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When Recorded, Mail To:

Legacy Properties and Investments, L.C.
1402 West State Street
Pleasant Grove, Utah 84062
Attention: John Heiner

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RANDALL A. COVINGTON
UTAH COUNTY RECORDER
2000 Sep 07 3:46 pm FEE 100.00 BY SB
RECORDED FOR FIRST AMERICAN TITLE CO

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE COTTAGES AT CANYON HEIGHTS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE COTTAGES AT CANYON HEIGHTS (this "Declaration") is made and executed this 15 day of December, 1999, by LEGACY PROPERTIES AND INVESTMENTS, L.C., a Utah limited liability company (hereinafter referred to as the "Declarant").

RECITALS:

A. This Declaration affects that certain real property located in the Town of Cedar Hills, Utah described with particularity in Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter referred to as the "Property").

B. Declarant is the owner of the Property.

C. Declarant has constructed, is in the process of constructing or will construct upon the Property a residential planned unit development which shall include certain Lots, Common Area, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Record of Plat Map to be recorded concurrently herewith.

D. Declarant intends to sell to various purchasers the fee title to the individual Lots contained in the Property, and a corresponding membership interest in the Association of Lot Owners (which shall own the Common Areas), subject to the Plat Map and the covenants, conditions and restrictions set forth herein.

E. Declarant desires, by filing this Declaration, to submit the Property and all improvements now or hereafter constructed thereon to the terms, covenants and conditions of this Declaration. The residential planned unit development on the Property is to be known as "THE COTTAGES AT CANYON HEIGHTS."

NOW, THEREFORE, for the reasons recited above and subject to the covenants, conditions and restrictions set forth below, Declarant makes the following declaration:

SUBMISSION AND DECLARATION

Declarant hereby declares that all of the Property shall held, sold, conveyed, encumbered, leased, used, occupied and improved subject to and in strict accordance with all of the terms and

conditions of this Declaration, including without limitation all of the covenants, conditions and restrictions set forth herein, all of which are created for the mutual benefit of the Owners of the Property and the Lots. It is the intention of Declarant in imposing the covenants, conditions and restrictions set forth in this Declaration to create a uniform pattern of development of the Property and to protect and enhance the property values and aesthetic values of the Property by eliminating inconsistent uses for improvements, all for the mutual protection and benefit of the Owners of the Lots. All of the terms and conditions of this Declaration, including without limitation all covenants, conditions and restrictions set forth herein, are intended to and shall in all cases run with the title of the land comprising the Property and shall be binding upon the Owners, their successors, assigns, heirs, lien holders and any other person holding any interest in the Property and shall enure to the benefit of all other Property in the Project. All of the terms and conditions of this Declaration, including without limitation the covenants, conditions and restrictions set forth herein, shall be binding upon Declarant as well as all of Declarant's successors in interest, and may be enforced by the Declarant, by the Association, or by any Lot Owner.

COVENANTS, CONDITIONS, AND RESTRICTIONS

The foregoing submission and declaration is made upon and under the following covenants, conditions, and restrictions:

1. Definitions. When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated.

a. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to all attorneys' fees, late charges, service fees, filing and recordation fees, accruing interest, fines, and expenditures actually incurred or assessed by the Association.

b. Additional Land shall mean and refer to the real property located in Utah County, Utah the approximate location of which is shown on the map attached hereto as Exhibit "C" and incorporated herein by this reference.

c. Area of Common Responsibility shall have the meaning set forth in Section 16 below.

d. Area of Personal Responsibilities shall have the meaning set forth in Section 16 below.

e. Articles of Incorporation shall mean and refer to the Articles of Incorporation of The Cottages at Canyon Heights Homeowners Association, Inc., on file or to be filed with the Utah Department of Commerce.

f. Assessments shall mean and refer to the amounts levied for Common Expenses by the Association against a Lot or Lot Owner.

g. Association shall mean and refer to The Cottages at Canyon Heights Homeowners Association, Inc., a Utah nonprofit corporation

h. Building shall mean and refer to any of the structures constructed within the Project.

i. By-Laws shall mean and refer to the By-laws of The Cottages at Canyon Heights Homeowners Association, Inc. attached to this Declaration as Exhibit "B," as the same may be amended from time to time as provided herein.

j. Capital Improvement shall mean and refer to all non-recurring expenses (as opposed to day-to-day expenses) to repair, maintain or replace significant fixed assets in the Project intended to restore, enhance, improve or ameliorate the useful life, utility, value or beauty of the Common Areas.

k. Class B Control Period shall mean and refer to the period of time during which the Class B Member is entitled to appoint all of the members of the Management Committee.

l. Common Areas shall mean and refer to all real property in the Project in which the Association owns an interest for the common use and benefit of its Members, their successors, assigns, tenants, families, guests and invitees, including but not limited to the following items:

i. The real property and interests in real property submitted hereby, including the entirety of the Property and all improvements constructed thereon, excluding the individual Lots.

ii. All Common Areas designated as such in the Plat Map or Maps;

iii. All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Lot Owners, such as telephone, electricity, gas, water and sewer;

iv. The Project's outdoor grounds, landscaping, street lighting, perimeter fences, sidewalks, common parking spaces, roadways, streets, ways, spurs, lanes, and alleys;

v. All portions of the Project not specifically included within the individual Lots; and

vi. All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of its Members.

m. Common Expense shall mean and refer to:

- i. All sums lawfully assessed against the Owners;
- ii. Expenses of administration, maintenance, repair or replacement of
the Project;
- iii. Expenses allocated by the Association among the Owners;
- iv. Expenses agreed upon as common expenses by the Management
Committee; and
- v. Expenses declared common expenses by the Declaration.
- n. Community shall mean and refer to the Project.
- o. Community-Wide Standard shall mean and refer to the standard of
conduct, maintenance, or other activity generally prevailing in the Community as determined by
the Management Committee from time to time.
- p. Declaration shall mean and refer to this Declaration of Covenants,
Conditions and Restrictions for The Cottages at Canyon Heights.
- q. Declarant shall mean LEGACY PROPERTIES AND INVESTMENTS,
L.C., a Utah limited liability company, and its successors and assigns.
- r. Dwelling, Dwelling Unit or Unit shall mean and refer to the detached
single family home, living unit or residential structure constructed upon a Lot.
- s. Eligible Insurer shall mean and refer to an insurer or governmental
guarantor of a Mortgage who has requested notice in writing of certain matters from the
Association in accordance with this Declaration.
- t. Eligible Mortgagee shall mean and refer to a mortgagee, a beneficiary or
trustee under a trust deed, or a lender who has encumbered by a Mortgage one or more of the
Lots and who has requested notice in writing of certain matters from the Association in
accordance with this Declaration.
- u. Eligible Votes shall mean and refer to those votes available to be cast on
any issue before the Association or the Management Committee. A vote which is for any reason
suspended is not an "eligible vote."
- v. Family shall mean and refer to a group of natural persons residing in the
same residential structure within the Project and maintaining a common household.
- w. Guest shall mean and refer to a temporary visitor, invitee or person whose
presence within the Project is approved by or is at the request of a particular resident.

x. Improvement shall mean and refer to all physical structures and appurtenances to the Property of every kind and type, including but not limited to all Buildings, Dwelling Units, utility systems, roads, pathways, walking trails, driveways, parking areas, fences, walls, stairs, landscaping, trees, shrubs, bushes and green space

y. Lot shall mean and refer to a portion of the Property, other than the Common Areas, intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the Plat Map filed with this Declaration or amendments thereto. The term Lot includes the Dwelling Unit located on such Lot, the Private Yard Area appurtenant to the Dwelling Unit on such Lot, and any physical structure or improvement constructed on such Lot.

z. Lot Number shall mean and refer to the number, letter or combination thereof designating a particular Lot.

aa. Lot Owner shall mean and refer to the person who is the owner of record (in the Office of the Recorder of Utah County, Utah) of a fee or an undivided fee interest in a Lot, including but not limited to both the seller and buyer under an executory sales contract (e.g. uniform real estate, land sales contract, or other similar instrument). The term Lot Owner does 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.

bb. Majority shall mean and refer to those eligible votes of Lot Owners or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

cc. Management Committee shall mean and refer to those Lot Owners duly elected and qualified to manage, operate and regulate the Association, which is established pursuant to the provisions of the By-Laws.

dd. Manager shall mean and refer to the person or entity appointed or hired to manage and operate the Project, as provided in the By-Laws.

ee. Member shall mean and refer to a Lot Owner obligated and entitled, by virtue of his ownership of a Lot, to be a member of the Association.

ff. Mortgage shall mean and refer to either a mortgage or deed of trust on any Lot, but shall not mean or refer to an executory contract of sale.

gg. Mortgagee shall mean and refer to a mortgagee under either a mortgage or a beneficiary under a deed of trust on any Lot, but shall not mean or refer to a seller under an executory contract of sale.

hh. Owner shall mean and refer to a Lot Owner.

ii. Permanent Resident shall mean and refer to anyone who resides in the Project for more than four (4) consecutive weeks or for more than eight (8) cumulative weeks in any calendar year.

jj. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

kk. Plat or Plat Map shall mean and refer to the Plat Map of The Cottages at Canyon Heights, Plat "A", on file in the Office of the Recorder of Utah County, Utah, as it may be amended from time to time, including the addition of any subsequent phases of the Project, if any, provided that any such subsequent phase of the Project is made subject to the provisions of this Declaration by a supplemental declaration stating that such subsequent phase has been added to the Project and is subject to this Declaration. Any such subsequent declaration must be recorded in the Office of the Recorder of Utah County, Utah. The Plat Map will show the location of the Lots, including the Private Yard Areas, and the Common Areas.

ll. Private Yard Area shall mean and refer to the area in the rear yard of each Lot as shown on the Plat, around which the Declarant shall construct a fence and in which the Lot Owner may (i) construct a deck, porch or patio, whether covered or uncovered, as approved and authorized by the Association, and/or (ii) plant a flower or vegetable garden, subject to certain conditions, rules and restrictions as specified by the Association.

mm. Project shall mean and refer to the residential planned unit development constructed on the Property which is subject to this Declaration.

nn. Project Documents shall mean this Declaration, the By-Laws, the Rules and Regulations, and the Articles of Incorporation.

oo. Property shall mean and refer to all of the land or real estate, improvements, and appurtenances submitted to this Declaration.

pp. Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or Property (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational, oversized or commercial transportation device of any kind.

qq. Single Family Home or Residence shall mean and refer to both the architectural style of a dwelling unit and the nature of the residential use permitted.

rr. Trade and business shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefor.

ss. Unit shall mean and refer to a Dwelling Unit.

