

**SECOND AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
QUARRY MOUNTAIN RANCH**

THIS SECOND AMENDED AND RESTATED DECLARATION is made as of the 15th day of April, 2004, by QUARRY MOUNTAIN DEVELOPMENT, INC., a Utah corporation, referred to herein as the Declarant.

RECITALS:

A. The Declarant is the owner of certain real property located in Summit County, Utah, the legal description of which is set forth on Exhibit A (the "Property"), which shall be subdivided into 36 large estate single family lots and which shall generally be known as "QUARRY MOUNTAIN RANCH" (the "Ranch").

B. The Property contains high scenic and natural values, and Declarant is adopting these covenants, conditions and restrictions to preserve and maintain the character and value of the Property for the benefit of all existing and future owners of the Property, in conjunction with the residential development of the Property, as a first class residential real estate project.

C. The Ranch consists of single family residential lots and homeowner recreation facilities.

D. The Declarant has filed with the Clerk of Summit County, Utah, that certain subdivision plat for Quarry Mountain Ranch (the "Plat")

E. The original Declaration was made as of the 22nd day of February, 1999, and recorded in Summit County on the 23rd day of February, 1999 and first amended October 19th, 2001.

F. The Plat is hereby made subject to the covenants, conditions, restrictions, reservations, assessments, charges and liens contained or provided for in this Declaration, all of which shall be enforceable equitable servitudes and shall run with the land.

NOW, THEREFORE, the Declarant hereby declares that the Plat and any additional real property as may be annexed as provided herein, shall be held, sold, conveyed, leased, transferred used and occupied subject to the provisions of this Declaration, including the covenants, restrictions, reservations, assessments, regulations, charges and liens contained or provided for herein, which are for the purpose of protecting the value and desirability of the Ranch as a first class residential real estate project, and which shall be construed as covenants of equitable servitude and shall run with the land and be binding on all parties having any right, title or interest in the Property or any part thereof, and their heirs, successors and assigns.

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REQUEST: PARK CITY TITLE

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ARTICLE I

DEFINITIONS

Section 1. "Annexed Property" shall mean and refer to any real property made subject to this Declaration by supplemental declaration pursuant to the provisions hereof for the annexation of additional parcels of real property

Section 2. "Architectural Committee" shall mean the committee created pursuant to Article VI hereof.

Section 3. "Architectural Committee Rules" shall mean the rules adopted by the Architectural Committee pursuant to Article VI Section 10 hereof.

Section 4. "Articles" shall mean the Articles of Incorporation of the Association which shall be on file with the office of the Secretary of State of the State of Utah.

Section 5. "Assessments" shall mean assessments of the Association and include both Regular and Special Assessments.

Section 6. "Association" shall mean QUARRY MOUNTAIN RANCH OWNERS ASSOCIATION, a Utah non-profit corporation.

Section 7. "Building Envelope" shall mean that area on a Lot designated as such on the recorded plat for the Quarry Mountain Ranch.

Section 8. "Bylaws" shall mean the Bylaws of the Association which have been or shall be adopted by the Board of Directors of the Association, as such Bylaws may be amended from time to time.

Section 9. "Common Area" shall mean any portion of the Property designated as a Common Area for the primary benefit of the Owners, including, without limitation, all private roads and all ponds within the Property, as shown on the recorded plat for Quarry Mountain Ranch. (The costs of maintenance for such Common Area, including such roads and ponds and all Improvements located in the Common Area, shall be paid pursuant to equal regular Assessments against all Lots, regardless of location of the Lots, it being deemed that such Common Area equally benefits all Lots.) Common Area shall also include such other real property as may be conveyed to the Association from time to time by Declarant, or designated as Common Area in any supplemental declaration, or on any recorded plat of any Annexed Property as herein allowed.

Section 10. "Declarant" shall mean Quarry Mountain Development, Inc. or its assigns

Section 11. "Improvement" shall mean all structures and appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment. Improvement shall also mean any excavation or fill and any diversion dam, ditch, reservoir, pond, fill or other device which affects or alters the natural flow of water.

Section 12. "Management Committee" shall mean the Board of Directors of the Association, as described in the Articles and Bylaws of the Association and in this Declaration.

Section 13. "Members" shall mean the Owners, as described in Article II hereof.

Section 14. "Owner" or "Ownership" shall mean the record owner, whether one or more persons and/or entities, of a fee simple title to each Lot, including contract buyers of record but excluding mortgagees, contract sellers or others having such interest merely as security for the performance of an obligation unless and until said mortgagee or other holder of a security interest has acquired title to a Lot which is a part of the Property pursuant to forfeiture, foreclosure or a proceeding in lieu thereof. An "Owner" shall mean all of the owners of a particular Lot collectively and shall be jointly regarded as a single Owner for purposes of this Declaration. Any owner of an equity interest of record in a Lot, and any partner, officer or shareholder of an entity which is an Owner of record, may be treated by the Association as a representative of all the Ownership of such Lot for purposes of giving notices, voting and other matters.

Section 15. "Property" shall mean the real property located in Summit County, Utah, which is described in Exhibit A hereof, together with such additions and improvements thereto as may now be located on said real property as may hereafter be conveyed or brought within the ownership or jurisdiction of the Association.

ARTICLE II

THE ASSOCIATION

Section 1. Legal Status. The Owners do not constitute an association or entity of any kind, and the sole legal entity acknowledged hereunder is the Association. The name of the Association shall be the name in which contracts shall be entered into, title to property shall be acquired, held, dealt in and disposed of, bank accounts shall be opened and in which legal proceedings shall be conducted by the Management Committee or officers thereof on behalf of and as agents for the Owners in the manner specified in this Declaration, the Articles, the Bylaws, or by applicable law.

Section 2. Common Area. The Association, as a separate entity, shall own the Common Areas. It is expressly understood that the applicable provisions of this Declaration set forth elsewhere herein shall govern assessments and charges, voting and consents, and certain other matters.

Section 3. Membership. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Lot, and Ownership of a Lot shall be the sole qualification for Membership. Each Ownership shall constitute one Member.

Section 4. Voting. Voting by Members of the Association upon any matter allowing or requiring a vote of Members shall be provided in Section 5. below. If an Owner includes more than one person and/or entity, the vote for said Member shall be cast in such manner as the persons and/or entities constituting the same shall determine, but the decision of the Management Committee as to the authority conferred upon one or more Owners or other representatives by the Ownership in casting the one vote of the Ownership shall be conclusive and binding.

Section 5. Voting Classes. (a) **Class A.** Class A Members shall be all Owners, with the exception of Declarant until the Class B Membership, as defined below, has been converted to Class A Membership, and after such conversion all Owners shall be Class A Members. There shall be one (1) vote allowed for each Lot owned by a Class A Member.

(b) **Class B.** The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership. The Class B Membership shall cease and be converted to Class A Membership when (i) Declarant holds the interest required for membership in less than fifteen percent (15%) of the total number of Lots in the Ranch, (ii) Declarant voluntarily terminates such membership earlier by written notice of termination to the Board, or (iii) December 31, 2010.

Section 6. Meetings of the Association. (a) The presence in person or by proxy at any meeting of the Association of a majority in interest of the Owners shall constitute a quorum. In the event that such quorum is not present in person or by proxy, the meeting shall be canceled. Unless otherwise expressly provided in the Declaration, any action may be taken at any meeting of the Owners upon a vote of a majority in interest of the Owners, in person or by proxy.

(b) At all meetings of the Association, Owners may vote in person or by proxy executed in writing by the Owner or their duly authorized attorney in fact. Proxies shall be filed with the secretary of the Management Committee before or at the time of the meeting.

