

When recorded return to:

KFP Corporation
225 South 200 East, Ste. 300
Salt Lake City, Utah

6781532
11/04/97 3:51 PM 164.00
NANCY WORKMAN
RECORDER, SALT LAKE COUNTY, UTAH
WEST JORDAN CITY
8000 S REDWOOD RD
WEST JORDAN, UT 84088
REC BY: R ZITO , DEPUTY - WI

6781532

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR RECREATIONAL AMENITIES IN THE
PEBBLECREEK SUBDIVISION
(TO INCLUDE PEBBLECREEK SUBDIVISION NOS. 1, 2, 3, 4 AND 5)

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR RECREATIONAL AMENITIES IN THE
PEBBLECREEK SUBDIVISION (NOS. 1, 2, 3, 4 AND 5)

THIS DECLARATION made and executed this ____ day of October, 1997, by KFP Corporation, a Utah corporation with its principle place of business located in Salt Lake City, State of Utah, and some of the property owners in Pebblecreek Subdivision No. 1 (hereinafter referred to as "Declarants").

RECITALS:

A. Declarants are the record owners of those tracts of Property more particularly described in Article II of this Declaration.

B. Declarants desire to provide for the management, maintenance, upkeep, improvement and operation of the recreational amenities of the Property To this end, and for the benefit of the Property and of the Owners thereof, Declarants desire to subject the Property described in Article II of this Declaration and the various Lots now or hereafter contained within the entire tract hereinafter described to the covenants, restrictions, easements, charges and liens hereinafter set forth.

C. Declarants deem it desirable for the efficient maintenance and operation of the recreational amenities of the Property, to create an entity which possesses the power to maintain and operate the recreational amenities of the Property, to collect and disburse the assessments and charges hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarants have, in conjunction with recordation of this Declaration, caused or will cause to be incorporated under the laws of the State of Utah, as a nonprofit corporation, PEBBLECREEK SUBDIVISION HOMEOWNERS' ASSOCIATION.

NOW, THEREFORE, Declarants hereby covenant, agree and declare that all of the Property described in Article II hereof shall be held, transferred, sold, conveyed, occupied

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and used subject to the covenants, restrictions, conditions, easements, charges, assessments, obligations, and lien hereinafter set forth.

I. DEFINITIONS

1.1 Association shall mean and refer to the PEBBLECREEK SUBDIVISION HOMEOWNERS' ASSOCIATION, a Utah nonprofit corporation.

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

1.3 Recreational Amenities shall mean and refer to that part of the Property set aside for common recreational use by the Owners, which is not included with the Lots, which is owned by the Association for the common use and enjoyment of the Owners, together with all improvements thereon and all easements appurtenant thereto including but not limited to personal property owned by the Association and used in connection with the Recreational Amenities, when the context so requires.

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

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

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

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

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

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

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

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

1.12. Parcel shall mean and refer to the Property which is subject to this Declaration, which is filed for record in the office of the County Recorder of Salt Lake County, Utah, is separately subjected to the terms of this Declaration with the intention that it shall thereby comprise the Development. The real property described in Article II of this Declaration constitutes the Parcel.

1.13. Plat shall mean and refer to any subdivisions plat, any plat of a planned unit development, or any plat or map similar to any of the foregoing: (a) which covers the Property; (b) which describes or creates one or more Lots; (c) on which or in an instrument recorded in conjunction therewith there is expressed the intent that the Subdivision created by the Plat shall compromise the Development; and (d) which is filed for record in the office of the County Recorder of Salt Lake County, Utah. A subdivision plat was previously recorded for Pebblecreek Subdivision No. 1, and recorded concurrently with this Declaration is a subdivision plat of Pebblecreek Subdivision No. 2 creating separately numbered Lots. Said subdivision plats and future subdivision plats for Pebblecreek Subdivision Nos 3, 4 and 5 each constitutes a Plat.

1.14. Property shall mean and refer to all of the real property which is or in the future will be covered by a Plat for Pebblecreek Subdivision Nos. 1, 2, 3, 4 and 5.

1.15. Subdivision shall mean and refer to the entire residential development which is created and covered by a Plat and known as Pebblecreek Subdivision Nos. 1, 2, 3, 4 and 5.

II. PROPERTY DESCRIPTION

2.1 Submission. The Property which is and shall be held, transferred, sold, conveyed and occupied subject to the provisions of this Declaration consists of the following-described real property situated in Salt Lake County, State of Utah, and such additional Lots within Pebblecreek Subdivision No. 1 as shall become subject to and benefitted by this Declaration by Addenda recorded hereafter:

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

RESERVING UNTO DECLARANT KFP Corporation, however, such easements and rights of ingress and egress over, across and through and under the above-described tract and any improvements now or hereafter constructed thereon as may be reasonable necessary for said Declarant or any assignee of said Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration); (i) to construct a Living Unit on each and every Lot; and (ii) to construct and improve the Recreational Amenities with such facilities, including, but not limited to, tennis courts, a swimming pool and other recreational facilities for the use and enjoyment of all the Members as said Declarant may reasonably determine to be appropriate. If, pursuant to the foregoing reservation, the above described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities; all visible easements and rights-of-way; and all easements and rights-of-way of record.

2.2 Special Provision Concerning Lots in Pebblecreek Subdivision No. 1. The property description attached hereto does not presently include all of the Lots in Pebblecreek Subdivision No. 1 (hereafter "No. 1"). It does, however, include all of the property which will be included in Pebblecreek Subdivision Nos. 2, 3, 4 and 5, and some of the lots in No. 1. After the date of recording of the Declaration, other Lots in No. 1 may be added to this Declaration by the signing of an Addendum to this Declaration which makes such lots subject to all obligations and benefits of this Declaration.

III. MEMBERSHIP AND VOTING RIGHTS

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

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

3.2.1. Class A. Class A Members shall be all Owners other than the Declarant KFP Corporation until the Class B membership ceases. Class A Members shall be entitled to one vote for each Lot in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any Lot.