2. Description of Improvements. The significant improvements in the Project include, or shall include, thirty (30) Lots and Dwelling Units, with cement footings and foundation; wood, stucco, stone and/or brick exteriors; interiors of wood frame and dry wall plaster; and tile or composite asphalt shingles on the roof, and certain Common Areas consisting of common parking areas, green space, landscaping, fences, gates, roads, pathways or walking trails, utility systems, as well as an entrance to and exit from the Project. The Project will also contain other improvements of a less significant nature.

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3. Description and Legal Status of the Property. The Project consists of approximately 8.808 acres, upon an estimated 1.649 acres of which shall be constructed Dwelling Units. The remaining acreage shall consist primarily of private roadways, Private Yard Areas, Common Areas and open space. The Lots, each of which includes an appurtenant Private Yard Area, shall be individually owned, and the Common Areas shall be owned by the Association.

4. Membership in the Association. Membership in the Association is appurtenant to the ownership of a Lot, and may not be partitioned therefrom.

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

All of LOT NO. _____ contained within The Cottages at Canyon Heights, as the same is identified in the Record of Plat Map recorded in the Office of the Recorder of Utah County, Utah as Entry No. _____, in Book _____, at Page _____ (as said Record of Plat Map may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions for The Cottages at Canyon Heights, recorded in the Office of the Recorder of Utah County, Utah as Entry No. _____, in Book _____, at Page _____, (as said Declaration may have heretofore been amended or supplemented).

Regardless of whether or not the description employed in any such instrument is in the above specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the membership in the Association, nor the right of non-exclusive use of Common Areas shall be separated from the Lot to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of non-exclusive use of Common Areas shall automatically accompany the transfer of the Lot to which they relate.

6. Ownership and Use. Each Owner shall be entitled to the exclusive ownership and possession of his Lot and to membership in the Association as set forth herein, subject, however, to the following:

a. Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple Ownership of his Lot. There shall be no requirements concerning who may own a Lot, it being intended that a Lot may and shall be owned as any other property right by persons. The Project is a residential community and as such the Lots shall be used only for residential purposes, except as set forth below. The Common Areas shall only be used in a manner consistent with the residential nature of the Project.

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b. Title to the Common Areas. The Common Areas, as identified on the Plat Map, shall be owned by the Association.

c. Mandatory Association. Each Owner of a Lot shall automatically become a member of the Association.

d. Member's Easements and Rights of Way. Every Member of the Association shall as an Owner have the right and non-exclusive easement to use and enjoy the Common Areas. Such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following restrictions:

- i. The right of the Association to limit the number of guests and residents;
- ii. The right of the Association to suspend the voting privilege; and
- iii. The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. During the Declarant's period of development of the Project, any such dedication or transfer shall be effective only if approved in writing by the Declarant.,

e. Rules and Regulations. The Management Committee shall have the power and authority to adopt, amend or repeal administrative rules and regulations from time to time pertaining to the Project.

f. Restrictions and Limitations of Use. The use of all Lots is subject to the following guidelines, limitations and restrictions:

- i. Parties Bound. The Project Documents shall be binding upon all Owners and residents and their family members, guests, and invitees.
- ii. Nuisance. It shall be the responsibility of each Owner and resident to prevent the creation or maintenance of a nuisance in, on or about the Project. For purposes of this section "Nuisance" includes but is not limited to the following:

(A) The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about a Lot or the Common Areas;

(B) The storage of any item, property or thing that will cause any Lot or the Common Area to appear to be in an unclean or untidy condition or that will be noxious to the senses;

(C) The storage of any substance, thing or material upon any Lot or in the Common Areas that will emit any foul, unpleasant or noxious odors, or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the other residents at the Project;

(D) The creation or maintenance of any noxious or offensive condition or activity in or about any Lot or the Common Areas;

(E) Actions or activities tending to cause embarrassment, discomfort, annoyance, distress or a disturbance to any other residents, their guests or invitees, particularly if the police or sheriff must be called to restore order; or

(F) Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Project by other residents, their guests or invitees.

iii. Unsightly Work, Hobbies or Unkempt Condition. The pursuit of hobbies or other activities, including but not limited to the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkept conditions, shall not be pursued or undertaken on any part of the Project.

iv. Removing Garbage, Dust & Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. Garbage cans shall be stored so as not to be visible from the street except on pick-up day and then for no more than twenty-four (24) hours.

v. Subdivision of a Lot. No Lot shall be subdivided or partitioned.

vi. Firearms, Incendiary Devices and Graffiti. The use of firearms and incendiary devices, or the painting of graffiti, within the Project is prohibited. The term firearms includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, paintball guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

vii. Temporary Structures. No Owner or resident shall place upon any part of the Project any temporary structures including but not limited to trailers or sheds, without the prior written consent of the Management Committee. Notwithstanding anything to the contrary in this Declaration, until the occurrence of the Events referred to

in Section 13, Declarant may install and use temporary structures in the development of the Project and marketing of the Lots or Units.

viii. Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. All Property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by an Owner or resident in, on or about the Common Areas without the prior written consent of the Management Committee. The Management Committee may alter or remove any objects planted or placed in violation of this subsection.

ix. Energy Conservation Equipment. No solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed on the Project without the prior written consent of the Management Committee.

x. Business Use. No commercial trade or business may be conducted in or from any Lot unless: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (b) the business activity conforms to all zoning requirements for the Project; (c) the business activity does not involve (i) persons coming onto the Project who do not reside in the Project or (ii) door-to-door solicitation of residents of the Project; and (d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Project, as may be determined in the sole discretion of the Management Committee. Anything to the contrary notwithstanding, the leasing of a residence shall not be considered a trade or business within the meaning of this subsection.

xi. Storage and Parking of Vehicles. The driving, parking, standing and storing of motor vehicles in, on, or about the Project shall be subject to the following:

(A) The parking rules and regulations adopted by the Management Committee from time to time shall be strictly obeyed;

(B) Except for purposes of loading or unloading passengers or supplies (for a period of time up to twenty-four (24) hours), no recreational, commercial or oversized vehicle parking is allowed in the Project. Cement pads on Lots to park or store said vehicles are prohibited;

(C) No overnight parking on the street is allowed in the Project,, except as allowed in the parking rules and regulations adopted by the Management Committee from time to time;

(D) No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, or any other transportation device of any kind may be

parked or stationed in such a manner so as to block access to any Lot, Building or parking space, or to create an obstacle or potentially dangerous situation;

(E) Residents may only park their motor vehicles within their garages and driveways;

(F) No resident shall repair or restore any vehicle of any kind in, on, or about any Lot or the Common Areas, except for routine maintenance or emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility;

(G) No garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonably parked in the garage as originally designed and constructed;

(H) All parking areas shall be used solely for the parking and storage of vehicles;

(I) Garage doors shall remain closed except when the garage is in use; and

(J) Vehicles parked in violation of this Declaration may be impounded or towed without further notice, and at the Owner's sole risk and expense.

xii. Aerials, Antennas and Satellite Systems. Antennas and satellite dishes shall be prohibited within the Property, except (a) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter or diagonal measurement; (b) antennas or satellite dishes designed to receive video programming services via multipoint distribution services which are one meter or less in diameter or diagonal measurement; or (c) antennas or satellite dishes which are one meter or less in diameter or diagonal measurement designed to receive television broadcast signals (collectively referred to herein as "Permitted Devices") shall be permitted, provided that any such Permitted Device is:

(A) located in the attic, crawl space, garage, or other interior spaces of the dwelling or another approved structure on the Lot so as not to be visible from outside the dwelling or other structure;

(B) located in the Private Yard Area of the Lot and setback from all Lot lines at least eight (8) feet;

(C) attached to or mounted on a deck or patio and extending no higher than the eaves of the portion of the roof of the dwelling directly in front of such antenna; or

(D) attached to or mounted on the rear wall of the dwelling so as to extend no higher than the eaves of the dwelling at a point directly above the position where attached or mounted to the wall.

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xiii. Windows and Window Coverings. No aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any Dwelling Unit or garage. Horizontal and vertical levelors, sun shades and tinted windows are allowed. All windows and window panes in the Project shall be harmonious and comparable in size, design and quality, so as not to detract from uniformity in appearance or quality of construction.

xiv. Pets. Domestic pets may be allowed in accordance with pet rules and regulators adopted or changed from time to time by the Management Committee, which pet rules and regulations may limit or control the numbers and types of pets which may be kept within the Project. Residents with pet(s) must abide by the pet rules and regulations adopted by the Management Committee from time to time. No pets, animals, livestock or poultry of any kind shall be bred in, on, or about the Project. Pets which constitute a nuisance will not be allowed in the Project. Pets outside the Dwelling Unit must be in a fenced yard or kept on a leash or in a cage at all times. All city ordinances and regulations concerning pets will also be followed by the Owners and residents of the Project. Dogs which bark, whine, howl or scratch unreasonably, or pets running loose in the Common Areas and not in a cage or on a leash and under the control of the owner, or pets whose owners do not immediately clean up after them, or pets in violation of any city ordinance or regulation, or pets which threaten any Owner, resident, guest or invitee with physical harm shall be deemed to constitute a nuisance.

xv. Insurance. Nothing shall be done or kept in, on, or about any Lot or the Common Areas which may result in the cancellation of the insurance on any portion of the Project or an increase in the premium for the insurance for the Common Areas of the Project paid by the Management Committee.

xvi. Laws. Nothing shall be done or kept in, on, or about any Lot or the Common Areas, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

xvii. Damage or Waste. No damage to, or waste of, the Common Areas shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify, defend and hold the Management Committee and the other Owners harmless from and against all loss resulting from any such damage or waste caused by that Owner or an invitee.

xviii. Structural Alteration. No structural alterations to any Building, Unit or the Common Areas is allowed without the prior written consent of the Management Committee. In order to insure uniformity of appearance and quality of

construction consistent with the architectural guidelines adopted and established from time to time by the Management Committee.

xix. Mail Boxes. The original mail box on any Lot must be the one approved and provided by the Declarant. Replacement mail boxes must be approved in writing by the Management Committee.

