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JEFFERY SMITH
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**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
HIGHLAND ACRES,
A PLANNED UNIT DEVELOPMENT**

AMENDED & RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR
HIGHLAND ACRES, A PLANNED UNIT DEVELOPMENT

THIS DECLARATION, revised on this 30th day of May, 2015,

by The Board of Trustees of HIGHLAND ACRES, a Utah corporation:

The undersigned certifying that more than two thirds (2/3) of the voting rights of THE HIGHLANDS HOMEOWNER'S ASSOCIATION, a Utah nonprofit corporation, DBA HIGHLAND ACRES HOMEOWNER'S ASSOCIATION (the "Association") have approved the adoption of this document and the Association having authority pursuant to Section 57-8a-104 Utah Code Annotated to amend any existing covenants, conditions and restrictions, the Association hereby cancels and repeals in total the entire Declaration of Covenants, Conditions and Restrictions dated 1979 and recorded in the office of the County Recorder of the County of Utah, State of Utah.

The repealed Covenants, Conditions and Restrictions are hereby replaced by the within Amended and Restated Covenants, Conditions and Restrictions. The term "Declarant" as used herein shall refer to the Association.

THIS DECLARATION made on the date hereinafter set forth by THE HIGHLANDS HOMEOWNER'S ASSOCIATION, a Utah nonprofit corporation DBA HIGHLAND ACRES HOMEOWNER'S ASSOCIATION, hereinafter referred to as "Declarant."

RECITALS:

A. Declarant is an Association of Owners of individual Lots and areas held in common upon certain property in Utah County, State of Utah, which is more particularly described as follows:

Commencing at a point 33.0' East and 30.43' North of the Southwest Corner of Section 31 Township 4 South, Range 2 East, S.L.B.&M., North 2°01'08" East 208.76' along East side of 4800 West street thence North 89°57'05" East 1280.48' Thence North 0°27'16" East 1093.46' Thence North 89°57'49" East 1327.00' Thence South 0°01'25" West 1331.91' Thence South 89°57'49" West 1336.75' Thence North 0°25'10" West 29.94' Thence South 89°56'53" West 1286.00 to the point of beginning.

B. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the real property described above (Highland Acres Planned Unit Development) and in any additional properties which may be annexed thereto pursuant to the provisions of this declaration, to perpetuate a non-profit corporation previously created in 1979 under the Utah Non-Profit Corporation and Cooperative Association Act, currently referenced as the "Community Association Act", Utah Code Title 57, Real Estate, Chapter 8a, to which is delegated and assigned the powers of owning, maintaining and administering the Common Area and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

C. Declarant affirms such corporation, the Members of which are the respective Owners of the Lots in the Highland Acres Planned Unit Development, and Owners of the Lots in real property annexed pursuant to this Declaration, to be formed for the purpose of exercising the functions aforesaid.

D. All of the Lots contained in Highland Acres Planned Unit Development (as hereinafter defined), were developed and conveyed pursuant to a general plan and subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the Highland Acres Planned Unit Development hereinafter set forth.

E. Declarant hereby declares that all of the Lots are held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following easements, restrictions, covenants, conditions and equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of all Lots in the Highland Acres Planned Unit Development, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Highland Acres Planned Unit Development, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall run with the Lots and shall be binding upon all persons having any right, title or interest in any Lot or Lots, their heirs, successors and assigns; shall inure to the benefit of each and every Lot and any interest therein; and

shall inure to the benefit of and be binding upon each Owner and his successors in interest; and may be enforced by any Owner and his successors in interest, and by the Association.

ARTICLE I

Definitions

Unless otherwise expressly provided, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified:

Section 1. "Architectural Committee" shall mean the committee created pursuant to Article VII hereof.

Section 2. "Articles" shall mean the Articles of Incorporation of the Highland Acres Owners Association which is attached hereto as Attachment "B" and incorporated herein by reference, as such articles may be amended from time to time.

Section 3. "Common Assessment" shall mean the charge against each Owner and his Lot, representing a portion of the total costs of the Association of maintaining, improving, repairing, replacing, managing and operating the Common Area, which are to be paid uniformly and equally by each Owner to the Association, as provided herein.

Section 4. "Special Assessments" shall mean a charge against a particular Owner and his Lot, directly attributable to the Owner, equal to the costs incurred by the Association for corrective action performed pursuant to the provisions of this Declaration plus interest thereon as provided for in this Declaration.

Section 5. "Reconstruction Assessment" shall mean a charge against each Owner and his Lot, representing a portion of the costs of the Association for reconstruction of any portion or portions of the improvements of the Common Area pursuant to the provisions of this Declaration.

Section 6. "Capital Improvement Assessment" shall mean a charge against each Lot Owner and his Lot, representing a portion of the costs of the Association for the installation or construction of any improvements on any portion of the Common Area which the Association may from time to time authorize.

Section 7. "Association" shall mean the Highland Acres Owners Association, a corporation formed under the Utah Non-Profit Corporation and Cooperative Association Act, and its successors and assigns.

Section 8. "Beneficiary" shall mean a mortgagee under a mortgage or beneficiary or holder under a deed of trust, as the case may be, and the assignees of such mortgagee, beneficiary or holder.

Section 9. "Board" shall mean the Board of Trustees [or Board of Directors] of the Association, elected in accordance with the bylaws of the Association.

Section 10. "Bylaws" shall mean the Bylaws of the Association, which have been or shall be adopted by the Board substantially in the form of Attachment "C" attached hereto and incorporated herein by this reference, as such Bylaws may be amended from time to time.

Section 11. "Common Area" shall mean all the real property and improvements, including without limitation, any recreation facilities, landscaped areas and private roadways and walkways, which are owned by the Association for the common use and enjoyment of all of the Owners. The Common Area to be so owned by the Association at the time of the conveyance of the first Lot is contained in property described in the Legal Description on page one of this Declaration and consists of that common area identified as such on the "plat map", as hereinafter defined. Additional Common Area may be transferred to the Association in the future pursuant to the terms of Article XIV (annexation of Additional Property).

Section 12. "Common Expenses" shall mean the actual and estimated costs of: maintenance, management, replacement, operation, and repair of the Common Area (including unpaid Special Assessments, Reconstruction Assessments and Capital Improvement Assessments), including those costs not paid by the owner responsible for payment; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all utilities of Common Area, and all recreational facilities thereon; the costs of fire, casualty and liability insurance, workman's compensation insurance, and other

insurance covering the property; and the costs of bonding of the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Highland Acres PUD, or portions thereof; and the costs of any other item or items designated by, or in accordance with other expenses incurred by, the Association for any reason whatsoever in connection with the Highland Acres PUD for the benefit of all of the Owners.

Section 13. "Declarant" shall mean and refer Highland Acres Planned Unit Development, Incorporated, a Utah corporation, its successors and assigns so long as Declarant assigns such rights of Declarant hereunder to any such person by an express written assignment.

Section 14. "Declaration" shall mean this instrument as it may be amended from time to time.

Section 15. "Deed of Trust" shall mean and refer to a mortgage or a deed of trust, as the case may be.

Section 16. "Dwelling Unit" shall mean and refer to a building located on a single Lot designed and intended for use and occupancy as a residence by a single family unit.

Section 17. "Family" shall mean (1) group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or (2) a group of not more than three (3) persons not all so related, inclusive of their domestic servant, who maintained a common household in a residence on a lot.

Section 18. "Improvement" shall mean all structures and appurtenances thereto of every type and kind, including but not limited to buildings, out buildings, walkways, sprinkler pipes, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, planting I planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment.

Section 19. "Properties" shall mean and refer to all of the real Property described in Paragraph A of the Recitals to this Declaration, together with any additional real Property to which a Notice of Addition of Territory may be recorded subjecting it to this Declaration and to the jurisdiction of the Association as provided herein.

Section 27. "Notice and Hearing" shall mean written notice and a public hearing before a tribunal appointed by the Board, at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense, in the manner further provided in the Bylaws.

Section 28. "Record, Recorded, Filed and Recordation" shall mean, with respect to any document, the recordation of such document in the office of the County Recorder of the County of Utah, State of Utah.

Section 29. "Subdivision" shall mean a parcel of real Property which has been divided or separated into lots, shown on a recorded Subdivision map.

Section 30. "Plat Map" shall mean and refer to that plat of the project entitled "Plat A, The Highlands Planned Unit Development [DBA Highland Acres PUD] (Map Filing #2393)" recorded in the official records of the Utah County Recorder.

Section 31. "Structural Maintenance Areas" shall mean, as the same may from time to time exist, any commonly owned Irrigation System, utilities or other Improvements which are constructed or maintained on certain defined private areas.

Section 32. "Supplemental Declaration" shall mean any declaration of covenants, conditions and restrictions which may be recorded by Declarant pursuant to Article XIV of this Declaration.

The foregoing definitions shall be applicable to this Declaration and also to any Notice of Addition of Territory, Supplemental Declaration or Declaration of Amendment, unless otherwise expressly provided, recorded pursuant to the provisions of this Declaration.

ARTICLE II

Membership in Association

Section 1. Membership: Every Owner of a Lot shall be a member of the Association, and no Owner shall have more than one membership in the Association. Memberships in the Association shall not be assignable, except to the successor-in-interest of the Owner and the Owner's Lot, and every membership in the Association shall be pertinent to and may not be separated from the fee Ownership of such Lot. Ownership of a Lot shall be the sole qualification for membership in the Association.

Section 20. "Lot" shall mean and refer to any residential Lot shown upon any recorded plat of the Highland Acres Planned Unit Development. No Lot or Lots are included in the Common Area.

Section 21. "The Highland Acres Maintenance Funds" shall mean the accounts created for the receipts and disbursements of the Association, pursuant to Article V hereof.

Section 22. "Member" shall mean any person or entity holding a membership in the Association as provided herein.

Section 23. "Manager" shall mean the person, firm or corporation which is or may be appointed by the Association hereunder as its agents and delegated certain duties, powers or function of the Association.

Section 24. "Mortgage" shall mean any mortgage or deed of trust or other conveyance of a Lot to secure the performance of an obligation, which will be void and re-conveyed upon the completion of such performance. The term "deed of trust" or "trust deed" when used herein shall be synonymous with the term "mortgage. The term "Mortgagee" shall mean a person or entity to whom a mortgage is made and shall include the beneficiary of a deed of trust; "Mortgagor" shall mean a personal entity who mortgages his or its property to another (i.e., the maker of a mortgage), and shall include the trustor of a deed or trust. The term "Trustor" shall be synonymous with the term "Mortgagor," and the term "beneficiary" shall be synonymous with the term "Mortgagee." The term "first mortgagee" shall include any Mortgagee or the beneficiary under any deed of trust who, by virtue of his mortgage or deed of trust, holds a first and prior lien upon any Lot to that of any other mortgagee.

Section 25. "Owner" shall mean and refer to the person or persons or other legal entity or entities, including Declarant, holding fee simple interest of record to any Lot, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation.

Section 26. "Person" shall mean a natural individual or any other entity with the legal right to hold title to real Property.

however, that none of the Common Area facilities, recreational facilities, parking spaces or other amenities shall be leased to the Owners.

(e) The right of the Association in accordance with its Articles of Incorporation, its Bylaws and this Declaration, with the vote of or written assent of two-thirds (2/3) of the members, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof, and, subject to the provisions of Article XIII of this Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners.

(f) The right of the Association to suspend the voting rights and right to use the Common Area facilities except for ingress and egress to the Owners Lot by an Owner of any period during which any assessment against his Lot remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of the published rules and regulations of the Association, provided that any suspension of such voting rights or right to use the Common Area facilities, shall be made only by the Board of Trustees of the Association, after notice and an opportunity for a hearing as provided in the Bylaws of the Association.