3.2.2. Class B. The Class B Member shall be the Declarant KFP Corporation. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for Membership in the Association. The Class B Membership shall automatically cease and be converted to a Class A membership on the first to occur of the following events: (a) The recording of the Plat for Pebblecreed Subdivision No. 4; or (b) The expiration of Seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

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

3.4. Record of Ownership. Every Owner shall promptly cause to be duly filed of record the conveyance document (or in the case of contract buyer, a copy of the sales contract) to him of his Lot. Each Owner shall file a copy of such conveyance document (or contract) with the secretary of the Association with a transfer fee of \$25.00, who shall maintain a record of ownership of the Lots. Any owner who mortgages his Lot or any interest therein by a mortgage which has priority over the lien of any assessment provided herein shall notify the secretary of the Association of the name and address of the Mortgagee and also of the release of such Mortgage; and the secretary of the Association shall maintain all such information in the records of ownership. Any cost incurred by the Association in obtaining the information about an Owner as specified herein which is not furnished by such Owner shall nevertheless be at the expense of such Owner and shall be reimbursed to the Association as a "Reimbursement Assessment" in accordance with the provisions of Section 5.5.

IV. PROPERTY RIGHTS IN RECREATIONAL AMENITIES

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

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

All of Lot No.____, contained within the Pebblecreek Subdivision No. __, as the same is identified in the Plat recorded in Book _____, at Page _____, of the official records of the Salt Lake County Recorder.

SUBJECT TO the Declaration of Covenants, Conditions and Restrictions for Recreational Amenities relating to said Subdivision in the official records of the Salt Lake County Recorder, and TOGETHER WITH a right and easement of use and enjoyment in and to the Recreational Amenities described and provided for in said Declaration of Covenants, Conditions, and Restrictions for Recreational Amenities.

THE GRANTEE hereby acknowledges receipt of a copy of the Declaration of Covenants, Conditions and Restrictions for Recreational Amenities in the Pebblecreek Subdivision and a copy of the Bylaws of the Pebblecreek Subdivision Homeowners' Association, and specifically recognizes his obligation to pay his proportionate share of assessments charged to all lot owners by said association for the maintenance, operation and replacement of the Recreational Amenities described therein. In the even that such assessments are not paid, the grantee hereby authorizes the Pebblecreek Homeowners' Association, a non-profit corporation, to file a lien against the above described property in order to secure the payment of said assessments, and including court costs and attorneys fees as provided in said Declaration and Bylaws.

THE BENEFITS and obligations herein shall inure to and be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the grantee.

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

4.3. Transfer of Title. Declarant KFP Corporation agrees to convey to the Association title to the parcel on which the Recreational Amenities are to be located, free and clear of liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities), as such Recreational Amenities are completed.

4.4. Limitation on Easement. A Member's right and easement of use and enjoyment concerning the Recreational Amenities shall be subject to the following:

4.4.1. The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Recreational Amenities;

4.4.2. The right of West Jordan City, the County of Salt Lake and any other governmental or quasi-governmental body having jurisdiction over the Property to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children, and providing any other governmental or municipal service; and

4.4.3. The right of the Association to dedicate or transfer all or any part of the Recreational Amenities to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by two-thirds (2/3) of the vote of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for that purpose written or printed notice setting forth the purpose of the meeting and the action proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

V. ASSESSMENTS

5.1. Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a Lot, be deemed to covenant and agree to pay to the Association the monthly and special assessments described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the Lot with respect to which such assessment is made; and (b) the personal obligation of the person who is the Owner of such Lot at the time the assessment falls due. No owner may exempt himself or his Lot from

liability for payment of assessments by waiver of his rights concerning the Recreational Amenities or by abandonment of his Lot. In a voluntary conveyance of a Lot, the grantee shall be jointly and severally liable with the grantor for all such unpaid assessments, late payment fees, interest and costs of collection, including reasonable attorney fees, which shall be charged on the Lot at the time of the conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

5.2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the enjoyment, health, safety, and welfare of residents of the Property in connection with the Recreational Amenities. The use made by the Association of funds obtained from assessments may include, but is not limited to, payment of the costs of taxes and insurance on the Recreational Amenities; establishing and funding a reserve to cover major repair or replacement of improvements within the Recreational Amenities; and any expenses necessary of desirable to enable the Association to perform or fulfill its obligations, functions or purposes under this Declaration or its Articles of Incorporation.

5.3. Monthly Assessments. As of the date set under Section 5.7, each Lot shall be subject to a monthly assessment (or annual or quarterly assessments as the Association may decide from time to time). The following is Declarant KFP Corporation's best estimate of the projected annual costs of operating, maintaining, repairing and replacing the improvements within the Recreational Amenities:

Snow Removal	\$ 1,000 per year
Trash Removal	1,000 per year
Lawn Maintenance	3,500 per year
Swimming Pool Operation	21,500 per year
Tennis Court Maintenance	1,500 per year
Insurance	3,000 per year
Property Taxes	2,500 per year*
Reserve for Replacement	5,000 per year

Total \$39,000 per year

*Under Section 5.10 the collection of the property tax amount is authorized to be collected by Salt Lake County on a prorata basis assessed against each lot. If Salt Lake County collects the taxes in that manner, the Association would not have to pay the taxes separately.

The foregoing is merely a best estimate. The actual operating assessments may be more or less than the amount of the estimate. From and after the recording of the Plat for Pebblecreek Subdivision No. 4, the monthly assessment may be increased or decreased so long as the change is assented to by not less than a majority of the Members (or if the two class voting structure is still in effect as provided herein, a majority of the votes of each Class of Members) present in person or represented by proxy at a meeting duly called for such purposes. Written notice setting forth the purpose of the meeting shall be sent to all Members at least Ten (10) but not more than Thirty (30) days prior to the meeting date. The Board of Trustees of the Association may from time to time and in its discretion set the amount of the monthly assessment at any sum not in excess of the then applicable maximum amount.

5.4. Special Assessments. From and after the date set under Section 5.7, the Association may levy special assessments for the purpose of defraying, in whole or in part: (a) any expense or expenses not reasonable capable of being fully paid with funds generated by monthly assessments; or (b) the cost of any construction, reconstruction or unexpectedly required repair or replacement in connection with the Recreational Amenities. Any such special assessments must be assented to by not less than a majority of the Members (or if the two class voting structure is still in effect as provided herein, a majority of the votes of each Class of Members), present in person or represented by proxy are entitled to cast at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least Ten (10) but not more than Thirty (30) days prior to the meeting date.