(c) There shall be an annual meeting of the Association each year as set by the Management Committee, either at the Ranch or at such other place in Summit County, Utah, as may be designated by the Management Committee. The Management Committee shall give written notice of the time and place of the annual meeting, said notice to be delivered to the Members not less than ten (10) days prior to the date fixed for said meeting. The initial annual meeting shall be held in November of 1999.

(d) Special meetings of the Association may be held at any time at the Ranch or at some

other place in Summit County, Utah to consider matters which, by the terms of the Declaration, Bylaws or the law, require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings shall be called by written notice, signed by a majority of the Management Committee, or by Members representing at least 20% in interest of all Owners and delivered to all Members not less than fifteen (15) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and the matters to be considered.

Section 7. Officers. (a) The Management Committee shall perform its functions and responsibilities through those members of the Management Committee who are elected as officers annually by the Management Committee, and through such agents or employees as the Management Committee may appoint. The primary officers shall consist of a president, a secretary and a treasurer. The offices of secretary and treasurer may be combined as one office. The Management Committee may appoint such assistant officers as the Management Committee may deem to be necessary or desirable. No officer shall receive compensation for serving as such unless a majority in interest of a quorum of the Members vote otherwise.

(b) Any officer shall be subject to removal, with or without cause, at any time by the affirmative vote of a majority of the members of the Management Committee then serving.

ARTICLE III

MANAGEMENT COMMITTEE

Section 1. Administration. (a) The management and maintenance of the Property and the business, property and affairs of the Association shall be conducted by a board of directors, which is referred to herein as the Management Committee, consisting of five natural persons (or such lesser number as may be determined by the Declarant pursuant to Section 10 below), who are not required to be Owners and shall not be required to be residents of the State of Utah. All agreements and determinations with respect to the Property lawfully made or entered into by the Management Committee pursuant to this Declaration, shall be binding upon all of the Owners and their successors and assigns.

(b) At each annual meeting of the Association, subject to the provisions of Section 2 below, an election shall be held to fill any vacancies on the Management Committee.

Section 2. Term. Each member of the Management Committee shall serve for a term of four (4) years. The terms of the initial members shall be staggered terms, so that one member is up for re-election in 1999, two members are up for re-election in 2000, and two members are up for re-election in 2001. The members of the Management Committee shall serve until their earlier death, resignation, removal or expiration of their term. Any member of the Management Committee may resign at any time by giving written notice to the Association. Any member of the Management Committee may be removed from membership on the Management Committee by a two-thirds majority vote of a quorum of the Owners. Whenever there shall occur a vacancy on the Management Committee due to death, resignation, removal or any other cause, the remaining members of the Management Committee shall appoint a successor member to serve for

the unexpired term of the succeeded Management Committee member. If no such successor is appointed due to a deadlock between the remaining Committee members, a special meeting of Members may be called by any Management Committee member to elect a successor

Section 3. Compensation. The members of the Management Committee shall receive no compensation for their services, other than reimbursement of expenses, unless expressly approved at a meeting of the Association; provided, however, that any member of the Management Committee may be employed by the association in another capacity and receive compensation for such employment.

Section 4. Powers and Duties. The Management Committee, acting on behalf of the Association, shall have all the powers, duties and responsibilities which are now or may hereafter be provided by this Declaration, including but not limited to the following:

A. To make and enforce all rules and regulations covering the operation and maintenance of the Property.

B. To engage the services of a manager or managing company, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation for their services; provided however, except as otherwise provided in this Declaration, any management agreement may be terminated by the Management Committee for cause upon thirty (30) days written notice and the term of any said management agreement shall not exceed one (1) year.

C. To operate, maintain, repair, improve, and replace the Common Areas, including the entering into of agreements for the use and maintenance of the Common Areas and adjacent contiguous property for the benefit of the Association.

D. To determine and pay Common Expenses and other expenses of the Association.

E. To assess and collect the proportionate shares of Common Expenses and other applicable expenses from the Owners.

F. To enter into contracts, deeds, leases, and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

G. To open bank accounts on behalf of the Association and to designate the signatures therefor.

H. To purchase, hold, sell, convey, mortgage, or lease any one or more Lots in the name of the Association or its designee.

I. To bring, prosecute and settle litigation for itself, the Association and the Property.

J. To obtain insurance for the Association with respect to the Common Areas, and for the Association's officers, directors and employees, as well as workmen's compensation insurance as needed.

K. To repair or restore the Property following damage or destruction or a permanent taking by a power in the nature of eminent domain or by an action or deed in lieu of condemnation.

L. To own, purchase or lease, hold, sell or otherwise dispose of on behalf of the Owners, items of personal property necessary to or convenient in the management of the business and affairs of the Association and the Management Committee and in the operation of the Property.

M. To keep adequate books and records, which will be available to the Owners for inspection on a reasonable basis.

N. To do all other acts necessary for the administration, operation and maintenance of the Property, including the maintenance and repair of any improvements on the Property if the same is necessary or desirable to protect or preserve the Property.

Section 5. Delegation of Powers. The Management Committee may delegate to a manager or managing company any or all of its foregoing powers, duties and responsibilities referred to in Section 4 above except: the final determination of common expenses, budgets and assessments based thereon; the promulgation of rules and regulations; the power to purchase, hold, sell, convey, mortgage, or lease any property in the name of the Association; or any other power, duty or responsibility nondelegable by law.

Section 6. Meetings. Regular or special meetings of the Management Committee shall be held at such places within or without the State of Utah as all members of the Management Committee shall determine. Otherwise, meetings shall be held at the Ranch. A simple majority of the members of the Management Committee shall constitute a quorum, and if a quorum is present, unless otherwise required by law or the Declaration, the decision of a majority of the quorum shall be binding on the Management Committee. The Management Committee shall appoint all of the officers of the Association. A meeting for the annual appointment of officers shall be held at the first meeting of the Management Committee immediately following the annual meeting of the Association.

Section 7. Notice. Regular meetings of the Management Committee may be held without call or notice; provided, however, that if the meeting is to be held at a place other than as decided at the annual meeting each year, at least 10 days prior notice shall be given to all

Management Committee members. The person or persons calling a special meeting of the Management Committee shall, at least ten (10) days before the meeting, give notice of the time and place thereof by any usual means of communication. Such notice should specify the general purposes for which the meeting is called; provided that the meeting need not be restricted to discussions of those items listed on the agenda.

Section 8. Special Meetings. Special meetings of the Management Committee may be called by the president of the Association or by any two Management Committee members.

Section 9. Waiver. Any member of the Management Committee may, at any time, waive notice of any meeting of the Management Committee in writing, and such waiver shall be deemed equivalent to the giving of notice to the member. Attendance by a member of the Management Committee at a meeting shall constitute a waiver of notice of such meeting except when a Management Committee member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the members of the Management Committee are present at any meeting of the Management Committee, no notice shall be required and any business may be transacted at such meeting.

Section 10. Rights of Declarant. The initial membership of the Management Committee may be less than five, as determined by Declarant during the period until there are at least ten Owners other than Declarant. Declarant shall have the option at any time, by an express written declaration, to turn over to the Association the total responsibility for electing and removing members of the Management Committee and the officers. No term of office of a Committee member or an Association officer or agent shall expire or otherwise be effected by the expiration of such period during which the Declarant may control the Association, and if the number of Committee members shall be less than five at the end of such period, the vacancies may be filled in accordance with Section 2 above.

