be levied against a Lot Owner;

- (iii) Change, waive or abandon schemes of regulations, or enforcement thereof, pertaining to architectural designs or exterior appearance of a Lot or Unit, the exterior maintenance of a Unit, the maintenance of common walkways or grounds;
- (iv) Fail to maintain fire and extended coverage on insurable common Property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);
- (v) Use hazard insurance proceeds for losses to any common Property for other than the repair, replacement or reconstruction of such common property.

(e) First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which have become a charge against any Property located within the Common Area, and said mortgagee may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage for a lapsed policy. First mortgagees making such payments shall be owed immediate reimbursement therefore from the Association. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees, duly executed by the Association. The Association shall provide any first mortgagee, upon request, with such a written agreement entitling any first mortgagee to reimbursement as provided in this sub-paragraph.

(f) No provision of this Declaration, Articles of Incorporation, By Laws, or another document of the Association, may grant to a Lot Owner or other party priority over any rights of the first mortgagee pursuant to its mortgage, in case of distribution to such Lot Owners of insurance proceeds or condemnation awards for losses to or a taking of common property.

(g) First mortgagees shall have the right to examine the books and records of the Association during normal business hours.

(h) First Mortgagees shall be given (i) thirty days written notice prior to the effective date of any proposed material amendment to this Declaration or Articles of Incorporation or By Laws of the Association, and prior to the effective date of a termination of an agreement for professional management of the Properties following a decision of the owners to assume self-management of the proxies; and (ii) immediate notice following any damage to the Common Area whenever the cost of reconstruction exceeds Ten Thousand dollars (\$10,000) and as soon as the Board learns of any threatened condemnation proceedings or proposed acquisition of a portion of the proxies.

(i) Dues or charges shall include an adequate reserve fund for maintenance, repairs and replacement of such elements of Property in the Common Area that must be replaced on a periodic basis and are payable in regular installments rather than by specific Assessment.

(j) A first mortgagee, upon request, is entitled to written notification from the Home Owners association of any default of payments by the mortgaged Lot Owner, or of any obligation under the Association's oversight which is not cured within sixty (60) days.

(k) The Board of Directors may enter into such contacts or agreements on behalf of the

association as are required to satisfy guidelines of the VA, FHA, AHLMC, FNMA or GNMA, or similar entity so as to allow for the purchase, insurance or guaranty by such entities for first Mortgages encumbering Lots with Dwelling Units thereon. Each Owner agrees that she/he will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of Dwelling Units, if such agencies approve the Properties as a qualifying subdivision under their respective policies, Rules and regulations, as adopted.

(l) Neither this article XIV, or article XIII or article VII, Section 6, of this Declaration shall be amended without the approval of all (100-percent) of existing first mortgagees.

37- Remedies: [Note: The following is from Article VII, Section Six of the afore mentioned 1986 Declaration, titled "Remedies of the Association," with non-substantive clarifications]

Subordination of Lien: [(n)]. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage (meaning any recorded mortgage with first priority or seniority over other mortgages) made in good faith and for value and recorded prior to the date on which the Assessment came due. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or deed in lieu thereof, shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer. However, no sale or transfer shall relieve such Lot from liability for any installments or Assessments thereafter becoming due or from the lien thereof.

38- Insurance: [Note: The following is language from Article VII, Section Six of the afore mentioned 1986 Declaration, titled "Insurance," with non-substantive clarifications]

(a) Common Area. The Association shall keep all buildings, improvements, fixtures, and all other insurable Property of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and shall obtain insurance against such other hazards and casualties as the members of the Association deem desirable, including extended coverage for not less than 100% of the replacement cost of insurable common property. The Association may also insure any other property whether real or personal owned hazards as deemed desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to the Association for the benefit of the home owners. Insurance proceeds shall be used by the Association for the repair or replacement of the Property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

(b) Insurance Obligations. Subject to the requirements of any mortgage institution, each Owner shall insure his/her entire Dwelling Unit, including the structural portions of the Dwelling Unit, against loss or damage by fire or by any other casualty, under the standard form of extended endorsement and broad form now in the State of Utah or under such other insurance as may be required by any Mortgage of the residence. All such insurance shall be for the full replacement value of the Dwelling Unit. Each non-participating Owner shall, within thirty (30) day after recordation of the conveyance of his/her Lot from Declarant and thereafter at least ten (10) more

days prior to the expiration, termination, cancellation or modification of any existing policy, furnish to the Association duplicate copies of policies or certificates thereof, showing that such insurance is currently in force certified by the insurance company or by its duly authorized agent. All such policies shall contain a provision that the same shall not be cancelled or terminated except upon at least thirty (30) days written notice to the Association.