5.5. Reimbursement Assessment on Specific Lot. In addition to the monthly assessment and any special assessment authorized pursuant to Section 5.3 and 5.4 above, the Board may levy at any time Special Assessments (a) on each Lot the Owner or occupant of which shall cause any damage to the Recreational Amenities necessitating repairs and (b) on each Lot as to which enforcement action taken, pursuant to Section 3.4, Section 6.1 (c), Section 6.2(a) or other provisions of this Declaration (all or part of the foregoing being sometimes referred to as "Reimbursement Assessment"). The aggregate amount of any such Special Assessments shall be determined by the cost of such repairs or enforcement action, including all overhead and administrative costs and attorney's fees, and shall be allocated among the affected Lots according to the special benefit or cause of damage or repair work or enforcement action, as the case may be, and such assessment may be made in advance of the performance of work.

5.6. Uniform Rate of Assessment. Except as provided in Section 5.5 above, monthly and special assessments shall be fixed at a uniform rate for all Lots. Declarant KFP Corporation, for each unsold Lot owned by it in the development, shall pay monthly assessments as herein provided for all Lot Owners; provided that until such date as Declarant

KFP Corporation closes and conveys a Lot to an Owner (other than Declarant KFP Corporation), The monthly assessment attributable to such Lot shall be one-half (1/2) the regular monthly assessment.

5.7. Monthly Assessment Due Dates. The monthly assessments provided for herein shall commence as to all Lots on the date a deed is delivered to the purchaser of a Lot, or if the sale is by way of a contract of sale, on the date the contract is executed by the parties thereto, or the date of occupancy agreement, or the date the Owner actually takes possession of a Lot, whichever first occurs. The first monthly assessment shall be adjusted according to the number of days remaining in the month of conveyance, contract or occupancy as the case may be. Thereafter all monthly assessments shall be due and payable on the first day of each month. A monthly assessment not paid within ten (10) days of the due date thereof shall be deemed late and subject to a late fee of \$15.00. At least fifteen (15) days prior to the effective date of any change in the amount of the monthly assessment, the Association shall give each Owner written notice of the amount and the first due date of the assessment concerned.

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

5.9. Effect of Non-Payment; Remedies. Any assessment not paid when due shall, together with the hereinafter provided for interest and cost of collection be, constitute and remain a continuing lien on the affected Lot; provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the Lot recorded prior to the date any such assessments became due. If the assessment is not paid within sixty (60) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum and the Association may bring an action either against the Owner who is personally liable or to foreclose the lien against the Lot. Any judgement obtained by the Association shall include reasonable attorneys' fees, court costs, and each and every expense incurred by the Association in enforcing its rights.

5.10. Tax Collection by County Authorized. It is recognized that under the Declaration the Association will own the Recreational Amenities and that it will be obligated to pay property taxes to Salt Lake County. It is further recognized that each Owner of a Lot a Member of the Association will be required to reimburse the Association for his pro rata share of such taxes paid. Notwithstanding anything to the contrary contained in the

Declaration, Salt Lake County shall be authorized to collect such pro rata share of taxes directly from each Owner by inclusion of said share with the tax levied on each Lot.

VI. DUTIES AND POWERS OF THE ASSOCIATION

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

6.1.1. The Association shall accept all Owners as members of the Association.

6.1.2. The Association shall accept title to the parcel containing the Recreational Amenities conveyed to it by Declarant KFP Corporation.

6.1.3. The Association shall maintain, repair, and replace all landscaping and improvements in the Recreational Amenities. The Association shall have no obligation to perform any exterior maintenance and/or repair of any part of a Living Unit or any other landscaping installed by an Owner on an Owner's Lot. In the event that the need for maintenance or repair of Recreational Amenities as specified herein is caused through the willful or negligent act of an Owner, or through the willful or neglect acts of the family, guests or invitees of an Owner, the Board may cause such repairs to be made by the Association and the cost of such maintenance or repair (and administrative expenses equal to ten (10%) percent of such costs) shall be added to and become part of the Reimbursement Assessment (as set forth in Section 5.5) to which such Lot is subject.

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

6.1.5. The Association shall obtain and maintain in force the policies of insurance required by the provisions of this Declaration.

6.1.6. The Association may employ a responsible corporation, partnership, firm, person or other entity as the Managing agent to manage and control the Recreational Amenities, subject at all times to direction by the Board, with such administrative functions and powers as shall be delegated to the Managing Agent by the Board. The compensation of the Managing Agent shall be such as shall be specified by the Board. Any agreement appointing a Managing Agent shall be terminable by either party, with or without cause and

without payment of any terminating fee, upon thirty (30) days written notice thereof; and the term of any such agreements may not exceed one year, renewable by agreement of the parties for successive one-year periods. Any Managing Agent may be an independent contractor and not an agent or employee of the Association.

6.2. Powers and Authority of the Association. The association shall have all the powers set for in its Articles of Incorporation and its Bylaws, together with its general powers as a non profit corporation, and the power to do any and all things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration, including the power to levy and collect assessments as hereinafter provided in any way limiting the generality of the foregoing, the Association shall have the following powers:

6.2.1. The Association shall have the power and authority from time to time in its own name, on its own behalf, or in the name and behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or any rules and regulations promulgated by the Board, or to enforce by mandatory injunction or otherwise all of the provisions of this Declaration and such rules and regulations.

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

6.2.2.1. Construction, maintenance, repair and landscaping of the Recreational Amenities on such terms and conditions as the Board shall deem appropriate.

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

6.2.2.3. Such utility services, including (without limitation) water, sewer, trash removal, snow removal, electrical, telephone and gas services, as the Board may from time to time deem desirable.

6.2.2.4. The services of architects, engineer, attorneys and certified public accountants and such other professional or nonprofessional services as the Board may deem desirable.

6.2.2.5. Fire, police and such other protection servies as the Board may deem desirable for the benefit of the Owners or any of the Property.

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

6.2.3. The Board may delegate by resolution or contract to the Managing Agent any of its powers under this Declaration; provided, however, that the Board cannot delegate to such Managing Agent the power to execute any contract binding on the Association for a sum in excess of One Thousand Dollars (\$1,000.00), nor the power to sell, convey, mortgage, or encumber any Recreational Amenities.

6.3. Association Rules. The Board from time to time and subject to the provisions of this Declaration, may adopt, amen, repeal and enforce rules and regulations governing the use of the Recreational Amenities.

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

6.5. Insurance. The Association shall secure and at all times maintain the following insurance coverage:

6.5.1. Policy or policies of fire an casualty insurance, with extended coverage endorsement, for the full insurable replacement value of all improvements comprising a part of the Recreational Amentities. The name of the insured under each suchpolicy shall be n form and substance similar to: "THE PEBBLECREEK SUBDIVISION HOMEOWNER'S ASSOCIATION for the use and benefit of the individual Lot Owners and Mortgagees, as their interests may appear".