Section 11. Fiscal Year. The fiscal year of the Association shall end on December 31 of each year, or as otherwise determined by the Management Committee.

Section 12. Limited Liability of Management Committee, etc. Members of the Management Committee and the Architectural Committee, and their officers, assistant officers, agents and employees: (1) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (2) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (3) shall have no personal liability in tort to any Owner or any person or entity, except for their own willful misconduct or bad faith; (4) shall have no personal liability arising out of another's use or misuse, or condition of the Property which might in any way be assessed against or imputed to them as a result of or by virtue of their position as member of the Management Committee, Architectural Committee or as an officer, employee or agent of such.

Section 13. Indemnification. The Association hereby indemnifies and holds harmless any person, their heirs and personal representatives from and against all personal liability and all expenses, including attorney's fees, incurred or imposed or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more Owners or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he was a member of the Management Committee or the Architectural Committee, or an officer or assistant officer, member, attorney or manager of the Association, other than to the extent, if any, such liability or expense shall be attributable to his willful misconduct or bad faith; provided, further that in the case of any settlement that the Management Committee shall have approved, the indemnification shall apply only when the Management Committee approves the settlement as being in the best interests of the Association. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or vote of Owners or of the Management Committee or otherwise. The indemnification by the Owners as contained herein shall be paid by the Association on behalf of the Owners and shall constitute a common expense and shall be assessed and collectable as such.

Section 14. No Amendment Without Consent. The provisions of Section 12 and Section 13 above may not be amended with any retroactive effect so as to limit the rights of any person otherwise entitled to the benefits thereof.

ARTICLE IV

ASSESSMENTS

The making and collection of assessments of any nature from Owners for their share of common expenses (determined pursuant to this Article and other applicable provisions of this Declaration) shall be carried out by the Management Committee in accordance with the following provisions:

Section 1. Maintenance Fund. The Management Committee shall establish a fund (the "Maintenance Fund") into which shall be deposited all moneys paid to the Association and from which disbursements shall be made in performing the functions of the Association. This fund must be used solely for purposes authorized by this Declaration as it may from time to time be amended.

Section 2. Regular Assessments. At least thirty (30) days prior to the beginning of each fiscal year, the Management Committee shall estimate 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 appropriate replacement reserves, less any expected income and any surplus from the prior year's fund). A sum sufficient to pay such estimated net charges will be assessed to the Owner of each Lot in an equal amount, and levied against each Lot. If said sum estimated proves inadequate for any reason, including nonpayment of any

Owner's Assessment, the Association may, at any time, levy a further Assessment which shall be assessed and levied equally upon each Lot and the Owner thereof.

Section 3. Shares of Common Expenses. Each Owner of a Lot shall be responsible for an equal proportionate share of all General Common Expenses. Such "General Common Expenses" shall include, but not limited to, the following services obtained and/or provided by the Association: road maintenance and snow removal services, utility line maintenance, landscaping, installation and maintenance of any walkways, security systems and security personnel and equipment and facilities, installation and maintenance of Common Area and recreational facilities, and the cost of the administration of the Property including accounting, legal, equipment, insurance, personnel and overhead, including without limitation the cost of liability insurance covering the Association and its directors, officers and employees. The Association, in its discretion, may bill specific Owners for specific services (such as cable television services, provision of firewood, or repairs and maintenance of an Owners improvements and land, as a special assessment against the applicable Owner and the Lot of that Owner. It is expressly understood that the certain services, such as cable television, firewood and landscaping, may or may not be provided by the Association and is subject to the discretion of the Management Committee, and that certain services such as water and sewer services may be provided by other entities such as a public water and sewer district.

Section 4. Special Assessments. Special Assessments shall be assessed and levied by the Management Committee against a Lot and the Owner thereof to reimburse the Association for:

- A. costs incurred in bringing an Owner and such Owner's Lot into compliance with the provisions of this Declaration, the Articles, Bylaws or rules:
- B. any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws or rules: and
- C. attorneys' fees, interest and other charges relating thereto as provided in this Declaration.

In the event the Association undertakes to provide materials or services which benefit Individual Lots and which can be accepted or not by Individual Owners, such Owners in accepting such materials or services agree that the costs thereof shall be a Special Assessment.

Section 5. Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Lots on the first day of such month as determined by Declarant.

Section 6. Payment of Regular Assessments. Regular Assessments shall be due and payable to the Association by the assessed Owners (including Declarant) during the fiscal year in monthly, quarterly, or annual installments, as determined by the Management Committee, or in such other manner as the Management Committee may designate from time to time in its sole and

absolute discretion.

Section 7. Payment of Assessments; Lien Created. Assessments not paid on or before fifteen (15) days after the date due shall bear interest at the rate of eighteen percent (18%) per annum. The Management Committee may also impose a late charge of up to 5% of any amount remaining unpaid for 15 days or more. All payments on account shall be first applied to interest or other charges and then to the assessment payments in the order of when due (that is, the oldest unpaid amounts shall be paid first). The amount of any delinquent and unpaid Assessment, whether Regular or Special, and any late payment charge attributable thereto, plus interest on such assessment and charge at a rate of eighteen percent (18%) per annum compounded monthly (or such other rate as the Board may designate from time to time as set forth in the Rules), and costs, including reasonable attorneys' fees, shall become a lien upon such Lot upon recordation of a Notice of Assessment stating the amount of the claim of delinquency, the interest and costs which have accrued thereon, the legal description and street address of the Lot against which it has been assessed, and the name of the record Owner thereof. Such notice shall be signed and acknowledged by an officer of the Association. Upon recordation it shall create a lien upon the Lot described in the amount set forth. Such assessment lien shall be prior to any declaration of homestead either arising by operation of law or recorded after the recording of this Declaration. The lien shall continue until fully paid or otherwise satisfied. When the lien has been fully paid or satisfied, a further notice releasing the lien shall be recorded, provided that the defaulting Owner shall pay a reasonable fee to cover the costs of preparing and recording such release. Such lien may be foreclosed in the same manner as is provided in the laws of the State of Utah for the foreclosure of liens on real property and as otherwise provided by law. A certificate executed and acknowledged by 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, and such certificate shall be furnished to any Owner upon request at a reasonable fee. The Association may, at its option, and without waiving the right to judicially foreclose its lien against a Lot, pursue any available remedies, including, without limitation, bringing an action at law against the Owner personally obligated to pay the same. If any such action is commenced, there shall be added to the amount of fees incurred in connection with such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest and reasonable attorneys' fees, together with the costs of the action, including such fees and costs on appeal. Each Owner vests in the Association, or its assigns, the right and power to bring all actions at law or lien foreclosure against such Owner or other Owners for the collection of such delinquent Assessments.

Section 8. Deed of Trust Protection. Notwithstanding all other provisions hereof, no lien created under this Article IV nor any breach of this Declaration or the rules of the Association nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot made in good faith and for value, provided that after the foreclosure of any such Deed of Trust or conveyance of any Lot by deed in lieu of

foreclosure, such Lot shall remain subject to this Declaration and the rules of the Association and the amount of all Regular Assessments and all Special Assessments to the extent they relate to expenses incurred subsequent to such foreclosure shall continue to be assessed hereunder against such Lot.

Section 9. Notice of Recording Deed of Trust. No amendment to this Article IV of this Declaration shall affect the rights of any Beneficiary who does not join in the execution thereof, provided that the Deed of Trust is recorded prior to the recordation of such amendment.

Section 10. No Offsets. All Assessments shall be payable in the amount specified in the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration.

Section 11. Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Utah now in effect, or in effect from time to time hereafter.