7. Leases. Any agreement for the leasing, rental, or occupancy of a Dwelling Unit (hereinafter in this Section referred to as "Lease") shall be in writing, and a copy thereof shall be delivered to the Association before the term of the Lease commences. Every Lease shall provide that the terms of such Lease shall be subject in all respects to the provisions of the Project Documents and that any failure by the resident thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. If any Lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the Lease and shall be binding on the Owner and resident by virtue of their inclusion in this Declaration. No Owner shall be permitted to lease his Unit for short term, transient, hotel, seasonal, vacation or corporate/executive use purposes, which shall be deemed to be any occupancy or rental with an initial term of less than six (6) months. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Unit. Any Owner who shall lease his Unit shall be responsible for assuring compliance by the resident with the Project Documents. Failure by an Owner to take legal action, including the institution of an eviction proceeding against his resident who is in violation of the Project Documents within ten (10) days after receipt of written demand so to do from the Management Committee, shall entitle the Association to take any and all such action, including the institution of eviction proceedings. Neither the Association nor any agent retained by the Association to manage the Project shall be liable to any Owner or resident for any loss, damage, liability, claim or demand arising out of or related to any eviction proceeding commenced hereunder, if it is made in good faith. Any expenses incurred by the Association, including attorneys' fees and costs of suit, shall be repaid to it by such Owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Management Committee to levy an individual Assessment against such Owner and his Unit for all such expenses incurred by the Association, and to file a notice of lien to secure payment of the debt. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Unit.

8. Easements; Drainage, Support, Maintenance and Repair. There are hereby RESERVED and the Association is hereby GRANTED the following easements and rights of way:

a. A non-exclusive easement over, across, through, above and under the Lots and the Common Areas for the operation, maintenance and regulation of the Common Areas, amenities and facilities, and landscaping and maintenance.

b. A reciprocal easement on, over, under, through and across all Lots and Common Areas for the drainage of surface waters on, over, under, through and across the

Project. The Declarant shall establish a storm drainage system designed to serve the entire Project (the "Storm Drain System"). No Lot Owner shall interfere with the Storm Drain System established by the Declarant, or its successors or assigns. Each Lot Owner shall be responsible to develop his Lot in a manner consistent with the Storm Drain System, and so as not to detract therefrom or interfere therewith, or the Established Drainage Pattern on any other Lot in the Project. No changes to the Established Drainage Pattern on any Lot shall be permitted without the prior written consent of the Management Committee. For purposes of this Section, the term "Established Drainage Pattern" is defined as the approved drainage pattern, facilities and improvements in existence at the time such Lot is conveyed to a home purchaser by the Declarant, its successor or assign. The cost of all improvements, maintenance, repairs and replacements of the Storm Drain System located within the boundaries of any Lot shall be the responsibility of the Lot Owner. The cost of all improvements, maintenance, repairs and replacements of the Storm Drain System located in the Common Area shall be the responsibility of the Association. If the Association or the Lot Owners fail to properly manage, maintain or replace the Storm Drain System, the Town of Cedar Hills or Utah County shall have the right, but not the obligation, to maintain the systems and to charge the cost thereby incurred to the Association. The Association shall not have the authority to change, by vote, alienation, alteration, transfer, sale, or otherwise, the use of the currently existing areas and structures designed to control storm water runoff, unless the consent of the appropriate governmental agencies has first been obtained in writing. The Town of Cedar Hills and Utah County are hereby made a party to the covenants established by this Declaration for the sole purpose of protecting and preserving the use of the Storm Drain System that serves the Project; however, neither the Town of Cedar Hills nor Utah County shall be a member of the Association, and they shall have no vote in the management, operation or regulations of its affairs, although they are hereby granted a right of enforcement as set forth in Section 36 of this Declaration.

9. Liability of Owners and Residents For Damages. Any Owner or resident who is negligent or careless and thereby causes damage to any person or property within the Project shall be strictly liable for said damage, loss or claim.

10. Encroachments. In the event that any portion of the Common Area or a Lot encroaches or comes to encroach upon other Common Area or a Lot as a result of construction, reconstruction, repair, shifting, settling, or movement, an easement for such encroachment is created hereby and shall exist so long as such encroachment exists.

11. The Association. The Association shall be managed by a board of trustees, which board of trustees shall comprise the Management Committee of the Association and which shall be comprised of three (3) trustees. Until the happening of the Events (described in Section 13 below), the Declarant shall have the exclusive and irrevocable right to appoint all of the members of the board of trustees comprising the Management Committee and their successors or replacements. The Association shall have, and is hereby granted, the following authority and powers:

a. To Enter. The power and authority to enter into or upon any Lot or in to any Dwelling Unit to make repairs and to do other work reasonably necessary for the proper

maintenance and operation of the Project and the Common Areas. Except in the case of emergency, reasonable notice shall be given to the residents.

b. Grant Easements. The authority, without the vote or consent of the Owners, Mortgagees, insurers or guarantors of any Mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and non-exclusive easements over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

c. Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to this Declaration or the Plat Map which has been approved by the vote or consent necessary to authorize such amendment.

d. Standing. The power to sue and be sued.

e. Enter Into Contracts. The authority to enter into contracts which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

f. Transfer Interests in Real Property. The power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least seventy-five percent (75%) of the members in the Association.

g. To Purchase Real Property. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property so long as it has been approved by at least seventy-five percent (75%) of the members in the Association.

h. To Add Real Property. The power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (g) above to the Project.

i. To Borrow Money. The power and authority to borrow money, provided the loan has been approved by at least seventy-five percent (75%) of the members of the Association.

j. Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, and procedures consistent with this Declaration as may be necessary or desirable to aid the Association and the Management Committee in the performance of their authorized duties and powers.

k. All other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Association to perform its functions on behalf of the Owners.

12. Delegation of Management Responsibilities. The Association, acting through the Management Committee, may delegate some of its management responsibilities to either a

professional management company, an experienced on-site manager or independent contractors, by the execution of one or more service contracts. The termination provision of any such service contract shall not provide for any form of termination penalty payable by the Association and shall permit the Association to terminate the service contract on thirty (30) days written notice. No such service contract shall be for a term greater than one (1) year.

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13. Classes of Membership and Voting Allocations. The Association shall have two (2) classes of membership consisting of Class A Members and Class B Members, described more particularly as follows:

a. Class A. Class A Members shall consist of the Owners of all the Lots in the Project, with the exception of the Class B Members, if any. Class A Members shall be entitled to vote on all issues before the Association, subject to the following conditions:

- i. One Vote. Each Lot shall have (1) vote;
- ii. Subject To Assessment. No vote shall be cast or counted for any Lot which is not subject to assessment by the Association;
- iii. Multiple Owners. When more than one (1) person or entity holds title to a Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Lot shall be suspended in the event more than one (1) person or entity seeks to exercise it.
- iv. Leased Lot. Any Owner of a Lot which has been leased may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Secretary at least three (3) days prior to any meeting.

b. Class B. The Class B Member shall be the Declarant and any successor of Declarant who takes title to the Property for the purpose of development and sale of Lots, and who is designated as such in a recorded instrument executed by the Declarant. During the Class B Control Period, the Class B Member shall be entitled to appoint all of the trustees of the Association. The Class B Member shall originally be entitled to ten (10) votes per Lot owned. The Class B membership and the Class B Control Period shall terminate, and the Class B membership shall convert to Class A membership upon the happening of the earlier of any of the following (herein referred to as the "Event" or "Events"):

- i. Lots Sold. One hundred and twenty (120) days after the later to occur of the date on which (a) certificates of occupancy have been issued for and all of the Dwelling Units constructed upon all of the Lots within the Project (as the Project may be expanded pursuant to the provisions of Section 27) or (b) ; or the date on which all of the Lots within the Project (as the Project may be expanded pursuant to the provisions of Section 27) have been sold.

ii. Eight Years. Eight (8) years after the effective date of this Declaration; or

iii. Election. When, in its sole discretion, Declarant so determines.

From and after the happening of any of the Events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Lot owned. At such time, the Declarant shall call a meeting, in the manner described in the By-Laws of the Association for special meetings, to advise the membership of the termination of Class B Member status.

14. Lists of Lot Owners, Eligible Mortgagees and Eligible Insurers or Guarantors. The Association shall maintain up-to-date records showing: (a) the name of each person who is an Owner, the address of such person, and the Lot which is owned by such Owner; (b) the name of each person or entity who is an Eligible Mortgagee, the address of such Eligible Mortgagee, and the Lot which is encumbered by the Mortgage held by such Eligible Mortgagee; and the name of each person or entity who is an Eligible Insurer, the address of such Eligible Insurer, and the Lot which is encumbered by the Mortgage insured or guaranteed by such Eligible Insurer. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Association with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the Recorder of Utah County, Utah. The Association may for all purposes act and rely on the information concerning Lot ownership in its records or, at its option, the records of the Recorder of Utah County, Utah. The address of any Owner shall be deemed to be the address of the Lot owned by such person unless the Association is otherwise advised in writing.

15. Capital Improvements. The Management Committee shall prepare and update each year a list of foreseeable expenditures for capital improvements within the Area of Common Responsibility. Such list shall be included in every annual budget, and it shall be reviewed and updated at least annually, and reasonable reserve accounts shall be established by the Management Committee for the replacement of capital assets as they age. Expenditures by the Association for capital improvements to the Project shall be subject to and governed by the following:

a. Management Committee Discretion/Expenditure Limit. Capital improvements to the Project which cost ten percent (10%) or less of the total annual operations budget and which do not materially alter the nature of the Project may be authorized by the Management Committee alone and without additional approval.

b. Owner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed the amount described in Section 15.a above, must, prior to the commencement of construction, be authorized by at least a majority of the Owners.

c. Owner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project must, regardless of its cost

and prior to being constructed or accomplished, be authorized by at least sixty-seven percent (67%) of the Owners of all Lots in the Project.