(g) Subject to the provisions of Article XIII of this Declaration, the right of the Association to dedicate, release, alienate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication, release, alienation or transfer shall be effective, unless an instrument signed by Members entitled to cast two-thirds (2/3) of the voting power of the Members, agreeing to such dedication, release, alienation or transfer has been recorded.

(h) The right of the Association (by action of the Board) to reconstruct, replace or refinish any improvement or portion thereof upon the Common Area, in accordance with the original design, finish or standard of construction. Any such action by the board shall be: 1) consistent with Article IV, paragraph (m) pertaining to U.C.A. 57-8a-211, which requires the Board to cause a reserve analysis to be

Section 2. Transfer of Membership: The Association membership held by any Owner of a Lot shall not be transferred, pledged, or alienated in any way, except upon the sale or encumbrance of the Lot giving rise to such membership, and then only to the purchaser or mortgagee of such Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event an Owner of a Lot shall fail or refuse to transfer the membership registered in his name to the purchaser of his Lot upon transfer of fee title thereto, the Board of Trustees of the Association shall have the right to record the transfer upon the books of the Association. The Board of Trustees of the Association shall have the right to charge a reasonable special assessment against any Owner, and his Lot, equal to the cost to the Association of effectuating any such transfer of his membership upon the books of the Association.

ARTICLE III

Owners' Property Rights

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of ingress and egress and of enjoyment in, to and over the Common Area which shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

- (a) The right of Declarant to annex additional Common Area thereto pursuant to the terms of Article XIV.
- (b) The right of the Association to reasonably limit the number of guests of Owners using the Common Area facilities.
- (c) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and the recreational facilities thereof, whether heretofore or hereafter constructed, including, but not limited to, the right and obligation of the Association to enforce all parking restrictions within the Common Area.
- (d) The right of the Association to charge uniform and reasonable admission and other fees for the use of the recreational facilities, if any, situated upon a portion of the Common Area; provided,

conducted to determine “the need for a reserve fund to accumulate money to cover the cost of repairing, replacing, and restoring common areas that have a useful life of three years or more” and 2) with Article IV, paragraph (n) required by U.C.A. 57-8a-215, which provides a 45-day window for member disapproval after presentation of a budget adopted by the Board.

(i) The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside in his dwelling unit, subject to reasonable regulation by the Board.

Section 3. Easements for Parking. Temporary guest or recreational parking shall be permitted within the Common Area only within spaces and areas clearly marked for this purpose. Spaces shall be shown by signs or markings on the paved area. The Association, through its officers, committees and agents is hereby empowered to establish "parking" and "no parking" areas within the Common Area, as well as to enforce these parking limitations by all means lawful for such enforcement including the removal of any violating vehicle by those so empowered.

Section 4. Easements for Vehicular Traffic. In addition to the general easements for use of the Common Area reserved herein, there shall be and Declarant hereby reserves and covenants for itself and all future Owners a non-exclusive easement appurtenant for vehicular traffic over all private streets within the Highland Acres, subject to the parking provisions set forth in Section 3 of Article II hereof. Declarant reserves the right to grant similar easements to Owners of property in subdivisions annexed hereto pursuant to Article XIV.

Section 5. Easements for City and County Public Service Use. In addition to the foregoing easements over the Common Area, there shall be and Declarant hereby reserves and covenants for itself and all future Owners within the Highland Acres, easements for city, county and federal public services, including but not limited to, the right of the police to enter upon any part of the Common Area for the purpose of enforcing the law.

Section 6. No Exemption from Liability. No Owner may exempt himself from personal liability for assessments to be levied by the Association, nor release the Lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area and the facilities thereon or by abandonment of his Lot or Lots.

Section 7. Title to the Common Area. The PUD hereby covenants for itself, its successors and assigns that it will convey fee simple title to the Common Area described in Article I, Section 11 of this Declaration to the Association, free and clear of all encumbrances and liens, except easements, conditions and reservations set forth in this Declaration. Said conveyance shall be made prior to the conveyance of the first Lot to a purchaser from Declarant. Declarant shall similarly convey the Common Area of any property annexed hereto.

Section 8. Taxes. Each Owner shall execute such instruments and take such action as may be reasonably specified by the Association to obtain separate real estate tax assessments on each Lot. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on more than one Lot, not under common ownership, or any part thereof, they may be paid by the Association, and each Owner shall be obligated to pay or reimburse the Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against his Lot and interest, if any, in the Common Area. Each Lot Owner who has a portion of his Lot encumbered by a Common Area easement hereto shall pay the full tax on his Lot and shall not be reimbursed from the Association for any tax on his Lot that may be attributable to the portion of his Lot encumbered by the Common Area easement unless the taxing authority establishes a separate tax identification number for the specific portions of the properties covered by the easements, in which event the Association shall pay such taxes and levy an equal and pro rata assessment against each Owner to pay such Common Area taxes.

Section 9. Vote Distribution. Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot ("co-owner"), all such co-owners shall be Members and may attend any meetings of the

Association, but only one such co-owner shall be entitled to exercise the vote to which the Lot is entitled. Such co-owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Lot shall be exercised as the majority of the co-owners of the Lot mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the corresponding voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Lot where the majority of the co-owners present in person or by proxy and representing such Lot cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or by the Bylaws of the Association, shall be deemed to be binding on all Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration and in the Articles of Incorporation and Bylaws of the Association.

ARTICLE IV

Duties and Powers of Association

Consistent with U.C.A. 57-8a-501, the Association, acting through the Board of Directors, shall also have the power and duty to:

(a) Maintain, and repair the Common Area and replace those elements of the Common Area that must be replaced on a periodic basis, and otherwise manage the Common Area and all facilities, improvements and landscaping thereon in accordance with the provisions of Article V of this Declaration.

(b) Maintain all private streets and culverts of the Common Area, including, but not limited to, cleaning and periodic resurfacing, the placement of such entry gates and signs as the Association shall

deem appropriate, and maintenance of the same, and the placement of such fences separating the Highland Acres Project from publicly dedicated roads and highways as the Association deems appropriate, and the proper maintenance of such fences.

(c) Maintain any and all private sewer systems within any Common Area, water lines, irrigation systems, or other improvements.

(d) Grant any easements or rights-of-way for utilities, irrigation systems, and sewer facilities over any Common Area to serve the Common Area and the Lots.

(e) Maintain such policy or policies of liability and fire insurance with respect to the Common Area and personal property, if any, owned by the Association as provided herein in furthering the purposes of and protecting the interests of the Association and Members and as directed by this Declaration and/or the Articles of Incorporation or Bylaws of the Association.

(f) The Association may, but shall not be obliged to, employ or contract with a professional manager to perform all or any part of the duties and responsibilities of the Association, and shall have the power to delegate its powers to committees, officers and employees. Any such agreement shall be for a term not in excess of three (3) years, subject to cancellation by either party without cause or payment of a termination fee upon ninety (90) days or less written notice.

(g) After fifteen (15) days' written notice, without being liable to any Owner, enter upon any Lot, for the purpose of enforcing by peaceful means the provisions of this Declaration, or for the purpose of maintaining or repairing any such area if for any reason whatsoever the Owner thereof fails to maintain or repair any such area as required by this Declaration, institute any and all proceedings necessary to enforce this Declaration.

(h) Provide necessary spraying and cutting of weeds in the Common Area to reduce fire hazards and take other necessary measures, such as removal of brush and fire hazards in the Common Area.

(i) After fifteen (15) days' written notice, without being liable to any Owner, enter upon any Lot, for the purpose of removing any fire hazard in any Owner's Lot which Lot Owner refuses to remove

immediately. Costs for the Association removing such a hazard shall be immediately reimbursed by the Lot Owner and shall constitute a lien upon the Lot until reimbursed; such costs advanced shall be reflected by a Special Assessment and enforced as such as provided in Article VI hereof.

(j) Provide fire and erosion control with respect to Highland Acres projects.

(k) Maintain and repair any drainage or irrigation ditch and other structural maintenance areas situated on any Lot in accordance with the directions of the Association.

(l) Levy and collect all assessments as provided herein in sufficient quantity to enable the Association to adequately perform its duties hereunder [to include requiring a tenant to pay rent to the Association in accordance with U.C.A. 57-8a-310 if the owner fails to pay an assessment, and charge such fees as are permitted by U.C.A. 57-8a-311].

(m) Perform a reserve fund analysis as required by U.C.A. 57-8a-211: perform a reserve fund analysis, which contains a reserve funding plan that recommends how the association may fund the annual contribution necessary to meet the costs to repair, replace or restore each component identified in the reserve analysis; provide a summary of the most recent reserved analysis, including any updates, to each Lot Owner; and include a reserve fund line item in its annual budget.

(n) As required by the provisions of U.C.A. 57-8a-215: At least annually the Board shall prepare and adopt a budget for the Association. The Board shall present the adopted budget to the Association Members at a meeting of the Members. A budget is disapproved if within 45 days after the date of the meeting at which the Board presents the adopted budget: (a) there is a vote of disapproval by at least 51% of lot owners in the Association; and (b) the vote is taken at a special meeting called for that purpose by lot owners under the declaration (CC&R's), articles, or bylaws. If a budget is disapproved as provided in the preceding sentence, the budget last approved by the Members continues as the budget of the Association unless and until the Board of Directors presents another budget to the Members and that budget is not disapproved.

(o) Consistent with U.C.A. 57-8a-105(2), make any required or beneficial filings with the State of

Utah, Utah County, or any other governmental agency having jurisdiction over the Association or the Properties.

(p) In exercising its powers pursuant to this Declaration (CC&R's), Articles, and Bylaws, the Board of Directors shall act in accordance with U.C.A. 57-8a-213 and any other applicable provisions of Utah law.

(q) Such additional powers as shall be reasonable and necessary for the Association to accomplish the purposes of its creation as set forth in its Articles of Incorporation, its Bylaws and this Declaration.

ARTICLE V

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. Consistent with provisions of U.C.A. 57-8a-301 through 57-8a-311, the Declarant, for each Lot owned, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed / is deemed to covenant and agree to pay to the Association (1) annual Common Assessments for common expenses (2) Capital Improvements Assessments, (3) Special Assessments, and (4) Reconstruction Assessments; such assessments to be established and collected as herein provided. Such assessments, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. Subject to provisions of this Declaration protecting first mortgagees, the personal obligation for delinquent assessments shall pass to the successors-in-interest of such Owner.

The Board of Trustees shall establish no fewer than two (2) such separate accounts (the "Highland Acres Maintenance Funds") into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of

functions by the Association under the provisions of this Declaration. Each of the Highland Acres Maintenance Funds shall include: (1) an Operating Fund for current expenses, of the Association, and (2) a Common Area Reserve Fund for replacements, painting and repairs (which would not reasonably be expected to recur on an annual or less frequent basis) of the Common Area facilities to the extent necessary under the provisions of this Declaration. The Board of Trustees shall not commingle any amounts deposited into any of the Highland Acres Maintenance Funds with one another.

Section 2. Purpose of Common Assessments. The Assessments levied by the Association shall be used to promote the common health, safety, benefit, recreation and welfare of the Owners and for the improvement and maintenance of the Common Area. The assessments shall also be for an adequate reserve to be used as appropriate for maintenance and repairs of the common area and replacement of those elements of the common area that must be replaced on a periodic basis and are payable in regular installments rather than by special assessments. Structural maintenance area disbursements from the Operating Fund shall be made by the Board of Trustees for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the Common Area Reserve Fund are to be used. Nothing in the Declaration shall be construed in such a way as to permit the Association to use any Assessments to abate any nuisance or annoyance emanating from outside the boundaries of Highland Acres. Nothing contained herein shall limit, preclude or impair the establishment of additional Highland Acres Maintenance Funds by the Association, so long as the amounts deposited into any such Fund are earmarked for specified purposes authorized by the Declaration.