Section 12. Amendment. This Article IV shall not be amended without the prior written consent of the Class B Member and not less than eighty-five percent (85%) of the Class A Members.

Section 13. Fines. It is expressly understood and agreed that fines for any violations of this Declaration or the rules and regulations of the Management Committee may be assessed against a Lot and against an Owner, for violations by that Owner or by tenants or invitees.

Section 14. Rights to Collect From Tenant. If an Owner shall, at any time, lease their Lot and shall be in default for a period of one month or more in the payment of assessments or other charges, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant or subtenant of the Owner the rent due or becoming due, and the payment of such rent to the Management Committee shall discharge such tenant or subtenant from the obligation for rent to the Owner and the Owner from his obligation to the Association, to the extent of the amount so paid. The Management Committee shall be fully entitled to demand and receive a copy of the applicable lease agreement.

ARTICLE V

PURPOSE OF THE PROPERTY, AND GENERAL RESTRICTIONS ON USE

The restrictions set forth herein shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of improvements by any Owner (including Declarant) upon the property subjected to this Declaration, provided that when completed such improvements will in all ways conform to said restrictions. Specifically, no such construction activities shall be deemed to constitute a nuisance or violation of said restrictions by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence within the time periods permitted therefor and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including, but not limited to, any provision prohibiting temporary structures, may be granted by the Architectural Committee, as hereinafter defined, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

Section 1. General Purpose. the general purpose of this declaration is to provide for the maintenance, administration and control of the Property as a first class residential community.

Section 2. Use as Residences Only. No Lot or Common Area may be further subdivided. Except as otherwise provided herein, the Lots may only be occupied and used for single family residential purposes, and for such incidental purposes as may be approved by the Management Committee, except that Lot 36 may be devoted primarily to equestrian uses, including the construction of an indoor riding arena not to exceed 120' x 200', enclosed stalls in a structure and covered hay storage buildings, at the option of Declarant. Any time-sharing or any other similar arrangement whereby the use of a Lot is in effect allocated between different persons for separate repeating time intervals, is expressly prohibited. Each Owner shall use or occupy their Lot in a manner consistent with all applicable Summit County codes and regulations.

Section 3. Parking and Storage; Roads. The outdoor parking and storage of cars and any and all motor homes, recreational vehicles, boats, bicycles, motorbikes, motorcycles, trailers and other similar vehicles and equipment is strongly discouraged. To that end the Management Committee shall have full power and authority to regulate such parking and storage and to regulate the use of roadways by imposing and enforcing speed limits and other restrictions, all with full power and authority to impose and enforce (by special assessments hereunder or otherwise) fines and other penalties for violations of such regulations.

Section 4. Certain Additional Restrictions. The following additional restrictions are applicable to Lots. Each reference to "Owners" includes their tenants and invitees.

a. Keeping Outside Areas Clean and Sightly. The Owners shall not place or store anything within or obstruct the Common Areas without the prior written consent of the Management Committee or its designee except in a facility specifically designated or approved for their storage. All Owners shall keep their residences and their Lots in a reasonably clean, safe, sightly and tidy condition, except for reasonable activities permitted by the Management Committee during the construction of an authorized improvement. No antennas or television "dishes" or other similar items may be placed upon any of the Common Areas or Lots without the express written consent of the Architectural Committee.

b. Signs. Without prior written consent of the Management Committee, Owners shall not permit any sign of any kind to be displayed to the public view from their Lot or from the appurtenant Common Areas. Said restrictions shall not apply to the Declarant during the construction or sales period or to traffic signs, Lot designations, project designations or similar signs displayed by the Management Committee or the Declarant.

c. Wildlife; Household Animals. The capturing, trapping or killing of any wildlife within Quarry Mountain Ranch is prohibited, except in circumstances posing an imminent threat to the safety of persons or domestic animals. Except as specifically set forth below, no cattle, livestock, or other animals of any kind shall be raised, bred or kept or maintained outside on any Lot. The Management Committee shall have discretion to set rules with respect to the keeping of animals, other than household pets. It being the intention that small animals, housed within an outbuilding containing pens or coops (ie. chickens, rabbits and the like) may be acceptable. Up to two adult dogs, and up to two adult cats may be kept on each Lot, provided that they are not kept, bred or maintained for any commercial purpose, and provided further that such animals are not allowed to run at large and dogs shall not be allowed to bark excessively at any time of the day or night. Any such animal determined in the sole discretion of the Management Committee to be running at large, creating a nuisance, making objectionable noise, endangering any person's health, safety, or property, or otherwise constituting an inconvenience to any Owner, shall be removed upon written request of the Management Committee. If the owner of the animal fails to honor such request for removal within three (3) days after such written request, the Management Committee shall be entitled to remove the animal, without liability therefor. The keeping of animals shall be further subject to such fines, rules and limitations as may be set forth in the Rules.

d. Horses. Only Lots 7 through 21, 24, 25 and 36 (the "Horse Lots") are permitted to have horses. Owners shall be entitled to maintain horses on the Horse Lots and to utilize the Horse Lots for pasture, subject, however, to any restrictions as may reasonably be determined by the Architectural Committee. Further, the Architectural Committee may, with respect to each of the Horse Lots promulgate rules as to the number of horses, provided that in no event shall the number of horses on any Horse Lot be more than 4,

that may be kept on any particular Horse Lot and such other matters relative to maintaining horses, removal of manure, and the utilization of the Horse Lot as the Architectural Committee shall reasonably determine. Maintaining the vegetation on each Horse Lot is a major concern. In order to prevent overgrazing, the Architectural Committee may impose pasture rotation and/or rest schedules or revoke the right to keep horses on any given Horse Lot until the pasture is restored. In the event Lot 36 is used for an equestrian facility, there shall be no limitation on the number of horses that may be kept on Lot 36.

e. Limitations on Hazardous or Offensive Activities. Owners shall not permit any obnoxious or offensive activity or nuisance to be carried on in or around their Lot or in the Common Areas. No light shall be emitted or reflected from any Lot which is unreasonably bright or causes unreasonable glare for any adjacent Owner. No unreasonably loud or annoying noises, or noxious or offensive odors, shall be emitted from any Lot.

f. Architectural Control. Except as otherwise expressly provided herein, no building, fence, wall, driveway, excavation or improvement of any kind shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made (including without limitation any closing in of a porch or balcony), by any Owner other than Declarant, 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 by the Architectural Committee, as to harmony of external design and location in relation to surrounding structures and topography, and in relationship to the quality and appearance of the Quarry Mountain Ranch project.

g. Compliance with Rules and Regulations. Owners shall not violate any rules and regulations for the use of Common Areas adopted by the Management Committee and furnished in writing to the Owners. Fines and other penalties for violations thereof may be imposed and enforced (by special assessment or otherwise) by the Management Committee for violations of such rules and regulations, and it is expressly understood that Owners may be held responsible for acts of their tenants and invitees.

h. Limitation of Owners' Use. Each Owner's right to the use of Common Areas, shall be restricted to their personal family, tenants, and guests, with the right of the Management Committee to set rules with respect to use and to reasonably limit the number of guests which an Owner, tenant or lessee may invite to use such facilities at any one time.

i. Declarant's Use During Construction and Sale. As part of Declarant's program of development of the Property and to encourage the marketing of Lots, Declarant shall have the right, during the construction and marketing period and as an aid for marketing, without charge, to the reasonable use of Common Areas. The Declarant shall have the right to alter the Common Areas or to construct such additional permanent or temporary improvements as Declarant deems advisable in the course of development of the Property.