16. Operation, Maintenance and Alterations. The Lots and Common Areas shall be maintained by the Owners and the Association, respectively, as follows:

a. Area of Common Responsibility. The Association shall maintain, repair and replace, as needed from time to time, the following (referred to herein as the "Area of Common Responsibility"):

i. All common elements and facilities, which are available for the use of all Lot Owners, including but not limited to all physical improvements constructed or installed in the Common Areas;

ii. Except for each Private Yard Area appurtenant to each Lot, all landscaping, green space, sprinkler systems, grass, sod, berms, flower and plant beds, ground cover, trees, shrubs, bushes and other plant life. This includes but is not limited to the:

(A) maintenance of the sprinkling system, including the repair and replacement of sprinkler heads and the water distribution lines as needed;

(B) mowing, edging and trimming of all grass lawns, in the front and side of Lots and all Common Areas, but not in the Private Yard Areas;

(C) pruning of the trees, bushes and shrubs, except those in the Private Yard Areas; and

(D) all planting, fertilizing, weeding and care of the plant life in, on or about the Common Areas and the Lots, except in the Private Yard Areas.

iii. All fences within the Project, excluding the interior surface of fences surrounding Private Yard Areas;

iv. The entryway and monument to the Project;

v. All streets, roads, curbs, gutters, street lighting, sidewalks, walkways, and driveways in the Project, excluding only the sidewalks and walkways in the Private Yard Areas;

vi. All central or common utility systems for telephones, gas, power, yard light, water, sewer and garbage removal; and

vii. Any item not expressly and specifically included in the Area of Personal Responsibility, including without limitation the performance of snow removal on the private streets located within the Project.

b. Area of Personal Responsibility. Each Owner shall maintain, repair and replace, as needed from time to time, the following (referred to herein as the "Area of Personal Responsibility"):

i. All portions of such Owner's Dwelling Unit and garage, including, without limitation, the roof, foundation, footings, columns, girders, beams, supports, all exterior surfaces, windows, doors and all interior areas;

ii. All electrical and mechanical systems within each Owner's Dwelling Unit, including, without limitation, power, telephone, gas, water, sewer, heating and air conditioning systems;

iii. All fixtures, furnishings, windows, doors, porches, landings, patios, balconies and decks, garage doors and garage door systems located in each Owner's Lot or Dwelling Unit;

iv. The interior surface of the fence surrounding each Owner's Private Yard Area;

v. Each Owner's Private Yard Area;

vi. The steps, porch and landing at the entry to each Owner's Dwelling Unit; and

vii. All of the other non-landscaping improvements constructed or installed in, on, under or above each Owner's Lot, unless otherwise determined in writing by the Management Committee.

c. Changing Items in the Area of Common Responsibility or the Area of Personal Responsibility. In its sole discretion, the Management Committee may change any duty or obligation in the Area of Common Responsibility or the Area of Personal Responsibility, subject only to thirty (30) days prior written notice.

d. Landscaping Guidelines. Because of the design of the Project with its open and visible spaces, aesthetics are of paramount importance, and the Association is hereby given permission to make decisions based purely on aesthetic considerations. For the same reasons, the Association shall be directly and primarily responsible for the storm drains, storm drainage system or drainage patterns, and all of the landscaping, sprinkling systems, trees, bushes, shrubs, grass, sod, ground cover, plant and flower beds (hereinafter referred to collectively as "landscaping") in and throughout the entire Project, except for the fenced Private Yard Areas. Owners shall not modify the landscaping in, on or about any Lot or the Common Area or plant any flower gardens or beds (other than in a Private Yard Area) without the prior express written consent of the Management Committee. The Management Committee may establish rules with respect to the types of flowers, vegetables and other plants that may be planted within a Private Yard Area.

e. Private Yard Areas. With the prior written consent of the Association, the Owner of a Lot may remove sod within the Private Yard Area in order to construct a deck, porch or patio, whether covered or uncovered, as approved and authorized by the Association. Although the Owner of a Lot shall not be required to obtain the approval of the Association to plant a flower or vegetable garden within such Owner's Private Yard Area, the Owner shall have a duty to maintain properly all gardens planted within the Private Yard Area. Corn or plants taller than three feet (3') at maturity may not be planted. The Owner or resident shall be exclusively responsible to install, construct, maintain, repair and replace at such Owner's sole cost and expense all patios, decks, porches and other improvements constructed in such Private Yard Area, including without limitation the sprinkling system and the controls, sprinkler heads and water distribution lines in said Private Yard Area. If, in the opinion of the Management Committee the Owner or resident of a Lot fails to maintain properly any garden in such Owner's Private Yard Area, then the Private Yard Area shall be restored to its original sodded condition at the Owner's sole cost and expense. The Association shall have the right to approve the design, plans and specifications, color, exterior finish, building materials and all other aspects of all decks, patios, porches, fences or other improvements constructed by any Owner in the Private Yard Area to ensure that all such improvements are consistent and compatible with all other improvements within the Project.

f. Right to Enter. The Management Committee is hereby granted the right, without claim of trespass or invasion of privacy, to enter any Lot, including but not limited to the Lot upon which an existing Dwelling Unit is located and any Private Yard Area, in order to remove, repair or replace any fences, patios, decks, porches or other improvements and to fertilize, weed, remove dead or diseased plant life and trees, prune, trim, edge or otherwise care for any trees, bushes, shrubs, ground cover, grass, sod, flowers or plants located thereon.

g. Standard of Care - Generally. The Project shall be maintained in a usable, clean, functional, safe, healthy, sanitary, attractive, and good condition, consistent with Community-Wide Standards. If a dispute arises between the Management Committee and a Lot Owner or resident as to the condition of a Lot, the decision of the Management Committee shall be binding, final and conclusive.

h. Standard of Care - Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with Community-Wide Standards and the quality of design and construction originally established by Declarant. Specific guidelines and restrictions on landscaping may be established by the Management Committee from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, ground cover, trees, bushes or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed, and trees, shrubs and bushes shall be properly pruned and trimmed. Since aesthetics are important, all landscaping shall be tasteful, so as not to affect adversely the value or use of any other Lot, or to detract from the general attractiveness and the uniform design and appearance of the Project. Unless the replacement of landscaping improvements within the Area of Common Responsibility is made necessary by the negligence of a Lot Owner or resident, the cost of replacing or restoring such landscaping improvement shall be the Association's responsibility, which shall be paid out of the Assessments collected from the Owners.

i. Neglect. If the Committee determines that any Owner has failed or refused to discharge properly his obligation with regard to the maintenance, repair or replacement of items for which such Owner is responsible hereunder, or that the need for maintenance, repair, or replacement of improvements or landscaping within the Area of Common Responsibility has been caused through the willful or negligent act of any Owner or resident, or their family members, guests, visitors or invitees, and it is not covered or paid for by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

i. Debt and Lien. Such costs as are incurred by the Association in the performance of an item included in the Area of Personal Responsibility is a debt of the Owner at the time the assessment is made and is collectible as such. If any Owner fails or refuses to make any payment of the debt when due, that amount constitutes a lien on the interest of the Owner in the Property, and upon the recording of notice of lien by the Association it is a lien upon the Owner's interest in the Property prior to all other liens and encumbrances, recorded or unrecorded, except:

(A) tax and special assessment liens on the Lot in favor of any assessing unit or special improvement district; and

(B) encumbrances on the interest of the Owner recorded prior to the day that such notice is recorded, which by law would be a lien prior to subsequently recorded encumbrances.

ii. Notice of Intent to Repair. Except in an emergency situation, the Management Committee shall give an Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at such Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Management Committee. The Owner shall have ten (10) days after delivery of such notice within which to complete the maintenance or repair or, if the maintenance or repair is not capable of completion within such time period, to commence the maintenance or repair.

iii. Emergency Situation. If the Management Committee in its sole discretion determines that an emergency exists, then notice to an Owner and the opportunity for such Owner to cure the default is not necessary and is deemed to have been waived.

iv. Optional Repairs. The decision of the Association to maintain, repair or replace any item is purely optional. If the Association elects to do any such work, then its agents or employees shall have a right of entry upon or into any Lot or Common Area as necessary to perform such work, and the Association, its agents and employees shall not be liable for trespass or invasion of privacy.

j. Alterations to the Common Area. Anything to the contrary notwithstanding, the Declarant may make changes to the Common Areas without the consent of

the Owners, Association or the Management Committee; provided, however, no Owner or resident may make any structural alterations, modifications, changes, or improvements to the Common Areas, including but not limited to any additions, extensions, enclosures, decks, patios, balconies, walkways, structures or sheds not shown on the approved plans and specifications, without the prior written consent of the Management Committee. No fencing, walls or barriers of any kind (other than the perimeter of the Project or around the Private Yard Areas) are allowed in or on the Lots.

k. Color Scheme. Without the prior written consent of the Management Committee, the Owners and residents of the Lots may not change the color scheme in the Project, including, without limitation, the color of the stucco, brick or stone on any dwelling or the color of any garage door, any exterior door or any soffit, fascia, rain gutters, roofs, shutters, windows or any other exterior trim.

l. Snow and Ice Accumulations. The Association is responsible for removing all ice and snow accumulations from the streets and common sidewalks within the Project. Each Lot Owner is responsible for removing all ice and snow accumulation from the driveways, front yard sidewalks, steps, landings and porches of such Lot Owner's Dwelling Unit and also from all side and rear yard walkways, patios, porches, landings and steps and the Private Yard Area of such Owner.

m. Garbage Removal. The Association will contract with a private company for garbage pick-up and removal. Owners will be notified of the designated garbage pick-up day. Owners shall purchase and maintain approved garbage containers in the places designated by the Management Committee. Garbage containers shall be kept out of sight except on garbage pick-up day and then may not be left in the designated pick-up area for a period in excess of twenty-four (24) hours.

n. Utilities. All utility services shall be separately metered and billed to the individual Owners by the provider. The Association shall not provide any utility services. If the Declarant elects to provide electricity to certain Common Area lamp posts from any individual Lot, the cost, nevertheless, shall be divided equally among all Owners.