Section 3. Damage to Common Area by Owners. The foregoing maintenance, repairs or replacements within the Common Area arising out of or caused by the willful or negligent act of the Owner, his family, guests or invitees shall be done at said Owner's expense or a Special Assessment therefore shall be made against his Lot; provided, however, that the liability of an individual Owner for such damage to the Common Area shall not be absolute, but shall only be that for which the Owner is legally responsible under state law. 16

Section 4. Basis of Maximum Common Assessment.

(a) A previously established annual Common Assessment may be increased by the Board effective January 1 of each year not more than the greater of (1) twenty percent (20%), or (2) the percentage by which the U.S. Bureau of Labor Statistics for the Northern Utah area, all items Consumer Price Index has increased as of the date of the increase over the level of said index as of the date the Common Assessment was last established, above the maximum annual common assessment for the previous year, without a vote of the membership.

(b) The maximum annual Common Assessment may be increased above the greater of (1) twenty percent (20%), or (2) said percentage by which said Index has so increased, by the vote or written assent of fifty-one percent (51%) of each class of members.

Section 5. Capital Improvement and Reconstruction Assessments. In addition to the Common Assessment authorized above, the Board of Directors of the Association may levy, in any assessment year, a Capital Improvement Assessment or Reconstruction Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a Capital Improvement or other such addition upon the Common Area, including fixtures and personal property related thereto; provided that any such assessment in excess of Five Thousand Dollars (\$5,000.00) shall have the vote or written assent of a majority of the votes of Members who are subject to such assessments.

Section 6. Notice and Quorum for any Action Authorizing Under Section 4 and 5. Written or electronic notice of any meeting called for the purpose of taking any action by the Members authorized under Sections 4 and 5 shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of the Members or of proxies entitled to cast fifty-one percent (51%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be twenty-five percent (25%) of the

voting power of the Association. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Common Assessments, Capital Improvement Assessments and Reconstruction Assessments provided for in this Article V must be fixed at an equal amount for each Lot within the Highland Acres Planned Unit Development. The total amount of each assessment shall be determined by dividing the total annual expenses by the number of Lots in the Highland Acres PUD. All Common Assessments shall be collected on a regular monthly basis or on an annual prepaid basis, by the Board of Trustees.

Section 8. Date of Commencement of Common Assessments: Due Date. The Board of Trustees shall fix the amount of the annual Common Assessment against each Lot at least thirty (30) days in advance of each Common Assessment period. Written or electronic notice of any change in the amount of the annual Common Assessment shall be sent to every Owner subject thereto, at least thirty (30) days prior to the effective date of such change. The due dates shall be established by the Board of Trustees. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments against a Lot is binding upon the Association as of the date of its issuance.

The Board of Trustees shall cause to be prepared an annual balance sheet and operating statement reflecting income and expenditures of the Association for each fiscal year, including expenditures of the Association for each fiscal year, including deposits in and withdrawals from the Common Area Reserve Fund and the Operating Fund, and shall cause to be distributed a copy of each such statement to each member, and to each first Mortgagee who has filed a written request for copies of the same with the Board of Trustees, in the manner provided in the Bylaws of the Association. At least sixty (60) days prior to the beginning of such fiscal year, the Board of Trustees shall prepare and distribute to the membership of the Association, a written or electronic itemized estimate (budget) of the expenses to be incurred by the

Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and deposits into the Common Area Reserve Fund, less any expected income and accounting for any surplus from the prior year's respective Highland Acres Maintenance Fund).

Each annual common assessment shall constitute an aggregate of separate assessments for each of Highland Acres Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Common Area Reserve Fund, the Operating Fund and any other Highland Acres Maintenance Fund established by the Association. If the estimated sums prove inadequate for any reason, including nonpayment of any Owner's annual Common Assessment, the Board may, at any time, levy supplemental Common Assessments, for any of the Highland Acres Maintenance Funds which shall be assessed equally against the Owner of each Lot. Each annual Common Assessment may be paid by the Owner to the Association in one check or payment or in separate checks, as payments attributable to deposits into specified Highland Acres Maintenance Funds. In the event that any installment of a Common Assessment payment is less than the amount assessed and the payment does not specify the Highland Acres Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in the same manner as all member payments, in order of the priority first the Operating Fund, until that portion of the Common Assessment has been satisfied, and second to the Common Area Reserve Fund. At the end of any fiscal year of the Association, the Owners may determine that all excess funds remaining in the Operating Fund, over and above the amounts used for operation, may be returned to the Members proportionately, or may be retained by the Association and used to reduce the following year's Common Assessments. Notwithstanding anything contained in the Articles or Bylaws to the contrary, if prior to dissolution, the Association has not obtained tax exempt status from both the Federal and State government, then upon such dissolution of the Association, any amounts remaining in the Common Area Reserve Funds shall be distributed to or for the benefit of the Members in a proportion equal to their individual, respective contributions.

Section 9. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments herein:

- (a) All properties dedicated to and accepted by a local public authority; and
- (b) The Common Area.

ARTICLE VI

Effect of Non-Payment of Assessments Remedies of the Association

Section 1. Effect of Non-Payment of Assessments: Remedies of the Association. Any installment of a Common Assessment, Capital Improvement Assessment, Special Assessment or Reconstruction Assessment not paid within thirty (30) days after the due date shall bear interest from the due date of such installment at the rate of 12 percent (12%) per annum. If any installment of an assessment is not paid within thirty (30) days after it is due, the Owner responsible therefore may be required further by the Board of Trustees to pay a late charge of Five Dollars (\$5.00) or five percent (5%) of the amount of the delinquent installment, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. If any installment of a Common Assessment is not paid within thirty (30) days after its due date, the Board shall mail an acceleration notice to the Owner and to each First Mortgagee of a Lot which has requested a copy of the notice. The notice shall specify (1) the fact that the installment is delinquent, (2) the action required to cure the default, (3) a date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default must be cured, and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Common Assessment for the then current fiscal year and sale of the Lot. The notice shall further inform the owner of his right to cure after acceleration and to bring a court action to assert the nonexistence of a default or any other defense of the Owner to acceleration and sale. If the delinquent installments of Common Assessments and any charges thereon are not paid in full on or before the date

specified in the notice, the Board at its option may declare all of the unpaid balance of the annual Common Assessment to be immediately due and payable without further demand and may enforce the collection of the full Common Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 2. Notice of Assessment. The Association shall issue a written statement indicating any unpaid assessment with respect to a Lot covered by the object of . . . (a) the written request of any Owner, and (b) payment of a reasonable fee not to exceed \$10, as required by U.C. A. 57-8a-106 (1)(a). No action shall be brought to enforce any assessment lien herein, unless at least thirty (30) days has expired following the date a Notice of Assessment is deposited in the United States mail, postage prepaid to the Owner of the Lot, and a copy thereof has been recorded by the Association in the office of the County Recorder in which the Properties are located; said Notice of Assessment must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid assessment at twelve percent [12%] per annum, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure, as required by U.C.A. 57-8a-303(2)(a)(ii), and the name and address of the claimant. Such Notice of Assessment shall be signed and acknowledged by an officer of the Association, and said lien shall be prior to any declaration of homestead recorded after the date on which this Declaration is recorded. The lien shall continue until fully paid or otherwise satisfied. Such assessment notice shall be in substantially the following form:

“NOTICE OF NONJUDICIAL FORECLOSURE AND RIGHT TO DEMAND JUDICIAL FORECLOSURE.” Highland Acres Homeowners' Association, the association for the project in which your lot is located, intends to foreclose upon your lot and allocated interest in the common areas using a procedure that will not require it to file a lawsuit or involve a court. This procedure is being followed in order to enforce the association's lien against your lot and to collect the amount of an unpaid assessment against your lot, together with any applicable late fees and the costs, including attorneys' fees, associated with the foreclosure proceeding. Alternately, you have the right to demand that a foreclosure of your property be conducted in a lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a

lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that "I demand a judicial foreclosure proceeding on my lot", or words substantially to that effect. You must send this written demand by first class and certified U.S. Mail, return receipt requested, within 15 days after the date of the postmark on the envelope in which this notice was mailed to you. The address you must mail this demand is the association's current address for notices. This addition is in accordance with requirements of U.C.A. 57-8a-302(2)(a)(ii).

Section 3. Foreclosure Sale. Any such sale provided for above may be conducted by the Board of Trustees, its attorneys or other persons authorized by the Board in accordance with the provisions of the Utah Code Annotated, 1953, as Amended, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a Notice of Assessment was filed by the Association, the officers thereof shall record an appropriate Release of Lien, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifty Dollars (\$50.00), to cover the cost of preparing and recording such release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the liens upon any Lot created hereunder shall be conclusive upon the Association and the owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00).

Section 5. Cumulative Remedies. The assessment liens and the rights of foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 6. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (meaning any recorded mortgage with first lien priority over all other mortgages encumbering the Properties), on which the assessment came due. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure, trustee sale, or deed in lieu thereof, shall extinguish the lien of such assessments as to installments which came due prior to such sale or transfer. However, no sale or transfer shall relieve such Lot from liability for any installments of assessments thereafter becoming due or from the lien thereof.

ARTICLE VII

Architectural Control

Section 1. Members of Committee. The Architectural Committee, sometimes referred to in this Declaration as the "Committee," shall consist of three (3) members. Each member of the Committee shall be appointed by the Board of Trustees and shall hold office until such times as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause. The Board of Trustees shall have the right to appoint and remove all members of the Committee.

Section 2. Review of Proposed Construction. Subject to Article X (Use Restrictions), Section 12, of this Declaration, no building, fence, wall, or other structure shall be commenced, or erected upon any Lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and color and location in relation to surrounding residences and topography by the Architectural Committee. The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding residences and common area as a whole, that the

appearance of any structures, will not become a burden on the Association. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate. The owner may be required to submit additional plans and specifications or other information prior to the committee approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submissions of plans for approval, requiring a fee payable to the Association to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated, provided that in no event shall such fee exceed the actual cost of reviewing and approving proposals or plans and specifications. (Reference U.C.A. 57-8a-109) The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval.

Section 3. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to section 8 hereof. In the absence of such designation, the vote of any two (2) members of the Committee taken without a meeting, shall constitute an act of the Committee.

Section 4. No Waiver of Future Approvals. The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings

or matter whatever subsequently to additionally submitted for approval or consent.

Section 5. Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 6. Inspection of Work. Inspection of work and correction defects therein shall proceed as follows:

(a) Upon the completion of any work for which approved plans are required under this Article VII, the Owner shall give written notice of completion to the Committee.

(b) Within sixty (60) days thereafter, the Committee or its duly authorized representative may inspect such improvement, if the Committee finds that such work was not done in substantial compliance with the approved plans it shall notify the Owner in writing or electronically of such noncompliance within such sixty-day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

(c) If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Committee shall notify the board in writing of such failure. Upon notice and hearing, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to Association, The Board shall levy a Special Assessment against such Owner for reimbursement.

(d) If for any reason the Committee fails to notify the Owner of any noncompliance within sixty days (60) after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

Section 7. Non-Liability of Committee Members. Neither the Committee nor an member thereof, nor its duly authorized Committee representative shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result on the immediate vicinity and the Highland Acres Planned Unit Development generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. This clause shall be inapplicable to the extent necessary if any, to actually obtain Insurance Coverage required by Article XII.

Section 8. Variance. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, and must be signed by at least two (2) members of the Board of Adjustment of Highland Acres. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any Supplemental Declarations shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any purpose except as

to the particular property and particular provisions hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances and Lot set-back lines or requirements imposed by any governmental or municipal authority.

Section 9. Limit on Fee for Approval of Plans. The Association may not charge a plan fee that exceeds the actual cost of reviewing and approving the lot plans. (Reference U.C.A.57-8a-109).