Section 5. Requirement of Development Permit. No structure or improvement of any kind shall be erected, placed, altered, added to, reconstructed or permitted to remain on or under the surface of any Lot, and no construction activities or removal of trees, shrubs or other similar vegetation shall be commenced, until a written development permit has been issued therefor by the Architectural Committee specifically authorizing such structure, improvement or activity. Duplicate sets of plans and specifications for any proposed Lot improvement or alteration shall be submitted to the Architectural Committee. Sufficient information shall be submitted to demonstrate compliance with all of the requirements of these covenants and the rules and guidelines adopted by the Architectural Committee. The Architectural Committee may approve plans and specifications subject to any conditions or modifications which the Architectural Committee determines to be necessary in order to ensure conformity with the requirements of these covenants and such rules. The Architectural Committee shall retain one set of plans and specifications. The Architectural Committee shall set forth in writing, its reasons for rejecting any proposed structure or other improvement, promptly after written request by the applicable Owner for a statement of such reasons. The Management Committee shall be fully entitled to regulate such design, construction and landscaping.

Section 6. Other Development and Use Restrictions. All development on and use of Lots shall conform to the following requirements:

a. **Provisions in Addition to County Land Use Regulations.** Conformity with any and all applicable land use regulations of Summit County shall be required, in addition to the requirements of these covenants. In cases of any conflict, the more stringent requirements shall govern.

b. **Authorized Use.** Only residential use shall be permitted, as provided in Section 2 above.

c. **Authorized Structures and Improvements.** No structure or improvement shall be constructed, placed or maintained on or under any Lot, except one single family residence, garage facilities, and related underground utilities, and one guest house may be built, all in compliance with the Design Guidelines of the Architectural Committee which are in effect at the time. If a guest house is built it shall be constructed so as to be consistent with the style, character, color and design of the main residence, with a main floor not to exceed 2000 square feet, subject to Architectural Committee review and approval. Such square foot limitation shall not apply to Lots 9 and 10 which shall have a maximum size limitation of 3000 square feet.. Notwithstanding the foregoing, one additional outbuilding may be constructed on each Horse Lot subject to the provisions of paragraph d. below.

d. **Building Envelope.** All buildings shall be constructed within the Building Envelope on each Lot, as designated on the Plat. No development activities shall be permitted on any Lot outside of the Building Envelope except for access driveways, swimming pools, tennis courts, and similar recreation improvements, utility installations

and landscaping activities pursuant to a development permit granted by the Architectural Committee hereunder. Notwithstanding the foregoing, the Horse Lots are permitted to have the one additional outbuilding as described in paragraph c., built outside of the Building Envelope, provided the outbuilding has no living accommodations, is not larger than 1600 square feet and is not taller than 24 feet. In addition, any outbuilding built outside of the Building Envelope on Lots 11 through 21 shall be screened from view from the Conservation Area by appropriate planting of trees and shrubs of sufficient size to minimize visibility and impact. The Architectural Committee shall review and approve landscaping plans for all areas of a Lot at the same time as building plans are reviewed.

e. **Construction.** No pre-cut, pre-fabricated or modular structures of any kind shall be permitted for the residence. The roofs of all structures shall be constructed of materials approved by the Architectural Committee. All exterior construction shall be completed within one year from the commencement date of construction, unless the Architectural Committee in its discretion approves an extension for good cause, not to exceed ten months in length. All frontyard landscaping shall be substantially completed within two years from the commencement date of construction. All construction work shall be subject to full regulation at all times by the Architectural Committee and the Management Committee, as to access to the site, site and work conditions (including temporary structures, hours of operations, cleanliness and other matters), and scheduling of construction work. Violation of the construction completion time limitation shall subject the Owner to liability for fines assessed by the Association.

f. **Height Limitations, Floor Area Requirements.** Except for the main residence structure on Lots 9, 10, and 26-35 which may have a building height of 32 feet, no structure shall be greater than 28 feet in height. Building height shall be measured in a manner consistent with the Snyderville Basin Development Code, but shall not include chimneys, vents or antennas. With the exception of Lot 10 which shall have no minimum floor area limitation, the principal residence (excluding the garage) shall have a minimum main floor area of 3,200 square feet.

g. **Fences.** Except as provided elsewhere herein, the following are the only fences permitted on any Lot:

(1) fences placed around the perimeter of the Property and around the Common Areas by the Management Committee or the Declarant.

(2) fences approved pursuant to Article IV A.7. of the Architectural Design Guidelines for the Ranch.

(3) the Architectural Committee shall designate the location of the fence which any Lot Owner proposes to build at the rear of any of the Lots 11 through 22. The purpose of this provision is to preserve views and the Conservation Area and to preserve the shoreline of the lakes and ponds by preventing access to the shoreline by any horses, and

to allow access to the shoreline and banks of the lakes and ponds by the Owners, as provided by the easement provided in paragraph 1 below.

h. **Utilities.** Connections from Lots to the underground utility lines shall be completed at the applicable Lot Owners' expense, and shall be underground.

i. **Temporary Structures Prohibited.** No temporary structures, such as trailers, tents, shacks or other similar buildings, shall be permitted on any Lot, except during construction as authorized by the Architectural Committee.

j. **Maintenance.** Each Lot and all structures thereon shall be maintained in a clean, safe and sightly condition. Boats, tractors, vehicles other than automobiles, campers (whether or not on a truck), snow removal equipment, and garden or maintenance equipment shall be kept at all times, except when in actual use, within an enclosed structure or appropriately screened from view. Refuse, garbage and trash shall be kept at all times in a covered container, and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas, storage piles and compost piles shall be appropriately screened from view, and facilities for hanging, drying or airing clothing or household fabrics are prohibited. No lumber, grass, shrub or tree clippings or plant waste, metals, bulk materials or scraps or refuse or trash shall be kept, stored or allowed to accumulate on any Lot.

k. **Woodburning Stoves.** The Architectural Committee has express authority to prescribe requirements and limitations applicable to any woodburning stoves and fireplaces to be installed in any structure.

l. **Easements.** There is hereby established the following general easements over each Lot:

(1) in favor of the Association for access to do general maintenance and landscaping around all ponds and lakes and along both sides of all watercourses;

(2) in favor of the Association for access to those areas on each Lot which are within the designated Conservation Area for the purpose of installation, maintenance and repair of any Association owned and controlled irrigation systems; and

(3) in favor of the Association for such other access as may be necessary for emergencies, or which may be in the best interest of all of the Owners.

(4) in favor of adjoining Lot Owners for shared driveways as per the Plat. The length of each driveway to which the easement applies shall be determined by Declarant in the course of development of the subdivision.

ARTICLE VI

ARCHITECTURAL COMMITTEE

Section 1. Members of Committee The Architectural Committee, sometimes referred to in this Article VI as "Architectural Committee" or "Committee", shall consist of three (3) members. There shall be one (1) standing member and two (2) alternating members. The two (2) alternating members of any one (1) Committee shall be designated, from time to time, by the Management Committee or its designee, from a panel of five (5) alternating members. An Owner desiring Committee review of a proposal or other Committee action shall indicate to the Management Committee or its designee whether anyone on the panel is employed by such Owner, and should therefore be excluded from sitting on the Committee because of such conflict. The Management Committee or its designee shall thereafter designate from the non-excluded members of the panel those two (2) who will sit with the standing member on the Committee for a particular proposal or action. The following persons are hereby designated as the initial members of the Committee and panel:

Standing Member: Richard L. Clissold

Panel Members: Donald D. Chapman
Edward L. Clissold

Each of said persons shall hold office until such time as he or she has resigned or has been removed or his or her successor has been appointed, as provided herein. The standing member and/or the panel members are hereinafter collectively referred to as "Members of the Committee." Members of the Committee may be removed at any time without cause.