17. Common Expenses. Each Owner, upon receipt of a deed or other document of conveyance or transfer to a Lot, agrees to and shall pay his share of the Common Expenses and the Assessments against such Owner or such Owner's Lot; provided, however, notwithstanding any provision in this Declaration to the contrary, with respect to the Lots which are owned by Declarant, Declarant shall not be obligated to pay with respect to any particular Lot the portion of the Assessments which pertains to the maintenance and repair of landscape improvements in the Common Areas until such Lot owned by Declarant has been improved with a Dwelling Unit that is substantially complete and with respect to which a permanent certificate of occupancy has been issued. Declarant shall be obligated to pay with respect to all of the Lots owned by Declarant the portions of the Assessments with respect to such Lot which pertain to real property taxes for the Common Areas and which pertain to snow and ice removal from the roads within the Project and from the areas for which the Association is responsible as set forth in Section

16.1. Declarant shall also be responsible to pay with respect to each Lot owned by Declarant, the portions of the Assessments with respect to each such Lot which benefits such Lot, notwithstanding the fact that the Lot has not been improved with a Building or Dwelling Unit.

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a. Purpose of Common Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Project, all as may be more specifically authorized from time to time by the Management Committee.

b. Creation of Assessments. The Management Committee shall establish and determine the Assessments in accordance with the provisions of this Section 17.

c. Budget. At least thirty (30) days prior to the annual meeting of the Association, the Management Committee shall prepare and deliver to the Owners a proposed Budget which:

i. Itemization. shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following January 1; and

ii. Basis. shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Areas of Common Responsibility, which estimates shall include but are not limited to expenses of management, snow and ice removal from the roads within the Project and from the areas for which the Association is responsible as set forth in Section 16.1, grounds maintenance, property taxes and special assessments, premiums for all insurance which the Management Committee is required or permitted to maintain, common lighting and heating, water charges, painting, repairs and maintenance of the Areas of Common Responsibility and replacement of those elements of the Areas of Common Responsibility that must be replaced on a periodic basis, wages for Management Committee employees, legal and accounting expenses, any deficit remaining from a previous period, the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration.

d. Apportionment. The Common Expenses of the Project shall be charged and allocated to the Lot Owners on an equal pro rata basis, based upon the number of Lots within the Project at the time of such allocation.

e. Approval of Budget and Assessments. The proposed budget and the Assessments shall become effective unless disapproved at the annual meeting of the Association by a vote of at least a majority of the Owners. Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and Assessments or the Management Committee fails for any reason to establish the budget and Assessments for the succeeding year, then and

until such time as a new budget and Assessment schedule shall have been established, the budget and the Assessments in affect for the then current year shall continue in effect for the succeeding year.

f. Personal Obligation of Owner. Each Owner is liable to pay such Owner's portion of the Common Expenses and all Assessments against such Owner or such Owner's Lot, accruing interest, late charges and collection costs, including attorneys fees. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to: (i) the Owner of both the legal and equitable interest in any Lot, (ii) the owner of record in the offices of the Recorder of Utah County, Utah, and (iii) both the buyer and seller under any executory sales contract or other similar instrument.

g. Equitable Changes. If the aggregate of all monthly payments of the Assessments on all of the Lots is too large or too small as a result of unanticipated changes in expenses, the Management Committee may from time to time effect an equitable change in the amount of such Assessments. Owners shall be given at least thirty (30) days written notice of any changes.

h. Dates and Manner of Payments. The dates and manner of payment of the Assessments shall be determined by the Management Committee.

i. Reserve Accounts. The Management Committee shall establish and maintain at least two (2) reserve accounts: one to pay for unexpected operating expenses and the other to pay for capital improvements. The reserve accounts shall be funded out of regular Assessments.

j. Acceleration. Assessments shall be paid in the manner and on dates fixed by the Management Committee which may, at its option and in its sole discretion, elect to accelerate the entire annual Assessment for delinquent Owners. If, however, the Assessment is accelerated, the Management Committee, at its option and in its sole discretion, may thereafter elect to allow the delinquent Owner to pay the Assessments on a monthly basis.

k. Statement of Assessments Due. Upon written request, the Management Committee shall furnish to any Owner a statement of Assessments due, if any, on such Owner's Lot. The Association may require the advance payment of a reasonable processing charge for the issuance of such certificate.

l. Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled, which, by acceptance of a deed or other document of conveyance or transfer of a Lot, each Owners agrees to subordinate or waive.

m. Termination of Utility Service. At the discretion of the Management Committee, the utility service to any Lot paid for by Assessments may be terminated if the Owner of such Lot is in arrears on such Owner's obligation to pay Assessments and has failed to

cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

n. Suspension of Right to Vote for Non-Payment. At the discretion of the Management Committee, the right of an Owner to vote on issues concerning the Association may be suspended, if the Owner is delinquent in the payment of such Owner's Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

o. Estimate of Initial Assessments. Declarant estimates that when all of the thirty (30) Lots within the Project have been improved with the construction thereon of a Dwelling Unit, the amount of the Assessments which will be assessed by the Association to each Lot within the Project shall initially be established at the rate of approximately \$148.00 per month. However, this amount is based upon the anticipated estimate of all of the Common Expenses to be incurred by the Association as envisioned by Declarant as of the date of this Declaration. Such amount shall not be binding upon Declarant or the Association, and the actual amount of the initial Assessment may be higher or lower than the estimated amount of \$148.00 per month. As provided in this Declaration, the amount of the Assessment may vary from year to year, as determined by the Association.

18. Special Assessments. The Management Committee may levy special assessments in any year, subject to the following:

a. Committee Based Assessment. So long as the special assessment does not exceed the sum of Five Hundred and 00/100ths Dollars (\$500.00) (the "Special Assessment Limit") per Lot in any one fiscal year, the Management Committee may impose the special assessment without any additional approval.

b. Association Approval. Any special assessment which would exceed the Special Assessment Limit shall be effective only if approved by a majority of the members of the Association.

19. Specific Assessments. The Committee may specifically assess an Owner in a particular area in the manner set forth below provided the Owner has the choice to accept or reject the benefit:

a. Benefit only To Specific Lot. If the expense benefits less than all of the Lots, then those Lots benefited may be specifically assessed, and the specific assessment shall be equitably apportioned among those Lots according to the benefit received.

b. Unequal or Disproportionate Benefit. If the expense benefits all Lots, but does not provide an equal benefit to all Lots, then all Lots shall be specifically assessed, but the specific assessment shall be equitably apportioned among an Lots according to the benefit received. Failure of the Management Committee to exercise its authority under this Section shall not be grounds for any action against the Association or the Management Committee and shall not constitute a waiver of the Management Committee's right to exercise its authority under this

Section in the future with respect to any expenses, including an expense for which the Management Committee has not previously exercised its authority under this Section.

20. Individual Assessments. Individual Assessments may be levied by the Association against an Owner or Lot for:

- a. fines levied and costs incurred in enforcing the Project Documents;
- b. costs associated with the maintenance, repair or replacement of Areas of Common Responsibility which cost is caused by the negligence or intentional misconduct of any Lot Owner;
- c. any other charge, fee, due, expense, or cost designated as an individual Assessment in the Project Documents; and
- d. attorneys' fees, interest, and other charges relating thereto as provided in this Declaration.

21. Collection of Assessments. Assessments shall be collectible as follows:

a. Time is of the Essence. Time is of the essence, and all Assessments shall be paid promptly when due.

b. Debt and Lien. Each Owner's portion of the Common Expenses and all Assessments or fines levied against each Lot or Owner is a debt of the Owner at the time the Assessment or fine is made and is collectible as such. Suit to recover a money judgment for unpaid Common Expenses, Assessments or fines is maintainable without foreclosing or waiving the lien securing it. If any Owner fails or refuses to make any payment of such Owner's portion of the Common Expenses or an Assessment or fine when due, that amount constitutes a lien on the interest of the Owner in the Property, and upon the recording of notice of lien, it is a lien upon the Owner's interest in the Property prior to all other liens and encumbrances, recorded or unrecorded, except:

- i. tax and special assessment liens on the Lot in favor of any assessing unit or special improvement district; and
- ii. encumbrances on the interest of the Lot Owner recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

c. Late Assessments and Accruing Interest. Any Assessments delinquent for a period of more than ten (10) days shall incur a late charge of twenty five Dollars (\$25. 00) or five percent (5%) of the delinquent amount, whichever is greater. Interest at the rate of One and One-Half percent (1.5%) per month shall accrue on all delinquent accounts. The Management Committee may, in its sole discretion, change the amount of the late fee or waive late fees and default interest but is not required to do so.

d. Foreclosure of Lien and/or Collection Action. If any Assessments remain unpaid, the Association may, as determined by the Management Committee, institute suit to collect the amounts due and/or to foreclose the lien.

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e. Personal Obligation. Each Owner, by acceptance of a deed, trust deed or document of conveyance or transfer, vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of the Assessments as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed.

f. No Waiver. The Association may not waive or otherwise exempt any Owner from liability for the Assessments provided for herein for any reason, including but not limited to the non-use of Common Areas or the abandonment of such Owner's Lot.

g. Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association or the Management Committee to take some action or to perform some function required to be taken or performed by the Association or the Management Committee under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority. The obligation to pay Assessments is and shall be a separate and independent covenant on the part of each Owner.

h. Application of Payments. All payments of Assessments received from Owners shall be applied as follows: first to Additional Charges, then to delinquent Assessments and then to current Assessments.

i. Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest in such Owner's Lot by the Association. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorneys' fees, and a reasonable rental for the Lot during the pendency of the foreclosure action. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Association may bid for the Lot at foreclosure or other sale and hold, lease, mortgage, or convey the same.

j. Appointment of Trustee. If the Association elects to foreclose the lien for unpaid Assessments in the same manner as a nonjudicial trustee's sale under a deed of trust, then each Owner by accepting a deed to the Lot hereby designates the Association as the beneficiary under such deed of trust and hereby irrevocably appoints First American Title Insurance Company as trustee under such deed of trust, and hereby confers upon said trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended. In addition, each Owner hereby transfers in trust to said trustee all of his right, title and interest in

and to such Owner's Lot for the purpose of securing such Owner's performance of the obligations set forth herein.

k. Attorney in Fact. Each Owner by accepting a deed to a Lot hereby irrevocably appoints the Association as such Owner's attorney in fact to collect rent from any person renting such Owner's Lot, if the Lot is rented and the Owner is delinquent in paying such Owner's Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as such Owner's Assessments are current; and the Owner shall credit the renter, against rent due, for the amount of money paid to the Association.