6.5.2. A Policy or policies insuring the Owners, the Association, and its directors, officers, agents, and employees against any liability incident to the ownership, use

or operation of the Recreational Amenities which may arise among themselves, to the public, and to any invitees or tenants of the Property or of the Owners. Limits of liability under such insurance shall be not less than \$2,000,000 for all persons injured in any one accident; and \$500,000 for property damage resulting from one occurrence. Such policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement pursuant to which the rights of the named insured as between themselves are not prejudiced.

6.5.3. The following additional provisions shall apply with respect to insurance:

6.5.3.1. In addition to the insurance described above, the Association shall secure and all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the Property in construction, nature and use.

6.5.3.2. All policies shall be written by a company holding a rating of "AA" or better from Best's Insurance Reports.

6.5.3.3. The Association shall have the authority to adjust losses.

6.5.3.4. Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their mortgages.

6.5.3.4. Each policy of insurance obtained by the Association shall, if reasonably possible, provide: a waiver of the insurer's subrogation rights with respect to the Association, the Owner, and their respective directors, officers, agents, employees, invitees, and tenants; that it cannot be canceled, suspended or invalidated due to the conduct of any particular Owner or Owners; that it cannot be canceled, suspended or invalidated due to the conduct of the Association or of any director, officer, agent or employee of the Association without a prior written demand that the defect be cured; without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by Owners.

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

VII. USE RESTRICTIONS

7.1. Use of the Recreational Amenities. The Recreational Amenities shall be used only in a manner constituent with their community nature and for no other purpose.

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

7.2.1. Declarant KFP Corporation, so long as it has any interest in any of the Property;

7.2.2. Any Owner; or

7.2.3. The Association.

The prevailing party in an action for enforcement of any pro-visions of this Declaration shall be entitled to collect court costs and reasonable attorney's fees.

VIII RIGHTS OF FIRST MORTGAGE

Notwithstanding anything to the contrary contained herein, the following provisions shall apply:

8.1. Notice of Default. In the event an Owner neglects for a period of thirty (30) days or more to cure any failure on his part to perform his obligations under this Declaration, the Association shall give written notice of such fact to the holder of any first mortgage covering such Owner's Lot.

8.2. Abandonment, Termination, Etc. Unless all of the holders of first mortgages on the individual Lots have given their prior written approval, neither the Association nor the Owners acting as a group shall be entitled by act, omission or otherwise:

8.2.1. To abandon or terminate the Recreational Amenities or to abandon or terminate the arrangement which was established by the Declaration and the Plat of the Project;

8.2.2. To partition or subdivision any Lot or the Recreational Amenities;

8.2.3. To abandon, partition, subdivide, encumber, sell, hypothecate, transfer or otherwise encumber all or any part of the Recreational Amenities except for the crating of easements and similar purposes consistent with the intended use of the Recreational Amenities; or

8.2.4. To use hazard insurance proceeds resulting from damage to any part of the development for any purposes other than the repair, replacement, or reconstruction of such improvements.

8.3. Notice of Substantial Damage or Destruction. The Association shall notify all holders of any first mortgage lien or equivalent security interest on a Lot in writing in the event that there occurs any substantial damage to or destruction of the Recreational Amenities involving an amount in excess of, or reasonably estimated to be in excess of \$150,000. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction.

8.4 Condemnation or Eminent Domain Proceedings. The Association shall give written notice to all holders of any first mortgage lien or equivalent security interest of any condemnation proceedings or proposed acquisition of a Living Unit or of any portion of the Recreational Amenities within ten (10) days after the Association learns of the same.

8.5. Rights Upon Foreclosure of Mortgage. The lien of the assessments provided in Section 1, Article V shall be subordinate to the lien of any First Mortgage upon such Lot; and the holder of a first mortgage (or deed of trust) on a Lot who comes into possession of the Lot by virtue of foreclosure of such first Mortgage, or in lieu of foreclosure obtains possession by deed or assignment, or any purchaser at a foreclosure sale, will take the Lot free of any claim for unpaid assessments and charges against the Lot which accrue prior to the time such holder come into possession of the Lot, except for claim for share of such assessments or charges resulting from a reallocation of such assessments or charges to all Lots including the mortgage Lot.

IX. MISCELLANEOUS

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

9.2 Amendment. Subject to the provisions of Section 2 of Article VII of this Declaration any amendment hereto shall require (i) the affirmative vote of at least two-thirds (2/3) of all Class A membership votes, which Members present in person or represent by proxy are entitled to cast at a meeting duly called for such purpose; and so long as the Class

B membership exists. (ii) the written consent of the Declarant KFP Corporation. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of the Class A Membership shall constitute a quorum. If the quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirement set forth in the foregoing portion of this Section 3), at which a quorum shall be one-half (1/2) of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held than forty five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by the President or Vice President of the Association, and by the Declarant KFP Corporation if the Class B Membership then exists, and shall also be approved by the West Jordan City Attorney. In such instrument the President or Vice President of the Association shall certify that he vote required by this Section for amendment has occurred.

9.3. Consent in Lieu of Voting. IN any case in which this Declaration requires for authorization or approval of a transaction the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Member entitled to cast at least the stated percentage of all membership votes outstanding in connection with the Class of membership considered. The following additional provisions shall govern any application of this Section 9.3:

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

9.3.2. The total number of votes required for authorization or approval under this Section 9.3 shall be determined as of the date on which the last consent is signed.

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

9.3.4. Unless the consent of all Members whose memberships are appurtenant to the same Lot are secured, the consent of none of such Members shall be effective.

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

9.4.1. The terms of the lease shall in all respect be subject to the provisions of the Declaration, Articles of Incorporation of the Association and the By-Laws; and

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

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

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

9.7. Declarant's Covenant to Construct Recreational Amenities. Declarant KFP Corporation hereby covenants to construct and complete all Recreational Amenities improvements and amenities indicated on the Plat within two (2) years of the filing of this Declaration in the office of the County Recorder of Salt Lake County, Utah.

9.8. Enforcement by City. If the Association fails to maintain the Recreational Amenities in good order and condition, West Jordan City shall have the right, but not the obligation, upon giving the Association thirty (30) days notice in writing, to step in and do the necessary maintenance and management with the same right to lien the Lots and collect the costs thereof against the Owners.