Section 2. Rights of Appointment. At any time that Declarant is the Owner of at least ten percent (10%) of the Lots (including Lots in any Annexed Property), Declarant shall have the right to appoint and remove all Members of the Committee. At all other times, the Management Committee shall have the right to appoint and remove all Members of the Committee.

Section 3. Review of Proposed Construction. The Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to the terms of this Declaration and the Quarry Mountain Ranch Architectural Design Guidelines as promulgated by the Committee at any given time, and perform such other duties as from time to time shall be assigned to it by the Management Committee, including the inspection of construction in progress to monitor its conformance with plans approved by the Committee. The Committee shall approve proposals or plans and specifications submitted for 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 area or the Quarry Mountain Ranch Property as a whole, and that the appearance of any structure affected thereby will be, in the unfettered discretion of the Committee, in harmony with the surrounding structures and aesthetically attractive, architecturally well designed. The Committee shall not approve any plans which contemplate visible construction with blocks of cement, cinder, pumice or similar materials unless same is faced on the outside with wood, stone, brick or similar materials and approved by the Committee. All exterior siding must be of quality materials. The Committee shall not approve mansard roofs, zero roof overhangs, or exterior roof construction of tar paper, gravel or metal unless such metal is painted or textured in such a manner as to be approved by the Committee. The Committee shall not approve any extreme, bizarre or eccentric design or construction styles such as, without limitation, A-frame construction, mine shaft design, round or oval style, mansard roof design, Bauhaus style or extreme contemporary design. The Committee shall have the authority to maintain a list of approved construction materials and to add or subtract therefrom from time to time. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, and any additional factors which it will take into consideration in reviewing submissions. The Committee shall 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, complete landscaping plans, including size and type of plant and tree material, and description or samples of exterior material and colors. The Committee shall require at least one set of all such plans to be provided to the Committee to be maintained in its permanent files. The Committee may assess a reasonable fee for the submission of plans. A submission of plans and specifications will not be deemed complete nor technically submitted until the rules and guidelines are complied with, and the applicable fee submitted. The Committee shall respond to any plans submitted with an approval or disapproval within 15 days of submission.

Section 4. 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 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 9 hereof. In the absence of such designation, the vote of any two (2) members of the Committee, or the written consent of any two (2) members of the Committee if taken without a meeting, shall constitute an act of the Committee.

Section 5. 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 or additionally submitted for

approval or consent.

Section 6. Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be determined by the Management Committee and shall not exceed \$35.00 per hour.

Section 7. Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

A. Upon the completion of any work for which approved plans are required under this Article VI, the Owner shall give written notice of completion to the Architectural Committee.

B. Within fifteen (15) days thereafter, the Architectural Committee, or its duly authorized representative, may inspect such improvement. If the Architectural Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such fifteen (15) 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 Architectural Committee shall notify the Management Committee in writing of such failure. Upon Notice of Hearing, the Management Committee 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 Management Committee ruling. If the Owner does not comply with the Management Committee ruling within such period, the Management Committee, 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 the Association, the Management Committee shall be entitled to levy a Special Assessment against the Lot and the Owner for reimbursement.

D. If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within fifteen (15) days 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 8. Non-Liability of Committee Members. Neither the Committee nor any member thereof 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, alterations or

addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Quarry Mountain Ranch property generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings (including, without limitation, impact on view corridors from other Lots), scale, 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.

Section 9. Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, and authorize the placement of structures nearer to lot lines than otherwise provided for herein when circumstances such as topography, natural obstructions, hardship, lot size or configuration, aesthetic or environmental consideration may require. No such variance granted shall violate the Snyderville Basin Development Code or other governmental restrictions regarding such matters. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Committee, and shall become effective upon recordation in the Office of the County Recorder of Summit County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration 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 for any purpose except as to the particular property and particular provisions hereof covered by the variance.

Section 10. Additional Powers of the Management Committee. The Management Committee may promulgate procedures for establishing such additional architectural and landscape standards, rules and regulations as it deems to be appropriate and as are not in conflict with this Declaration.

ARTICLE VII

MAINTENANCE

Section 1. General Maintenance, etc. The maintenance, alteration, replacement and repair of the Common Areas shall be the responsibility of the Management Committee. The Management Committee, as part of its responsibility, shall maintain, repair and provide for snow removal and maintenance activities on all roadways constituting part of the Common Areas. The maintenance, repair and replacement of all improvements on each Lot shall be the responsibility of the Owner of such Lot and not the Management Committee except as otherwise expressly set forth below.

Section 2. Access; Certain Additional Improvements. The Management Committee or manager shall have the irrevocable right to have access to each Lot from time to time during

reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Common Areas and facilities, and for making emergency repairs necessary to prevent damage to the Common Areas or to a Lot, although there shall be no affirmative duty to do so.

The Declarant and personnel involved with recreational facilities shall have rights to use the Common Areas for ingress, egress and for activities related to development, construction, repairs, maintenance and improvement on the Property.

The Declarant reserves full rights, but not the obligation, to conduct landscaping activities on the Property, and to implement additional improvements (including without limitation fencing, pathways, signs, outdoor lighting and maintenance sheds) on the Property in the future without the requirement of obtaining the consent or other authorization of the Association, the Management Committee, the Architectural Committee or the Owners.

ARTICLE VIII

ANNEXATION

Section 1. Procedure. Additional real property may be unilaterally annexed by Declarant without the consent of other Owners at any time within twenty (20) years of the date of recordation of this Declaration. Amendment of the Declaration to include such Annexed property, and to subject such Annexed Property to the rights, privileges, restrictions, covenants and easements herein provided shall be made by the execution and recordation by Declarant of a supplemental declaration, which shall describe the Annexed Property being annexed, and any supplemental covenants, conditions and restrictions applicable thereto, and shall describe the Common Area thereof. Upon the recordation of the supplemental declaration, the Annexed Property described therein shall be subject to the terms and provisions of this Declaration as though included originally in this Declaration, and the definitions of Quarry Mountain Ranch Property and shall automatically be amended to conform to such supplement or supplements, as shall all the other definitions herein, including the definitions of Lot and Owner. All Owners of Lots located within the Annexed Property shall be subject to all easements, restrictions and reservations set forth in this Declaration and shall have the privileges of use of Common Area, except as otherwise provided herein and subject to the restrictions and reservations set forth in the Declaration as amended and supplemented from time to time.

Section 2. Designation of Common Areas. Any Common Area designated by Declarant as such on the recorded plat of the newly Annexed Property or in the supplemental declaration or conveyed to the Association by Declarant shall be subject to the same easements and other rights for the use and enjoyment of the Owners as for the other owners of Lots subject to this Declaration.

Section 3. Association Annexation. The Association may annex any real property to the provisions of this Declaration with the consent of the Owner of such real property, the affirmative vote of a majority of the Class A Members represented at a meeting duly called for such purpose, and the consent of Declarant so long as Declarant owns any real property subject to this

Declaration. Such annexation shall be accomplished upon recordation of a supplemental declaration describing the annexed property, which shall be executed by the President and the Secretary of the Association, the owner of the annexed property and Declarant if Declarant's consent is required.

Section 4. Amendment. This Article VIII shall not be amended without the prior written consent of Declarant so long as Declarant owns any real property subject to this Declaration.