22. Liability of Association Officers and Trustees. The Association shall indemnify, defend and hold harmless every officer and every trustee of the Association from and against any and all expenses, including but not limited to attorneys' fees reasonably incurred by or imposed upon any officer or trustee in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Association) to which he may be a party by reason of being or having been an officer or a trustee of the Association. The officers and trustees of the Association shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and the trustees of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify, defend and forever hold each such, officer and trustee of the Association free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or trustee of the Association, or former officer or trustee of the Association, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers and director's insurance coverage to fund this obligation, if such insurance is reasonably available.

23. Insurance. The Association shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, insurance on the Common Areas satisfying at least the following requirements:

a. Property Insurance. Blanket property insurance using the standard "Special" or "All Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this sub-section, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard planned residential development casualty policy. This additional coverage may be added by the Association as it deems necessary in its best judgment and in its sole discretion.

b. Flood Insurance. If any part of the Project's improvements are in a Special Flood Hazard Area which is designated as A, AE, AH AO, AI-30, A-99, V, VE, or VI-30 on a Flood Insurance Rate Map (FIRM) - the Association shall obtain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a Common Expense. The policy should cover any common element buildings and any other common property. The Unit Owner may also be required to purchase an individual policy. The amount of flood insurance

should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program.

c. Liability Insurance. Liability insurance with adequate limits of liability for bodily injury and property damage, consistent with that of similarly situated first class subdivisions in the county. If possible, the policy should be written on the comprehensive form and should include not-owned and hired automobile protection.

d. Director's and Officers' Insurance. Adequate directors and officer's liability insurance aka "D & O," "Errors and Omissions" or "E & O" coverage for the officers and trustees of the Association.

e. Fidelity Bond. A separate fidelity bond in a reasonable amount to be determined by the Management Committee to cover all non-compensated officers as well as all employees for theft of Association funds, subject to the following:

i. Agents. Where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds are required for the management agent's officers, employees and agents who handle or who are responsible for funds of, or administered on behalf of, the Association.

ii. Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody the Association, or the management agent as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Lots, plus reserve funds.

iii. Quality of Coverage. The bonds required shall meet the following additional requirements:

(A) they shall name the Association as obligee;

(B) if the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense;

(C) the premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as part of the Common Expenses; and

(D) the bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten days' prior written notice to the Association.

f. Earthquake Insurance covering Areas of Common Responsibility shall not be required unless requested by at least Seventy-five percent (75%) of the Members of the Association.

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g. Miscellaneous Items. The following provisions shall apply to all insurance coverage:

i. Quality of Carrier. A "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance reports -- International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service -- if the carrier is issuing a policy or an insurance policy for the common elements in the Project.

ii. The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein as the Association.

iii. Certificate of Insurance. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

iv. Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

v. Prohibited Provisions. Each insurance policy shall contain at least the following additional miscellaneous items:

(A) Waiver of Subrogation. A waiver of the right of a subrogation against Owners individually;

(B) Individual Neglect. A provision that the insurance is not prejudiced by any act or neglect of any individual Owner; and

vi. Deductible. The deductible on a claim made against the Association's property insurance policy shall be paid for by the Association.

vii. Individual Insurance. Each Owner and resident shall purchase and maintain adequate liability and property insurance on such Owner's Lot, Dwelling Unit, personal property and contents.

viii. Primary Coverage. The insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.

ix. Prompt Repair. Each Owner further covenants and agrees that in the event of any partial loss, damage or destruction of such Owner's Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction.

x. Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association or the Owners to obtain and maintain insurance coverage, in amounts and in such forms as the Association may deem appropriate from time to time.

24. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of an Owner for authorization or approval, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing from Owners who collectively hold the required percentages, subject to the following conditions:

a. Ninety-Day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained; and

b. Change in Ownership. Any change in ownership of a Lot which occurs after consent has been obtained from the Owner having an interest therein shall not be considered, and the successor in interest to the Owner which granted such consent shall be bound by the consent of the prior consenting Owner.

25. Mortgagee Protection. The lien or claim against a Lot for unpaid Assessments levied by the Association pursuant to this Declaration shall be subordinate to any first lien Mortgage recorded on or before the date such Assessments become due, subject to the following:

a. Effects of Voluntary and Involuntary Sale. The lien or claim against a Lot for such unpaid Assessments shall not be affected by any sale or transfer of such Lot, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Lot or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Lot from liability for, nor such Lot for, the lien of any Assessments becoming due thereafter.

b. Books and Records Available for Inspection. The Association shall make available to the Owners, to Mortgagees, lenders, and to holders, insurers, or guarantors of any Mortgage current copies of the Declaration, By-Laws, Articles of Incorporation, and administrative rules and regulations concerning the Project, as well as the books, records, and financial statements of the Management Committee and the Association. The term "Available", as used in the Section, shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to

recover its photocopying and service charges incurred in making the inspection and photocopying available.

c. Eligible Mortgagee Designation. Upon written request to the Association by the holder, insurer, or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Lot Number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder, insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer," as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

i. Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project.

ii. Delinquency. Any delinquency in the payment of Assessments owed by an Owner of a Lot subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Eligible Mortgagee, which delinquency remains uncured for a period of sixty days.

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

26. Amendment. The affirmative vote of at least sixty-seven percent (67%) of the Owners shall be required and shall be sufficient to amend the Declaration or the Plat Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument the Association shall certify that the vote required by this Section for amendment has occurred.

27. Expansion of Project. Declarant owns or has an option to purchase certain additional land, the approximate location of which is shown on the map attached hereto as Exhibit "C" and incorporated herein by this reference (referred to herein as the "Additional Land"). The Declarant may subdivide all or part of the Additional Land and may then add it to the Project which is subject to this Declaration. Notwithstanding any other provision of this Declaration to the contrary, any of the Additional Land may be subjected to this Declaration and may become part of the Project at the sole discretion of Declarant without seeking consent or permission of any Owners of any of the Lots or any Mortgagees of the Lots within the Project. Any of the Additional Land may be subjected to this Declaration and shall become a part of the Project by the Declarant recording a plat map describing such Additional Land and the Lots created on it and by Declarant recording a supplemental declaration stating that such Additional Land has been added to the Project and is subject to the terms and conditions of this Declaration. The Additional Land will be added to the Project, if at all, within eight (8) years from the date this Declaration is recorded in the Office of the Recorder of Utah County, Utah. Although Declarant reserves the right to add some or all of the Additional Land to the Project, Declarant has no obligation to do so. Declarant may exercise its right to expand the Project with one or more phases. The addition of some of the Additional Land to the Project shall not obligate the Declarant to add the balance of the Additional Land to the Project. Owners of the Lots in any

subsequent phases of the Project shall automatically become members of the Association to the same extent as the Owner's of the Lots in the original portion of the Project become members of the Association.

28. Notice and Hearing. In the event of a claimed violation of the Declaration, By-Laws or administrative rules and regulations governing the Project, an Owner or resident shall be entitled to the following:

a. Notice. Written notice from the Association specifying the nature of the violation (and providing any other appropriate information) and stating the time, date and place that the Owner or resident will have an opportunity to be heard by the Association. Written notice shall be given at least fifteen (15) days prior to the date set for the hearing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after it has been deposited in the United States mail, first class postage prepaid, addressed to the Owner or resident at the address given by the Owner or resident to the Association for the purpose of service or notice or to the address of the Owner's or resident's Lot if no other address has been provided. Any address may be changed from time to time by giving written notice to the Association.

b. Costs and Assessments. If the violation, or the failure to correct or remedy a violation, results or may result in the expenditure of funds, the notice shall also state that the Association may vote to assess the adverse party, levy a fine, or impose other sanctions if the Association finds that a violation has occurred.

c. Final Determination. After the hearing has taken place, the Association shall (1) determine whether a violation has occurred and, if so, may impose a fine or issue sanctions which shall become effective not less than five (5) days after the date of the hearing; or (2) take such other action as the Association deems appropriate. The determination of the Association shall be final. However, nothing herein shall be construed to prevent the Association from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing to the Owner notice and an opportunity for a hearing.

29. Declarant's Sales Program. Notwithstanding anything to the contrary, until Declarant has sold all the Lots and Dwelling Units owned by it in the Project (as the Project may be expanded) or the expiration of a reasonable sales period following eight (8) years after the date on which this Declaration is filed for record in the Office of the Recorder of Utah County, Utah, whichever first occurs (hereinafter referred to as the "Occurrence"), neither the Owners or the Association shall interfere with the completion of improvements and the sale of all remaining Lots, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities, designed to accomplish or facilitate the sale of all Lots owned by Declarant:

a. Sales Office and Model Lots. Declarant shall have the right to maintain one (1) or more sales offices and one (1) or more model Lots, homes or Units at any one time. Such offices and/or models may be one or more of the Lots owned by it, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

b. Promotional. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the Property;

c. Common Area Use. Declarant shall have the right to use the Common Areas of the Project to facilitate sales; and

d. Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices. Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

30. Limitation on Improvements by Association. Until the Occurrence described above, the Association shall not, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

31. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Lots or Buildings in the Project title to which is vested in Declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protection and controls which are accorded to Declarant (in its capacity as Declarant) herein.

32. Transfer of Management. Notwithstanding any provision in this Declaration to the contrary, Declarant may at any time relinquish its reserved right to select the trustees of the Association and to transfer management of the Project to the Association. If and when Declarant elects to do so, Declarant shall send written notification to each Owner of the effective date of the transfer (the "transfer or Transition Date") at least forty five (45) days prior thereto. Thereupon, the Owners shall call a meeting to elect the trustees of the Association to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management.

