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**DECLARATION OF
COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
THE COVE AT ROCK CREEK**

A Residential Townhouse Project in the City of Eagle Mountain, Utah County, State of Utah

(NOTICE: Article 12 of this Declaration imposes binding arbitration requirements to resolve all disputes with the Declarant, Builder, and their Contractors)

Table of Contents

| | Page |
|--|-------------|
| Article 1 DEFINITIONS..... | 2 |
| 1.1 “Adjoining Owner” | 2 |
| 1.2 “Annual Assessments” | 2 |
| 1.3 “Articles” | 2 |
| 1.4 “Assessable Property” | 2 |
| 1.5 “Assessment” | 2 |
| 1.6 “Assessment Lien” | 2 |
| 1.7 “Association” | 2 |
| 1.8 “Association Member” | 3 |
| 1.9 “Association Membership” | 3 |
| 1.10 “Association Rules” | 3 |
| 1.11 “Board” | 3 |
| 1.12 “Building Pad” | 3 |
| 1.13 “Bylaws” | 3 |
| 1.14 “Common Areas” | 3 |
| 1.15 “Common Expenses” | 4 |
| 1.16 “Declarant” | 4 |
| 1.17 “Declarant Affiliate” | 4 |
| 1.18 “Declaration” | 4 |
| 1.19 “Design Review Committee” | 4 |
| 1.20 “Eligible Mortgagee” | 4 |
| 1.21 “Exempt Property” | 4 |
| 1.22 “Final Approval” | 5 |
| 1.23 “The Cove at Rock Creek Design Guidelines” | 5 |
| 1.24 “The Cove at Rock Creek Design Review Committee” | 5 |
| 1.25 “Lessee” | 5 |
| 1.26 “Limited Common Area(s)” | 5 |
| 1.27 “Mortgage” | 5 |
| 1.28 “Mortgagee” | 5 |
| 1.29 “Municipal Authority” | 5 |
| 1.30 “Occupant” | 5 |
| 1.31 “Owner” | 5 |
| 1.32 “Party Wall” | 5 |
| 1.33 “Person” | 6 |
| 1.34 “Private Space” | 6 |
| 1.35 “Plat” | 6 |
| 1.36 “Project Documents” | 6 |
| 1.37 “Property” | 6 |
| 1.38 “Record,” “Recording,” “Recorded” and “Recordation” | 6 |
| 1.39 “Special Assessment” | 6 |
| 1.40 “Special Service Districts” | 6 |

1.41 “Townhouse(s),” “Townhouse Unit” and “Unit” 6

Article 2 DECLARANT’S RIGHTS AND OWNERS’ OBLIGATIONS 6

2.1 Property Subject to this Declaration; Phases; Expandable Project..... 6

2.2 No Condominium..... 7

2.3 Building Pads; Landscaping 7

2.4 The Association 7

2.5 Incidents of Ownership 8

2.6 Common Area Maintenance Obligations..... 8

2.7 Reservation of Right to Construct Townhouses 8

2.8 Declarant’s Disclaimer of Representations..... 8

2.9 Security 8

2.10 Readjustment of Building Pad Line Boundaries..... 9

2.11 Design and Exterior Features..... 9

2.12 Pre-Arbitration Requirements..... 9

Article 3 LAND USES, PERMITTED USES AND RESTRICTIONS 10

3.1 Land Uses..... 10

3.2 Model Homes..... 10

3.3 Use Restrictions 10

3.4 The Cove at Rock Creek Design Review Committee..... 11

3.5 No Timeshares. 11

3.6 Description of Limited Common Areas..... 11

Article 4 EASEMENTS 12

4.1 Owners’ Easements of Enjoyment..... 12

4.2 Utility Easement..... 13

4.3 Easements for Ingress and Egress..... 13

4.4 Declarant’s Use and Easements..... 14

4.5 Easement in Favor of Association 14

4.6 Easement for Party Wall 15

Article 5 THE ASSOCIATION; ORGANIZATION; ASSOCIATION MEMBERSHIP
AND VOTING RIGHTS 15

5.1 Formation of Association..... 15

5.2 Governing Board and Officers..... 15

5.3 Association Rules..... 16

5.4 Personal Liability 16

5.5 Borrowing Power 16

5.6 Implied Rights..... 16

5.7 Membership in the Association 16

5.8 Votes in the Association. 16

5.9 Voting Procedures..... 17

5.10 Transfer of Association Membership..... 17

Article 6 COVENANT FOR ASSESSMENTS AND CREATION OF LIEN..... 17

 6.1 Creation of Lien and Personal Obligation of Assessments..... 17

 6.2 Annual Assessment..... 18

 6.3 Exempt Property Assessments..... 19

 6.4 Special Assessments 19

 6.5 Uniform Rate of Assessment 20

 6.6 Rules Regarding Billing and Collection Procedures 20

 6.7 Effect of Nonpayment of Assessments; Remedies of the Association. 20

 6.8 Evidence of Payment of Assessments..... 21

 6.9 Purposes for Which Association’s Funds May be Used..... 22

 6.10 Other Amenities 22

 6.11 Surplus Funds..... 22

 6.12 Notice for Meetings to Consider Special Assessments..... 22

 6.13 Special Service Districts 22

 6.14 Community Association Act..... 23

Article 7 MAINTENANCE 23

 7.1 Common Areas and Public Right of Way..... 23

 7.2 Damage to Limited Common Areas and Common Areas 23

 7.3 Building Pads and Townhouses 23

 7.4 Installation of Landscaping..... 23

 7.5 Assessment of Certain Costs of Maintenance and Repair 24

 7.6 Improper Maintenance and Use of Building Pads 24

 7.7 Maintenance of Party Walls..... 24

 7.8 Failure to Maintain Party Wall 25

Article 8 INSURANCE..... 26

 8.1 Scope of Coverage 26

 8.2 Certificates of Insurance 27

 8.3 Payment of Premiums 27

 8.4 Payment of Insurance Proceeds 27

 8.5 Repair and Replacement of Damaged or Destroyed Property 27

 8.6 Insurance of Party Walls; Waiver 28

Article 9 MORTGAGEE REQUIREMENTS 28

 9.1 Notice of Action..... 28

 9.2 Availability of Project Documents and Financial Statements 29

 9.3 Subordination of Lien 29

 9.4 Notice to Eligible Mortgagees 29

 9.5 Payment of Taxes..... 29

 9.6 Priority 30

Article 10 CONDEMNATION..... 30

 10.1 Notice..... 30

 10.2 Partial Condemnation; Distribution of Award; Reconstruction..... 30

 10.3 Limited Common Areas..... 30

10.4 Complete Condemnation 30

Article 11 TERM, TERMINATION AND AMENDMENT 31

11.1 Term; Method of Termination 31

11.2 Amendments 31

11.3 Unilateral Amendments 31

11.4 Right of Amendment if Requested by Governmental Agency or Federally
Chartered Lending Institutions 32

Article 12 DISPUTE RESOLUTION; MANDATORY BINDING ARBITRATION 32

12.1 Statement of Intent 32

12.2 Binding Arbitration for All Disputes 33

12.3 Pre-Arbitration Requirements 34

12.4 Member Approval; Legal Opinion; Arbitration 36

12.5 Fees and Costs of Arbitration 35

12.6 No Waiver 36

12.7 Waiver of Subrogation 36

Article 13 GENERAL PROVISIONS 36

13.1 Interpretation 37

13.2 Severability 37

13.3 Enforcement; City Rights 37

13.4 Rules and Regulations 37

13.5 Laws, Ordinances and Regulations 38

13.6 References to this Declaration in Deeds 38

13.7 Gender and Number 39

13.8 Captions and Title; Section References; Exhibits 39

13.9 Notices 39

13.10 Indemnification 39

13.11 No Partition 39

13.12 Notice of Violation 39

13.13 Disclaimer of Representations 39

13.14 Amendments Affecting Declarant Rights 39

13.15 Bulk Service Agreements 39

EXHIBIT A Project Legal Description A-1

EXHIBIT B Bylaws of the Association A-2

**DECLARATION OF
COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR
THE COVE AT ROCK CREEK**

This DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS for THE COVE AT ROCK CREEK (this "Declaration") is made as of this 23 day of APRIL, 2015, by The Cove at Rock Creek, LLC, a Utah limited liability company ("Declarant").

RECITALS

A. Declarant holds both legal and equitable title to certain real property comprised of approximately 6.5 acres located in Eagle Mountain City, Utah County, State of Utah (the "Property"), which Property is more fully described in Exhibit "A" attached hereto and incorporated herein by this reference.

B. The Property has received development approvals for construction of approximately eighty-five (85) Townhouse Units. Each building structure will contain at least two (2) attached Townhouse Units, with some buildings having as many as up to eight (8) Townhouse Units. Each Townhouse Unit shall be located on its own Building Pad (as defined below).

C. The Plat shall indicate the lot lines of each Building Pad. Each Owner shall receive fee title to his or her Building Pad (and the improvements thereon); and there shall be one Association Membership in the Association for each Building Pad, as provided herein.

D. The Project, as described in these Recitals, will be initially constructed to contain approximately twenty-three (23) Townhouse Units. Declarant (or its successors or assigns) shall have the right to construct up to a total of approximately eighty-five (85) Townhouse Units in accordance with the approvals obtained from Eagle Mountain City (the "City"). The development shall be known as "The Cove at Rock Creek," as shown on the Plat (the "Project").

E. It is desirable for the efficient management and preservation of the value and appearance of the Project to create a nonprofit corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Project; owning, maintaining, and administering the Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding assessments and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Project and the Owners. The Cove at Rock Creek Owners Association, Inc. (the "Association"), a Utah non-profit corporation, has been incorporated under the laws of the State of Utah for the purpose of exercising such powers and functions.

F. The Owners of Townhouse Units for which certificates of occupancy are issued shall be, and are, members of the Association and shall comply in all respects with all provisions of this Declaration. Declarant and Declarant Affiliates who own Building Pads that do not have completed Units with certificates of occupancy shall also be members of the Association with voting rights, but shall have no obligation to pay any assessments unless and until a Unit has

been constructed on the Building Pad and a certificate of occupancy has been issued for such Unit. Any other persons who may own a Building Pad that does not have a completed Unit shall have no voting rights, nor shall they be obligated to pay assessments, unless and until the Unit on their Building Pad has been constructed and a certificate of occupancy has been issued for the same. The obligation to pay assessments shall commence immediately and automatically upon the issuance a certificate of occupancy for the Unit.

G. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed, and to establish thereon a planned residential development.

H. By this Declaration, Declarant also intends to create a fair and binding dispute resolution process that is designed to avoid litigation and court action, and require all disputes to be resolved through binding arbitration after satisfying the pre-arbitration requirements set forth in Article 12 of this Declaration.

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

ARTICLE 1

DEFINITIONS

Each of the Recitals A through G above are incorporated into and made a part of this Declaration for all purposes. Unless the context clearly indicates otherwise, the following capitalized words, phrases or terms used in this Declaration shall have the meanings set forth in this Article 1. (Certain terms not defined herein are defined elsewhere in this Declaration or in the Recitals above.)

1.1 “Adjoining Owner” means the immediately adjoining Owner that owns a Townhouse with a common Party Wall touching the contiguous, neighboring Townhouse of a different Owner.

1.2 “Annual Assessments” means the Assessments levied pursuant to Section 6.2 and the other provisions in Article 6.

1.3 “Articles” means the articles of incorporation of the Association, as amended from time to time.

1.4 “Assessable Property” means each Unit that has received a certificate of occupancy, except for Exempt Property.

1.5 “Assessment” means an Annual Assessment or Special Assessment.

1.6 “Assessment Lien” means the lien created and imposed by Section 6.7 and the other provisions in Article 6.