ARTICLE VIII

Maintenance and Repair Obligations

Section 1. Structural Maintenance Areas. No improvement, excavation or work which in any way alters the Structural Maintenance Areas or street improvements from their natural or existing state on the date any Lot is conveyed by Declarant to a purchaser of a Lot shall be made or done by any person other than the Association or its authorized agents. The Association shall maintain, or provide for the maintenance in good order and repair of, and shall reconstruct, replace or refinish the improvements within the Structural Maintenance Areas.

Section 2. Maintenance Obligations of Owners. Subject to the duty of the Association to provide for maintenance as provided in this Article VIII, Section 3, of this Declaration, it shall be the duty of each Owner, at his sole cost and expense, subject to the provisions of this Declaration regarding Architectural Committee approval, to maintain, repair, replace and restore his residence and Lot in a neat, sanitary and attractive condition. In the event that any Owner shall permit any improvement, which is the responsibility of such Owner to maintain, to fall into disrepair or not to be so maintained so as to create a dangerous, unsafe, unsightly or unattractive condition, or to otherwise violate this Declaration, the Architectural Committee shall, subject to provisions of UCA 57-8a-224, have the right, but not the duty, upon fifteen (15) days' prior written notice to the Owner of such Lot, to correct such condition and to enter upon such Owner's Lot to correct such condition and to enter upon such Owner's Lot to make such repairs or to perform such maintenance and the cost thereof shall be charged to the Owner. Said cost shall

be a Special Assessment and shall create a lien enforceable in the same manner as other assessments as set forth in this Declaration. The Owner shall pay promptly all amounts due for such work, and the costs and expenses of collection may be added, at the option of the Board of Trustees, to the amounts payable by each Owner as Common Assessments.

Section 3. Maintenance Obligations of Association. The Association shall maintain, or provide for the maintenance of all of the common area and all improvements thereon, including recreational facilities, in good order and repair, and shall likewise provide for the painting and minor repair and replacement as necessary of the Structural Maintenance Areas, commonly metered utilities, the interior and exterior of the recreation building, and any and all utility laterals and buildings. In addition to building maintenance, the Association shall provide all necessary landscaping and gardening to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation which is on the Common Area at the time that it is conveyed to the Association. The Association shall further maintain, reconstruct, replace and refinish any paved surface in the Common Area. All of the foregoing obligations of the Association shall be discharged when and in such manner as the Board of Trustees of the Association shall determine in their judgment to be appropriate.

Section 4. Damage and Destruction Affecting Residences--Duty to Rebuild. Subject to the provisions of any first mortgages, if all of or any portion of any Lot or residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said Lot or residence to rebuild, repair or reconstruct said residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty.

Section 5. Variance in Exterior Appearance and Design. Any Owner who has suffered damage may apply for approval to the Architectural Committee for reconstruction, rebuilding or repair of his residence in a manner which will provide for an exterior appearance and design different from that which existed prior to the date of the casualty. Application for such approval shall be made in writing together with full and complete plans and specifications, working drawings and elevations showing the proposed

reconstructions and the end result thereof. The Architectural Committee shall grant such approval only if the design proposed by the Owner should result in a finished residence in harmony with exterior design of other residences on the properties. Failure of the Architectural Committee to act within thirty (30) days after receipt of such a request in writing coupled with the drawings and plot plans showing the full and complete nature of the proposed changes shall constitute approval thereof.

Section 6. Time Limitation. The Owner or Owners of any damaged residence, the Association and the Architectural Committee shall be obligated to proceed with all due diligence hereunder, and the owner shall commence reconstruction within six (6) months after the damage occurs and complete reconstruction within one (1) year after damage occurs, unless prevented by causes beyond their reasonable control.

ARTICLE IX

Party Fences

Section 1. Non-Party Fences. Each fence which is built as part of the original construction of the improvements upon the Highland Acres Planned Unit Development may be placed on the Lots of the respective Owners, and in the Common Area. The Association shall be responsible for reasonable maintenance thereof, as provided herein. Such fences shall not be considered to be Party Fences as herein used.

Section 2. General Rules of Law to Apply to Party Fences. The Owners shall be at liberty to build fences, by agreement among themselves, on the Lot line between adjoining Lots, with the prior approval of the Architectural Committee. These fences shall be called "Party Fences" and shall be subject to this Article IX. To the extent not inconsistent with the provisions of this Article IX, the general rules of law regarding Party Fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The Owner of each Lot adjoining a Party Fence shall be an "Owner" of the fence for purposes of this Article.

Section 3. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of

a party Fence shall be shared by the Owners in proportion to their ownership thereto.

Section 4. Destruction by Fire or Other Casualty. If a Party Fence is destroyed or damaged by fire or other casualty, any Owner thereof may restore it, and the other Owners thereof shall contribute to the cost of restoration thereof in proportion to such ownership without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts of omissions.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other owner under this Article IX shall be appurtenant to the land and shall pass to such Owner's successors-in-interest.

Section 6. Arbitration. In the event any dispute arises concerning a Party Fence or under the provisions of this Article, each party shall choose one arbitrator, and such arbiters shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. Any first mortgagor taking possession or taking title to a Lot shall be exempt from the requirements of this paragraph 6.

ARTICLE X

Use Restrictions

All Real Property within the Highland Acres Planned Unit Development shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Single Family Residence. Subject to Section 3 of this Article X, each Lot shall be used as a residence for a single family and for no other purpose.

Section 2. Business or Commercial Activity. Subject to Section 3 of this Article X, no part of the Properties shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such non-residential purposes; excepting professional and administrative occupations without external evidence thereof for so long as such occupations are in conformance with Highland City ordinances and are merely incidental to the use of the residence as a single family home.

Section 3. Real Estate Business. No dwelling unit, lot, improvement or portion of the common area shall be used in the conduct of any real estate business, gainful occupation, profession, trade office or other non-residential activity, excepting professional and administrative occupations without external evidence thereof for so long as such occupations are in conformance with the Highland City ordinances and are merely incidental to the use of the residence as a single family home

Section 4. Nuisances. No noxious or offensive activity (including but not limited to the repair of motor vehicles) shall be carried on t in or upon any Lot or the Common Area, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any other Owner. No loud noises or noxious odors shall be permitted on any Lot and the Board of Trustees shall have the right to determine in accordance with the Bylaws if any noise, odor or activity producing such noise, odor or interference constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably interfere with television or radio reception of any Owner, shall be located, used or placed on any portion of the Highland Acres Planned Unit Development, or exposed to the view of other Owners without the prior written approval of the Architectural Committee.

Section 5. Signs. No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portions of the Highland Acres Planned Unit Development or any Lot, without the prior written consent of the Architectural Committee, except on sign for each Lot of not more than three (3) feet by two (2) feet, advertising the property for sale or except signs, regardless of size, used by Declarant, its successors or assigns, to advertise the property during construction and sale period. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the requirements of the Utah County ordinances.

Section 6. Parking and Vehicular Restrictions. No Owner shall park, store or keep on any property or street (public or private) within the Highland Acres Planned Unit Development any large commercial-type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck and any other vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board), upon any uncovered parking space so as to be visible from anywhere in the Highland Acres Planned Unit Development, except as otherwise provided by the Board. The above excludes camper trucks up to and including three-quarter (3/4) ton when used for everyday-type transportation and subject to approval by the Board of Trustees. No Owner of a Lot shall conduct major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of any Lot or upon the Common Area. Any inoperable vehicle shall be stored only in covered areas within the Owner's Lot.

Section 7. Animal Restriction. No animals, livestock, reptiles or poultry of any kind shall be raised, bred or kept on any Lot, or the Common Area, except usual and ordinary dogs, cats, fish, birds and other household pets and poultry may be kept on Lots subject to rules and regulations adopted by the Association, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) pets [or ten (10) poultry above the ages of six (6) months, hens only (no roosters)] per household, provided, however, that the Association (or Architectural Committee or such other person or entity as the Association may from time to time designate) may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board of Trustees, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees must be either kept within an enclosure, an enclosed patio or on a leash being held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Architectural Committee. Should any animal belonging to an Owner be found unattended out of the enclosure and not being held on a leash by a person capable of

controlling the animal, such animal may be removed by the Board of Trustees or a person designated by [the Board of Trustees] to do so, to a pound under the jurisdiction of the local municipality and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Highland Acres Planned Unit Development by an Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Area.

Section 8. Trash. No rubbish, trash or garbage or other waste material shall be kept or permitted upon any Lot or Common Area, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise there from so as to render the Highland Acres Planned Unit Development or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles therefore and fire pits designed in such a manner that they do not create a fire hazard. No lumber, metals, bulk material or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of any Lot except within an enclosed structure or appropriately screened from view.

Section 9. View Obstructions. No fence, hedge, wall or other dividing instrumentality over six feet (6') in height measured from the ground on which it stands shall be constructed or maintained on any Lot, except that Declarant may vary or exceed said height or location of any fence in accordance with its architectural plans. Each Owner by accepting a deed to a Lot hereby acknowledges that any construction by Declarant may impair the view of such Owner and hereby consents to such impairment.

Section 10. Temporary Buildings. No outbuilding, basement, tent, shack, shed or other temporary building or improvement of any kind shall be placed upon any portion of any Lot or Common Area either temporarily or permanently. No garage, trailer, camper, motor home or recreation vehicle shall be used as

a residence in the Highland Acres Planned Unit Development, either temporarily or permanently.

Section 11. Common Area Facilities. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Association.

Section 12. Outside Installations. No radio station or shortwave operators of any kind shall operate from any Lot or residence unless approved by the Board of Trustees. Erection or maintenance of an exterior radio antenna, television antenna, or other antenna in the Highland Acres Planned Unit Development subject to the approval of the Architectural Committee.

Section 13. Insurance Rates. Nothing shall be done or kept on any Lot which will increase the rate of insurance on any Property insured by the Association without the approval of the Board, nor shall anything be done or kept on any Lot which would result in the cancellation of insurance on any Property insured by the Association or which would be in violation of any law.

Section 14. Drilling. No oil drilling, oil development operations oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels for mineral excavations or shafts be permitted upon the surface of any Lot or within five hundred feet (500') below the surface of the land. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 15. Further subdivision. No owner shall further partition or subdivide his Lot; provided however, that this provision shall not be construed to limit the right of an Owner (1) to rent or lease all or any portion of his Lot by means of a written lease or rental agreement subject to the restrictions of this Declaration, so long as the Lot is not leased for transient or hotel purposes; (2) to sell his Lot; or (3) to transfer or sell any Lot to more than one person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. The terms of any such lease or rental agreement shall be subject in all respect to the provisions of this Declaration and Bylaws of the Association, and any failure by the Lessee of such Lot to comply with the terms of this Declaration or the Bylaws of the Association shall constitute a default under the lease.

Section 16. Drainage. There shall be no interference with the existing drainage or irrigation pattern over any Lot unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purposes hereof, "existing" drainage is defined as the drainage in place at the time any Lot development plans are submitted for approval by the Architectural Committee, which may include drainage from the Common Area over any Lot or Lots in the Highland Acres Planned Unit Development.

Section 17. Water Supply Systems. No individual water supply, sewage disposal system, or water softener system shall be permitted on any Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Utah County Health Department, the Architectural Committee, and all other applicable governmental authorities.

ARTICLE XI

Damage or Destruction to Common Area

Subject to the requirements of U.C.A. 57-8a-407, damage to or destruction of all or any portion of the Common Area shall be handled in the following manner, notwithstanding any provision in this Declaration to the contrary:

(a) In the event of damage or destruction to the Common Area, and the insurance proceeds are sufficient to effect total restoration, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed.

(b) If the insurance proceeds are within Five Thousand Dollars (\$5,000.00) or less of being sufficient to effect total restoration, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment equally against each of the Lot Owners, in accordance with the provisions of this Declaration.