(c) Section 3. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area facilities, or other Improvements in the Properties so insured, the Association shall repair or replace the same from the insurance proceeds available, subject to the provisions of Article XII of this Declaration. If such insurance proceeds are insufficient to cover the costs of such repair or replacement of the Property damaged or destroyed, the Association may make Reconstruction Assessment against all Lot Owners to cover the cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Lot Owners, in accordance with the provisions of Article VI, Section 5, of this Declaration. In the event of total destruction of all of the Improvements in the Properties, the insurance proceeds carried by the Association shall be divided proportionately among Lot Owners, such proportion based upon the original base sales price of each improved Lot at the time it was initially sold by Declarant, provided that the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Lot is so encumbered.

(d) Waiver of Subrogation. As to each policy of insurance maintained by the association, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Manager, Declarant, and the agents and employees of each of the foregoing with respect to negligence or of breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

(e) Liability Insurance. The Association shall obtain comprehensive public liability insurance, including medical payments, liquor liability insurance and malicious mischief, in the amount of \$1,000,000 per occurrence for personal injury and/or property damage arising from the activities of the Association or with respect to Property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. Such insurance shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a Lot Owner because of negligent act of the Association or other Lot owners. Such insurance must include other coverage in kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use.

(a) Minimum Financial Rating of Carrier. Each hazard insurance policy must be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class VI or better. Hazard insurance policies are also acceptable from an insurance carrier which has a financial rating by Best's Insurance Reports of Class V, provided it has a general policy holder's rating of at least A. Each carrier must be specifically licensed or authorized by law to transact business within the state or territory where the Mortgaged Premises are located.

(b) No Assessments. Policies are unacceptable where: (1) under the terms of the carrier's charter, By Laws or policy, contributions or Assessments may be made against any Lot Owner or any first mortgagee, its successors or assigns, including, but not limited to, Federal Home Loan Mortgage Corp; or (2) by the terms of the carrier's charter, By Laws or policy, loss payments are contingent upon action by the carrier's Board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent any first mortgagee, its successes or assigns, including, but not limited to, Federal Home Mortgage Corp. or the Borrower from collecting insurance proceeds.

(c) Other Requirements. All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors in Utah County. The mortgagee clause must provide that the insurance carrier shall notify the first mortgagee (or trustee) named at least ten days in advance of the effective date of any reduction in or cancellation of the policy.

Section 6. Fidelity Coverage. The Association shall obtain fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

Section 7. Other Insurance and General. The Board may also obtain Worker's Compensation Insurance, and other liability insurance as it may deem desirable, to insure each Lot Owner, the Association, and the Board, from liability in connection with the Common Area, the premiums for which are expenses included in the Common Assessments made against the Owners. Such insurance policies shall have severability of interest clauses or endorsements which shall preclude the insurer from denying the claim of a Lot Owner because of the negligent act of the association or other Dwelling Unit Owners.

All policies shall be reviewed at least annually by the Board of Directors and the limits increased at its discretion. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability and bonds and other insurance meeting the requirements for planned Unit developments established by Federal National Mortgage Assoc. (FNMA), the Government National Mortgage Assoc. (GNMA), and the Federal Home Loan Mortgage Corp (FMLMC), so long as there are any mortgages on any property.

39- Lien/Claim: A lien/claim against a Unit for unpaid Assessments levied by the Board, under this Declaration or Act, shall be subordinate to any Mortgage recorded on or before the date such Assessments become due, and may be subject to:

a) Effects of Sale. A lien or claim against a Unit for unpaid Dues or Assessments shall not be affected by any sale or transfer of such Unit; except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Unit or the exercise of a power of sale available thereunder shall satisfy any debt payable prior to such sale or transfer. Any unpaid Dues or Assessments extinguished pursuant to a foreclosure shall remain as a financial obligation upon the Owner who failed to pay them, and a judgement may be sought by the Association to obtain such amounts.

b) Records Available for Inspection. The Board shall make available for inspection to Owners, Mortgagees, lenders and to holders, insurers, or Guarantors of any Mortgage, such current copies of the Declaration, By Laws, and Rules and regulations of the Association, and current-year's records or financial statements of the Board or the Association. Such documents shall be available for inspection within 15 working days following a request for review; during normal business hours or under other reasonable circumstances. A charge may be made for recovery of photocopying & service costs as may be incurred in making such materials available.

c) Financial Statement. The holder, insurer or Guarantor of any Mortgage shall be entitled, upon written request, to examine a financial statement for the preceding fiscal year, which shall be provided within a reasonable time period after the request.

d) Audit: An annual audit of Association expenditures is not required, but if one is requested by a home-owner(s), costs shall be borne by the requesting party(s).