1.7 “Association” means The Cove at Rock Creek Owners Association, Inc., a Utah nonprofit corporation, and its successors and assigns. It is desirable for the efficient management

and preservation of the value and appearance of the Project for the Association to be organized as a nonprofit corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Project; owning, maintaining, and administering the Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding assessments and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Project and the Owners. The Association is a Utah non-profit corporation incorporated under the laws of the State of Utah for the purpose of exercising such powers and functions.

1.8 “Association Member” means any Person who is a member of the Association as provided in Article 5.

1.9 “Association Membership” means a membership in the Association and the rights granted to the Association Members, including Declarant, pursuant to Article 5 to participate in the Association.

1.10 “Association Rules” means the rules and regulations adopted by the Board pursuant to Section 5.3, as amended from time to time.

1.11 “Board” means the Board of Directors of the Association.

1.12 “Building Pad” means a portion of the Project intended for independent ownership and residential use and designated as a Building Pad or lot on the Plat, and on which a Townhouse Unit may be constructed. The Building Pad shall include the parking garage and Private Space pertaining to such Townhouse Unit. The Plat shall indicate the lot lines of each Building Pad. Each Owner shall receive fee title to his or her Building Pad (and all of the improvements thereon); and there shall be one Association Membership in the Association for each Building Pad, as provided herein. If and when a Townhouse Unit has been constructed on a Building Pad, the term "Building Pad" shall mean and refer to both the land of the Building Pad and the Unit constructed thereon. Prior to recordation of a Final Plat, lots approved as part of an approved Concept or Master Plan shall be considered Building Pads for voting.

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

1.14 “Common Areas” means all land and any improvements situated on such land located within the Project but not included within the boundaries of the Building Pads. In Declarant’s sole discretion, the Common Areas may include a half basketball court, playground with equipment, bicycle racks, and open space. If Declarant elects to construct any such items, the dimensions and features of the same will be determined in Declarant’s sole discretion, subject to approval from the City. The Common Areas shall also include the private streets located within the Project as well as the entry features and any other items, areas, or features designated as “Common Areas,” “Common Facilities,” or “HOA-Owned Open Space” on the Plat, as the same may be amended. The Common Areas shall be owned and held by the Association, and the recording of this Declaration shall operate to grant and convey all such Common Areas to the Association. Owners do not have any ownership interest (as a tenant in common, undivided ownership interest, or otherwise). The Association alone shall own the Common Areas, and shall have the obligation to maintain, repair or replace the Common Areas

and improvements thereon, including, without limitation, Common Area landscaping, for the common benefit of the Association and its members. The Association shall also maintain and repair all exterior elements of a Townhouse (even though the Association will not own or hold title to such elements), such as exterior doorways, windows, hardiplank, rain gutters, shingles, address signs and all other similar exterior improvements of the Townhouses. The Association, however, shall not be responsible to maintain or repair the driveways; rather, each Owner shall be responsible to maintain and repair his or her driveway and keep the same in a condition of good repair. No fences, structures, storage sheds, or buildings may be constructed or installed on any portion of the Common Areas.

1.15 “Common Expenses” means expenditures made by or financial liabilities of the Association, together with any allocations for reserves as further described in 6.2.1. Common Expenses shall also include, without limitation, all of the expenses required to fulfill the Association's maintenance obligations of the items described in Section 1.14 above. Common Expenses shall not include any certain charges levied by a Special Service District.

1.16 “Declarant” means The Cove at Rock Creek, LLC, a Utah limited liability company, and its successors, as well as any Person to whom Declarant may expressly assign any or all of its rights under this Declaration.

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

1.18 “Declaration” means this Declaration of Covenants, Conditions, Easements and Restrictions for The Cove at Rock Creek, as amended from time to time.

1.19 “Design Review Committee” means The Cove at Rock Creek Design Review Committee, if created by Declarant pursuant to Section 3.4 below.

1.20 “Eligible Mortgagee” means and refers to a First Mortgagee who has requested notice of certain matters from the Association in accordance with Section 9.1 of this Declaration.

1.21 “Exempt Property” means:

(a) All land and improvements owned by, or dedicated to and accepted by, the United States, the State of Utah, Utah County, the City of Eagle Mountain, or any Municipal Authority having jurisdiction, or any political subdivision of any of them, for as long as such entity or political subdivision is the owner thereof or for as long as said dedication remains effective;

(b) All Common Areas; and

(c) Each other property in the Project while owned by Declarant or a Declarant Affiliate, until the earliest to occur of (i) the acquisition of its record title by a Person other than Declarant or a Declarant Affiliate or (ii) the day after

the Municipal Authority having jurisdiction thereover issues a certificate of occupancy for the Townhouse constructed on a Building Pad.

1.22 “Final Approval” shall mean the Final Approval for the Project, as adopted by the City Council of Eagle Mountain City, as the same may be amended by the City.

1.23 “The Cove at Rock Creek Design Guidelines” means the written review standards which may be promulgated by the Declarant or by the Board pursuant to this Declaration.

1.24 “The Cove at Rock Creek Design Review Committee” means the design review committee that may be created pursuant to this Declaration.

1.25 “Lessee” means the lessee or tenant under a lease, oral or written, of any Townhouse, including an assignee of the lessee’s or tenant’s interest under a lease.

1.26 “Limited Common Area(s)” shall mean a portion of the Common Areas or Property shown on the Plat, if any, for the exclusive use of one or more, but fewer than all of the Owners. The Owners, not the Association, shall have the responsibility, at their own cost and expense, to maintain and repair the Limited Common Areas which they have the right to use.

1.27 “Mortgage” means a deed of trust or a mortgage Recorded against a Building Pad, or any part thereof or interest therein. A “First Mortgage” means a Mortgage having priority as to all other Mortgages encumbering a Building Pad, or any part thereof or interest therein.

1.28 “Mortgagee” means a beneficiary under a deed of trust, or a mortgagee under a mortgage, Recorded against a Building Pad. A “First Mortgagee” means any Person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage. Any and all Mortgagee protections contained in this Declaration shall also protect the Declarant as the holder of a First Mortgage of a Building Pad or any part thereof or interest therein.

1.29 “Municipal Authority” means any applicable governmental entity or municipality which has jurisdiction over all or some part of the Project, including, without limitation, Utah County, Utah, and The City of Eagle Mountain.

1.30 “Occupant” means any Person other than an Owner who has actual use, possession or control of a Townhouse, or any portion thereof, and shall include, without limitation, residents who reside in any Townhouse.

1.31 “Owner” means the Person or Persons who individually or collectively own fee title to a Building Pad, including Declarant, and purchasers under installment purchase contracts. “Owner” shall not include Persons who hold an interest in a Building Pad merely as security for the performance of an obligation.

1.32 “Party Wall” means a wall that forms part of a Townhouse and is located on or at a boundary line between two adjoining Building Pads, which wall is also part of the Townhouse located on the adjoining Building Pad. The wall is used by the Owners of both Townhouses.

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

1.34 “Private Space” means that portion of a Building Pad which is not covered by a structure or dwelling, and which shall not be Common Area. An Owner of a Building Pad may use the Private Space pertaining to his or her Building Pad for personal and exclusive use, and shall maintain the same at his or her own expense.

1.35 “Plat” means each and every plat recorded against any part of the Project, which Plat shall depict the locations and sizes of the Building Pads (or lots) within the Project.

1.36 “Project Documents” means this Declaration, the Articles, the Bylaws, the Association Rules, and any Design Guidelines duly promulgated pursuant to this Declaration, as each document may be amended from time to time.

1.37 “Property” or "Project" means all of the land included in the Plats recorded against this Project. The Project may be expanded to include additional land and additional Building Pads in accordance with the terms and provisions of this Declaration. If and when the Project is expanded to include additional land and Building Pads, an instrument will be recorded against such additional land subjecting it to the terms and provisions of this Declaration and making the additional land and additional Building Pads part of the Project.

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

1.39 “Special Assessment” means any Assessment levied pursuant to Section 6.4.

1.40 “Special Service Districts” means one or more special service districts which may be or have been established to provide the Project with, among other things, waste water treatment and disposal services, fire protection service, road maintenance, emergency services, special lighting facilities for nonstandard street lights, culinary water and facilities including pump stations, snow plowing and school bus stop shelters.

1.41 “Townhouse(s),” “Townhouse Unit” and “Unit” means a dwelling unit situated upon a Building Pad and attached to one or more other dwelling units in a row of two (2) or more such units in which each unit has its own front access to the outside; no unit is located over or on top of another unit; and each unit is separated from any other unit by a common Party Wall, designed and intended for separate, independent use, ownership, and occupancy as a residence.

ARTICLE 2

DECLARANT’S RIGHTS AND OWNERS’ OBLIGATIONS

2.1 Property Subject to this Declaration; Phases; Expandable Project. This Declaration shall be recorded against all of the Building Pads and Property included within the Project. All of the property within the Project shall be held, sold and conveyed subject to this

Declaration. Declarant (or its successors/assigns) will develop and improve the Property, and construct Townhouse Units, in accordance with the approvals and phasing requirements, if any, of the City. Declarant makes no representations whatsoever, express or implied, regarding if or when additional phases of the Project will be platted and developed, or the number of phases. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each Person, for himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and any or all of the Owners.

2.2 No Condominium. Declarant and each Owner hereby agree and understand that the Property is **not**, by execution and recording of this Declaration, being submitted to the provisions of the Utah Condominium Ownership Act, §§ 57-8-1, *et seq.*, Utah Code Ann. The Project is subject, however, to the terms and provisions of the Utah Community Association Act, §§ 57-8a-1, *et seq.*, Utah Code Ann. (the "Act"). Any item or topics not addressed in this Declaration shall be governed by the provisions of the Act.

2.3 Building Pads; Landscaping. The Project will consist of approximately eighty-five (85) Building Pads to be sold to and owned by Owners and their successors. Each Building Pad is to be improved with a Townhouse. Following completion of construction of a Townhouse on a Building Pad, those portions of the Building Pad which are not covered by such structure or dwelling, and which are not included within the Owner's Private Space, driveway, garage, or Limited Common Areas, shall be treated and maintained in all respects as Common Areas of the Association (even though the Owners shall hold title to their own Building Pads and the improvements thereon), subject to all of the limitations and use restrictions applicable to Common Areas (such as, without limitation, the prohibition against erecting or installing any structures, fences, or improvements on the same). Declarant intends for the developer or home builder to install the original landscaping. After the original installation of landscaping has been completed, the Association will maintain the landscaping both within and outside of the Building Pads as a Common Expense of the Association. The Association will be responsible for maintenance and repair of the sprinkler system. The Association shall also be responsible for snow removal on the private streets within the Project, which may also include, at the Association's discretion, snow removal of the Owners' private driveways. Owners shall be responsible for all costs and expenses associated with the maintenance and repair of their own driveways. Any and all changes or additions to landscaping must be approved in advance by the Design Review Committee. No Owner shall alter or add to the landscaping on his or her Building Pad without first obtaining approval of the landscaping design and materials by the Design Review Committee, which approval shall not be unreasonably withheld so long as the landscaping design and materials are consistent with the rest of the Project.

2.4 The Association. The Association shall own, hold title to, and maintain the Common Areas and all improvements and landscaping amenities thereon, in a safe, sanitary and attractive condition. Such maintenance responsibility shall include, but shall not be limited to, the control of all weeds and other unsightly vegetation, rubbish, trash, garbage and landscaping.

The Association shall assess and collect fees from the Association Members, in accordance with the provisions hereof and the Bylaws, to fulfill these obligations. The Association shall also be responsible to maintain all exterior features and elements of the Townhouses, and all private roads and private sidewalks within the Project.

2.5 Incidents of Ownership. Every Building Pad shall have appurtenant to it one Association Membership in the Association, and a nonexclusive easement for each Owner for the use, enjoyment, ingress and egress over the Common Areas, subject to such restrictions and limitations as are contained in the Project Documents and subject to other reasonable regulations promulgated by the Association. Each Association Membership shall be appurtenant to and inseparable from ownership of the Building Pad. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Building Pad shall automatically transfer the Association Membership to the same extent, notwithstanding any term or provision to the contrary in the documents effecting such transfer.