9.9. Interpretation. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner n which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any party thereof, and

any gender shall include the other gender. The invalidity or unenforceability of any portion of this Declaration shall not effect the validity or enforceability of the remainder hereof.

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

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

EXECUTED the day and year first above written.

DECLARANT:

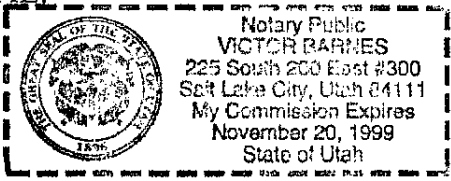
KFP CORPORATION

By: Justin V. Peterson
Its: PRESIDENT

STATE OF UTAH)
 ss
SALT LAKE COUNTY)

The foregoing document was acknowledged before me this 31st day of October, 1997, by Justin V. Peterson the President of KFP Corporation, a Utah corporation.

SEAL:



Victor Barnes
NOTARY PUBLIC

BK 7799PG0967

DECLARANT:

(As to Lot(s) _____ in Pebblecreek
Subdivision No. 1)

By _____
Its _____

STATE OF UTAH)
 ss
SALT LAKE COUNTY)

The foregoing document was acknowledged before me this ____ day of _____,
1997, by _____

SEAL:

NOTARY PUBLIC

BK 7799 PG 0968

DECLARANT:

(As to Lot(s) _____ in Pebblecreek
Subdivision No. 1)

STATE OF UTAH)
 ss
SALT LAKE COUNTY)

The foregoing document was acknowledged before me this ____ day of _____,
1997, by _____

SEAL:

NOTARY PUBLIC

SK 7799PG0969

EXHIBIT A

LEGAL DESCRIPTION

Pebblecreek Subdivision #1 Lots 5, 22, 29, 33, 35, 36, 40, 41, 42, 43
11, 14, 23, 24, 2, 12, 13, 27

Pebblecreek Subdivision #2 Lots ~~44 - 84~~

BK7799PG0970

LEGAL DESCRIPTION

Exhibit "A"
-continued-

Beginning at a point North 89 degrees 54'37" West 1397.23 feet along Section Line from the East Quarter Corner of Section 1, Township 3 South, Range 2 West, Salt Lake Base and Meridian; thence North 89 degrees 54'37" West 749.98 feet; thence North 0 degrees 05'23" East 164.20 feet; thence North 89 degrees 54'37" West 10.49 feet; thence North 0 degrees 05'23" East 161.12 feet; thence South 89 degrees 54'37" East 58.94 feet; thence North 20 degrees 13'49" East 133.78 feet; thence North 17 degrees 13'32" East 50.08 feet; thence North 20 degrees 40'26" East 122.01 feet; thence South 75 degrees 45'45" East 72.41 feet; thence South 89 degrees 54'37" East 180.00 feet; thence North 67 degrees 23'30" East 72.76 feet; thence South 22 degrees 36'30" East 59.28 feet; thence South 00 degrees 05'23" West 134.59 feet; thence South 89 degrees 54'37" East 20.66 feet; thence South 0 degrees 05'23" West 108.78 feet; thence South 89 degrees 54'37" East 86.47 feet; thence North 78 degrees 41'26" East 56.59 feet; thence South 36 degrees 33'07" East 126.78 feet; thence along the arc of a 125.00 foot radius curve to the right 35.45 feet (central = 16 degrees 15'01"), the chord of which bears South 64 degrees 51'59" West 35.33 feet; thence South 17 degrees 00'31" East 174.43 feet; thence South 00 degrees 05'23" West 53.00 feet to the point of beginning.

(Being the proposed Plat of Pebblecreek Subdivision No. 3)

Beginning at a point North 89 degrees 54'37" West 2147.20 feet along Section Line from the East Quarter Corner of Section 1, Township 3 South, Range 2 West, Salt Lake Base and Meridian; thence North 89 degrees 54'37" West 495.93 feet; thence North 0 degrees 00'15" West 789.21 feet; thence North 89 degrees 59'45" East 140.00 feet; thence North 87 degrees 39'36" East 60.05 feet; thence North 89 degrees 59'45" East 105.70 feet; thence South 89 degrees 41'41" East 105.50 feet; thence South 82 degrees 51'25" East 50.39 feet; thence South 89 degrees 57'28" East 130.41; thence South 00 degrees 05'33" West 84.81 feet; thence South 20 degrees 45'28" East 51.99 feet; thence South 44 degrees 46'34" East 55.43 feet; thence South 20 degrees 40'26" West 122.01 feet; thence South 17 degrees 13'32" West 50.08 feet; thence South 20 degrees 13'49" West 133.78 feet; thence North 89 degrees 54'37" West 58.94 feet; thence South 00 degrees 05'23" West 161.12 feet; thence South 89 degrees 54'37" East 10.48 feet; thence South 00 degrees 05'23" West 164.20 feet to the point of beginning.

(Being the proposed Plat of Pebblecreek Subdivision No. 4)

Beginning at a point which is South 00 degrees 03'30" East 1323.32 feet along the Section line and North 89 degrees 57'28" West 1738.21 feet from the Northeast corner of Section 1, Township 3 South, Range 2 West, Salt Lake Base and Meridian; thence South 00 degrees 02'32" West 108.70 feet; thence North 89 degrees 57'28" West 12.47 feet; thence South 00 degrees 02'32" West 316.00 feet thence South 89 degrees 57'28" East 10.46 feet; thence South 08 degrees 08'40" East 125.96 feet; thence South 15 degrees 21'04" East 108.11 feet; thence South 22 degrees 36'30" East 48.67 feet; thence South 67 degrees 23'30" West 72.76 feet; thence North 89 degrees 54'37" West 180.00 feet; thence North 75 degrees 45'45" West 72.41 feet; thence North 44 degrees 46'34" West 55.43 feet; thence North 20 degrees 45'28" West 51.99 feet; thence North 00 degrees 02'32" East 84.81 feet; thence North 89 degrees 57'28" West 130.41 feet; thence North 82 degrees 51'25" West 50.39 feet; thence North 89 degrees 41'41" West 105.50 feet; thence South 89 degrees 59'45" West 105.70 feet; thence South 87 degrees 39'36" West 60.05 feet; thence South 89 degrees 59'45" West 140.00 feet; thence North 00 degrees 00'15" West 531.88 feet; thence South 89 degrees 57'28" East 903.57 feet to the point of beginning.