40- Easements for Water Management. The Board reserves for itself and designees, a nonexclusive right and easement, but not the obligation, to inspect the water-lines, or plumbing located within the Common Area, to (a) install, keep, maintain, and replace any necessary items for the provision of water for the irrigation of any of the Property; (b) construct and repair any structure; (c) make needed changes to avoid water damage, and (d) remove trash and other debris for system maintenance.

41- Mortgagee Notice. Upon request, a Unit Owner is obligated to furnish to the Association the address of the holder of any Mortgage encumbering an Owner's Unit.

42- Destruction, Condemnation, Obsolescence. The following shall apply whenever the Complex experiences any destruction, condemnation, or obsolescence:

a) Definitions. In addition to terms defined above;

(i) A condition of "Substantial Destruction, Condemnation, or Obsolescence" shall be deemed to exist whenever the cost of restoration of any damage to the Project or any part thereof; or whenever a complete taking of the Project, or a part of the Project occurs under eminent domain, by grant or conveyance in lieu of condemnation, or whenever the Project or any part thereof has become obsolete, or is in such disrepair, and such a condition(s) respectively, is found to equal or exceed Twenty-Five percent (25%) of the estimated restored value of the Project, less Available Funds;

ii) A condition of "Partial Destruction, Condemnation, or Obsolescence" shall be deemed

to exist when any other damage or destruction to the Project or any part thereof; any other taking by eminent domain or grant or conveyance in lieu thereof; or any state of disrepair which does not constitute Substantial Destruction, Condemnation, or Obsolescence, respectively.

(iii) "Restored Value" means the fair market value of the Project after Restoration, as determined by an MAI or other qualified appraisal;

(iv) "Estimated Restoration Cost" means a calculation of Restored Values prior to an event of substantial destruction, condemnation or obsolescence.

(v) "Available Funds" means any proceeds of insurance, condemnation awards, payments in lieu of condemnation or taking, and uncommitted funds of the Board or Association; but not the portion of insurance proceeds legally required to be paid to any party other than the Association, or that portion of a condemnation award or payment in lieu of condemnation payable to an Owner for the condemnation or taking of the Unit of which they have interest in.

b) Determination by Board. Upon occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Board shall determine whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. The Board may also review the condition of the Project and determine whether Substantial or Partial Destruction, Condemnation or Obsolescence exists, and may retain and rely upon one or more qualified appraisers or other professionals.

c) Restoration of the Project. Restoration of the Project shall be undertaken by the Board promptly without a vote of the Owners in the event of Destruction, Condemnation, or Obsolescence, unless failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent (67%) of the Project's undivided Ownership interest, and that such a 67% majority presents an alternative plan for resolving the prevailing issues confronting Unit Owners who are disadvantaged by conditions of Destruction, Condemnation or Obsolescence.

d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Board has determined that Substantial Destruction, Condemnation, or Obsolescence exists, it shall notify each Owner in writing, describing the conditions thereof, and may on its own, act to determine preferences of Unit Owners regarding Restoration.

e) Insurance. If insurance proceeds, condemnation awards or payments in lieu of condemnation received by the Board that affect HOA Common Area items and its insurance and budgets, exceed the cost of Restoration when undertaken, the excess shall be proportionately distributed to Owners. If Restoration costs for those exceed Available Funds, the Board may make Special Assessment(s) to meet a deficiency.

f) Reallocation Under Partial Restoration. If one or more Units is not subject to a Restoration, or is taken in a condemnation proceeding or pursuant to any agreement in lieu

thereof, the undivided Ownership interest in the Common Areas and Facilities shall be immediately reallocated to the remaining Units.

g) Sale of Project. In the event of Substantial Destruction, Condemnation, or Obsolescence, unless Restoration is accomplished as provided above, the Project shall be sold and ownership under this Declaration and Survey Map shall terminate. The proceeds of sale and all Available Funds shall be distributed by the Board to the Owners in proportion to their respective undivided interests in Common Areas.

h) Authority to Restore or Sell. The Board shall act as attorney-in-fact for each Owner, and shall represent all Owners and the Association in any proceeding, negotiations, settlements, or agreements with authorized agents for the acquisition of all or any part of the Common Areas and Facilities, and may enter into contracts, deeds or other instruments necessary or appropriate for Restoration or sale.

i) Settlement Proceeds. In any condemnation proceeding, the proceeds of any settlement related thereto shall be payable to the HOA for benefit of the Owners.

j) Termination of Legal Status. Any action to terminate the legal status of the Project after Substantial Destruction, Condemnation or Obsolescence occurs shall be agreed to by at least sixty-seven (67%) percent of the Unit Owners.