ARTICLE IX

WATER SYSTEM

Section 1. Generally Quarry Mountain Ranch shall have a water system comprised of a Domestic system (potable water) and an Irrigation system (nonpotable water) (hereinafter, the "Water System"). The Water System shall be constructed initially by Declarant, and then conveyed to, owned, operated, maintained and managed by the Association, subject to rights reserved by Declarant, and subject to the provisions of Section 2 hereof. All water rights related to the Water System shall be owned only by the Association (and not Individual Owners), subject to the provisions of Section 2 hereof. All Lots and Common Areas shall be serviced by and have access to the Water System, and the Association, among its other responsibilities, shall be responsible for the Water System. As more fully set forth below, all Lots shall be assessed to pay the costs of the Water System, regardless of actual use or non-use. Use of the Water System shall be subject to such rules and regulations as the Association may adopt from time to time. The right to receive and/or use water from the Water System is subject to availability, and the Association is authorized to regulate the use of water to conserve its availability. The Association shall operate and maintain the Water System in accordance with the rules and regulations of applicable governmental authority. The Association may employ the services of a manager and other personnel to carry out the management of its responsibilities with respect to the Water System.

Section 2. Domestic System. The Domestic System shall be separate from the Irrigation System to the extent required to ensure that irrigation water is not inadvertently used for domestic purposes, such as human consumption or culinary purposes. The Domestic System shall be comprised of domestic wells, storage tanks, pressurized pipeline distribution system, and related pumps, equipment and facilities. A Domestic System water line shall be made available to each Lot for hookup to the residence when the residence is constructed, provided that the water therefrom shall be utilized by the Owner of the Lot for domestic purposes and shall not be hooked into the Irrigation System. Declarant and/or the Association, as the case may be, shall be responsible for the System only to the point of stub-out at the Lot line. From and after stub-out, all pipes, faucets, valves, interior plumbing, and so forth, shall be the sole responsibility of the Owner of the Lot. At the option of the Declarant the Domestic System, together with the associated water rights, may be conveyed, in whole or in part, to a public or private water company at which time such company shall be solely responsible for delivery of Domestic water

and maintenance of the Domestic System.

Section 3. Irrigation System. The Irrigation System shall be separate from the Domestic System to the extent required to ensure that irrigation water is not inadvertently used for domestic purposes, such as human consumption and/or culinary purposes. The Irrigation System shall be composed of an irrigation well, surface water pumps from the streams and the ponds as shown on the recorded plat for Quarry Mountain Ranch, a circulation system, a pressurized pipeline distribution system, and related pumps, equipment and facilities. The Irrigation System may be expanded as determined by the Association. An Irrigation System water line shall be made available to each Lot, which water line may be located along common boundary lines and may be used by more than one Lot, for hookup to the individual private irrigation systems within the Lots, provided that no hose bibs, or other externally accessible direct outlets or valves (other than sprinkler heads and other outlets or valves utilized in a closed irrigation system approved by the Architectural Committee) shall be permitted, and further provided that the water therefrom shall be used for irrigation purposes only. The Management Committee shall be responsible for the System only to the point of stub-out at the Lot line and may appoint a water master to manage the system. From and after stub-out, all pipes, valves, sprinkler heads and so forth, shall be the sole responsibility of the Owner of the Lot. Water from the Irrigation System is not drinkable. Each Lot Owner shall be responsible to ensure that irrigation water within the boundaries of such Owner's Lot is not consumed by any person or used for culinary purposes. The valve for connection to the Irrigation System at the boundary of each Lot shall be marked with an appropriate label to forewarn that the water is nonpotable and to distinguish it from any valve for connection to the Domestic System. Each Owner shall be responsible for connecting such Owner's sprinkler system to the proper valve and for labeling as aforesaid and/or as required by applicable governmental authority.

Section 4. Landscaping. The Irrigation System shall be installed and utilized by Declarant in the installation and initial maintenance of the water lines, irrigation systems and initial landscaping, and thereafter utilized by the Association as also provided herein.

Section 5. Assessments. The expenses of the Water System shall be borne by Declarant until the sale of the first Lot by Declarant, and thereafter by the Association pursuant to Regular and Special Assessments against the Lots and the Owners thereof, as follows:

A. The expenses to be incurred by the Association in the delivery of Irrigation Water, regardless of use or nonuse on any particular Lot, shall be paid as part of a Regular Assessment against all Lots, uniformly applied.

B. In addition to the annual Regular Assessment, the Association may levy a Special Assessment, uniformly applied, against all Lots and the Owners thereof, for the purpose of defraying, in whole or in part, the cost of repair or replacement of a capital improvement to the Irrigation System.

C. The expenses to be incurred by the Association in the delivery of Domestic Water, other than a regular service fee for use, shall be paid as part of a Regular Assessment against all Lots, uniformly applied.

D. A regular service fee for use may be charged by the Association against a Lot and the Owner thereof, said fee to be imposed the first day of the first full month following hookup by an Owner of his or her individual domestic water system to the Domestic System. Said fee may be levied as part of a Regular Assessment, as part of a Special Assessment, or billed separately, as the Association shall determine. The Association, through the Management Committee, shall have the authority to establish rates and procedures with respect to such regular service fee, as determined by the Management Committee.

E. In addition to the annual Regular Assessment, the Association may levy a Special Assessment, uniformly applied, against all Lots and the Owners thereof, for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement to the Domestic System.

Section 6. Miscellaneous

A. In its discretion, the Association may require that any water assessment not expended by the Association in the year of its collection be treated as a contribution to the reserve capital of the Association and maintained until expenditure of such funds is appropriate.

B. The costs of providing water to any Common Area shall be an expense of the Association to be paid pursuant to Regular or Special Assessments as determined by the Association.

C. Any water assessments shall be treated as Regular or Special Assessments in conformity with Article IV hereof, and may be collected as set forth therein, together with late charges, interest and lien rights as applicable thereunder.

ARTICLE X

INSURANCE

Section 1. Each Owner is solely responsible for obtaining their own insurance covering any and all improvements on their Lot. The Association is responsible for obtaining appropriate insurance for all Common Areas and improvements thereon.

ARTICLE XI

DESTRUCTION, DAMAGE OR OBSOLESCENCE

Each Owner of a Lot is solely responsible for any damage, destruction, obsolescence, condemnation or abandonment of any improvements thereon, and for repair and reconstruction of such Lot and all improvements thereon.

ARTICLE XII

EMINENT DOMAIN

Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and facilities by the exercise of the power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Management Committee shall be entitled to timely written notice thereof and the Management Committee shall participate in the proceedings incident thereto.

ARTICLE XIII

LEASING OF LOTS

All leases of Lots shall be subject in all respects to the provisions of this Declaration and failure of the lessee to comply with the terms of this Declaration shall be a default under the lease and shall be enforceable against the lessee directly by the Association, but without limitation of any other rights of the Association.

ARTICLE XIV

ENCROACHMENTS

None of the rights and obligations of any Owner created by this Declaration or by any deed conveying a Lot shall be affected in any way by an encroachment by any portion of the Common Areas and facilities upon any Lot. There are hereby created valid easements for the maintenance of any encroachments permitted by this Article so long as such encroachments exist.

ARTICLE XV

CONVEYANCES

Section 1. Description of Lots. Every deed, lease, mortgage, instrument of conveyance or sale, or other instrument affecting title to a Lot may describe the Lot by appropriate reference to the applicable Plat and the Lot's identity number as set forth in the Plat, as each shall appear on

the records of the Clerk of Summit County, Utah. Every such description shall be deemed to convey, transfer, encumber or otherwise affect the Owner's corresponding percentage of undivided ownership in the Association, as set forth herein, also incorporating all rights and limitations indicant to Ownership described in this Declaration, even though the same are not exactly mentioned or described.