2.6 Common Area Maintenance Obligations. The Association shall levy and collect Assessments to pay for the maintenance and repair of all Common Areas and for the maintenance of landscaping within the Building Pads as set forth in Section 2.3 above and all other expenses and obligations of the Association, including, without limitation, those set forth in Sections 2.3 and 2.4 above. The Association shall also be responsible for snow removal on the private streets within the Project. The cost of repair or replacement of any portion of the Common Areas resulting from the willful or negligent act of an Owner, Occupant, Lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the joint responsibility of such Owner to the extent that it is not covered by insurance maintained by the Association. The Association shall cause such repairs and replacements to be made and the cost thereof may be levied as an individual charge against such Owner, and enforce payment of the same as a lien.

2.7 Reservation of Right to Construct Townhouses. In addition to the reservations of rights set forth in this Declaration, Declarant reserves the sole and exclusive right, without obligation, to construct and/or directly supervise the construction of all Townhouses to be erected on the Building Pads which are a part of the Project in order to protect its integrity and control the grading and site elements relative to each particular Building Pad.

2.8 Declarant's Disclaimer of Representations. Nothing which may be represented to a purchaser by real estate brokers or salespersons representing the Declarant or any Declarant Affiliate shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any property subject to this Declaration.

2.9 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. Neither the association and its board, the Declarant, nor the design review committee (collectively, the "project governing bodies") shall in any way be considered insurers or guarantors of security within the project, and the project governing bodies shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All owners, occupants, tenants, guests and invitees of any owner or occupant, as applicable, acknowledge that the project governing bodies do not represent or warrant that any fire protection system or burglar alarm system designated by or installed

according to the design guidelines may not be compromised or circumvented, that any fire protection or burglar alarm systems will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise nor that fire protection or burglary alarm systems will in all cases provide the detection or protection for which the system is designed or intended. Each owner, occupant, tenant, guest or invitee of an owner or occupant, as applicable, acknowledges and understands that the project governing bodies are not insurers and that each owner, occupant, tenant, guest and invitee assumes all risks for loss or damage to Building Pads, to persons, to townhouses, to improvements and to the contents of townhouses and improvements and further acknowledges that the project governing bodies have not made representations or warranties nor has any owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems recommended or installed or any security measures undertaken within the project.

2.10 Readjustment of Building Pad Line Boundaries. Declarant hereby reserves for itself, Declarant Affiliate and Declarant's successors and assigns, the right to effectuate minor realignment and adjustment of Building Pad boundary lines for purposes of proper configuration and final engineering of the Project; provided that any such realignment and adjustment does not affect any existing Townhouse on the affected Building Pad, and further provided that such realignments or adjustments do not reduce the percentage of open space for the Project below the minimum percentage of open space required by The City of Eagle Mountain for the Project's density. The authority to realign and adjust such Building Pad boundary lines shall be exclusively reserved to the Declarant, Declarant Affiliate and Declarant's successors or assigns, in their sole and reasonable discretion, subject to the other provisions of this Section. All Owners specifically acknowledge and agree that they shall cooperate with Declarant to effectuate such minor realignment and adjustment of their respective Building Pad boundary lines by deed in form and content as requested by the Declarant for the purposes of proper configuration and final engineering of the Building Pads in relationship to the development of the Project. Further, all Owners acknowledge and agree that no amendment to this Declaration or the Plat shall be required to effectuate any Building Pad boundary line adjustments. Boundary line adjustments between adjacent Building Pads may be executed upon the approval of the appropriate Municipal Authority and upon recordation of an appropriate deed if:

2.10.1 No new Townhouse results from the Building Pad boundary line adjustment and exchange of title;

2.10.2 The appropriate Municipal Authority and adjoining property Owners consent to the Building Pad boundary line adjustment (such Owners' consent to be granted as described above);

2.10.3 The adjustment does not result in violation of applicable Municipal Authority zoning requirements; and

2.10.4 The appropriate Municipal Authority Records a notice of approval in accordance with § 17-27-808(7)(c), Utah Code Ann. (as amended).

The forgoing subsections are subject to automatic modification to be consistent with any amendments or changes to § 17-27-808(7), Utah Code Ann.

2.11. Design and Exterior Features. The design and exterior features of all Townhouse Units shall be consistent with and complimentary of the designs, colors, shapes, features and exterior elements of the other Units within the Project. No Owner shall make any significant changes in the design, color, features or exterior elements of his or her unit or the landscaping on his or her Building Pad without the prior written consent and approval from the Design Review Committee.

2.12. Pre-Arbitration Requirements. All Owners understand and accept the requirements and limitations set forth in Article 12 of this Declaration requiring disputes with the Declarant, the builder, and/or their contractors to be resolved through binding arbitration instead of any court proceedings.

ARTICLE 3

LAND USES, PERMITTED USES AND RESTRICTIONS

3.1 Land Uses. The purposes for which property within the Project may be used shall be residential uses consistent with this Declaration, as well as ancillary, complementary or subsidiary uses such as (without limitation), open space, Common Areas, Limited Common Areas and the like.

3.2 Model Homes. Any provisions of this Declaration which prohibit non-residential use of Building Pads and regulate parking of vehicles shall not prohibit the construction and maintenance of model Townhouse (including, without limitation, any used in whole or in part as sales offices) (collectively, "Models") by Persons engaged in the construction of dwellings in the Project, or parking incidental to the visiting of such Models, so long as the construction, operation and maintenance of such Models otherwise comply with all of the provisions of this Declaration.

3.3 Use Restrictions. Except as otherwise provided herein, each Building Pad may be used in a manner consistent with the requirements of applicable zoning and other land use ordinances and regulations, including the construction of a Townhouse. The Building Pads, Townhouses, and Common Areas shall be used in accordance with the restrictions outlined in this Declaration. In addition, the use restrictions pertaining to the Project include, without limitation, the following restrictions:

3.3.1 Vehicles. No automobile, commercial vehicle, truck, mobile home or trailer (either with or without wheels), camper, camper trailer or any other transportation device of any kind, shall be parked overnight on the street or stored outside or on a Building Pad except within a garage or on a driveway. The Board may permit Owners to park a boat or other watercraft and a boat trailer on his, her or its driveway in accordance with Association Rules, if any. No Owner or Occupant shall repair or restore any vehicle of any kind upon any portion of the Project, except for emergency

repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

3.3.2 Animals. No animals other than two ordinary household pets may be kept or allowed to remain on any Building Pad or Common Area, subject to applicable Municipal Authority pet ordinances, leash ordinances and any pet rules and regulations promulgated by the Board.

3.3.3 Clotheslines, Tanks, Woodpiles, Etc. No clotheslines, above-ground tanks, woodpiles, and other similar items shall be erected, placed or maintained in any location within the Project.

3.3.4 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, and cable information, shall be erected, placed or maintained anywhere in or upon any Building Pad unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on improvements as approved by the Board, except for boxes on the ground for electrical or communication connections, junctions, transformers and other apparatus customarily used in connection with such underground lines, wires and other devices.

3.3.5 Renting. No Townhouse shall be rented to multiple tenants at the same time. Units may be rented to family members of the Owner, or to an unrelated party (and that party's family members), but not to two (2) or more unrelated parties at the same time. This provision is intended to prohibit different parties from renting the same unit at the same time (such as one party renting one level or part of a unit, and another party renting a different level or different area of a unit). No overnight rentals or short-term rentals of less than 30-day terms shall be allowed in any Units.

3.4 The Cove at Rock Creek Design Review Committee. Declarant intends that all design review activities, reviews, approvals, rejections and hearings shall be conducted by the Design Review Committee in accordance with this Declaration, and the rules and regulations promulgated by such Committee, and The Cove at Rock Creek Design Guidelines. Until such time as control of the Association is turned over to the Association members, The Cove at Rock Creek Design Review Committee shall be composed of the number and name of individuals or entities as the Declarant may determine in its sole and exclusive discretion, who need not be Owners. When control is turned over to the Association members, the members of the Design Review Committee shall be appointed by the Board, and may include the Board members themselves.

3.5 No Timeshares. No Owner of any Townhouse shall offer or sell any interest in a Townhouse under a timesharing, interval ownership, fractional, club or similar program.

3.6 Description of Limited Common Areas. Limited Common Areas means a portion of the Common Areas reserved for the exclusive use and occupancy of one or more but fewer than all of the Owners to the exclusion of other Owners. Limited Common Areas shall include those areas identified on the Plat, if any, as Limited Common Areas within the Project to be for

the exclusive use of one or more but fewer than all of the Owners. The use and occupancy of designated Limited Common Areas shall be reserved to the Owner of the applicable Building Pads as shown on the Plat. Owners are hereby granted an easement to use and occupy the Limited Common Areas allocated exclusively to the Building Pad(s) such Owners own as described in this Section. Owners shall not designate, modify or reallocate Limited Common Areas between or among Building Pads in which they have an interest. The Owners who have rights to use the Limited Common Areas pertaining to their Building Pads shall be responsible for the costs and expenses associated with maintaining and repairing such Limited Common Areas. Each Owner, not the Association, shall be responsible for all cost and expenses necessary to maintain his or her driveway in good condition and repair. The Association shall have no obligation to maintain or repair driveways.

ARTICLE 4

EASEMENTS

4.1 Owners' Easements of Enjoyment.

4.1.1 Subject to the rights and easements granted to the Declarant in Section 4.4, each Owner and Occupant shall have a non-exclusive right and easement of enjoyment in, to and over the Common Areas, which right and easement shall be appurtenant to and shall pass with the title to each Building Pad, subject to the provisions of the Project Documents including, without limitation, the following:

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

4.1.1.2 The Association shall have the right to regulate the use of the Common Areas through the Association Rules.

4.1.1.3 The Declarant and the Association shall each have the right to grant easements or licenses to Persons for the construction of common improvements on the Common Areas, and the Declarant and the Association shall

each have the right to grant ingress and egress easements over the Common Areas in the Project to Persons who are not Association Members.

4.1.2 Occupants Use of the Common Areas. Subject to the restrictions in Section 3.3.5 above, if a Townhouse is leased or rented by its Owner, the Occupants of the same shall have the right to use the Common Areas during the term of the lease, and the Owner of such Townhouse shall have no right to use the Common Areas until the termination or expiration of such lease. All Lessees, Occupants and renters shall comply with all of the terms and provisions of this Declaration, as well as any and all Rules and Regulations or other restrictions that apply to Owners.

4.2 Utility Easement. There is hereby created an easement upon, across, over and under the Common Areas, certain portions of the Building Pads and other property as depicted on the Plat for reasonable ingress, egress, installation, replacement, repair or maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to install and maintain the necessary equipment on the Common Areas, certain portions of the Building Pads and other property as depicted on the Plat. However, except within the public utility easements depicted on the Plat, no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Common Areas, Building Pads, and other property except as initially designed, approved and/or constructed by the Declarant or as approved by the Board (and, in the case of a Building Pad, by the Owner of such Building Pad). If any utility company requests that a more specific easement be granted in its favor in substitution for the easement hereby established with respect to the Common Areas, the Association shall have the power and authority, without the need for any consent by the Owners or any other Person, to grant the more specific easement on such terms and conditions as the Board deems appropriate. Without limiting the general scope of this Section 4.2, it is hereby further agreed that a perpetual, non-exclusive easement is hereby created for, and shall exist with respect to, any and all utilities in the Project (including, without limitation, water lines, drainage lines, sewer lines, power lines and related improvements) that are constructed within, under, over or through a Unit and that extend to and/or serve another Unit. This easement shall allow for construction, installation, repair, maintenance, and replacement of all such utilities. The beneficiaries of the easement hereby created shall be the Association, the service providers of the utilities, and all Owners of the Units receiving service from the subject utilities.