43- Continuance of Rules. All Rules currently effective as of the date of this Declaration, shall continue in force until revised by the Board.

44- Amendment. Before the Management Board can revise, add or amend this Declaration, it must obtain an affirmative vote of at least sixty-seven percent (67%) of the undivided Unit ownership. Such authorized amendment shall be accomplished through the recordation of a document executed by the Management Board, certifying that an approving vote under this Section has occurred. Any addition or amendment shall not be considered as material for purposes of this paragraph, and may be made without a vote if it is for (a) clarification only, or (b) to correct a clerical error.

a) Notice: Notice of any proposed revision, addition or amendment(s) to any eligible Owner, to whom a written request to approve such a revision, addition or amendment to this Declaration or other documents, if required, shall be mailed with return postage prepaid to the address for each Owner shown on the list maintained by the Association. Any eligible Owner who does not deliver to the Board or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved it.

b) Re-Vote Poll: If, upon a first ballot, the proposal to revise, add or amend this Declaration shall fail, the Board may poll eligible voters to determine the reason(s), and then make changes to each Section containing changes to the original proposed language. Following a period of at least thirty (30) days of the first ballot, a vote may be taken of such changes; which -if approved by a sixty-seven (67%) percent majority of Unit

Owners, shall thereby constitute passage of the entire amended Declaration.

c) Priority. No part of this Declaration may be construed as giving an Owner or other party, priority over any rights of a Unit's first Mortgagee in the case of distribution to an Owner of insurance proceeds or condemnation awards for losses to or the taking of Common Areas.

45- Fair Discrimination: The Association may fairly discriminate, by Rule, in any matter before it, including issues involving owners or Residents, purchases or use of Units and Common Areas; insofar as such discrimination is lawful, or is derived from sufficient judicial precedent.

46- Dwelling Standards:

a) No building, including a carport, shall be erected, altered, or permitted to remain on any lot other than one (1) single family dwelling, not to exceed two (2) stories in height in addition to a basement & private garage for not less than two (2) vehicles.

b) A one story dwelling shall have finished area above grade of not less than fifteen hundred & fifty (1550) square feet excluding open porches & garages. A split level structure shall have at least nineteen hundred (1900) square feet of finished living area, and a two story dwelling shall have a minimum of twenty-one hundred (2100) square feet of area exclusive of the lowest basement level and garage and porches.

c) If a lot Owner acquires more than one contiguous lot within the Complex, and desires to construct one (1) single family dwelling, that Owner shall be entitled to treat such lots in combination as a single lot and locate and construct such single family dwelling and related improvements upon such combined lots.

d) Home exteriors shall not be less than 25 percent rock, stone or brick material, with the remainder being stucco or a like material approved by the Architectural Committee with no aluminum or vinyl siding allowed.

e) Specifications: All designs shall be prepared by architects licensed to practice in this State, or by designers of outstanding ability selected by the Board, and shall be reviewed by the Board. Modular or pre-built type homes shall not be allowed. Further:

i) All plans and specifications for any structure or Guests, construction materials, or schemes, later changes or additions after initial approval shall be reviewed and approved in writing before any such work is commenced.

ii) Two (2) complete sets of plans and specifications together with proof of approval from government agencies involved for any proposed Guests, shall be submitted to the Board. No structures or Guests of any kind shall be erected, altered, placed or maintained upon any lot unless and until the final plan, elevations and specifications have received such written approval as herein provided. Such plans shall include plot plans showing the location on the lot of the Building, wall, fence, or other structure proposed to be

constructed, altered, placed or maintained, together with the proposed construction material, color schemes for roofs and exteriors thereof and proposed landscape planting.

iii) The Board shall approve or disapprove such plans, specifications and details within fifteen (15) days from the receipt thereof. If the plans and specifications submitted are incomplete; or in the event the Board deems the plans, specifications or details, or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the real Property subject hereto, or the owners thereof, such may be disapproved, which decision shall be final.

iv) The Board may adopt regulations as to the height, architectural plan and design, the size requirements for all dwellings and all other types of structures, including walls, doors, etc. No Guests shall be built unless they conform with the minimum building area restrictions in place at the time of approval of the plans by the Board.