BK7799PG0971

(Being the proposed Plat of Pebblecreek Subdivision No. 5)

BYLAWS OF
PEBBLECREEK SUBDIVISION
HOMEOWNERS' ASSOCIATION

ARTICLE 1
APPLICATION OF BYLAWS

1.1 Application to All Owners, Mortgagees and Occupants. All present and future Owners, Mortgagees, and occupants of Lots in Pebblecreek Subdivision Nos. 1 through 5 (hereafter the "Pebblecreek Subdivision"), and residences and other improvements built on said Lots (hereafter the term "Lot(s) includes the land included in and improvements constructed on the Lot(s) in the Pebblecreek Subdivision) and their lessees, renters, agents, servants, and guests, and any other persons who may use the Recreational Amenities of the Pebblecreek Subdivision in any manner are subject to the Declaration of Covenants, Conditions and Restrictions For Recreational Amenities in the Pebblecreek Subdivision (the "Declaration"), these Bylaws and Rules and Regulations made pursuant hereto.

1.2 Agreement by Acceptance of Deed, Conveyance or Contract. The acceptance of a deed or conveyance, the entering into of a contract for purchase or a lease, or the act of occupancy of a Lot shall constitute an agreement that these Bylaws and any Rules and Regulations made pursuant hereto and the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE 2
BOARD OF TRUSTEES

2.1 Five Member Board of Trustees. The affairs of the Association shall be conducted by a Board of Trustees composed of five (5) members.

2.2. Election. At each annual meeting, the Owners shall elect members of the Board of Trustees for the forthcoming year. Nominations for the Board of Trustees shall be made by the Owners from the floor in accordance with the Parliamentary Rules set forth hereinafter. All members of the Board of Trustees shall be required to be Owners.

2.3. Term. Members of the Board of Trustees shall serve for a term of two years; provided, however, that initially two of the five members of the first Board of Trustees elected shall serve for a one-year term. The other three members shall serve for a two-

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year term. Thereafter, all members elected each year shall serve for a two- year term. The members of the Board of Trustees shall serve until their respective successors are elected, or until their death, resignation or removal.

2.4. Resignation and Removal. Any member of the Board of Trustees may resign at any time by giving written notice to the President and Board of Trustees, and any member may be removed from membership on the Board of Trustees by a majority vote of Owners. Whenever there shall occur a vacancy on the Board of Trustees due to death, resignation, removal or any other cause, the remaining members shall elect a successor to serve until the next annual meeting of the Association, at which time said vacancy shall be filled for the unexpired term.

2.5. Compensation. The Board of Trustees shall receive no compensation for their services unless expressly provided for and approved in writing by Owners holding a majority interest in the Association.

2.6. Powers and Authority of the Board of Trustees. The Board of Trustees, for the benefit of the Association, shall enforce the provisions of the Declaration, Bylaws and Rules and Regulations governing the Recreational Amenities and, subject to the provisions of Article V hereof, shall acquire or arrange for and pay for out of the Common Expense Fund the following:

2.6.1. Utilities. Water, sewer, garbage collection and other necessary utility service for the Recreational Amenities.

2.6.2. Fire and Casualty Insurance. A policy or policies of fire and casualty insurance, with extended coverage endorsements, for the full insurable replacement value of the Recreational Amenities and as provided in the Declaration. Insurance proceeds shall be payable and applicable as provided in the Declaration.

2.6.3. Public Liability Insurance. A policy or policies of public liability insurance insuring the Board of Trustees, the Association and the individual Owners against any liability to any person or persons incident to the ownership and/or use of the Recreational Amenities. Such policy or policies shall be consistent with the provisions of the Declaration.

2.6.4. Worker's Compensation Insurance. Worker's Compensation Insurance to the extent necessary to comply with any applicable laws.

2.6.5. Managing Agent. The services of a Managing Agent providing professional services as provided in the Declaration.

2.6.6. Legal and Accounting Services. Legal and accounting services necessary or proper in the operation of the Recreational Amenities or the enforcement of the Declaration.

2.6.7. Fidelity Bond. A fidelity bond naming the Managing Agent and such other persons as may be designated by the Board of Trustees as principals and the Owners as obligees consistent with the provisions of the Declaration.

2.6.8. Maintenance, Furniture and Equipment. Painting, maintenance, repair and all landscaping of the Recreational Amenities, and such furnishings and equipment for the Recreational Amenities as the Board of Trustees shall determine are necessary and proper, and the Board of Trustees shall have the exclusive right and duty to acquire the same for the Recreational Amenities.

2.6.9. Additional Services, Etc.. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board of Trustees is required to secure or pay for pursuant to the terms of the Declaration or Bylaws of which in its opinion shall be necessary or proper for the operation of the Recreational Amenities or for the enforcement of the Declaration.

2.6.10. Right to Enter into Contracts. The Board of Trustees shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the Common Expense Fund. The provision shall not be construed to prohibit the Board of Trustees from delegating such authority to the Managing Agent as it deems proper.

2.7. Additional Powers of the Board of Trustees. The Board of Trustees, in addition to all powers granted in the Declaration and permitted by law shall have the right to acquire, operate, lease, manage and otherwise trade and deal with property, real or personal, as may be necessary or convenient in the operation and management of the Recreational Amenities, and in accomplishing its purposes set forth in the Declaration, and the right to borrow funds, open bank accounts, authorize signatories and to deal with all matters relating to the Recreational Amenities.

2.8. Regular Meetings of the Board of Trustees. Three members of the Board of Trustees shall constitute a quorum and, if a quorum is present, the decision of a majority of those present shall be the act of the Board of Trustees. The officers shall be elected at a meeting of the Board of Trustees to be called immediately following the annual meeting of the Association.

2.9 Special Meetings of the Board of Trustees. Special meetings of the Board

of Trustees may be called by or at the request of the President or by any majority of the Board of Trustees. Notice of special meetings of the Board of Trustees shall be given to each member of the Board of Trustees orally or in writing at least twenty-four hours before the time fixed for the meeting.

2.10. Notice of Meetings. Meetings of the Board of Trustees shall be held at such intervals and at such place and time as the Board of Trustees may from time to time by resolution provide.