4.3 Easements for Ingress and Egress. There are hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Common Areas. There is also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such public street and parking areas as from time to time may be paved and intended for such purposes. Moreover, there is an easement created for Owners' use and enjoyment of, and ingress and egress to and over, to specific Owners for any Limited Common Areas appurtenant to one or more Building Pads. Such easements shall run in favor of and be for the benefit of the Owners and Occupants of the Building Pads and Townhouses and their guests, families, tenants and invitees. There is also hereby created an easement upon, across and over the Common Areas within the Project for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Board shall have the right to relocate and/or reconfigure any and all

such easements from time to time as it sees fit without the consent of any Owners (but subject to any necessary approvals of any Municipal Authority having jurisdiction thereover including in particular, but without limitation, the easements granted herein for police, fire, medical and other emergency vehicles and personnel).

4.4 Declarant's Use and Easements.

4.4.1 Declarant shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Property, including without limitation on the Common Areas, with respect to the sales of Building Pads, Townhouses, or other property in the Project. Declarant reserves the right to place Models, management offices and sales and leasing offices on any Building Pads or other property owned by Declarant or a Declarant Affiliate and on any portion of the Project, including without limitation on the Common Areas, in such number, of such size and in such locations as Declarant deems appropriate.

4.4.2 So long as Declarant is marketing Building Pads, Townhouses or other portions of the Property, Declarant shall have the right to restrict the use of the parking spaces on the Common Areas. Such right shall include reserving such spaces for use by prospective purchasers, Declarant's employees and others engaged in sales, leasing, maintenance, construction or management activities.

4.4.3 Declarant shall have the right and an easement on and over the Common Areas to construct all common improvements Declarant may deem necessary and to use the Common Areas and any Building Pads and other property owned by the Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project.

4.4.4 Declarant shall have the right and an easement upon, over and through the Common Areas as may be reasonably necessary for the purpose of exercising the rights granted to or reserved by the Declarant in this Declaration.

4.5 Easement in Favor of Association. The Building Pads are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

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

4.5.2 For inspection, maintenance, repair and replacement of portions of the Common Areas accessible only from such Building Pad or Building Pads;

4.5.3 For correction of emergency conditions on one or more Building Pads or on portions of the Common Areas accessible only from such Building Pad or Building Pads;

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

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

4.5.6 To maintain the landscaping within the Building Pads after the original landscaping has been installed by the developer or builder in accordance with the provisions of Section 2.3 above. The Association is not responsible for any costs or expenses associated with installation of the original landscaping.

4.6 Easement for Party Wall. Each Owner, for each Building Pad that he, she or it owns, hereby acknowledges and agrees that a Party Wall may presently encroach upon or overlap the Owner's Building Pad. To the extent the Party Wall does encroach upon or overlap a Building Pad, the Owner of said Building Pad hereby grants to the Adjoining Owner of the other Building Pad that shares a Party Wall an easement over and upon its Building Pad for the purpose of maintaining the Party Wall and carrying out the other obligations set forth in this Declaration. By accepting a deed to a Building Pad, each Owner hereby covenants and agrees not to do anything or to erect any barrier that will hinder, delay or limit the maintenance of the Party Wall and the performance of each Owner's obligations under this Declaration to maintain and repair the Townhouse.

ARTICLE 5

THE ASSOCIATION; ORGANIZATION; ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

5.1 Formation of Association. The Association shall be a nonprofit Utah corporation charged with the duties and vested with the powers prescribed by law and set forth in the Project Documents. In the event of any conflict or inconsistency between this Declaration and the other Project Documents, priority shall be given to the Project Documents in the following order: the Declaration, the Articles of the Association, the Bylaws of the Association, and the rules promulgated by the Association pursuant to this Declaration.

5.2 Governing Board and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Unless the Project Documents specifically require the vote or written consent of the Association Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board may appoint various committees at its discretion. The Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Association and the Common Areas; the Board shall determine the compensation, if any, to be paid to any such manager. In addition to the other powers and duties of the Association, the Association shall (by Rule or otherwise) be responsible for parking management to adequately accommodate guest parking in the Project.

5.3 Association Rules. The Board may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal the Association Rules which generally pertain to: (a) the management, operation and use of the Common Areas; (b) traffic and parking restrictions including speed limits on the private lanes within the Project; (c) minimum standards for any maintenance of Common Areas, landscaping, Building Pads, and Townhouses within the Project; or (d) any other subject within the jurisdiction of the Association. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail.

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

5.5 Borrowing Power. The Association may borrow money in accordance with the Bylaws in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate as determined by the Board without a vote of the Association Members. The Association may secure such loans by pledging any of its properties including future Assessments.

5.6 Implied Rights. The Association may exercise any expressed or implied right or privilege given to the Association expressly by the Project Documents or any other right or privilege reasonably necessary to effectuate any such right or privilege.

5.7 Membership in the Association. Every Owner, including Declarant, shall be a member of the Association, and the Declarant shall be a member of the Association so long as it owns any Building Pad in the Project (unless and until the Declarant expressly relinquishes in writing its status as an Association Member). Voting rights and Association membership are governed by the provisions of this Declaration, including, without limitation, the explanation provided in Recital "F" at the beginning of this Declaration.

5.8 Votes in the Association.

5.8.1 The Association shall have two classes of Association Memberships which shall be entitled to the following voting rights:

5.8.1.1 Class A. Each Owner of a Building Pad, which is Assessable Property, shall be a Class A Member of the Association and each Owner is allotted one (1) vote per Building Pad owned. Each Class A membership in the Association shall be held jointly by all Owners of that Building Pad.

5.8.1.2 Class B. Declarant shall be a Class B Member of the Association and shall be entitled to ten (10) votes for each Building Pad or Lot (platted or

unplatted but part of the approved Concept Plan or Master Plan) held by Declarant as an Owner of a Building Pad or Lot.

5.9 Voting Procedures. A change in the ownership of a Building Pad shall be effective for voting purposes from the time the deed or other instrument effecting such change is Recorded, or, in connection with Owners who are vendees, upon the execution of the installment purchase contract. Thereafter, the new Owner shall give the Board written notice of such change of ownership and provided satisfactory evidence thereof. The vote for each Building Pad must be cast as a unit, and fractional votes shall not be allowed. In the event that a Building Pad is owned by more than one Person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Association Member casts a vote representing a certain Building Pad, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Building Pad unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote for a particular Building Pad, the vote for that Building Pad shall be deemed void and shall not be counted.

5.10 Transfer of Association Membership. The voting rights and assessment obligations of any Association Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Building Pad, and then only to the transferee of ownership of the Building Pad. A transfer of ownership of a Building Pad may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Building Pad shall operate to transfer the Association Membership appurtenant to said Building Pad to the new Owner thereof.

ARTICLE 6

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

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

transferring title), but the lien created by this Declaration against the applicable Building Pad shall continue to secure payment of such delinquent Assessment (including, but not limited to, any and all interests and late charges) until the same are fully paid.

6.2 Annual Assessment. In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, including, without limitation, the establishment of reasonable reserves for replacements, maintenance and contingencies, the Board, for each fiscal year shall assess an Annual Assessment against each Building Pad which is Assessable Property. Annual Assessments shall be computed and assessed against all Building Pads in the Project as follows:

6.2.1 Common Expense. Annual Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas, and furnishing common utility services and other common items to the Townhouses. Such estimated expenses may include, without limitation, the following: landscaping costs, snow removal costs; management expenses; real property taxes on the Common Areas; premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Association employees, including fees for a manager; utility charges, including charges for utility services to the Common Areas; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Such shall constitute the Common Expenses, and all funds received from assessments under this Section shall be part of the common expense fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the common expense fund.

6.2.2 Apportionment. Common Expenses shall be equally apportioned among and assessed to all Association Members. Each Owner, for each Unit that he, she or it owns, shall be liable for an equal share of the Common Expenses. Thus, if a total of 85 Units are constructed and receive certificates of occupancy, then each Owner shall be liable for a 1/85 equal share of the Common Expenses. Declarant shall be liable for the amount of any assessments against Units owned by it which do not constitute Exempt Property.

6.2.3 Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of this Declaration, and then on January 1 of each year thereafter. The Board shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated Common Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating fiscal

year. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such fiscal year.

6.2.4 Notice and Payment; Commencement of Assessment Obligations.

Beginning with the 2015 fiscal year, the Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each fiscal year, but the failure to give prior notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that fiscal year are, or will become, inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessments by Association Members, it may increase the Annual Assessment for that fiscal year and the revised Annual Assessment shall commence on the date designated by the Board. Except for Building Pads or Units that qualify as Exempt Property, the Owners of all other Building Pads shall be obligated to pay all Assessments authorized under this Declaration, and the obligation to pay such Assessments shall commence automatically and simultaneously with the issuance of a certificate of occupancy for the Unit constructed thereon.

6.3 Exempt Property Assessments. All Exempt Property described herein shall be exempt from the Assessments and membership in the Association (provided, however, Declarant shall remain a Class B Member in the Association at all times so long as it owns a Building Pad within the Project, notwithstanding its temporary exemption status from required Assessment payments) and its associated privileges and responsibilities, but shall nevertheless be subject to all other provisions of The Cove at Rock Creek Design Guidelines and this Declaration. Anything in this Section to the contrary notwithstanding, if, after an Assessment's record date but before the end of the fiscal year for which it is levied, an Exempt Property becomes Assessable Property, then each Assessment which would have been levied against such Assessable Property for such fiscal year if it were not Exempt Property (as hereafter reduced) shall be due on the later of (a) the date on which such Assessment would have been due, if such part of the Project had been Assessable Property on such record date, or (b) the date on which such Assessable Property becomes subject to Assessment levy. If an Assessable Property is added to the Project as provided for above, then the Association shall be deemed, automatically and without the need for further action, to have levied against it each Assessment for such fiscal year which Association has levied against the other Assessable Properties. Each such Assessment levied against such Assessable Property shall be in an amount determined under this Section as if it were eligible for such levy on such record date, but then reduced in proportion to the number of days (if any) in such fiscal year elapsed as of (and including) the date on which such Exempt Property becomes an Assessable Property.

6.4 Special Assessments. The Association may levy against each Building Pad which is Assessable Property, in any fiscal year, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of common improvements upon the Common Areas, including fixtures and personal property related thereto, provided that any Special Assessment shall have the assent of two-thirds (2/3) of the votes

entitled to be cast by the Association Members who are voting in person or by proxy at a meeting duly called for such purpose.

6.5 Uniform Rate of Assessment. The amount of any Assessment against each Building Pad shall be fixed at a uniform rate per Association Membership. Annual Assessments may be collected on a monthly basis and Special Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Association Members approving the Special Assessment.

6.6 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a monthly basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to an Association Member shall not relieve any Association Member of his, her or its liability for any Assessment or charge under this Declaration. However, no Assessment Lien shall be foreclosed or otherwise enforced until the Association Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Building Pad changes during a fiscal year; successor Owners of Building Pads shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.7 Effect of Nonpayment of Assessments; Remedies of the Association.

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

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

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

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

6.7.5 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys fees and any other sums due to the Association in any manner allowed by law, including but not limited to taking either or all of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy): (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien securing the delinquent Assessments; or (b) enforce the Assessment Lien against the applicable Building Pad by sale or foreclosure conducted in accordance with the then prevailing Utah law relating to the foreclosure of realty mortgages or deeds of trust (including the right to recover any deficiency), the method recognized under Utah law for the enforcement of a mechanic's lien which has been established in accordance with Chapter 1, Title 38, Utah Code Ann., as amended from time to time, or any other manner permitted by law, and the Building Pad may be redeemed after foreclosure sale if provided by law. In order to facilitate the foreclosure of any such Assessment Lien in the manner provided at law for the foreclosure of deeds of trust, the Board may appoint Utah legal counsel as trustee, and Declarant hereby grants and conveys the Project, IN TRUST, to such Utah legal counsel, as trustee with full power of sale, to foreclose any such Assessment Liens as directed by the Board. The Board may, at any time, designate one or more successor trustees, in accordance with provisions of Utah law for the substitution of trustees under deeds of trust. Such trustee, and any successors, shall not have any other right, title or interest in the Project beyond those rights and interests necessary and appropriate to foreclose any Assessment Liens against Building Pads arising pursuant hereto. In any such foreclosure, the Owner of the Building Pad being foreclosed shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the Assessment Lien being foreclosed. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Building Pads purchased at such sale.