(c) If the insurance proceeds are insufficient by more than Five Thousand Dollars (\$5,000.00) to effect total restoration to the Common Area, then by written consent or vote of a majority

of the Owners, they shall determine whether (1) to rebuild and restore in substantially the same manner as the improvements existed ,prior to damage and to raise the necessary funds over the insurance proceeds by levying equal Reconstruction Assessments against all Lots, (2) to rebuild and restore in a way which utilizes all available insurance proceeds and an additional amount not in excess of Five Thousand Dollars (\$5,000.00), and which is assessable equally to all Owners but which is less expensive than replacing these Improvements in substantially the same manner as they existed prior to being damaged, or (3) subject to the provisions of Article XII, to not rebuild and to distribute the available insurance proceeds equally to the Owners and Mortgagees of the Lots as their interest may appear.

(d) Each Owner shall be liable to the Association for any damage to the common area not fully covered by insurance which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family and guests, both minor and adult. Notwithstanding the foregoing, the Association reserves the right to charge a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner. In the case of joint ownership of a Lot, the liability of such Owners shall be joint and several, except to the extent that the Association has previously contracted in writing with such joint owners to the contrary. The cost of correcting such damage shall be a Special Assessment against the Lot and may be collected as provided herein for the collection of Special Assessments.

ARTICLE XII

Insurance

Section 1. Common Area. Consistent with provisions of U.C.A. 57-8a-401 through 407, the Association must keep fire and extended coverage insurance for no less than one hundred percent (100%) of replacement cost of insurable PUD common property. The insurance coverage must name as the insured the Highland Acres Owners Association for the Benefit of the owners in the PUD. Premiums for all insurance carried by the association are Common Expenses included in the Common Assessment made by the Association.

Section 2. Fidelity Coverage. The association must have fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of unit owners in the Highland Acres PUD. The fidelity bond or insurance must name the Highland Acres Owners Association, Inc. as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

Section 3. Waiver of Subrogation. Only to the extent possible without jeopardizing the Association's ability to obtain the insurance required by the provisions of this Declaration, the Association hereby waives and releases all claims against the Board, the Owners, the Manager, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

Section 4. Liability Insurance. The Association must have a comprehensive policy of public liability insurance covering all of the common property. Such insurance policy shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a unit owner in a PUD because of negligent acts of the homeowners association, or other unit owners. The scope of coverage must include all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use. Coverage shall be for at least \$1,000,000 per occurrence for personal injury and/or property damage.

Section 5. Other Insurance and General. The Association may also obtain, through the Board, Workmen's Compensation Insurance and other liability insurance as it may deem desirable, insuring each Lot Owner and the Association, Board of Trustees and Manager, from liability in connection with the Common Area, the premiums for which are common expenses included in the Common Assessments

made against the Owners. Such insurance policies shall have severability of interest clauses or endorsements which shall preclude the insurer from denying the claim of a Lot Owner because of the negligent acts of the Association or other Lot Owners.

Section 6. Minimum Financial Rating of Carrier; No Assessments; Other Requirements. Each hazard insurance policy must be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class VI or better. Hazard insurance policies are also acceptable from an insurance carrier which has a financial rating by Best's Insurance Report of Class V, provided it has a general policy holder's rating of at least A. Each carrier must be specifically licensed or authorized by law to transact business within the state or territory where the Mortgaged Premises are located. Policies are unacceptable where: (1) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against an owner of any lot or any first mortgagee or its designee or FHLMC or FHLMC 1 s designee; or (2) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent a lot owner or a first mortgagee or its successors and assignees from collecting insurance proceeds.

Section 7. Mortgagee Clause; Endorsement. All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Mortgaged Premises are located. The mortgagee clause must provide that the insurance carrier shall notify the first mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy. All policies shall be reviewed at least annually by the Board of Trustees and the limits increased at its direction. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability and bonds and other insurance meeting the requirements for planned unit developments established by the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), and the Federal Home Loan Mortgage Corporation (FHLMC), so long as there are any mortgages on any of the properties.

ARTICLE XIII

Mortgage Protection Clause

Notwithstanding any and all provisions of this Declaration, the Articles, or the Bylaws to the contrary (and to the extent the provisions of this Article XIII, conflict with other Provisions of this Declaration, the Articles or the Bylaws), this Article XIII shall control, subject to provisions of U.C.A. 57-8a-210 and 57-8a-220 which define the notification/approval process of first Mortgagees intended to protect the value held by the lien holder as follows: Mortgagees will be notified of any association action or material change in the governing documents that may impact property values and will be given 60 days to respond; if no response is received within 60 days, the security holder's consent is presumed and will be considered a positive approval to the wishes of the lot owners.

(a) Each first Mortgagee of a mortgage encumbering any Lot, at his written request, is entitled to written notification from the Association of any default by the Mortgagor of such Lot in the performance of such Mortgagor's obligations under this Declaration, the Articles of Incorporation of the Association or the Bylaws of the Association, which default is not cured within sixty (60) days.

(b) Each Owner, including every first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure, shall be exempt from any "right of first refusal." In addition, any "right of first refusal" contained in the constituent documents, whether presently contained therein or hereafter added by amendment, shall not impair the rights of a first mortgagee to:

- (1) Foreclose or take title to a Lot pursuant to the remedies provided in the mortgage, or
- (2) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, or
- (3) interfere with a subsequent sale or lease of a Lot so acquired by the mortgagee.

(c) Each first Mortgagee of a mortgage encumbering any lot, together with such mortgagee's successors and assigns, (including a purchaser of a lot from or through a mortgagee), which obtains title

to such lot pursuant to the remedies provided in such Mortgage, or by foreclosure of such Mortgage, or by deed in lieu of foreclosure shall take title to such Lot free and clear and shall not be liable for any claims of unpaid assessments or charges against such Lot which accrued prior to the acquisition of title to such Lot by the Mortgagee.

(d) Unless one hundred percent (100%) of first Mortgagees (based upon one vote for each mortgage owned) have been notified and granted their approval as described above [as required in the process prescribed by U.C.A. 57-8a-210 and 220] and Members holding seventy-five percent (75%) of the voting rights in the Association have given their prior written approval, neither the Association nor the Owners shall:

(1) by act or omission seek to abandon, partition, alienate, subdivide, release, hypothecate, encumber, sell or transfer, directly or indirectly, the Common Area or any of the improvements thereon which are owned by the Association: (The granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association shall not be deemed a transfer within the meaning of this clause.)

(2) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner;

(3) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof pertaining to the architectural design or the exterior appearance of dwelling units and lots, the exterior maintenance of dwelling units, the maintenance of the common property party walks or common fences and driveways, the upkeep of lawns and plantings in the Highland Acres PUD, or other maintenance of the Common Area.

(4) fail to maintain fire and extended coverage on insurable common area property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on replacement cost).

(5) Use hazard insurance proceeds for losses to any common area for other than the or reconstruction of such common area property.

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

(f) All first Mortgagees who have requested the same shall be given (1) thirty (30) days' written notice prior to the effective date of any proposed, material amendment to this Declaration or the Articles of Incorporation or Bylaws of the Association, and (2) immediate notice following any damage to the Common Area whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000.00).

(g) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may have become a charge against any Common Area property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property. The First Mortgagees making such payments shall be reimbursed immediately by the Association. The Association shall, upon request of any first mortgagee, issue an agreement to make reimbursement in full to all first mortgagees.

(h) First Mortgagees, pursuant to their mortgages shall have priority over Owners in case of a distribution of insurance proceeds or condemnation awards for losses to or taking of Common Area property.

In addition to the foregoing, the Board of Trustees may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNHA or GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots and improvements thereon. Each Owner hereby agrees that it will benefit the Association, as potential Mortgage borrowers and potential sellers of their residences if such agencies approve the Highland Acres Planned Unit Development as a qualifying Subdivision under their respective policies, rules and regulations, as adopted from time to time.

(i) Neither this Declaration nor the Articles of Incorporation nor Bylaws of the Association will be amended in such a manner that the rights of any Mortgagee will be adversely affected without notification of first Mortgagees as required in the process described above as prescribed by U.C.A. 57-8a-210 and 220.

(j) Neither Article XII, this Article (Article XIII), nor the subordination of assessments in favor of mortgages provisions earlier in the Declaration can be amended without the consent/notification of all first mortgagees as prescribed by U.C.A. 57-8a-210 and 220.

(k) Homeowners association dues or charges shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the common property that must be replaced on a periodic basis and are payable in regular installments rather than by special assessments.

(l) Any agreement for professional management of the common area or common area Funds may not exceed 3 years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

ARTICLE XIV

Annexation of Additional Property

Section 1. Additions. Additional real property may be annexed to the Highland Acres Planned Unit Development by Declarant and brought within the general plan and scheme of this Declaration upon the approval by vote or written consent no less than seventy-five percent (75%) of the voting power of the Members of the Association.

Section 2. Title to Common Area. Prior to or simultaneous with the conveyance of any lot within any annexed additional property, there shall be an approved supplemental declaration and supplemental plat filed with the notice of annexation of territory; and the definitions of this declaration shall be amended to include appropriate references to the additional common areas and additional lots, if any. Title to the Common Area, within said annexed property shall be conveyed to the Association, free and

clear of any and all encumbrances and liens, subject to reservations, easements, conditions and restrictions then of record, including those set forth in this Declaration simultaneously with the annexation of additional territory.

Section 3. Notice of Addition of Territory. The additions authorized under Section 1 of this Article XIV shall be made by filing of record a Notice of Addition of Territory, or other similar instrument (which Notice or Instrument may contain the Supplemental Declaration, if any, affecting each subdivision), with respect to the additional property which shall be executed by the Owner thereof and shall extend the general plan and filing or record of said Notice of Addition shall constitute and effectuate the annexation of the annexed property described therein, and thereupon said annexed property shall become and constitute a part of the Highland Acres Planned Unit Development, become subject to this Declaration and encompassed within the general plan and scheme of covenants, conditions, restrictions, reservation of easements and equitable servitude contained herein, and become subject to the functions, powers and jurisdiction of the Association; and the Owners of Lots in said annexed property shall automatically become members of the Association. Such Notice of Addition may contain such additions and modifications of the covenants, conditions, restrictions, reservation of easements and equitable servitudes contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property, or as Declarant may deem appropriate in the development of the annexed property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Notice of Addition revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitude established by this Declaration as the same shall pertain to the real property originally covered by this Declaration. No addition of territory shall substantially increase assessments or substantially increase the burden upon the Common Area facilities. Only property contiguous to the Highland Acres PUD and within the city limits of Highland City, Inc., may be annexed within the provisions of this Declaration.

ARTICLE XV

General Provisions

Section 1. Enforcement. This Declaration, the Articles of Incorporation and Bylaws may be enforced by the Association as follows:

(a) Breach of any of the covenants contained in the Declaration or the Bylaws and the continuation of any such breach may be enjoined, by an Owner or by the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney 's fees in an amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.

(b) The result of every act or omission whereby any of the covenants contained in this Declaration or the Bylaws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.

(c) The remedies herein provided for breach of the covenants contained in this Declaration or in the Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association to enforce any of the covenants contained in this Declaration or in the Bylaws shall not constitute a waiver of the right to enforce the same hereafter.

(e) A breach of the covenants, conditions or restrictions contained in this Declaration or in the Bylaws shall not affect or impair the lien or charge of any bona fide first Mortgage or Deed of Trust made in good faith and for value on any residential Lot or the improvements thereon, provided, however, that any subsequent Owner of such property shall be bound by said covenants, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise, but shall not be liable for prior breach.