2.11. Waiver of Notice. Except as provided in paragraph 2.9 above, notice need not be given of meetings of the Board of Trustees. Whenever all members of the Board of Trustees meet, such meetings shall be valid for all purposes. No call or notice of any meeting of the Board of Trustees shall be necessary if waiver of call and notice be signed by all members of the Board of Trustees.

2.12. Fiscal Year. The fiscal year shall begin July 1 and end the June 30 next following.

2.13. Notice of Election. After the first election of the Board of Trustees, Declarant shall execute, acknowledge and record an affidavit stating the names of all of the members of the Board of Trustees. Thereafter, the majority of persons who are designated of record as being members of the most recent Board of Trustees (regardless of whether or not they shall still be Members) may execute, acknowledge and record an affidavit stating the names of all of the members of the then current Board of Trustees; provided that, in the event of the disability or other incapacity of two such persons, Managing Agent shall be empowered to execute the aforesaid affidavit. The most recently recorded of such affidavits shall be prima facie evidence that the persons named therein are all of the incumbent members of the Board of Trustees and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

ARTICLE 3
MEETINGS OF THE OWNERS ASSOCIATION

3.1. Quorum at Association Meetings. The presence in person or by proxy at any meeting of the Association herein, representing 60% of all votes, in response to notice to all Owners of record properly given in accordance with the terms of the Declaration, shall constitute a quorum. Upon request, any institutional Holder of a first Mortgage on a Lot shall be entitled to written notice of all meetings of the Association and to designate a representative to attend all such meetings. In the event that the total number of Owners present does not represent 60% of all votes, the meeting shall be adjourned until a time agreed upon by the majority of those present within seven days, at

which time it shall reconvene and the presence of Owners representing 60% of all votes shall constitute a quorum. Unless otherwise expressly provided in the Declaration, any action may be taken at any meeting of the Association upon the affirmative vote of a majority of the voting power of the Owners present and voting provided that a quorum is present as provided for above.

3.2. Annual Meeting. There shall be a meeting of the Association on the second Thursday of June on the lawn at the playground area of the Recreational Amenities or at such other reasonable place or time (not more than 60 days before or after such date) as may be designated by written notice of the Board of Trustees if personally delivered or sent by first class United States Mail to the Owners not less than 15 days prior to the date fixed for said meeting. At or prior to such meeting, the Board of Trustees shall furnish to the Owners a proposed budget for the next fiscal year that shall itemize the estimated Common Expenses of the fiscal year with the estimated allocation thereof to each Owner, and a statement of the Common Expenses, itemizing receipts and disbursements, for the current fiscal year, together with the allocation thereof to each Owner.

3.3. Special Meetings. Special meetings of the Association may be called at any time for the purpose of considering matters which, by the terms of the Declaration, require the approval of all or some of the Owners, or for any other reasonable purpose. Said meetings shall be called by written notice, signed by a majority of the Board of Trustees or by any ten Owners and personally delivered or sent by first class United States mail 15 days prior to the date fixed for said meeting. Said notices shall specify the date, time and place of the meeting, and the matters to be considered thereat.

3.4. Parliamentary Rules. Robert's Rules of order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration or these Bylaws.

ARTICLE 4 OFFICERS OF THE ASSOCIATION

4.1 General Description of Officers. The officers of the Association shall be a President, Vice President and Secretary/Treasurer. Any officer must be an Owner. The Officers must be members of the Board of Trustees. No officer shall receive compensation for serving as such. officers shall be annually elected by, and may be removed and replaced by Board of Trustees.

4.2. President. The President shall be the chief executive of the Association and the Board of Trustees and shall exercise general supervision over the property and affairs of the Recreational Amenities. He shall sign on behalf of the Association all contracts

and shall do and perform all acts and things which the Association may require of him. The President shall have the authority to delegate said powers to other officers or committees.

4.3. Vice President. In the event of the President's absence or inability to act the Vice President shall have the powers of the President.

4.4. Secretary/Treasurer. The Secretary/Treasurer shall keep minutes of all proceedings of the Board of Trustees and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Association and its Board of Trustees and shall be responsible for the fiscal affairs of the Association, but may delegate the daily handling of income and expense payments to the authorized Managing Agent employed by the Association. In the event of the President's and Vice President's absence or inability to act, the Secretary/Treasurer shall have the powers of the President and Vice President.

ARTICLE 5
MAINTENANCE, REPAIR AND REPLACEMENT
OF THE RECREATIONAL AMENITIES

5.1 Maintenance, Repair and Replacement. It shall be the responsibility of the Board of Trustees to determine questions relating to the maintenance, repair and replacement of all Recreational Amenities. There shall be no structural alterations, capital additions to, or capital improvements of the Recreational Amenities requiring an expenditure in excess of \$3,000.00 for any single expenditure or a total of \$5,000.00 in any fiscal year without 30 days prior notice to all Owners. Unless within the aforementioned 30 day period Owners holding the majority of the total voting power of the Association shall give notice of disapproval of such structural alterations, capital additions to, or capital improvements of the Recreational Amenities, the Owners shall be deemed to have approved the same. Notwithstanding the foregoing, the Board of Trustees shall have authority to cause to be performed such repairs of the Recreational Amenities as it may deem necessary to preserve the same against loss or destruction.

ARTICLE 6
COMMON EXPENSES

6.1. Assessments. Assessments shall be assessed and administered as provided in Article V of the Declaration.

6.2. Annual Budget. The Annual Budget shall be prepared by the Board of Trustees or their designee and presented for approval at the annual meeting of the

Association. In the event the Board fails to prepare the Annual budget, the most recent budget of the Association shall control and assessments shall be made based on the previous budget.

ARTICLE 7

ABATEMENT AND ENJOINMENT OF VIOLATIONS OF LOT OWNERS

7.1 Enforcement of Rules and Regulations. The violation of any Rules or Regulations adopted by the Board of Trustees or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board of Trustees the right, in addition to any other rights set forth in these Bylaws or in the Declaration:

7.1.1. Summary Abatement and Removal. To summarily abate and remove, at the expense of the defaulting Owner, any thing or condition that may exist in the Recreational Amenities contrary to the intent and meaning of the provisions hereof.

7.1.2. Legal Proceedings. To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

ARTICLE 8

RENTAL, LEASE OR SALE OF LOTS BY OWNERS

8.1 Rules, Regulations, Bylaws and Declaration Applicable to Tenants. Any Owner who rents or leases or Permits guests on his Lot shall comply with Section 9.4 of the Declaration. The provisions of said Declaration, Bylaws, and the Rules and Regulations shall apply with equal force to renters or lessees of Lots.