47. Maintenance:

A. No lot shall be used as a dumping ground for rubbish or debris. Trash, garbage or waste shall not be kept except in sanitary containers. All containers used for the storage or disposal of construction materials shall be kept in a clean condition and excess building material and debris shall not be permitted to accumulate.

B. Construction or reconstruction of the primary dwelling must be completed, and construction materials and equipment removed and the ground graded within twelve (12) months from the time first ground is broken for the structure.

C. All lots, whether improved or unimproved, must be kept free of rubbish, weeds, trash and debris of any kind and must be maintained in such a manner as to not detract from the subdivision as a whole. Curbs and gutters must be kept clean, unobstructed and in good repair. All breakage during construction of any home will be the responsibility of the respective home or lot owner.

D. No building material of any kind may be put on a lot until the Owner thereof is ready to commence improvements; and then the material may only be placed within the property lines of the plot upon which the Guests are to be erected, and shall not be placed in the streets.

E. Landscaping, including grass and some shrubs, must be completed within twenty four (24) months from the time first ground is broken for the structure.

F. Where appropriate, new sprinkler systems shall be compatible with the system already in place and used by the Home Owners association, and shall be installed at the owner's expense with a shutoff valve between the owners system and the HOA system.

48- Playground Equipment: Playground Equipment, not including trampolines, basketball standards or any other equipment except that which is included in the typical swing set, i.e. a swing, monkey bars and slide, will be allowed upon individual Home Owner's property. Equipment shall be durable and of high-quality, and shall be reasonably expected to last for more

than just a one or two year period. Written plans for installing such a set, its dimensions/design, shall be submitted to the Architectural Committee for review and recommendation to the Board. The Owner shall maintain the swing-set so that it is not dangerous, unsafe, unsightly or unattractive. The Architectural Committee may notify the Owner in writing, of any alleged violation, and the need to correct it within a reasonable period of time, as set by that Committee. The Unit Owner may request a hearing to discuss an alleged violation, pursuant to HOA ByLaws.

NOTE:

- The printed versions were formatted in a Word Perfect Document.
- The CC&R's are contained in a single document.
- The By Laws are contained in a separate, single document.
- The memory stick [SD card] contains six files, as follows:
 - a- Pen Ultimate Draft of 8-31-12 -CC&R's in Word Perfect
 - b- Pen Ultimate Draft of 8-31-12 -CC&R's in WORD
 - c- Pen Ultimate Draft of 8-31-12 -CC&R's in RTF [Rich Text Format for Word-Pad]
 - d- APPENDIX -B -By Laws in Word Perfect
 - e- APPENDIX -B -By Laws in WORD
 - d- APPENDIX -B -By Laws in RTF [Rich Text Format for Word-Pad]
- The map [Appendix -C] is included as the last page of the By Laws
- The WORD files have slightly different page-numbering than the Word Perfect Files, being off 1-page for the CC&R's, and 2-pages for the By Laws.

IV- EFFECTIVE DATE:

This Declaration shall take effect upon the day of its filing for recordation in the office of the County Recorder of Utah County, Utah.

EXECUTED:

This 17th Day of December, 2010, By the
COTTAGES ON THE GREEN, HOME OWNER'S ASSOCIATION

Signed By: [Signature]
President

Attested By: [Signature]
First Vice President

Attested By: [Signature]
Second Vice President

STATE OF UTAH)

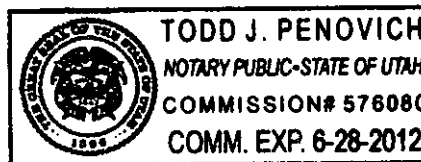
)ss:

COUNTY OF UTAH)

On the 17th day of December, personally appeared before me Richard Mathis Hemalteinuli sara may, who by me being duly sworn, did attest that she is the President of the Home Owners Association of Cottages On The Green, and that the within and foregoing instrument was signed in behalf of said company by authority of a Resolution of its Members, and said ~~President~~ officer duly acknowledged to me that said Association has executed the same.

[Signature]
NOTARY PUBLIC
Residing at: oreem UT

My Commission Expires: 6/28/12



--- ATTACHMENT -A- - By Laws
--- ATTACHMENT -B- -- MAP