6.7.6 The Association shall have the right to suspend the rights of any Owner or Occupant to use and enjoy the Common Areas: (1) for any period during which an Assessment remains delinquent; (2) for a period not to exceed sixty (60) days for any infraction of the Project Documents; or (3) for successive 60-day periods if any such infraction is not corrected during any preceding suspension period.

6.8 Evidence of Payment of Assessments. Upon receipt of a written request by an Association Member or any other Person, the Association, within a reasonable period of time thereafter, shall issue to such Association Member or other Person a written certificate stating: (a) that all Assessments, interest and other fees and charges have been paid with respect to any specified Building Pad as of the date of such certificate; or (b) if all Assessments have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date.

The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against any bona fide purchaser of, or lender on, the Building Pad in question.

6.9 Purposes for Which Association's Funds May be Used. The Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Project and the Owners and Occupants by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all roads, land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners and the Occupants, and to the establishment and funding of reasonable reserves for replacements and contingencies. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: maintenance of landscaping on Common Areas and public right-of-way and drainage areas within the Project, maintenance of landscaping within the Building Pads, construction, operation and maintenance of recreational and other common facilities on Common Areas, insurance, communications, safety, indemnification of officers, directors and committee members of the Association, employment of professional managers, hiring professional consultants such as architects, engineers, attorneys and accountants, and pledging future Assessments as collateral to secure Association financing.

6.10 Other Amenities. The Association shall be obligated to pay a monthly fee to a neighboring project so that Owner in this Project shall have the right to use and enjoy the clubhouse and pool located within the neighboring project. The terms and provisions governing the use of these amenities and the corresponding payment obligations shall be set forth in a separate contract.

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

6.12 Notice for Meetings to Consider Special Assessments. All written notices of any meeting called for the purpose of approving the establishment of any Special Assessment shall be sent to all Association Members in accordance with the time periods and provisions set forth in the Bylaws.

6.13 Special Service Districts. In connection with the development of the Project and other developments within Utah County, Special Service Districts may be formed in order to provide the Project with various services and facilities. Any and all charges levied by such

Special Service Districts against owners of taxable property are and shall be the personal and individual obligation of each Owner, and such charges do not constitute a Common Expense of the Association. The Association will not be responsible to pay Special Service District charges.

6.13 Community Association Act. The provisions of the Utah Community Association Act (Utah Code Ann. §57-8a-101, as the same may be amended) shall apply to this Project regarding the collection and enforcement of Assessments, and the remedies for noncompliance, to the extent that such rights and remedies are not expressly addressed in the above provisions of this Article 6 of this Declaration.

ARTICLE 7

MAINTENANCE

7.1 Common Areas and Public Right of Way.

7.1.1 The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Common Areas and all improvements located thereon, except the Association may, but shall not be obligated to, maintain areas which any Municipal Authority or any utility company is maintaining or is obligated to maintain.

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

7.1.3 No Owner or other Person shall be entitled to construct or install any fences, buildings, storage sheds, garages, or other structures of any type on any portion of the Common Areas. Owners, however, may erect fencing not to exceed four (4) feet in height around the Private Space pertaining to their Building Pads. Such fencing shall be built of materials and design approved by The City of Eagle Mountain, and shall be maintained and repaired by the Owners.

7.2 Damage to Limited Common Areas and Common Areas. In the event that the need for maintenance or repair of any Limited Common Areas or Common Areas is caused by the willful or negligent act of any Owner of a Building Pad, or any family, guests, invitees or tenants of such Owner, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and the Owner's Building Pad are subject and shall be secured and enforced by the Assessment Lien.

7.3 Building Pads and Townhouses. All Townhouses shall at all times be kept in good condition and repair. Landscaping shall be maintained by the Association as a Common Expense, including, without limitation, that portion of landscaping that may be located within the Building Pads, but the Association shall have no obligation whatsoever to install landscaping within any Building Pads.

7.4 Installation of Landscaping. In order to maintain uniformity of appearance, the Association shall have the right to install (if not already installed) grass, trees, plants and other

landscaping improvements (together with an irrigation system sufficient to adequately water any grass, trees, plants and other landscaping improvements) on all portions of the Common Areas, as the Association deems reasonable appropriate to maintain the visual appeal of the Project. The cost of any such installation and maintenance shall be paid by the Association as a Common Expense by funds raised as a part of the Annual Assessments.

7.5 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of the Common Areas or any other area maintained by the Association is caused through the willful or negligent act of any Association Member, his, her or its family, tenants, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Association Member and the Association Member's Building Pad is subject and shall be secured and enforced by the Assessment Lien. Any charges or fees to be paid by the Owner of a Building Pad pursuant to this Section in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien and enforced in the same manner as the Assessment Lien may be enforced for Assessments.

7.6 Improper Maintenance and Use of Building Pads. In the event any portion of any Building Pad or Townhouse is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Building Pads or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Building Pad or Townhouse is being used in a manner which violates the Project Documents, or in the event the Owner of any Building Pad is failing to perform any of its obligations under the Project Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such corrective action as it deems appropriate to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Building Pad is subject and shall be secured by the Assessment Lien.

7.7 Maintenance of Party Walls. By acceptance of a deed to a Building Pad containing a Townhouse, each Owner hereby acknowledges, agrees and understands that it is essential that the Party Wall be maintained in good condition and repair to preserve the integrity of the Townhouses as they are used and occupied by the Owners. With respect to the surface components of the Party Wall, each Owner agrees to maintain and keep in good condition and repair, including the making of replacements as needed, all surface components which face into such Owners' respective Townhouse. With respect to pipes, conduits, ducts and other utility lines and connections which benefit only one of the Owners, the Owner benefited solely thereby shall be fully responsible for the cost of maintaining such items in good condition and repair, including the making of replacements as needed. With respect to structural components of the Party Wall, except as may be otherwise provided in the immediately preceding sentence, the Owners agree to share equally in the cost of maintenance and upkeep thereof in good condition and repair, including the replacement thereof as necessary. If the Party Wall is destroyed or damaged by fire or other casualty, either Owner may restore it, and the other Adjoining Owner

shall contribute one-half of the cost of restoration thereof; provided, however, that any such single maintenance or repair activity, including a replacement as necessary, which is expected to exceed \$5,000.00 shall, except in an emergency, be undertaken only with the approval of the Design Review Committee and both Owners, which approval shall not be unreasonably withheld, conditioned or delayed.

7.8 Failure to Maintain Party Wall. If any Owner shall fail to comply with the provisions of this Declaration as to maintenance, repair, or use of the Party Wall, or the obtaining of insurance as set forth in Section 8.6 below, or other obligations contained herein (“Defaulting Owner”), then in any such event the Adjoining Owner shall have the right, upon thirty (30) days written notice to the Defaulting Owner (unless within such 30-day period the Defaulting Owner shall cure such default, or in the case of a nonmonetary default which by its nature cannot be cured within such 30-day period, the Defaulting Owner shall take such action as is reasonably calculated to commence the curing thereof, and thereafter shall diligently prosecute the curing thereof to completion) to proceed to take such action as shall be necessary to cure such default, all in the name of and for the account of the Defaulting Owner. The Defaulting Owner shall on demand reimburse the other Adjoining Owner taking such action for the monies actually expended by such Adjoining Owner and the Adjoining Owner’s reasonable out-of-pocket expenses in so doing, together with interest thereon as set forth below from the date of demand to the date of payment. Notwithstanding the foregoing, if the nondefaulting Adjoining Owner shall in good faith deem that an emergency is occurring or has occurred, so that the default requires immediate curing, then no notice shall be required and the nondefaulting Adjoining Owner may act promptly without giving notice and take such action as is necessary to cure the alleged failure. Any Adjoining Owner performing any action pursuant to the preceding sentence shall interfere to the minimum extent possible with the Defaulting Owner’s use and occupancy of such Defaulting Owner’s Townhouse, and, with reasonable promptness, shall give verbal or written notice to the Defaulting owner of such action and the claimed failure.

7.8.1 All remedies hereby specifically set forth in this Section 7.8 are cumulative and shall be deemed to be in addition to any remedies available at law or in equity which shall include the right to restrain by injunction any violation or threat of violation by any Owner of any of the terms, covenants, or conditions of this Declaration governing Party Walls and by decree to compel specific performance of any such terms, covenants, or conditions governing Party Walls, it being agreed that the remedy at law for any breach of any such term, covenant, or condition governing Party Walls is not adequate. Notwithstanding the foregoing, no default by any Owner under this Agreement shall entitle any other Adjoining Owner to terminate, cancel, or otherwise rescind this Declaration or any terms, covenants or conditions governing Party Walls.

7.8.2 The Board, without obligation and in its exclusive discretion, may also notify the Defaulting Owner of the work required to the Party Wall and demand that it be done within a reasonable and specified period. In the event that the Defaulting Owner fails to carry out such maintenance within said period, the Board shall have the right to enter upon the Building Pad, to cause such work to be done to the Party Wall and individually charge the cost thereof to such Defaulting Owner, and the costs shall be secured by the Assessment Lien. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of a Defaulting Owner to maintain his, her or its

Party Wall, the Board shall also have the right to immediately enter upon the Building Pad to abate the emergency and individually charge the cost thereof to such Defaulting Owner, and the costs shall be secured by the Assessment Lien.

ARTICLE 8

INSURANCE

8.1 Scope of Coverage. Commencing not later than the time of the first conveyance of a Building Pad to a purchaser, other than Declarant or a Declarant Affiliate, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

8.1.1 Property insurance on the Common Areas insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Common Areas, as determined by the Board; provided however, that the total amount of insurance shall not be less than one hundred percent (100%) of the current replacement cost of the insured property (less reasonable deductibles), exclusive of the land, excavations, foundations and other items normally excluded from a property policy; and further provided that the Association shall have no obligation to obtain or provide insurance of any type for the Townhouses s;

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

8.1.3 Worker's compensation insurance to the extent necessary to meet the requirements of applicable law;

8.1.4 Fidelity bonding of the Board and employees of the Association having control of, or access to, the funds of the Association with loss coverage ordinarily not less than the maximum amount of funds of the Association over which the principal(s) under the bond may reasonably be expected to have control or access at any time;

8.1.5 Errors and omissions insurance coverage for the Board; and

8.1.6 Such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners.

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

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

8.1.7.2 No act or omission by any Owner will void the policy or adversely affect recovery on the policy;

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

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

8.1.7.5 Statement naming the Association as the insured; and

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

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

8.3 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to this Declaration shall be included in the budget of the Association and shall be paid by the Association as a Common Expense.

8.4 Payment of Insurance Proceeds. With respect to any loss to the Common Areas covered by property insurance obtained by the Association, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any Mortgagee. Subject to the provisions of Section 8.5, the proceeds shall be disbursed for the repair or restoration of the damage to the Common Areas.

8.5 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Areas which is damaged or destroyed shall be repaired or replaced promptly by the Association unless repair or replacement would be illegal under any state or local health or safety statute or ordinance. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If the entire Common Areas are not repaired or replaced, insurance proceeds attributable to the damaged property shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either: (i) be retained by the Association as an additional capital reserve; (ii) be used for payment of operating expenses of the Association if

such action is approved by the affirmative vote or written consent, or any combination thereof, of Association Members representing more than fifty percent (50%) of the votes in the Association; or (iii) shall be distributed in equal shares per Association Membership to the Owners of each Building Pad as their interests appear.