8.2. Owner Responsible for Tenant Conduct. Any Owner who rents or leases his Lot shall be responsible for the conduct of his tenants, and upon written notice from the Board of Trustees or the Managing Agent said Owner shall be responsible for correcting violations of the Declaration, Bylaws, or Rules and Regulations committed by such tenants.

8.3. Agent for Enforcement. If an Owner fails to correct violations by tenants within 72 hours of such notice, the Board of Trustees or Managing Agent shall be deemed to be the agent of the Owner and empowered to take any enforcement action the Owner would be entitled to take, the costs of such action including attorney's fees to be payable by the Owner within 30 days. Such costs shall be collected and enforced against the Owner within 30 days in the same manner as assessments or special assessments as determined by the Board of Trustees.

8.4. All Legal and Equitable Remedies Available. The power of the Board of Trustees or Managing Agent hereunder shall include but not be limited to any and all legal remedies available under the laws of the State of Utah. Any Owner, by the act of renting or leasing his Lot, shall be deemed to have consented to these procedures and shall indemnify and save harmless the Board of Trustees and the Managing Agent from and against any and all liability therefor. It is expressly understood that the remedies available to the Board of Trustees. or Managing Agent shall include but not be limited to the right to seek eviction of the tenant without any liability to the Owner.

ARTICLE 9
SPECIAL COMMITTEES

9.1 Special Committees. The Board of Trustees by resolution may designate one or more special committees, each committee to consist of two or more Owners, which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such Special Committee or Committees shall have such name or names as may be determined from time to time, by the Board of Trustees. Such Special Committees shall keep regular minutes of their proceedings and report the same to the Board of Trustees when requested by the Board to submit such reports. The members of such Special Committee or Committees designated shall be appointed by the Board of Trustees or it's President.

ARTICLE 10
RULES AND REGULATIONS

10.1 Rules and Regulations. The Board of Trustees shall have the right to adopt and amend such Rules and Regulations as may be authorized by the Declaration and as may be reasonable and necessary for the purpose of governing the details of the operation and use of the Recreational Amenities. Copies of the Rules and Regulations shall be furnished to each Owner prior to the time the same shall become effective.

ARTICLE 11
AUDIT

11.1 Audits of Books and Records. Any Owner may at any reasonable time at his own expense cause an audit or inspection to be made of the books of account of the Managing Agent or Board of Trustees pertaining to the Recreational Amenities. The Board of Trustees, as a common expense, may obtain an annual audit by an independent public accountant of the books of account pertaining to the Recreational Amenities.

ARTICLE 12
DEFINITION OF TERMS

12.1. Definitions. The terms used herein shall have the same meanings as provided in the Declaration.

ARTICLE 13
BOOKS AND RECORDS

13.1. Inspection of Books and Records. All Owners and all Institutional Holders of a first Mortgage on a Lot shall be entitled to inspect the books and records of the Association during normal business hours.

ARTICLE 14
INTERPRETATION

14.1 Interpretation. The provisions of these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the maintenance and operation of the Recreational Amenities for the Pebblecreed Subdivision. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

ARTICLE 15
SEVERABILITY

15.1. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

ARTICLE 16
CAPTIONS

16.1 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

ARTICLE 17
FORM OF ORGANIZATION

17.1 Non-Profit Corporation. The Association shall be a non-profit corporation

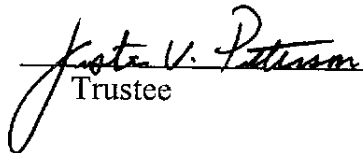
under the laws of the State of Utah.

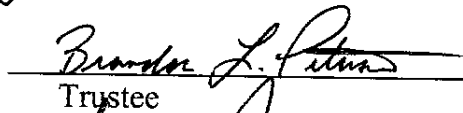
ARTICLE 18
AMENDMENT

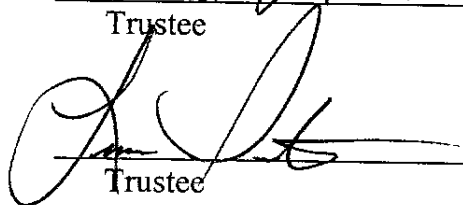
18.1. Amendment. These Bylaws may be amended upon the written approval of present Owners of Lots in the Pebblecreek Subdivision holding at least sixty percent (60%) of the total votes of the Association. Upon approval, the Amended Bylaws shall be acknowledged by the Board of Trustees and shall be effective upon recordation. Copies of the Amended Bylaws shall be immediately furnished to Lot Owners.

ARTICLE 19
EFFECTIVE DATE

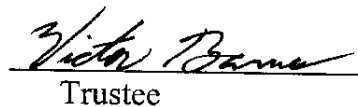
19.1 Effective Date. These Bylaws shall take effect *upon recording of these documents* 1997.


Trustee


Trustee


Trustee


Trustee


Trustee

DECLARANT:

(As to Lot(s) 14, 23, 24 ^{& 11} in Pebblecreek
Subdivision No. 1)

Partridge Homes Inc.

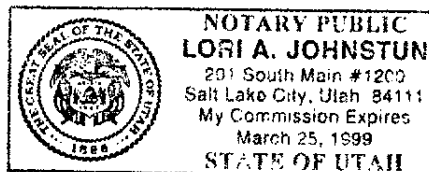
By [Signature]
Its President

STATE OF UTAH)
 SS
SALT LAKE COUNTY)

The foregoing document was acknowledged before me this 30th day of October,
1997, by Darin Marsh of Partridge Homes Inc
1
president of

SEAL:

[Signature]
NOTARY PUBLIC



BK7799PG0982

DECLARANT:

(As to Lot(s) _____ in Pebblecreek
Subdivision No. 1)

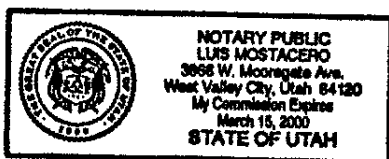
HARVEY-JENKINS CONSTRUCTION, INC.

By Bryce D. Smith
Its Secretary

STATE OF UTAH)
 SS
SALT LAKE COUNTY)

The foregoing document was acknowledged before me this 30th day of OCTOBER,
1997, by BRYCE SMITH, SECRETARY AT HARVEY-JENKINS

SEAL:



Luis Mostacero
NOTARY PUBLIC

BK 7799PG0983