Section 2. Severability. Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind all Lots and the Highland Acres Planned Unit Development and shall inure to the benefit of and be enforceable by the Association or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, perpetually so long as there are purchase money first mortgages against any Lot. Thereafter, the Owners of a majority of the Lots may sign and have recorded an instrument in writing agreeing to change such covenants and restrictions in whole or in part.

Section 4. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of community recreational facilities in the Common Area. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.

Section 5. Amendments. This Declaration may be amended only by the affirmative vote or written consent of the Owners holding not less than sixty-seven percent (67%) of the voting power of the members.

Provided further, however, this Declaration shall not be amended in such a manner that the rights of any first Mortgagee will be adversely affected, without approval/notification given to first Mortgagees in the process as prescribed by U.C.A. 57-8a-210.

Section 6. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Highland Acres Planned Unit Development to the public, or for any public use.

Section 7. Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in any Lot in the Highland Acres Planned Unit Development does and shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the properties, or any portion hereof.

Section 8. Reservation of Easements. Declarant expressly reserves for the benefit of all the Owners, easements of access, ingress and egress over all Lots, and over the Common Area, for the use and enjoyment of the Lots in accordance with this Declaration, including, the installation and repair of utility services, for drainage over, across and upon adjacent Lots for water from normal use of adjoining Lots, and for maintenance and repair of Common Area structures and improvements. Such easements may be used by the Association [and its members] for such purposes reasonably necessary for the use and enjoyment of the Lots and the Common Area.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing or electronically transmitted and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 10. No Representations Or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Highlands Planned Unit Development or any portion thereof, or any improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a

planned unit development, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with the Utah Land Sales Practices Act, the Veterans' Administration, the Federal Housing Administration or the City of Highland.

IN WITNESS WHEREOF, the undersigned, constituting the Board of Trustees of the Association, have executed these Articles of Incorporation on this 30th day of May, 2015:

Karen Brunsdale

Tammy Card

Stephen Purdy

Wayne Rigby

Bradford E. Price

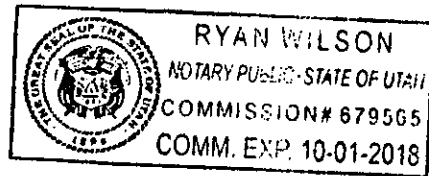
STATE OF UTAH)
) ss.
 COUNTY OF UTAH)

On this 8th day of JULY, 2015, personally appeared before me
BRAD PRICE, WAYNE RIGBY, STEPHEN PURDY,
KAREN BRUNSDALE, TAMMY CARD, the signers of the foregoing instrument,
 who acknowledge to me that they executed the same.

My Commission Expires: 10-01-2018

R Wilson

 Notary Public
 Residing at: PROVO, UTAH



INDEX FOR BYLAWS
OF
THE HIGHLAND ACRES OWNERS ASSOCIATION
Revised May 30, 2015

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ATTACHMENT "C"
BYLAWS
OF
THE HIGHLAND ACRES OWNERS ASSOCIATION
ARTICLE I
General Plan of Ownership

Section 1. Name. The name of the Corporation is THE HIGHLAND ACRES OWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located in Highland, Utah County, Utah, at the address of the current President of the Board of Trustees.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the planned unit development known as Highland Acres; located in Highland, Utah County, Utah.

Section 3. Personal Application. All present and future Owners and their tenants, future tenants, employees, and any other person that might use the facilities of the properties in any manner, are subject to the regulations set forth in these Bylaws and in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements (the "Declaration" herein) recorded or to be recorded in the office of the Utah County Recorder and applicable to Highland Acres. The mere acquisition or rental of any Lot in Highland Acres or the mere act of occupancy of any Lot in the properties will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE II

Voting Rights, Majority of Quorum, Quorum, Proxies

Section 1. Voting Rights. The Association shall have one (1) class of voting Membership, as follows:

Members shall be the Lot Owners. Members shall be entitled to one (1) vote for each Lot which is subject to assessment, as further provided in the Declaration.

Section 2. Majority of Quorum. Unless otherwise expressly provided in these Bylaws or the Declaration any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

Section 3. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of at least fifty-one percent (51%) of the total Membership of the Association shall constitute a quorum of the Membership. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing or electronically transmitted and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed, and upon conveyance by the Member of his Lot.

ARTICE III

Administration

Section 1. Association Responsibilities. The Association shall have the responsibility of administering the properties, approving the annual budget, establishing and collecting all assessments and arranging for the management of the properties pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the Manager.

Section 2. Place of Meetings of Members. Meetings of the Members shall be held on the properties or such other suitable place as close thereto as practicable, in Highland, Utah County, Utah, convenient to the owners as may be designated by the Board of Trustees.

Section 3. Annual Meetings of Members. Annual meetings of the Association shall be held in a timely manner by designation of the Board of Trustees. At each annual meeting there shall be elected by ballot of the Members a Board of Trustees, in accordance with the requirements of Section 5 of Article IV of these Bylaws. Trustees shall be elected for a term of one (1) year, unless the Members determine to elect Trustees for staggered terms whereupon three Trustees may be elected for a term of one (1) year, one Trustee for a term of two (2) years, and one Trustee for a term of three (3) years, and at each annual meeting thereafter, the Members shall elect one Trustee for a term of three (e) years and the additional two (2) Trustees shall be elected for a term of one (1) year each. Unless a trustee resigns before the expiration of his term of office, each trustee shall hold his office until his successor has been elected. The term of

office of any trustee elected to fill a vacancy created by the resignation of his predecessor shall be the balance of the unserved term of his predecessor. The Members may also transact such other business of the Association as may properly come before them. Each first mortgagee of a Lot in Highland Acres may designate a representative to attend all annual meetings of the Members.

Section 4. Special Meetings of Members. Special meetings of the Members may be called at any time by a majority of a quorum of the Board of Trustees or upon a petition signed by Members holding at least fifteen percent (15%) of the voting power of each class of the Members having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of those Members holding at least four-fifths (4/5th) of the voting power of the Association, either in person or by proxy. Each first Mortgagee of a Lot may designate a representative to attend all meetings of the Members.

Section 5. Notice of Meetings of Members. It shall be the duty of the Secretary to mail or electronically transmit a notice of each annual or special meeting of Members, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Owner of record and to each first Mortgagee of a Lot which has filed a written request for notice with the Secretary, at least ten (10) but not more than sixty (60) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing or electronic transmittal of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, after said notice has been deposited in a regular depository of the United States mail. If no address has been furnished the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Association property or on the Highland Acres Homeowner's Association website.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five (25%) percent of the

voting power of the Association. Such adjourned meetings may be held without notice thereof as provided in this Article III, except that notice shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election; (g) election of directors; (h) unfinished business; and (i) new business. Meetings of Members shall be conducted by the officers of the Association, in order of their priority.

Section 8. Action Without Meeting. Any action, which under the provisions of the Utah Nonprofit and Co-operative Association Act may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

Section 9. Consent of Absentees. The transactions of any meeting of Members, annual or special, however called and noticed shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

Board of Trustees

Section 1. Number and Qualification. The property, business and affairs of the Association shall be governed and managed by a Board of Trustees composed of five (5)

persons, each of whom must be an Owner of a Lot in the Highland Acres PUD. The Board of Trustees may increase, by resolution: the authorized number of Members of the Board; provided that the Owners shall have the sole right to elect the new Board members. Trustees shall not receive any stated salary for their services as trustees provided, however, that (1) nothing herein contained shall be construed to preclude any trustee from serving the Association in some other capacity and receiving compensation therefore, and (2) any trustees may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 2. Powers and Duties. The Board of Trustees has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done exclusively by the Owners. The Board of Trustees shall not enter into any service contract for a term in excess of one (1) year, without the approval of a majority of Owners.

Section 3. Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board of Trustees is vested with, and responsible for, the following powers and duties:

(a) To select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefore consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Association from one location to another within the County of Utah, as provided in Article I hereof; to designate any place within said county for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article III, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of the Declaration.

(d) Subject to Article XIII of the Declaration to borrow money and to incur indebtedness for the purposes of the Association, and cause to be executed and delivered therefore, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefore.

(e) To fix and levy various Assessments as provided in the Declaration. The Board of Trustees is hereby authorized to incur any and all such expenditures for any of the various association purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the association or welfare of its Members. The funds collected by the Board of Trustees from the members, attributable for replacement reserves, for maintenance, recurring less frequently than annually, and for capital improvements, shall at all times be held in trust for Owners and shall not be commingled with other assessments before delinquency, the Board of Trustees in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration.

(f) To enforce the provisions of the Declaration covering Highland Acres, these Bylaws or other agreements of the Association.

(g) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and to employ personnel necessary for the operation of Highland Acres, including legal and accounting services, and to contract for and pay for improvements and any recreational facilities on the Common Area and reconstruction of Common Area in the event of damages.

(h) To delegate its powers according to law and subject to the approval of the Members, to adopt these Bylaws.

(i) To grant easements where necessary for utilities and sewer facilities over the Highland Acres Common Area to serve the Lots.

(j) To fix, determine and name from time to time, if necessary or advisable, the public agency, fund, foundation or corporation which is then or there organized or operated for charitable purposes, to which the assets of this Association shall be distributed upon liquidation or dissolution, according to this Article of Incorporation of the Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association, and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

(k) To adopt such Rules and Regulations as the Board may deem necessary for the management of Highland Acres, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose or by the written consent of such number of directors attached to a copy of the Rules and Regulations of the Association, and (2) they are posted in a conspicuous place in the Common Area.

Section 4. Management Agent. The Board of Trustees may appoint for the Association a professional management agent at a compensation established by the Board, but restricted to those appropriate under general law and the Utah Non-Profit and Co-operative Association Act.

Section 5. Election and Term of Office. At each annual meeting of the Members, new Trustees shall be elected by secret written ballot by a majority of Owners as provided in these Bylaws. In the event that an annual meeting is not held or the Board is not elected thereat, the Board may be elected at a special meeting of the Members held for the purpose. Each director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Any person serving as a director may be re-elected, and there shall be no limitation on the number of terms during which he may serve. Each Member may accumulate his votes for election and removal of Trustees as provided in this Article IV. At any election of the Board, each Member may give one or more candidate for Trustee a number of votes equal to the number of directors to be elected.

Section 6. Books, Audit. The Board of Trustees shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain an independent certified audit or financial review of such books and records. A copy of each such audit or financial review shall be delivered to a Member within thirty (30) days after the completion of such audit upon written request from a Member. A balance sheet and an audited operating (income) statement for the Association shall be distributed to each Member (and to any institutional holder of a first Mortgage on a Lot in the Highland Acres upon request) within sixty (60) days of accounting dates.

Section 7. Vacancies. Vacancies in the Board of Trustees caused by any reason other than

the removal of a Trustee by a vote of the Members of the Association shall be filled by vote of the majority of the remaining Trustees, even though they may constitute less than a quorum; and each person so elected shall be a Trustee until a successor is elected at the next annual meeting of the Members of the Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any trustee, or in case the Members fail to elect the full number of authorized Trustees at any meeting at which such election is to take place.

Section 8. Removal of Trustees. At any regular or special meeting of the Members duly called, any one or more of the trustees may be removed with or without cause by a majority vote of the Members of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any trustee whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If more than one trustee is to be removed at any one time, each Member may accumulate his votes and vote for or against such removal of one or more of the trustees in the number of votes equal to his share of the voting power as set forth in the Declaration, multiplied by the number of trustees sought to be removed. Where the entire Board of Trustees is not removed at one time, no trustee shall be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of Members entitled to vote is divided by one (1) plus the authorized number of trustees. If any or all of the trustees are so removed, new trustees may be elected at the same meeting. Notwithstanding the foregoing, a trustee who has been elected to office solely by the votes of Members pursuant to Section 5 of this Article IV may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members.