33. Certain Provisions to Declarant. Notwithstanding any other provision in this Declaration to the contrary, for so long as Declarant continues to own any of the Lots, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay Assessments, except as herein otherwise provided, as to each Lot owned by Declarant in accordance with the Declaration:

a. Disclaimer. Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically

set forth herein or in any agreement for sale of a Lot, and no person shall rely upon any warranty or representation not so specifically made therein.

b. Declarant's Consent to Amendment. No amendment may be made to the Declaration without the written consent of Declarant so long as Declarant retains the Ownership of three (3) or more Lots; provided, however, that the obligation to acquire said written consent of Declarant shall cease on the date which is eight (8) years after the date of this Declaration.

34. Interpretation. This Declaration shall be governed by and construed in accordance with the laws of the State of Utah. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in 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 part thereof, and any reference to gender shall include all genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

35. Covenants to Run with Land. This Declaration and all provisions hereof shall constitute covenants which run with the land or an equitable servitude, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Lot or in the Project, and their respective grantees, transferees, heirs, devisee, personal representative, successors, and assigns. Each Owner or resident of a Lot shall comply with, and all interests in all Lots shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

36. Enforcement and Right to Recover Attorney's Assessment. The Association or any Lot Owner may take action, at law or in equity, to enforce the terms, covenant or conditions of the Project Documents. Should the Association or a Lot Owner be required to take action to enforce or construe the Project Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, the successful party may recover from the unsuccessful party or parties all costs of expenses of enforcement, including reasonable attorneys' fees, which may arise or accrue.

37. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. However, neither the Association nor the Declarant shall in any way be considered insurers or guarantors of security within the Project. The Association and the Declarant shall not be held liable for any loss or damage by reason of failure to provide adequate security or by reason of the ineffectiveness of security measures undertaken. All Owners and residents, their guests and invitees, as applicable, acknowledge that neither the Association nor the Declarant represent or warrant that any security measures undertaken will ensure their safety. All Owners and residents, their guests and invitees, acknowledge and understand that the Association and the Declarant are not insurers of their safety, and all Owners and residents within the Project hereby assume all

risks for loss or damage to their person or property and further acknowledge that the Association and the Declarant have made no representations or warranties, expressed or implied, relative to any security measures undertaken within the Project.

38. Mechanics Liens. Mechanics liens shall be filed in the Office of the Recorder of Utah County, Utah as follows:

a. Association/Goods or Services. Mechanics liens for labor, materials or supplies purchased by the Association shall be recorded only against the Association's interest in the Common Areas, and shall be indexed in the public records under the name of the Association. If the Association has encumbered the Common Areas and thereafter defaults on its obligations, the lienholder must exercise its rights against the Common Areas only and not against any individual Lot within the Project.

b. Lot Owner/Goods or Services. Mechanics liens filed for labor, materials or supplies benefiting a particular Lot shall be filed only against such Lot.

c. Constructive Consent. Any person or entity who elects to perform labor or provide materials at the Project agrees to be bound by and subject to the terms of this Section.

39. Duration. This Declaration shall continue in perpetuity, unless terminated by the affirmative vote of eighty-five percent (85%) of the Owners.

40. Waiver. No restriction, condition, obligation, or provision of this Declaration shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

41. Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this Declaration should be invalid or should operate to render this Declaration invalid, this Declaration shall be construed as if such invalid phrase or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections, or section or sections had not been inserted.

42. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Plat Map shall take effect upon its being filed for record in the Office of the Recorder of Utah County, Utah.

43. Amendment of Declaration. At any time while this Declaration is in effect, the Owners of eighty percent (80%) of the Lots subject to this Declaration may amend the provisions of this Declaration, provided that if the Declarant owns or controls an interest in the Project or an interest in all or a portion of the Additional Land at the time of the proposed amendment, the consent of the Declarant shall be required. Any such consent shall be in the exclusive judgment of the Declarant. Any amendment must be in writing and must be properly recorded in the Office of the Recorder of Utah County, Utah. No amendment shall be binding on the holder of

any Mortgage on any Lot, which Mortgage is of record at the time of the amendment, unless the Mortgagee joins in the Amendment. This Declaration may not be repealed by amendment.

44. Conservation Easement. Declarant hereby grants to Town of Cedar Hills a conservation easement over and across all of the Common Areas in the Project for the purpose of enabling the Town of Cedar Hills to enforce all of the restrictions with respect to the use of the Common Areas as set forth in this Declaration and in order to assure that no Dwellings or other Buildings shall be constructed within the Common Areas, except as specifically set forth herein and as shown on the Plat for the Project. Declarant hereby acknowledges and agrees that the development rights with respect to the Common Areas shall be limited as set forth in this Declaration and as shown on the Plat for the Project. The conservation easement granted to the Town of Cedar Hills by Declarant pursuant to this Section 44 shall be perpetual and irrevocable and shall not be affected by any document purporting to amend or terminate this Declaration, unless the Town of Cedar Hills consents to any such amendment or termination. This grant of conservation easement as set forth in this Section 44 shall not affect in any way manner the private nature of the Project and the Common Areas and is not intended to grant to the general public any right to enter upon, use or enjoy the Common Areas or any other portion of the Project. The sole purpose for Declarant granting to the Town of Cedar Hills the conservation easement set forth in this Section 44 is to provide assurance to the Town of Cedar Hills that the Common Areas for the Project shall not be used for any other purpose other than as described in this Declaration and as set forth on the Plat for the Project. The Town of Cedar Hills shall be entitled to enjoin by judicial action any attempted use of the Common Areas which is inconsistent with the terms of this Declaration and the Plat for the Project.

EXECUTED the day and year first above written.

DECLARANT:

LEGACY PROPERTIES AND
INVESTMENTS, L.C., a Utah limited liability
company

By: 
John Heiner

Title: Member

By: 
Reed Swenson

Title: Member

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

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The foregoing instrument was acknowledged before me this 15th day of December, 1999, by John Heiner and by Reed Swenson, in their capacity as Members of Legacy Properties and Investments, L.C., a Utah limited liability company.

Kim E. Holindrake
NOTARY PUBLIC
Residing at: Cedar Hills, Utah

My Commission Expires:

7-1-01

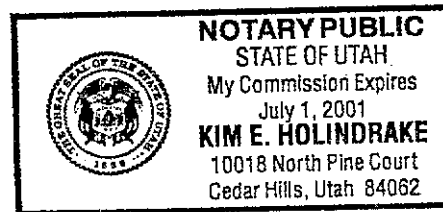


EXHIBIT "A"

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LEGAL DESCRIPTION OF THE PROPERTY

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The Property referred to in the foregoing Declaration is located in Utah County, Utah and is described more particularly as follows:

BOUNDARY DESCRIPTION

A PARCEL OF LAND LYING IN THE SOUTHEAST QUARTER OF SECTION 8, TOWNSHIP 5 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN, UTAH COUNTY, UTAH, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND BRASS CAP MONUMENT MARKING THE SOUTHEAST CORNER OF SAID SECTION 8; THENCE SOUTH 89°39'09" WEST ALONG THE SOUTH LINE OF SAID SECTION FOR 1705.05 FEET; THENCE NORTH FOR 349.72 FEET TO THE REAL POINT OF BEGINNING;

THENCE THE FOLLOWING 4 COURSES AND DISTANCES ALONG THE JORDAN AQUEDUCT - REACH 4: (1) NORTH 46°43'51" WEST FOR 393.24 FEET; (2) THENCE WITH A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 540.00 FEET, WHOSE CENTER BEARS NORTH 42°56'51" EAST, WITH A CENTRAL ANGLE OF 19°26'17" (CHORD BEARING AND DISTANCE OF NORTH 37°20'00" WEST - 182.32 FEET) FOR AN ARC DISTANCE OF 183.20 FEET; (3) THENCE NORTH 27°36'51" WEST FOR 589.70 FEET; (4) THENCE NORTH 35°48'51" WEST FOR 89.45 FEET TO A POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CANYON HEIGHTS DRIVE; THENCE THE FOLLOWING 4 COURSES AND DISTANCES ALONG SAID RIGHT-OF-WAY, (1) THENCE SOUTH 60°36'31" EAST FOR 87.05 FEET TO A POINT OF CURVATURE; (2) THENCE WITH A CURVE TO THE LEFT HAVING A RADIUS OF 229.00 FEET, A CENTRAL ANGLE OF 19°20'16" (CHORD BEARING AND DISTANCE OF SOUTH 70°16'39" EAST - 76.92 FEET) FOR AN ARC DISTANCE OF 77.29 FEET; (3) THENCE WITH A REVERSE CURVE TO THE RIGHT HAVING A RADIUS OF 371.00 FEET, A CENTRAL ANGLE OF 08°29'55" (CHORD BEARING AND DISTANCE OF SOUTH 75°41'50" EAST - 54.98 FEET) FOR AN ARC DISTANCE OF 55.03 FEET; (4) THENCE WITH A REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 229.00 FEET, A CENTRAL ANGLE OF 43°55'47" (CHORD BEARING AND DISTANCE OF NORTH 86°35'14" EAST - 171.31') FOR AN ARC DISTANCE OF 175.58 FEET; THENCE SOUTH 45°02'25" EAST FOR 862.77 FEET; THENCE SOUTH 38°27'47" WEST FOR 418.72 FEET TO THE REAL POINT OF BEGINNING.

CONTAINING 8.8077 ACRES.

Exhibit "B"
BY-LAWS
OF

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THE COTTAGES AT CANYON HEIGHTS HOMEOWNERS ASSOCIATION, INC.

A Nonprofit Corporation of the State of Utah

Pursuant to the provisions of the Utah Nonprofit Corporation and Co-operative Association Act, the Board of Trustees of The Cottages at Canyon Heights Homeowners Association, Inc. hereby adopts the following By-Laws.

ARTICLE I

NAME AND PRINCIPAL OFFICE

1.1 Name: The name of the corporation is "The Cottages at Canyon Heights Homeowners Association, Inc.", and it is referred to below as the "Association."

1.2 Offices. The initial principal office of the Association will be at 1402 West State Street, Pleasant Grove, Utah 84062.