8.6 Insurance of Party Walls; Waiver. By acceptance of a deed to a Building Pad containing a Townhouse, each Owner hereby acknowledges his, her or its independent insurance obligations for the respective Party Wall which constitutes a portion of the Owner's Townhouse, and agrees to maintain in full force and effect "all-risk" property insurance with respect to the Townhouse owned by such Owner. Such insurance shall be in an amount equal to at least 100% of the replacement cost of such Owner's Townhouse exclusive of the cost of excavation, foundations and footings, and shall protect against loss or damage by fire, and all other hazards that are normally covered by the standard extended coverage endorsement. Each policy shall be carried with a company rated X or better in "Best's Insurance Guide", and each Owner shall provide a copy of the policy obtained by such Owner to the Board and the other Adjoining Owner and such policy shall require thirty (30) days notice to the Board and the other Adjoining Owner before the policy can be cancelled. All policy proceeds payable with respect to damage or destruction of the Party Wall shall be used by the Owners, to the extent necessary, to repair and restore the damage or destruction for which the proceeds are payable. Each Owner agrees to make such repair and restoration whether or not the policy proceeds are adequate for such purposes or whether or not the occurrence resulting in such damage or destruction is covered by insurance. Each Owner hereby waives any rights it may have against the other Adjoining Owner on account of any loss or damage to its Townhouse which arises from any risk covered by fire and extended coverage insurance carried hereunder, whether or not such other Adjoining Owner may have been negligent or at fault in causing such loss or damage. Each Owner shall obtain a clause or endorsement in the policies of such insurance which each Owner obtains to the effect that the insurer waives, or shall otherwise be denied, the right of subrogation against the other Adjoining Owner for loss covered by such insurance. It is understood that such subrogation waivers may be operative only as long as such waivers are available in the State of Utah and do not invalidate any such policies. If such subrogation waivers are allegedly not operative in the State of Utah, notice of such fact shall be promptly given by the Owner obtaining insurance to the Board and the other Adjoining Owner.

ARTICLE 9

MORTGAGEE REQUIREMENTS

9.1 Notice of Action. The Board shall maintain a roster containing the name and address of each Eligible Mortgagee. To be considered an Eligible Mortgagee, a First Mortgagee shall provide the Board with a certified copy of its Recorded First Mortgage and the name and address of the First Mortgagee and a statement that the Mortgage is a First Mortgage together with a written request that it receive notice of the matters and actions described below. The Board shall strike an Eligible Mortgagee from the roster upon request by such Eligible Mortgagee or upon the Board's receipt of a certified copy of a Recorded full release or satisfaction of the Eligible Mortgage. The Board shall give notice of such removal to the Eligible Mortgagee unless the removal is requested by the Eligible Mortgagee. Upon the

Board's receipt of such written request, an Eligible Mortgagee shall be entitled to timely written notice of:

9.1.1 Any condemnation loss or any casualty loss which affects a material portion of the Project or any Building Pad on which there is a Mortgage held, insured or guaranteed by such Eligible Mortgagee, insurer or governmental guarantor;

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

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

9.2 Availability of Project Documents and Financial Statements. The Association shall maintain and have current copies of the Project Documents, membership register, books, records, and financial statements available for inspection by Association Members or by Eligible Mortgagee. Generally, these documents shall be available during the Association's normal business hours, and may be maintained and kept at the office of the manager for the Association. The Association may, as a condition to permitting an Association Member to inspect the membership register or to its furnishing information from the register, require that the Association Member agree in writing not to use, or allow the use of, information from the membership register for commercial or other purposes not reasonably related to the regular business of the Association and the Association Member's interest in the Association.

9.3 Subordination of Lien. The Assessment or claim against a Building Pad for unpaid Assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Building Pad, and the First Mortgagee thereunder which comes into possession of or which obtains title to such Building Pad shall take the same free of such lien or claim for unpaid Assessment or charges, but only to the extent of Assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No Assessment, charge, Assessment Lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage, or as not to burden a First Mortgagee which comes into possession or which obtains title to a Building Pad, shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Building Pad affected or previously affected by the First Mortgage concerned. The provisions of this Section 9.3 shall be in addition to the rights of a First Mortgagee under Section 6.7.3.

9.4 Notice to Eligible Mortgagees. The Association shall give timely written notice of the events listed in Section 9.1 above to any Eligible Mortgagee who requests such notice in writing.

9.5 Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Common Areas are not timely paid, or in the event the required hazard insurance described in Section 8.1 lapses, is not maintained, or the premiums therefore are not

paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Prior to paying any taxes or premiums, such First Mortgagee or First Mortgagees shall provide thirty (30) days advance written notice to the Board, which notice shall specify the nature of the taxes or premiums and suggest a reasonable cure period for such payments.

9.6 Priority. No provision of this Declaration or the Articles gives or may give an Association Member or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Association Members of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Building Pads or the Common Areas. All proceeds or awards shall be paid directly to any Mortgagees of Record, as their interests may appear.

ARTICLE 10

CONDEMNATION

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

10.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for all Members to be disbursed as follows: If the taking involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Members representing at least sixty-seven percent (67%) of the total votes of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefore, in accordance with plans approved by the Board and the Design Review Committee. If such improvements are to be repaired or restored, the provisions above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Areas, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award of net funds shall be distributed First to Mortgagees then to Members in proportion to their respective Membership Interests.

10.3 Limited Common Areas. All or any portion of an award attributable to the taking, condemnation, sale, acquisition or other disposition of in lieu of or in avoidance of condemnation of Limited Common Areas shall be equally divided among the Owner or Owners of the Building Pad or Building Pads to which such Limited Common Areas were appurtenant at the time of the taking, condemnation, sale, acquisition or other disposition in proportion to such Owner's or Owners' respective interest in such Limited Common Areas.

10.4 Complete Condemnation. If all of the Project is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the

Common Areas shall be distributed to Members based upon the relative value of the Building Pads prior to the condemnation.

ARTICLE 11

TERM, TERMINATION AND AMENDMENT

11.1 Term; Method of Termination. This Declaration shall be effective upon the date of Recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of one hundred (100) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Association Members casting one hundred percent (100%) of the total votes cast at an election held for such purpose or otherwise approved in writing within six (6) months prior to the expiration of the initial effective period hereof or any ten-year extension. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a certificate of termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

11.2 Amendments. This Declaration may be amended by Recording a certificate of amendment, duly signed and acknowledged by and on behalf of the Association ("Certificate of Amendment"). The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided elsewhere in this Declaration, shall certify that at a meeting duly called and held pursuant to the provisions of the Articles and Bylaws or by separate written ballot without a meeting, the Association Members casting at least sixty-seven percent (67%) of the total votes of the Association at the election voted affirmatively for the adoption of the amendment. Within ten (10) years from the date of Recording this Declaration, and so long as the Declarant is the Owner of any Building Pad in the Project, this Declaration may be amended or terminated only with the written approval of the Declarant. Furthermore, to the extent any proposed amendment to this Declaration would affect or impair the rights or enforcement abilities of the City of Eagle Mountain, such amendment shall not be valid and shall not be adopted unless and until the City of Eagle Mountain has provided its advance written approval of such amendment.

11.3 Unilateral Amendments. Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Building Pad. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Building Pads and Townhouses subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, so long as the Declarant's Class B Membership in the Association exists, Declarant may unilaterally amend

this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder or the rights or enforcement abilities of the City of Eagle Mountain, nor shall it adversely affect title to any property without the consent of the affected Owner.

11.4 Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Article or Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Building Pad(s) or any portions thereof. Any such amendment shall be effected by the Recordation by Declarant of a Certificate of Amendment duly signed by or on behalf of the members, authorized agents, or authorized officers of Declarant, as applicable, with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate of Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate of Amendment, when Recorded, shall be binding upon the entire Project and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

ARTICLE 12

DISPUTE RESOLUTION; MANDATORY BINDING ARBITRATION.

12.1 Statement of Intent. Prior to purchasing a Unit, every Owner is capable of obtaining an inspection and is permitted to perform, or pay someone else to perform, an inspection on any Unit that Owner is purchasing or any other aspect of the Project, including, without limitation, the Common Areas. Moreover, if any written warranty has been provided, it identifies the only items that are warranted by the Declarant. Having had the ability to inspect prior to purchasing a Unit, having received a written warranty if any warranty is provided, and having paid market price for a Unit in the condition it and the Units and Common Area are in at the time of purchase, it is acknowledged that it is unfair and improper to later seek to have the Declarant and/or any subcontractor performing work in the Project to change, upgrade, or add additional work to the Project outside of any express warranty obligation. Moreover, the Owners (by purchasing a Unit) and the Declarant acknowledge and agree that litigation is an undesirable method of resolving disputes and conflicts in that it can be slow, expensive, uncertain, and can often negatively impact the sale value and ability to obtain financing for the purchase of Units for years, unfairly prejudicing those Owners who must or want to sell their Unit during any period when litigation is pending. For this reason, the Owners, by purchasing a Unit, and the Declarant covenant and agree that claims and disputes shall not be pursued through court action,

but shall be asserted and resolved only through certain specific alternative dispute resolution mechanisms and only after full disclosure, right to cure periods, and knowing approval of the Owners, as set forth in the provisions of this Article 12. In addition, the Association and the Owners agree that they take ownership and possession of the Units, Common Areas, and Limited Common Areas AS IS, with no warranties of any kind except as otherwise required as a matter of law. The Declarant specifically disclaims any and all warranties of merchantability, fitness for a particular use, or of habitability, to the full extent allowed by law.

12.2 Binding Arbitration for All Disputes. To the fullest extent permitted by law, all claims and disputes of any kind that any Owner or the Association may have involving the Declarant, or any agent, employee, executing officer, manager, affiliate or owner of the Declarant, or any engineer or contractor involved in the design or construction of the Project, which arises from or is in any way related to a Unit, Building Pad, Common Areas, Limited Common Areas, Party Wall, or any other component of the Project (a "Dispute"), shall be submitted to final and binding arbitration. Binding arbitration shall be the sole remedy for resolving claims and disputes between or involving the Declarant and any Owner or between or involving the Declarant and the Association. Arbitration proceedings, however, shall not be commenced unless the Pre-Arbitration Requirements set forth in Section 12.3 below have been satisfied in full. Without in any way limiting the foregoing, Disputes subject to binding arbitration shall include the following:

12.2.1 Any allegation that a condition in any of the Units, Common Areas, Limited Common Areas, or other improvements in the Project is or involves a construction defect;

12.2.2 Any disagreement as to whether an alleged construction defect has been corrected;

12.2.3 Any disagreement about whether any warranties, including implied warranties, are applicable to the subject matter of any Dispute;

12.2.4 Any disagreement as to the enforceability of any warranties alleged to be applicable to the subject matter of any Dispute;

12.2.5 Any disagreement about whether any warranty alleged to be applicable to the subject matter of any Dispute has been breached;

12.2.6 Any alleged violations of consumer protection, unfair trade practice, or other statutes or laws;

12.2.7 Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and all other claims arising in equity or from common law;

12.2.8 Any allegation that any condition existing in the Project or created by the Declarant (or any of its contractors), including construction-related noise, dust, and traffic, is a nuisance, a defect, or a breach of any implied warranties of habitability or other implied warranties;

12.2.9 Any disagreement concerning the scope of issues or claims that should be submitted to binding arbitration;

12.2.10 Any disagreement concerning the timeliness of performance of any act to be performed by Declarant or any of its contractors;

12.2.11 Any disagreement as to the payment or reimbursement of any fees associated with binding arbitration;

12.2.12 Any disagreement or dispute regarding management of the Association, or regarding reserve studies or funding of Association expenses; and

12.2.13 Any other claim or disagreement arising out of or relating to the sale, design, or construction of any of the Units, Building Pads, Common Areas, Limited Common Areas, off-site improvements, management of the Association, or other claims regarding the Project.