Section 9. Organization Meeting. The first regular ("organization") meeting of a newly elected Board of Trustees shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the trustees at the meeting at which such trustees were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected trustees in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 10. Other Regular Meetings. Other regular meetings of the Board of Trustees shall be open to the Members and may be held at such time and place within Highland Acres as

shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the trustees; provided, however, that such meeting shall be held no less frequently than quarterly. Notice of regular meetings of the Board of Trustees shall be given to each trustee, personally or by mail, telephone or email, at least seventy-two (72) hours prior to the date named for such meeting, and shall be posted on the Association website or at a prominent place or places within the Common Area.

Section 11. Special Meetings. Special meetings of the Board of Trustees shall be open to all Members and may be called by the President (or, if he is absent or refuses to act, by the Vice President) or by any two (2) trustees. At least seventy-two (72) hours notice shall be given to each trustee, personally or by mail, telephone or email, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted on the Association website or at a prominent place or places within the Common Area. If served by mail, each such notice shall be sent postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Whenever any trustee has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such trustee, as required by law and as provided herein.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Trustees, any trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a trustee at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting. The transactions of any meeting of the Board, however called and notices or wherever held, shall be as valid as though had a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the trustees not present signs such a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 13. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Trustees, a majority of the trustees shall constitute a quorum for the transaction of business, and the acts of the majority of the trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees. If at any meeting of the Board of Trustees, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. The trustees shall have the right to take any action in the absence of a meeting which they could take at a meeting by attaining the vote or written consent of all the trustees. Any action so approved shall have the same effects though taken at a meeting of the trustees.

Section 15. Fidelity Bonds. The Board of Trustees may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 16. Committees. The Board of Trustees by resolution, may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Trustees. The Board of Trustees may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be trustees. The office of Secretary and Treasurer may be held by the same person, but the office of President and Secretary may not be held by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Trustees, and each officer shall hold his office at the pleasure of the Board of

Trustees, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Trustees, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Trustees, or at any special meeting of the Board of Trustees called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 4. Compensation. Officers, agents, and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee.

Section 5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and to the Board of Trustees. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation including but not limited to the power, subject to the provisions of Article IV, Section 16, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Trustees, have general supervision, direction and control of the business of the Association. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Trustees or these Bylaws of the Association.

Section 6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled, refuses or unable to act. If neither the President nor the Vice President is able to act, the Board of Trustees shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Trustees or these Bylaws of the Association.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Trustees and the minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board of Trustees may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Trustees may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board of Trustees required by these Bylaws or by law to be given and distribute to all Members annually a summary of new amendments to Utah State Code Title 57, Real Estate, Chapter 8a (the Community Association Act) that supersede the governing documents of the Association. The Secretary shall maintain a book of record Owners, listing the names and addresses of the Owners as furnished the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Trustees.

Section 8. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Trustees. The Treasurer shall co-sign all checks and promissory notes on behalf of the Association. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Trustees, in accordance with the Declaration, shall render to the President and trustees, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees or by these Bylaws.

ARTICLE VI

Obligations of Owners

Section 1. Enforcement of Assessments. All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair.

(a) Every Owner must perform promptly, at his sole cost and expense, all maintenance and repair work on his Lot, as required in the Declaration, all plans for alterations and repair of Improvements on the Lots must receive the prior written consent of the Architectural Committee in accordance with the Declaration.

(b) As further provided in the Declaration, each Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the common area owned by the Association, which are damaged through the fault of such Owner. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Declaration.

ARTICLE VII

Amendments to Bylaws

Subject to the Declaration these Bylaws, the Articles of Incorporation and the Declaration may be amended by the Association in a duly constituted meeting of the Members for such purpose. No amendment to these Bylaws shall take effect unless approved by at least a majority of a quorum of members present, in person or by proxy, at a duly constituted regular or special meeting of the Members. The prior written approval of each institutional holder of a first deed of trust lien of record made in good faith and for value on a Lot in the Highland Acres must be secured before any material amendment to these Bylaws may take effect, and this sentence may not be amended without such prior written approval. Mortgage holders will be notified of any material change in the governing documents impacting property values and will be given 60 days to respond in accordance with the provisions of U.C.A. 57-8a-210 and 220, and no response will be considered approval of the wishes of the lot owners. The term "Institutional holder" as used herein shall mean a Mortgagee which is a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency. Neither the Declaration, Articles nor Bylaws will be amended in such a manner that the rights of any first mortgagee will be adversely affected.

ARTICLE VIII

Mortgages

Section 1. Notice to Association. An Owner who mortgages his Lot shall notify the Association through the Manager or the Secretary of the Board of Trustees in the event there is no Manager, the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Lots." Any such Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 2. Notice of Unpaid Assessments. The Board of Trustees of the Association shall at the request of a Mortgagee of a Lot report any unpaid assessments due from the Owner of such Lot, in accordance with the provisions of the Declaration.

ARTICLE IX

Meaning of Terms

All terms appearing herein initially capitalized shall have the same meanings as are applied to such terms in the Declaration herein incorporated by reference which terms include without limitation: "Declarant," "Highland Acres," "Common Area," "Manager," "Owner," "Board," "Architectural Committee," "Subdivision," "Improvement," "Lot," "Articles," "Member," "Mortgage," "Mortgagee," "Common Assessments," "Special Assessments," "Capital Improvement Assessments" and "Reconstruction Assessments."

ARTICLE X

Conflicting Provisions

In case any of these Bylaws conflict with any provisions of the laws of the State of Utah, such conflicting Bylaws shall be null and void upon final court determination to such effect but all other Bylaws shall remain in full force and effect. In case of any conflict between the Articles 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 XI

Indemnification of Directors and Officers

Except to the extent that such liability or damage or injury is covered by insurance proceeds, the Board of Trustees may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former trustee, officer,

committee member, or employee of the Association in an action brought by a third party against such person, whether or not the Association is joined as a party defendant, to impose a liability or penalty on such person for an act alleged to have been committed by such person while a trustee, officer, committee member, or employee; provided, the Board of Trustees determines in good faith that such trustee, officer, or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Association or its Members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a trustee, officer, committee member, or employee, and the term "person" where used in the foregoing Section shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

ARTICLE XII

Miscellaneous

Section 1. Execution of Documents. The Board of Trustees, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Trustees, no officer, agent, committee member, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 2. Inspection of Bylaws. The Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Owners and all first Mortgagees at all reasonable times during office hours.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Trustees and having been so determined, is subject to change from time to time as the Board of Trustees shall determine.

Section 4. Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member.

Termination of transfer of ownership of any lot and certificate of membership by an Owner shall be recorded in the book, together with the date on which such ownership was transferred, in accordance with the provisions of the Declaration.

ARTICLE XIII

Notice and Hearing Procedure

No first mortgagors or persons or legal entities holding a security interest in the property shall be bound by the provisions of this Article XIII.

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Trustees adopted hereunder, and after written notice of such alleged failure is given to the Owner or to anyone in his family alleged to be in default in the manner herein provided, the Board of Trustees shall have the right, after the alleged violator has been given an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all members of the Board to suspend or condition said Owner's and his family's right to the use of the Common Area facilities except for ingress and egress purposes. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the Rules and Regulations of the Trustees, these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws or by law shall be cumulative and none shall be exclusive. However, an individual Member must exhaust all available internal remedies of the Association prescribed by these Bylaws, or by the Rules and Regulations adopted by the Association, before the Owner may resort to a court of law for relief with respect to any alleged violation by another Member for any provision of the Declaration, these Bylaws or the Rules and Regulations. The foregoing limitation pertaining to exhausting administrative remedies shall not necessarily apply to the Board or to any Member where the complaint alleges nonpayment of Common Assessments, Capital Improvement Assessments or Reconstruction Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of an

Owner or any of his family ("respondent") under the Declaration or these Bylaws should be suspended or conditioned, shall be initiated by the filing of a written Complaint by any Owner or by any officer or member of the Board of Trustees with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. The Complaint shall specify the specific provisions of the Declaration, these Bylaws or the Rules and Regulations of Highland Acres which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

Section 3. Service of Complaint. Upon the filing of the Complaint, the President shall serve a copy thereof on the respondent by any of the following means: Service shall be (1) given personally, (2) sent by registered or certified mail, return receipt requested, and addressed to respondent, at the address appearing on the books of the Association; or (3) posted on the Lot and in a conspicuous place on the Common Area and in the office of the Association. Service by mailing or posting shall be deemed delivered and effective two (2) days after such posting and mailing in a regular depository of the United States mail. The Complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the respondent, or on behalf of respondent will constitute a notice of defense hereunder. The copy of the Complaint shall be accompanied by: (1) a Statement that the respondent may request a hearing before a Tribunal, in a form substantially as provided in Article XIII, Section 4, and (2) a copy of Article XIII of these Bylaws. No order adversely affecting the rights of the respondent shall be made in any case, unless the respondent shall have been served as provided herein.

Section 4. Statement to Respondent. The Statement accompanying the Complaint to the respondent shall be substantially in the following form:

Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Trustees within fifteen (15) days after the Complaint was served upon you, the Board of Trustees may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled Notice of Defense to the Board of Trustees at the following address: _____ Highland Acres,

PUD _____ You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Trustees, you may contact The Chairman of the Board.

Section 5. Notice of Defense. The Notice of Defense shall state the respondent may:

- (1) Request a hearing before a Tribunal as hereinafter provided;
- (2) Object to a Complaint upon the ground that it does not state acts or omissions upon which the Board of Trustees may proceed;
- (3) Object to the form of the Complaint on the ground that it is so indefinite or uncertain that the respondent cannot identify the violating behavior or prepare his defense; or
- (4) Admit to the Complaint in whole or in part. The respondent shall be entitled to a hearing on the merits of the matter if the notice of Defense is timely filed with the Board of Trustees. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense. Any objections to the form or substance of the Complaint shall be considered by the Tribunal within ten (10) days of receipt. The Tribunal shall make its determination and notify all parties within said ten (10) day period. If the Complaint is insufficient, the complaining party shall have seven (7) days within which to amend the Complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any Amended or Supplemental Complaint. If it is determined by the Tribunal that the Complaint is still insufficient, then the matter shall be dismissed by the Tribunal.

Section 6. Amended or Supplemental Complaint before Submission to Tribunal. At any time before the matter is submitted to the Tribunal for its findings of fact and recommendations, the Board may file or permit the filing of an Amended or Supplemental Complaint. All parties shall be notified thereof in the manner herein provided. If the Amended or Supplemental Complaint presents new charges, the Board of Trustees shall afford the respondent a reasonable opportunity to prepare his defense thereto. All new charges shall be deemed controverted, and any objections to the Amended or Supplemental complaint may be made orally and shall be noted in the record of proceedings.

Section 7. Discovery. After initiation of a proceeding in which the respondent and the individual filing the Complaint or Supplemental Complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Trustees of the Complaint or within ten (10) days after service of any Amended or Supplemental Complaint, is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party and (2) inspect and make a copy of any statements, writings and investigative reports, relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request for discovery has not been complied with shall submit a petition to compel discovery with the Tribunal appointed by the President. The Tribunal shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

Section 8. Tribunal. The President shall appoint a Tribunal of three Owners upon receipt of a written Complaint as provided in Section 2 of this Article. No member of the Tribunal shall be a director of the Association, nor shall any member of the Tribunal be involved in any prior investigation of the matter on behalf of the Board nor related by blood or marriage to either the complaining party or the respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the respondent or any Owners who are witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final except that the respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence of the hearing. In the event of such a challenge, the Board of Trustees shall meet to determine the sufficiency of the challenge, without the President voting. If such challenge is sustained, the President shall appoint another Owner to replace the challenged member of the Tribunal. All decisions of the Board of Trustees in this regard shall be final. The Tribunal shall elect a Chairman, appoint a hearing officer who shall be legally trained, and appoint a Recorder to present evidence and to ensure that a proper record of all proceedings is maintained by the qualified reporter. The Chairman shall preside at the meeting, but the hearing officer shall rule on the admission and exclusion of evidence and advise the agency on matters of law. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

Section 9. Notice of Hearing. The Tribunal shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the service of the Complaint as provided in Section 3 of this Article XIII. The notice to the respondent shall be substantially in the following form but may include other information:

You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the Association at _____ on the ____ day of, -20____, at the hour of _____, Upon the charges made in the Complaint served upon you. You may be present at the hearing, but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Trustees of the Association.