ARTICLE XVI

NOTICES

Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to be delivered forty-eight (48) hours after a copy of the same has been deposited in the U.S. mail, postage prepaid. Notice to Owners for any purposes shall be addressed to each Owner at their Lot or to such other address that such Owner designates in writing to the Management Committee. Unless otherwise notified in writing, notice to the Management Committee shall be addressed to: Quarry Mountain Ranch Management Committee 2157 E. 2100 S., Salt Lake City, Utah 84109.

ARTICLE XVII

NO WAIVER

The failure of the Management Committee or the Architectural Committee or its agents to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions, or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment, for the future, of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or the Architectural Committee or its agent of the payment of any assessment from an Owner, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver by the Management Committee of any provision hereof shall be deemed to have been made unless expressed in writing and duly signed by or on behalf of the Management Committee or the Architectural Committee, as the case may be.

ARTICLE XVIII

ENFORCEMENT

Each Owner shall strictly comply with the provisions of the Declaration, and the administrative rules and regulations and decisions issued by the Management Committee and the Architectural Committee. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, or any other remedy allowed by the Act, other statutes or common law, maintainable by the Management Committee or its designee on behalf of

the Association or by Declarant or, in an appropriate case, by an aggrieved Owner. Any violation of the provisions of the Declaration or any related rules or regulations is declared to be and shall constitute a nuisance and may be abated by Declarant of the Management Committee. Such remedy shall be deemed cumulative and not exclusive of others, provided that only the Owners, the Association, its board of directors and committees, and the public entity referred to herein shall have rights set forth herein, but there shall be no other persons or entities entitled to enforce the provisions hereof as third party beneficiaries or otherwise. The Association shall be entitled to payment of all attorneys fees incurred by the Association (or the Management Committee or Architectural Committee), payable by an Owner or lessee in violation of this Declaration or any such rules or regulations.

In addition, upon any failure of an Owner to pay when due any assessment for common expenses or any other assessment, the Management Committee may seek any remedy provided in this Declaration or otherwise available at law or equity. Unless specifically agreed in writing, liability for payment of assessments shall be joint and several against any and all persons and/or entities holding or claiming any ownership or leasehold interest in the applicable Lot.

ARTICLE XIX

TERM

Section 1. Term The covenants conditions and restrictions of this Declaration shall run until December 31, 2030, unless amended as herein provided. After December 31, 2030, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least three-fourths (3/4) of the Owners, and such written instrument is recorded with the Summit County Recorder.

ARTICLE XX

AMENDMENTS

Section 1. Amendment by Owners. (a) Except as required by law, or as provided in clause (b) below, the provisions of this Declaration may be amended by the vote of those holding at least two-thirds (2/3) of the votes of the Members in the Association. Any amendment so authorized shall be accomplished by recordation of an instrument executed by the Management Committee. In such instrument said Committee shall certify that the vote required hereby for amendment has been duly obtained. The Plat may be supplemented, amended and modified from time to time by the Declarant in its discretion, provided only that no such modification shall change the description of a Lot which has been sold without the written consent of the applicable Owner.

(b) Notwithstanding anything to the contrary contained in this Declaration, no material amendments to the common expense and maintenance provisions of Article IV, shall be adopted

without the written approval of at least 75% of all of the Owners affected thereby, and no amendment of any provision hereof which amendment adversely affects the Declarant may be adopted without the express written consent of Declarant.

ARTICLE XXI

GENERAL PROVISIONS

Section 1 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

Section 2. Captions, Gender and Grammar. The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope and intent of this Declaration or any provision hereof. The singular wherever used herein shall be construed to mean the plural whenever applicable or vice versa and necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, etc, shall be assumed in each case as though made.

Section 3. Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Utah.

ARTICLE XXII

EFFECTIVE DATE

This Declaration shall take effect when recorded with the Clerk of Summit County, Utah.

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

QUARRY MOUNTAIN DEVELOPMENT, INC.
a Utah corporation

By *[Signature]*
its President

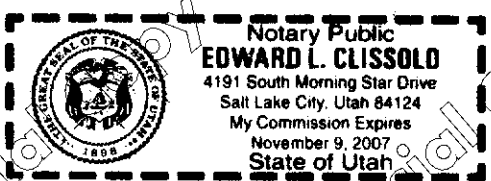
(seal)

Attest: *[Signature]*

STATE OF UTAH)
COUNTY OF SALT LAKE)

The foregoing Declaration was acknowledged before me by Richard L. Clissold as President of Quarry Mountain Development, Inc. this 15th day of April, 2004.

Witness my hand and official seal



[Signature]
Notary Public

My commission expires 11-9-07

EXHIBIT A

BOUNDARY DESCRIPTION

Beginning at a point which is South 00°49'32" East 1363.05 feet along the Section Line from the Northwest Corner of Section 32, Township 1 South, Range 4 East, Salt Lake Base and Meridian and running thence North 89°25'15" East 218.10 feet; thence North 85°27'56" East 190.11 feet; thence South 83°19'56" East 127.83 feet; thence North 89°15'02" East 534.96 feet; thence North 89°17'06" East 377.55 feet; thence North 89°49'38" West 1208.15 feet; thence South 00°45'05" East 2690.12 feet along Quarter Section Line to the Southeast Corner of the Northeast Quarter of the Southwest Quarter of said Section 32; thence North 89°48'19" West 2652.20 feet along the Quarter Quarter Section Line to the Southwest Corner of the Northwest Quarter of the Southwest Quarter of said Section 32; thence North 89°55'52" West 1111.67 feet; thence North 12°42'59" East 751.38 feet to and along an existing fence; thence North 24°11'12" East 54.91 feet; thence North 18°49'25" East 104.08 feet; thence North 05°03'55" West 105.41 feet; thence North 42°43'37" East 59.94 feet; thence North 24°36'38" West 40.60 feet; thence North 07°23'45" East 53.13 feet; thence North 31°25'39" East 70.90 feet; thence North 00°11'41" East 50.00 feet; thence South 89°48'19" East 30.73 feet; thence North 02°59'38" West 82.19 feet; thence North 33°01'25" West 49.13 feet; thence North 50°47'51" East 100.86 feet; thence North 31°29'13" West 60.18 feet; thence North 00°19'10" West 72.83 feet; thence North 57°18'30" East 59.10 feet; thence North 08°45'25" East 83.90 feet; thence North 04°23'11" West 80.78 feet; thence North 24°53'17" East 114.49 feet; thence North 16°22'30" East 49.55 feet; thence South 76°45'07" East 49.82 feet; thence North 05°21'47" East 43.79 feet; thence North 72°21'07" East 90.56 feet; thence North 01°53'54" West 39.42 feet; thence North 57°26'56" East 74.82 feet; thence North 37°38'00" East 12.77 feet; thence North 21°30'05" East 79.22 feet; thence North 51°32'20" East 38.50 feet; thence North 04°04'25" East 104.22 feet; thence North 39°58'55" East 132.54 feet; thence North 01°31'49" West 85.31 feet; thence North 40°38'37" East 48.44 feet; thence North 40°15'26" East 34.80 feet; thence North 89°30'27" East 54.09 feet; thence North 00°29'14" West 163.00 feet; thence North 89°30'27" East 164.40 feet; thence North 00°49'32" West 14.53 feet along the West Section line of said Section 32 to the point of beginning.

CONTAINS: 207.561 ACRES 36 LOTS

QMR-1 - QMR-36