12.3 Pre-Arbitration Requirements. An Owner or the Association may only pursue a claim against the Declarant in arbitration after all of the following efforts of dispute resolution have been completed: (1) Right to Cure: the claimant (e.g. the Owner or the Association) shall provide to the Declarant a written Notice of Claim (defined below) and permit the Declarant one hundred eighty (180) days to cure or resolve the claim or defect or to try to get the builder or the appropriate subcontractor to cure or resolve the claim or defect, prior to initiating any formal arbitration proceedings; (2) if the dispute is not resolved within the 180-day Right to Cure period, the parties shall participate in formal mediation with a mutually-acceptable third-party mediator in an effort to resolve the Dispute prior to taking further action. If additional, different, or modified claims, damages, calculations, supporting information, or descriptions are added, provided to, or asserted against the Declarant that were not included in any previously submitted Notice of Claim, the Right to Cure period provided for in this section shall immediately apply again and any pending action or proceedings, including any mediation or arbitration, shall be stayed during the 180-day period.

12.3.1 "Notice of Claim" shall mean and include the following information: (1) an explanation of the nature of the claim, (2) a specific breakdown and calculation of any alleged damages, (3) a specific description of the claim along with any supporting opinions, information, or factual evidence upon which the claim is based, (4) photographs of any alleged defective condition, if applicable, (5) samples of any alleged defective conditions or materials, if reasonably available, (6) an explanation of the efforts taken to avoid, mitigate, or minimize the claim or any alleged damages arising therefrom, and (7) the names, phone numbers, and address of each person providing factual information, legal or factual analysis, or legal or factual opinions related to the claim.

12.4 Member Approval; Legal Opinion; Arbitration. If a claim or dispute has not been resolved after satisfying and complying with the above-described "Pre-Arbitration Requirements," then the claimant (Owner or Association) shall have the right to proceed with binding arbitration; however, the Association shall not pursue or commence binding arbitration unless such action is first approved by a majority of the Total Votes of the Association after the

Association has obtained a written opinion from legal counsel advising the Association of the likelihood of success on the merits of the claims, the anticipated costs and legal fees, the anticipated expert witness fees, and the likelihood of recovery if the Association prevails. The written opinion from legal counsel, addressing these topics, must be provided to all Owners before the formal vote on whether to proceed with binding arbitration. The binding arbitration shall be conducted by a mutually-acceptable arbitrator (preferably a former judge), or, if an arbitrator cannot be mutually selected, then by a member of the American Arbitration Association's Panel of Construction Arbitrators appointed by the American Arbitration Association ("AAA"). The binding arbitration shall be conducted according to the rules and procedures set forth in the Construction Industry Arbitration Rules promulgated by the AAA. The award of the arbitrator shall be final and may be entered as a judgment by any court of competent jurisdiction.

12.5 Fees and Costs of Arbitration. Each party shall bear its own attorney fees and costs (including expert witness costs) for the arbitration. The arbitration filing fee and other arbitration fees shall be divided and paid equally as between the parties. Notwithstanding the foregoing, the arbitrator shall, as part of any decision, award to the prevailing party any applicable filing fees or other arbitration fees paid by that party.

12.6 No Waiver. If any Owner, the Association, or the Declarant files a proceeding in any court to resolve any Dispute, such action shall not constitute a waiver of the right of such party, or a bar to the right of any other party, to seek arbitration or to insist on compliance with the requirements set forth in this Article 12. If any such court action is filed, then the court in such action shall, upon motion of any party to the proceeding, stay the proceeding before it and direct that such Dispute be arbitrated in accordance with the terms set forth herein, including, without limitation, compliance with the pre-arbitration requirements set forth above.

12.7 Waiver of Subrogation. The Association and each Owner waives any and all rights to subrogation against the Declarant and any builder, contractor, and engineer in the Project. This waiver shall be broadly construed and applied to waive, among other things, any attempt by any insurer of any Owner or of the Association from pursuing or exercising any subrogation rights, whether arising by contract, common law, or otherwise, against the Declarant, the Project engineer, and builder, contractors of the Declarant and the builder, and their officers, employees, owners, and representatives. To the full extent permitted by law, the Association and Owners hereby release Declarant, the Project engineer, and builder, and their respective officers, employees, owners, contractors, insurers, and representatives from any and all liability to the Association and all Owners, and anyone claiming through or under them by way of subrogation or otherwise, for any loss, injury, or damage to property, caused by fire or any other casualty or event, even if such fire or other casualty shall have been caused by the fault or negligence of Declarant or builder, their officers, employees, owners, and representatives. The Association and each Owner agrees that all policies of insurance shall contain a clause or endorsement to the effect that this release and waiver of subrogation shall not adversely affect or impair such policies or prejudice the right of the Association or any Owner to recover thereunder. The Association and all Owners shall indemnify and defend the Declarant, the builder, and any of their officers, employees, owners, contractors, or representatives from any claims barred or released by this provision, including but not limited to any claim brought under any right of subrogation.

ARTICLE 13

GENERAL PROVISIONS

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

13.2 Severability. In the event that any one or more of the clauses, sentences or other provisions contained in this Agreement is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, that invalidity, illegality, or unenforceability shall not affect any other clauses, sentences or provisions of this Agreement and this Agreement shall be construed as if the invalid, illegal, or unenforceable language had never been contained in this Agreement.

13.3. Enforcement; City Rights. The Association or any Owner shall have the right to enforce the Project Documents, including, without limitation, this Declaration. In addition, the City shall have the right to enforce those provisions of this Declaration which will allow the City to protect its reasonable interests, approvals, or objectives regarding the Project and the maintenance thereof. The City shall have the right, but not the duty, to require, and if necessary, perform, at the Association's expense, landscaping, maintenance, and snow removal within the Common Areas if the Association fails adequately to perform such. In the event the City exercises this right, the City shall be entitled to recover any associated costs and attorney fees. In addition, the Owners within this Project, by virtue of purchasing a dwelling unit within this development, give the City the right, but not the duty to form, under State statutes, a Special Service District (SSD) for the purpose of ongoing maintenance or a Special Improvement District (SID) for the purpose of making needed improvements within the Project. The City may take this action when either asked to take over improvements or maintenance tasks by the Home Owners Association, or by an Owner. The City Council may also take one or both of these actions when it determines the need based on a historical pattern of a lack of care and maintenance. The Governing Body of any such district formed, as stated in this paragraph, shall consist of the Eagle Mountain City Mayor, City Council and the Home Owners Association President of the project. This section shall not be amended or deleted without the approval of the City.

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

13.5 Laws, Ordinances and Regulations. The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Board or the Design Review Committee, with respect to certain actions, are independent of the obligation of the Owners and other Persons to comply with all applicable

laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation also to comply with all applicable laws, ordinances and regulations. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Project is hereby declared to be in violation of this Declaration and subject to any or all of the enforcement proceedings set forth herein.

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

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

13.8 Captions and Title; Section References; Exhibits. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the meaning or intent thereof. References in this Declaration to numbered Articles, Sections or Subsections, or to lettered Exhibits, shall be deemed to be references to those paragraphs or Exhibits so numbered or lettered in this Declaration, unless the context otherwise requires. Any Exhibits referred to in this Declaration are hereby incorporated herein by reference and fully made a part hereof.

13.9 Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, the Project Documents or resolution of the Board to be given to any Owner, Lessee or Occupant then, unless otherwise specified in the Project Documents or in the resolution of the Board, or unless otherwise required by law, such notice requirement shall be deemed satisfied if notice of such action, proposed action or meeting is: (a) sent by United States mail to the last known mailing address of the Owner, Lessee or Occupant (as applicable), as shown in the records of the Association; or (b) if no such mailing address is reflected on the records of the Association, then sent by United States mail to the mailing address of the Building Pad (as applicable) on file with the Utah County Assessor's Office; or (c) if there is no such mailing address reflected in the records of the Association and there is no then current address on file with the Utah County Assessor's Office, then sent or given in whatever reasonable manner the Board may elect, which may include, without limitation, publishing the same in any newspaper in general circulation within Utah County, Utah. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other reasonable and appropriate manner.

13.10 Indemnification. The Association shall indemnify each and every Board member, trustee, and officer of the Association, each and every member of the Design Review Committee, and each and every member of any committee appointed by the Board (including, for purposes of

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

13.11 No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek, any judicial partition of the Common Areas.

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

13.13 Disclaimer of Representations. While neither the Declarant nor any Declarant Affiliate believes that any of the restrictive covenants contained in this Declaration is or may be invalid or unenforceable for any reason or to any extent, neither the Declarant nor any Declarant Affiliate makes any warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Building Pad in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Building Pad agrees to hold the Declarant and all Declarant Affiliates harmless therefrom.

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

13.15 Bulk Service Agreements.

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

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

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

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

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

13.15.6 "Bulk Service Agreement" means an agreement between the Association and a Bulk Provider pursuant to which the Bulk Provider would provide cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or concierge or other personal services, to Owners, Occupants or Building Pads.

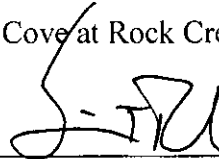
13.15.7 So long as Declarant's Class B Membership exists, the Board shall not, without the approval of Association Members holding at least fifty-one percent (51%) of all Class A votes represented in person or by proxy at an annual or special meeting of the Association, enter into a Bulk Service Agreement which imposes on the Association or the Association Members any obligation to pay the direct costs of construction of any cables, lines or other facilities or equipment for any cable television, community satellite television, high speed Internet, security monitoring or electronic entertainment, information, communication or security services, but nothing in this Section shall prevent the Board from entering into, or require approval by the Association Members

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

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

DECLARANT:

The Cove at Rock Creek, LLC



By: Westates Partners, LLC its Member

By: Stan Rowlan its Manager

STATE OF UTAH)
 :SS.
County of DAVIS)

The foregoing instrument was acknowledged before me this 23 day of APRIL, 2015, by Stan Rowlan as the Manager of Westates Partners, LLC who is the sole Member of The Cove at Rock Creek, LLC.



Notary Public

SEAL:

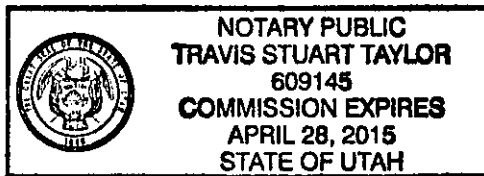


EXHIBIT AProject Legal Description

The Property/Project is located in Utah County, Utah, and is described as follows:

Commencing at the South Quarter Corner of Section 20, Township 5 South, Range 1 West of the Salt Lake Baseline and Meridian thence N89°02'40"W 419.44 feet along south line of the Southwest Quarter of said Section 20, thence North 122.77 feet to the POINT OF BEGINNING and running thence

thence N00°50'36"E 155.13 feet;

thence N20°37'28"W 89.76 feet to the boundary of Rock Creek Condominiums, Phase 1;

thence along the boundary of said Rock Creek Condominiums, Phase 1 the next seven courses:

1) thence northeasterly, a distance of 39.20 feet along a non tangent curve to the right of which the radius point lies S64°11'55"E a radius of 280.00 feet, and having a central angle of 08°01'16" and a chord that bears N29°48'43"E 39.17 feet;

2) thence northeasterly, a distance of 139.55 feet along a reverse curve to the left having a radius of 620.00 feet and a central angle of 12°53'45" and a chord that bears N27°22'28"E 139.25 feet;

3) thence S69°04'24"E 60.00 feet;

4) thence northerly, a distance of 187.64 feet along a non tangent curve to the left of which the radius point lies N69°04'24"W a radius of 680.00 feet, and having a central angle of 15°48'37" and a chord that bears N13°01'17"E 187.05 feet;

5) thence northeasterly, a distance of 13.25 feet along a reverse curve to the right having a radius of 15.00 feet and a central angle of 50°36'53" and a chord that bears N30°25'25"E 12.82 feet;

6) thence northeasterly, a distance of 22.38 feet along a reverse curve to the left having a radius of 60.00 feet and a central angle of 21°22'03" and a chord that bears N45°02'50"E 22.25 feet;

7) thence northeasterly, a distance of 13.27 feet along a reverse curve to the right having a radius of 15.00 feet and a central angle of 50°42'13" and a chord that bears N59°42'55"E 12.85 feet;

to the boundary of Rock Creek Condominiums, Phase 2;

thence along the boundary of said Rock Creek Condominiums, Phase 2 the next three courses:

1) thence easterly, a distance of 77.92 feet along a reverse curve to the left having a radius of 705.00 feet and a central angle of 06°19'57" and a chord that bears N81°54'03"E 77.88 feet;

2) thence N78°44'05"E 310.34 feet

3) thence 141.25 feet along a curve to the right, with a central angle of 27°26'00", a radius of 295.00 feet, and a chord that bears S87°32'55"E 139.90 feet;

thence S33°58'19"W 516.62 feet;

thence S00°10'38"E 234.17 feet;

thence N89°09'24"W 419.01 feet to the point of beginning,

containing 6.54 acres, more or less.

| Including the following parcels: | | |
|----------------------------------|-----------|-----------|
| 580340247 | 654210008 | 654210018 |
| 580340528 | 654210009 | 654210019 |
| 580340529 | 654210010 | 654210020 |
| 654210001 | 654210011 | 654210021 |
| 654210002 | 654210012 | 654210022 |
| 654210003 | 654210013 | 654210023 |
| 654210004 | 654210014 | 654210024 |
| 654210005 | 654210015 | 654210024 |
| 654210006 | 654210016 | 654210024 |
| 654210007 | 654210017 | |

EXHIBIT B

Bylaws of the Association

Attached

BYLAWS

OF

THE COVE AT ROCK CREEK OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is The Cove at Rock Creek Owners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 955 River Bend Way, Ste A, DSL, UT 84054 (or at such other location as the Board may designate), but meetings of Owners and Board Members may be held at such places within the State of Utah as may be designated by the Board.