Section 10. Depositions and Written Interrogatories. On verified petition of any party, the Board of Trustees, upon recommendation by the Tribunal, may order that the testimony of any material witness residing within the Trustees be taken by deposition and written interrogatories in civil actions. The petition shall set forth the nature of the pending proceeding, the name and address of the witness whose testimony is desired, a showing the materiality of his testimony, a showing that the witness will be unable to attend, and shall request an order requiring the witness to appear and testify before the Secretary of the Association.

Section 11. Affidavits.

- (a) At any time ten (10) or more days prior to a hearing or a continued hearing, any party may mail or deliver to the opposing party a copy of any affidavit which he proposes to introduce in evidence, together with a notice as provided in Subsection (b). Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine an affiant, his right to cross-examine such affiant is waived and the affidavit if introduced in evidence shall be given the same effect as if the affiant had testified orally. If an opportunity to cross-examine an affiant is not afforded after request therefore is made as herein provided, the affidavit may

be introduced in evidence, but shall be given only the same effect as other hearsay evidence.

(b) The notice referred to in Subsection (a) shall be substantially the form as follows:

The accompanying affidavit of _____
will be introduced as evidence at the hearing in the matter of _____
_____ before a Tribunal of the Association. _____

will not be called to testify orally and you will not be entitled to question him

unless you notify _____ that you wish to

cross-examine him. To be effective, your request must be mailed or delivered

to _____ on or before _____, 20_____.

Section 12. Hearing.

(a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence will be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights; to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If respondent does not testify in his own behalf he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a

finding, unless it would be admissible over objection in civil matters. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Owner nor the allegedly defaulting Owner must be in attendance at the hearing. The hearing shall be open to attendance by all Owners. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, these Bylaws, the Rules and Regulations of Highland Acres, or the workings of the Association. Parties present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings. The Tribunal may grant continuances on a showing of good cause.

Section 13. Decision. The hearing officer who was in attendance at the hearing, if any, shall assist and advise the Tribunal in making its decision. If the respondent fails to file a Notice of Defense as provided in Section 5 of this Article XIII, or fails to appear at a hearing, the Tribunal may take action based on the evidence presented to it without notice to the respondent. However, the respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Trustees. The Tribunal shall make its determination, only in accordance with the evidence presented to it and in accordance with these Bylaws. After all testimony and documentary evidence has been presented to the Tribunal Committee, the Tribunal Committee shall vote by secret written ballot upon the matter, with a majority of the entire Tribunal Committee controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the Board of Trustees at a conspicuous place on the Common Area, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action under the Declaration, these Bylaws or the Rules and Regulations of Highland Acres shall be imposed only by the Board of Trustees, and in accordance with the findings and recommendations of the Tribunal. The Board of Trustees may adopt the balance of the recommendations. In no event shall the Board impose more stringent disciplinary action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective ten (10) days after it is served upon the respondent, unless otherwise ordered in writing by the Board of

Trustees. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties, on its own motion on petition by any party.

ARTICLE XIV

Membership in Association

Section 1. Membership. Every owner of a Lot shall have no more than one membership in the Association. Memberships in the Association shall not be assignable, except to the successor-in-interest of the Owner (including a Mortgagee), and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association.

Each Member shall be issued a certificate of membership in the Association. The certificate of membership in the Association shall include the following:

CERTIFICATE NUMBER

THE NAME OF THE ASSOCIATION

THE NAME OF THE MEMBER

RESTRICTIONS ON TRANSFER

DATE OF INSURANCE

THE LOT(S) TO WHICH THE MEMBERSHIP IS APPURTENANT

There shall be as many Members as there are owners of Lots in the Highland Acres PUD.

Section 2. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or mortgagee of such Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association.

ATTACHMENT "B"
ARTICLES OF INCORPORATION
OF
HIGHLAND ACRES OWNERS ASSOCIATION

Revised May 30, 2015

KNOW ALL MEN BY THESE PRESENTS:

That we the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of Utah, and to that end do hereby adopt Articles of Incorporation as follows:

ONE. NAME: The name of this corporation ("Association" herein) is HIGHLAND ACRES OWNERS ASSOCIATION.

TWO. DURATION: The period of duration of the corporation is perpetual.

THREE. PURPOSES: The purposes for which the Association is formed are:

(a) The specific and primary purposes are to bring about civic betterments and social improvements by providing for the preservation of the architecture and appearance of a phased, planned residential development known as HIGHLAND ACRES PLANNED UNIT DEVELOPMENT (hereinafter called Highland Acres PUD), and by owning, operating and maintaining Common Area properties and facilities for the use of all residents in the entire Highland Acres PUD, located in the city of Highland, Utah County, Utah.

(b) The general purposes and powers are:

1. To promote the common good, health, safety and general welfare of all of the residents within the Highland Acres PUD.
2. To exercise all of the powers and privileges and to perform all of the duties and obligations of Covenants, Conditions, Restrictions and Reservation of Easements (the "Declaration"), applicable to the Highland Acres PUD, hereby incorporated herein by reference as amended from time to time, and recorded or to be recorded in the office of the Recorder, Utah County, Utah.
3. To enforce applicable provisions of the Highland Acres Declaration, Bylaws and Rules and Regulations, and any other instruments for the management

and control of the properties; to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to contract for and pay all expenses in connection with the maintenance, gardening, utilities, materials, supplies and services relating to the Common Area (as defined in the Declaration) and facilities; to employ personnel reasonably necessary for the administration and control of the Common Area and for architectural control of the Highland Acres PUD, including lawyers and accountants where appropriate; and to pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes and special assessments which are or would become a lien on any portion of the Common Area property.

4. To have and to exercise any and all power, rights and privileges, including delegation of powers as permitted by law, which a corporation organized under the Utah Non-Profit Corporation and Cooperative Association Act by law may now or hereafter have or exercise; and

5. To act in the capacity of principal, agent, joint venturer, or partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall not be limited or restricted by reference to or inference from the terms of provision of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

FOUR. NON-PROFIT. The Association is organized pursuant to the Utah Non-Profit Corporation and Co-operative Association Act as a non-profit corporation.

FIVE. PRINCIPAL OFFICE. The county in this state where the principal office for the transaction of the business of the Association is located in the County of Utah, at the residence of the current President of Highland Acres Homeowner's Association.

SIX. MEMBERSHIP IN ASSOCIATION:

Section 1. Owners are Members. Every Owner of a Lot shall be a Member of the Association, and no Owner shall have more than one membership in the Association.

Memberships in the Association shall not be assignable, except to the successor-in-interest of the

Owner (including a mortgagee), and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association. Each Member shall be issued a certificate of membership in the Association. The certificate shall include the following:

- CERTIFICATE NUMBER
- THE NAME OF THE ASSOCIATION
- THE NAME OF THE MEMBER
- RESTRICTIONS OF TRANSFER
- DATE OF ISSUANCE
- THE LOT (S) TO WHICH THE MEMBERSHIP IS APPURTENANT

There shall be as many Members as there are Owners of lots in the Highland Acres PUD.

Section 2. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or mortgagee of such Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. The following shall apply to lot sales by members to purchasers under an agreement to purchase on a contract of sale.

1) Contract purchaser of a lot from a member shall have the right to use the Common Area in the owners place.

2) A contract purchaser from a member shall receive a proxy right to vote in the association in place of the member. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable (subject to reimbursement by the buyer) for all charges and assessments attributable to his Lot until fee title to the Lot sold is transferred. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot upon transfer of fee title thereto, the Board of Trustees shall have the right to record the transfer upon the books of the Association. The Board of Trustees shall have the right to charge a reasonable Special Assessment against any Owner, and his Lot, equal to the cost of the Association of effectuating any such transfer of his membership upon the books of the Association.

SEVEN. VOTING RIGHTS:

Section 1. Voting Membership. The Association shall have one (1) class of voting membership, as follows: A Member shall be entitled to one (1) vote-for each Lot owned. Declarant shall become a Member with-regard to Lots owned by Declarant upon sale of the first Lot to any person or entity. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised in accordance with the Declaration, and in no event shall more than one (1) vote be cast with respect to any Lot.

Section 2. Vote Distribution. Members shall be entitled to one vote (1) for each Lot in which they hold the interest required for membership: When more than one person holds such interest or interests in any Lot ("co-owner"), all such co-owners shall be Members and may attend any meetings of the Association, but only one such co-owner shall be entitled to exercise the vote to which the Lot is entitled. Such co-owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Lot shall be exercised as the majority of the co-owners of the Lot mutually agree. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting established herein, or in the Bylaws of the Association, shall be deemed to be binding on all Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration and in the Articles of Incorporation and Bylaws of the Association.

EIGHT. TRUSTEES: The number of trustees of the Association shall be five (5) and said number may be changed by a duly adopted amendment to the Bylaws of the Association, except that in no event may the number of trustees be less than three (3). The names and addresses of the trustees who are to continue to act as such trustees until the election and qualification of their successors are as follows:

Karen Brunsdale, President
4508 Killarney Dr.
Highland, UT 84003

Tammy Card
10476 Aberdeen Lane
Highland, UT 84003

Brad Price
4551 Killarney Dr.
Highland, UT 84003

Stephen Purdy
4725 Killarney Dr.
Highland, UT 84003

Wayne Rigby
4611 Killarney Dr.
Highland, UT 84003

NINE. AMENDMENT. Amendment to these Articles of Incorporation shall require the vote or written consent of the Owners representing at least sixty-seven (67%) of the voting power of the Association, and shall not be amended in such a way that it will either adversely affect the rights of any first Mortgagee or render the articles inconsistent with the Declaration.

TEN. DISSOLUTION. The Association may be dissolved with the vote or written consent of the membership representing at least fifty percent (50%) of the voting power of the Association, subject to the requirements of the Declaration. The Association is one which does not contemplate pecuniary gain or profit to the Members thereof, and it is organized solely for non-profit purposes. Upon the winding up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event such dedication is refused acceptance, such assets shall be distributed, granted, conveyed and assigned to a non-profit fund, trust, corporation or other organization which is organized and operated for similar purposes. If the Association holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the court of Utah County, State of Utah.

ELEVEN. PRINCIPAL OFFICE. The county in this state where the principal office for the transaction of the business of the Association is located in the County of Utah, at the address of the current President of Highland Acres Homeowner's Association. The party designated to receive service process at that address is the current PUD President.

IN WITNESS WHEREOF, the undersigned, constituting the incorporators of the Association, have executed these Articles of Incorporation on the 30th day of May, 2015.

Karen Brunsdale

Karen Brunsdale, President

Tammy Card

Tammy Card

Brad Price

Brad Price

Stephen Purdy

Stephen Purdy

Wayne Rigby

Wayne Rigby

STATE OF UTAH)

) ss.

COUNTY OF UTAH)

On this 25th of JUNE 2015,

Personally appeared before me Karen Brunsdale, Tammy Card, Brad Price, Stephen Purdy, and Wayne Rigby, the signers of the foregoing instrument, who acknowledge to me that they executed the same.

My Commission expires :

10-01-2018

RYAN WILSON

10-01-2018

Notary Public

Residing at:

Provo, Utah

Ryan Wilson