ARTICLE II
DEFINITIONS

Section 1. "Act" shall mean and refer to the Community Association Act, Utah Code Ann. 57-8a-101, *et seq.*

Section 2. "Association" shall mean and refer to The Cove at Rock Creek Owners Association, Inc., and its successors and assigns.

Section 3. "Board" shall mean and refer to the Board of Directors of the Association, with all powers as stated in the Declaration, the Articles of Incorporation of the Association, and these Bylaws.

Section 4. "Declaration" shall mean and refer to the *Declaration of Covenants, Conditions, Easements, and Restrictions for the Cove at Rock Creek*, filed of record in the Utah County Recorder's Office in the State of Utah, as the Declaration may be amended in accordance with its terms and provisions.

Section 5. "Directors" shall mean and refer to those individuals who are members of the Board. The singular Director shall refer to the singular of the Directors.

Section 6. All other capitalized terms used herein shall have the same meaning as stated elsewhere in these Bylaws or in the Declaration.

ARTICLE III
MEMBERSHIP IN ASSOCIATION; MEETING OF OWNERS; VOTING

Section 1. Membership in Association. Every Owner of a Building Pad shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Building Pad. The Association shall have two (2) classes of memberships, as described in the Declaration. The classes of membership shall be governed by

the voting rights and restrictions set forth in Article 5 of the Declaration. Membership will begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If a Building Pad is owned by more than one person, the membership appurtenant to that Building Pad shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Building Pad is held. The Owner of a Class A Membership shall be entitled to one (1) vote per Building Pad owned. The Owner of a Class B Membership shall be entitled to ten (10) votes per Building Pad owned. Each membership shall be appurtenant to the Building Pad to which it relates and shall be transferred automatically by conveyance of that Building Pad. Ownership of a Building Pad within the Project cannot be separated from the Association membership appurtenant thereto, and any devise, encumbrance, conveyance or other disposition of a Building Pad shall constitute a devise, encumbrance, conveyance or other disposition, respectively, of such Owner's membership in the Association and the rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Building Pad.

Section 2. Voting. Unless otherwise stated herein, or in the Declaration, all voting shall be by a majority vote of all votes cast. Owners' shares shall be allocated as set forth Article 5 of the Declaration. A change in the ownership of a Building Pad shall be effective for voting purposes from the time the deed or other instrument effecting such change is recorded, or, in connection with Owners who are vendees under an installment purchase contract, upon the full execution of the installment purchase contract. Thereafter, the new Owner shall give the Board written notice of such change of ownership and provide satisfactory evidence thereof. For Owners of a Class A Membership, the vote for each Building Pad must be cast as one vote, and fractional votes shall not be allowed. For Owners of a Class B Membership, each block of ten (10) votes may be allocated at the discretion of the Owner, but individual votes cannot be split and fractional votes shall not be allowed. In the event that a Building Pad is owned by more than one Owner and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Building Pad, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Building Pad unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote for a particular Building Pad, the vote for that Building Pad shall be deemed void and shall not be counted.

Section 3. Annual Meeting. The first annual meeting of the Association shall be held in June following the date of incorporation of the Association, and each subsequent regular, annual meeting of the Association shall be held in June of each year thereafter. The Board may change the date of the annual meeting provided it gives reasonable advance notice to all Owners.

Section 4. Special Meetings. Special meetings of the Association may be called at any time by the Board, or upon written request of the Owners who are entitled to vote thirty percent (30%) of all of the total votes.

Section 5. Notice of Meetings. Written notice of each meeting of the Association shall be given by, or at the direction of, the Secretary or person authorized by the Board to call the

meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days, and no more than sixty (60) days, before such meeting to each Owner entitled to vote, addressed to the Owner's address last appearing on the books of the Association, or supplied by such Owner to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Those present at the meeting may vote to continue the meeting to any date within 30 days. Notice of the continued meeting will be given by mail, and at the subsequent continued meeting, a quorum will consist of those Owners present. The President of the Association will give notice of any meetings, and will chair meetings of the Owners.

Section 6. Quorum. The presence at the meeting of Owners entitled to cast, or of proxies entitled to cast, fifty-one percent (51%) of the total number of votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. Unless otherwise stated in the Declaration, the Articles of Incorporation, or these Bylaws, an action supported by majority of the votes cast at any meeting where a quorum is present shall be the action of the Association.

Section 7. Proxies. At all meetings of the Association, each Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his/her Building Pad.

ARTICLE IV BOARD; SELECTION; TERM OF OFFICE

Section 1. Nomination and Tenure. The Declarant shall select the three initial Directors, and the Declarant shall decide who serves on the Board during the time of Declarant's control. Upon the expiration or termination of the period of Declarant's control, the Owners at the next annual Association meeting shall elect three (3) Directors from among the Owners. Each of the three elected Directors shall draw lots to divide themselves into terms of one, two and three years. At each successive annual meeting, the Owners shall elect a Director to replace the Director whose term has expired or is then expiring. Each newly elected Director shall serve for a three year term. So long as a quorum is present, a simple majority of the votes cast shall elect a Director. If a quorum is not present at a meeting, the other Directors shall select a new Director. Nomination for election to the Board may be made by the Directors. Nominations may also be made from the floor at the annual meeting. If any Director resigns, is removed, dies, or is otherwise unwilling or unable to serve during his or her term, the remaining Directors may appoint another Owner to fill the remainder of such term.

Section 2. Election. Election to the Board shall be by secret written ballot. At such election the Owners or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. There shall be no cumulative voting.

Section 3. Number of Directors. The Board shall consist of not less than three (3) Directors and not more than five (5) Directors. An odd number of Directors shall be required at all times. The initial number of Directors shall be three (3).

ARTICLE V MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held as frequently as the Board deems appropriate, but at least annually, at such place and hour as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VI POWERS AND DUTIES OF THE BOARD; APPLICABILITY OF THE ACT

Section 1. Powers. The Board shall have power to:

A. Adopt and publish rules and regulations governing the use of the Maintenance Areas, and the personal conduct of the Owners and their guests thereon, and to establish penalties for the infraction thereof;

B. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Owners by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

C. Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and

D. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties, and to carry out through the manager those of its functions which are properly the subject of delegation.

Section 2. Duties. It shall be the duty of the Board to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to

present a statement thereof to the Owners at the annual meeting of the Association, or at any special meeting when such statement is requested in writing by the Owners who are entitled to vote twenty-five percent (25%) of the total votes;

B. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

C. To:

1. Fix the amount of the annual assessment against each Building Pad at least fifteen (15) and no more than sixty (60) days in advance of each annual assessment period, and fix the amount of any special assessments against each Building Pad;

2. Send written notice of each annual assessment to every Owner subject thereto at least fifteen (15) and no more than sixty (60) days in advance of each annual assessment period and similar notice for imposition of each special assessment; and

3. Foreclose the lien (at the option of the Board) against any Building Pad for which assessments are not paid within ninety (90) days after due date or to bring an action at law (at the option of the Board) against the Owner personally obligated to pay the same.

D. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

E. Procure and maintain insurance in accordance with the provisions relating to insurance in the Act;

F. Establish a reserve fund and conduct a reserve fund analysis in accordance with the provisions relating to reserve funds in the Act;

G. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

H. Cause the Maintenance Areas to be properly maintained consistent with the Declaration.

Section 3. Applicability of the Act. The provisions of the Act, as the same may be amended, shall apply and govern the Association's rights with respect to levying of assessments, collection of assessments, and remedies that apply in the event of non-payment of assessments.

ARTICLE VII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create. Following the expiration or termination of the period of Declarant's control, all officers of the Association must be Owners of Building Pads in this Project.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Association.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or are otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

A. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments of the Association, and shall co-sign all checks and promissory notes.

Vice-President

B. The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties

as may be required of him or her by the Board.

Secretary

C. The Secretary shall record the votes and keep the minutes of all things and proceedings of the Board and of the Owners; serve notice of meetings of the Board and of the Owners; keep appropriate current records showing the Owners of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

D. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the ownership at its regular annual meeting, and deliver a copy of each to the Owners.

ARTICLE VIII COMMITTEES

The Association may appoint Committees as is deems appropriate in carrying out its purposes.

ARTICLE IX BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Owner. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Owner at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X ASSESSMENTS

As more fully set forth in the Declaration, each Owner of Assessable Property is obligated to pay to the Association all Assessments which are secured by a continuing lien upon the Owner's Building Pad. Exempt Property shall not be subject to the lien provided for herein and the Owner of Exempt Property shall not be obligated to pay any Assessment on the basis of ownership of Exempt Property. Any Assessment which is not paid when due shall be delinquent. If the Assessment is not paid on time, then the Board has the authority to establish late fees from time to time and collect the same from the delinquent Owner. The Association may bring an action at law against the Owner personally obligated to pay the Assessments and late fees or foreclose the lien against the Building Pad, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the assessments and late fees provided for herein or provided in the

Declaration by nonuse of the Maintenance Areas or abandonment of his or her Building Pad.

ARTICLE XI
AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Association, by a vote, in person or by proxy, of the Owners entitled to cast sixty-seven percent (67%) of the total votes; provided, however, that no amendment to the Bylaws shall be adopted that is inconsistent with or contradicts any provisions of the Declaration unless and until the Declaration is also amended (in accordance with the amendment requirements of the Declaration) to resolve such inconsistency or contradiction.

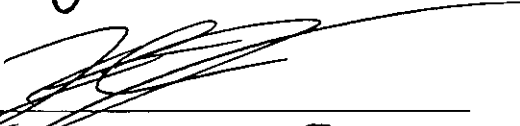
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

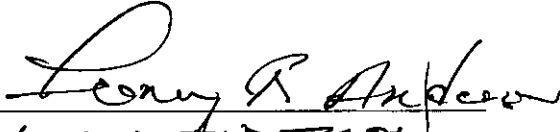
ARTICLE XII
MISCELLANEOUS

The fiscal year of the Association shall begin on January 1 and end on December 31 of every year, except that the first fiscal year shall begin on the date of incorporation.

In witness whereof, we, the undersigned initial three (3) Directors of the Association have hereunto set our hands as of the 23 day of APRIL, 2015.

Signature: 
Printed Name: COREY JOHNSON

Signature: 
Printed Name: TRAVIS S. TAYLOR

Signature: 
Printed Name: LOREN ANDERSON