ARTICLE II

MEMBERS AND MEETINGS

2.1 Annual Meetings. The annual meeting of the Members of the Association shall be held on the second Monday in April at 6:00 p.m. at the offices of the Association, beginning in the year following the year in which the Association is incorporated. The Board of Trustees may designate some other time, date and place for the annual meeting by giving proper notice of the change in advance of the meeting. The purpose of the annual meeting is to elect the Trustees, and to approve the annual assessments to be made by the Association upon the Members, as recommended by the Trustees, and to consider such other business that comes before the meeting. If the Trustees are not elected at the annual meeting, the existing Trustees shall continue to serve until their successors are named in a special meeting called for that purpose, or until the next annual meeting. The Trustees may change the date, time and place of the annual meeting as they see fit by formal resolution.

2.2 Special Meetings. Special meetings of the Members may be called by the Board of Trustees or by the President as they see fit, or by the Members of the Association representing not less than 33% of the total votes of the Association. Any notice of special meeting shall state the time, place, and date of the meeting and the matters to be considered at the meeting. When a special meeting is called by the Members of the Association, the notice shall be in writing and delivered to the President or the Chairman of the Board of Trustees.

2.3 Place of Meetings. All meetings will be held in Pleasant Grove, Utah, or Cedar Hills, Utah unless the Members have authorized a meeting to be held elsewhere by written waiver.

2.4 Notice of Meeting. The Board of Trustees shall cause written or printed notice of the date, time place and purposes of all meetings of the Members to be sent to each of the Members not more than 60 but not less than 10 days prior to the meeting. Mailed notice is deemed delivered when it is deposited in the United States Mail, postage prepaid, addressed to the Member at the last known address. Each Member shall register his or her address with the Association, and it shall be the obligation of the Member to provide notice of any change of address to the Association. If no address is registered, the Association may mail that Member's notice to the Secretary of the Association as the agent for the Member. Only one notice will be mailed on each Parcel, so if there are multiple owners, they must designate one of them to receive the notice of the meeting on their behalf.

2.5 Members of Record. Upon purchasing a Lot (the "Lot") in The Cottages at Canyon Heights (the "Project"), each owner shall promptly furnish the Association with a copy of the deed or other instrument under which such owner acquired title to the Lot. The Members of the Association shall be the owners of the Lots in the Project. Membership is deemed an appurtenance to each Lot and shall pass automatically to the owner of each Lot upon conveyance of title to such Lot. The Association shall not have stock or issue shares. For purposes of determining a quorum, determining the persons entitled to vote, and all other matters before a meeting of the Members, the Association may designate a record date, not more than 60 days nor less than 10 days prior to the meeting date, to determine the Members entitled to notice and to vote at the meeting. If no record date has been fixed, the record date is deemed to be the date on which notice of the meeting was mailed to the Members. The persons appearing as Members as of the record date are deemed entitled to notice and to vote at the meeting. Persons who become Members subsequent to the record date, or whose ownership is not registered with the Association until subsequent to the record date shall not be entitled to notice, shall not be counted in comprising a quorum, and shall not be entitled to vote at the meeting. This shall not preclude a person who acquires such person's Membership subsequent to the record date from voting the interest of his predecessor under a written proxy.

2.6 Quorum. At any meeting of the Members, the presence of Members, in person or by proxy, holding the right to cast more than 50% of the total votes of the Association shall constitute a quorum for the transaction of business. In the event that a quorum is not present at a meeting, the Members present, in person or by proxy, though less than a quorum, may adjourn the meeting to a later date set by those Members present. Notice of the re-scheduled meeting will be sent to the Members providing at least 10 days notice of the new meeting. At any re-scheduled meeting, a quorum will be deemed to exist comprised of those Members present in person or by proxy at the re-convened meeting.

2.7 Proxies. At each meeting of the Members, each Member entitled to cast a vote shall be entitled to vote in person or by written proxy. All proxies must be in writing, signed by the Member as shown on the records of the Association. When a Membership is jointly held, the

proxy must be signed by all of the joint owners of the Membership. Proxies must be presented to the Secretary of the Meeting at the beginning of the meeting for purposes of determining a quorum. The secretary will make an entry of proxies in the minutes of the meeting.

2.8 Voting Rights. With respect to each matter presented to the Members, including the election of Trustees, each Member will be entitled to cast one vote for each Lot that such Member owns on all matters presented to the Members for approval. If a Lot is owned by more than one person or entity, then such persons or entities must decide among themselves how the one vote for such Lot shall be cast. In the event that a Lot is owned by multiple owners and only one of the multiple owners is present at a meeting, the other multiple owners who are not present shall be deemed to have consented to the owner who is present voting the interests of that Lot. In the event of Lots held subject to trust deeds or mortgages, the trustor or mortgagor will be entitled to vote, and the lender shall have no right to vote; provided however, that when a lender has taken possession of any Lot, the lender shall be deemed to have succeeded to the interest of the trustor or mortgagor, and shall then be entitled to cast the vote.

2.9 Simple Majority. Unless otherwise provided in the Declaration of Covenants, Conditions and Restrictions for The Cottages at Canyon Heights (the "Declaration") any matter placed before the Members for a vote shall pass if there is an affirmative vote of the majority of the Members present at the meeting (and there is a quorum present). Election of Trustees will be by secret ballot. Other matters may be voted by secret ballot or by show of hands or such other means as the officer conducting the meeting shall determine.

2.10 Waiver of Irregularities. Any inaccuracies, irregularities, or errors in any call for a meeting or in any notice of meeting, and any inaccuracies or irregularities in the determination of a quorum or acceptance of proxies at a meeting are deemed waived, unless there is an objection stated in the meeting prior to the vote being taken.

2.11 Informal Action. Any action which is required to be taken or approved at a meeting may be taken or approved without a formal meeting, if all of the Members consent to the action in writing prior to the action being taken. The Members may hold meetings for which formal notice was not given if the Members waive notice prior to the meeting.

ARTICLE III

BOARD OF TRUSTEES

3.1 General Powers. The Board of Trustees shall have authority to manage and control the property and affairs of the Association. The Board of Trustees shall also constitute the Management Committee described and referred to in the Declaration, and the Board of Trustees shall have all of the powers and duties of the Management Committee as described in the Declaration. The Board of Trustees shall have the power to do all such acts as are necessary in connection with the operation, management, maintenance and repair of the Project. The Board of Trustees shall have the power from time to time to adopt any rules or regulations deemed proper for the exercise of which management powers, including without limitation any and all rules and regulations referred to in the Declaration. The Board of Trustees may exercise all

powers conferred upon them by law, by the Articles of Incorporation, by the Declaration, or by these By-Laws, provided however, that those powers which are specifically reserved to the Members in these By-Laws or in the Articles of Incorporation shall be exercised only by the Members. The Board may delegate its powers to officers, managers, or to such others as are appropriately delegated. Subject to any limitations or provisions contained in the Declaration, the Board of Trustees shall be responsible for at least the following:

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a) Preparation of an annual budget, in which there shall be established each Owner's share of the Common Expenses.

b) Establishing the Assessment of each Owner, the means of collecting Assessments from the Owners, and methods of collection Assessments from the Owners, and the method of payment. Unless otherwise determined by the Board of Trustees, each Owner's common area fee may be payable in equal monthly installments, due and payable in advance on the first day of each month of each year. However, in the event an Owner fails to make an installment payment in a timely manner or the Association deems itself insecure, then the entire annual Assessment may be accelerated by the Board of Trustees and shall thereafter be automatically due and payable without further notice. The Board of Trustees may subsequently elect to de-accelerate the obligation in whole or in part.

c) Providing for the operation, care, upkeep, replacement, maintenance, and regulation of all the Common Areas and all other portions of the Area of Common Responsibilities within the Project, as described in the Declaration.

d) Designating, hiring, and dismissing the personnel necessary to operate and maintain the Project.

e) Collecting and depositing the Assessments.

f) Making, amending, and enforcing the Rules and Regulations.

g) Opening and closing of bank accounts for and in behalf of the Association, and designating the signatories required therefor.

h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of the By-Laws, after damage or destruction by fire or other casualty.

i) Enforcing by legal means the Project Documents.

j) Purchasing and maintaining insurance.

k) Paying the cost of all services rendered to the Project and not billed directly to Owners or individual Lots.

l) Keeping books and records with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Project, specifying the maintenance and repair expenses of the Areas of Common Responsibilities and any other expenses incurred. Said documents, books, financial statements, and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Board of Trustees for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices.

m) Providing, where necessary, all water, electricity, and other necessary utility services for the Common Areas.

n) Paying any amount necessary to discharge any mechanic's or materialmen's lien or other encumbrance levied against the Property, or any part thereof, which may in the opinion of the Board of Trustees constitute a lien against the Property or against the Common Areas, rather than merely against the particular Lot. When one or more Owners are responsible for the existence of such a lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board of Trustees by reason of said lien or liens shall be specially assessed to said Owners and shall, until paid by said Owners, constitute a lien on the interest of said Owners in the Property which lien may be perfected and foreclosed in the manner provided in the Declaration.

o) Giving notice of and conducting hearings on alleged violations of the Project Documents, sanction, cite, or fine Owners, occupants and residents.

p) Making emergency repairs.

q) At the sole expense and risk of the Owner, impounding, immobilizing, towing or otherwise removing any motor vehicle parked, stored or standing in violation of the parking rules and regulations or in an unauthorized area.

r) Evicting non-Owner residents in material violation of the Project Documents.

s) Doing such other things and acts necessary to accomplish the foregoing and not inconsistent with the Declaration or By-Laws

3.2 Number and Tenure. There shall be three members of the Board of Trustees. They shall serve until the next annual meeting in which Trustees are elected, and shall continue to serve until their successors have been elected and assumed office. Trustees need not be residents of the State of Utah.

3.3 Board Meetings. The Board of Trustees shall have at least one meeting per year, which shall be within the 90 days preceding the Annual Meeting of Members for the purpose of

setting the agenda for the Annual Meeting of Members, and for purposes of approving an annual budget for the operations of the Association, for approving (for recommendation to the Members) the assessments to be made by the Association upon the Members as contemplated by the Declaration, and for approving annual reports, tax returns, and similar matters. Special meetings may be called by the President or the Chairman, or by a majority of the Board by giving notice to the other Board members. Notice of Board meetings will be given in writing or by telephone not more than 15 days, and not less than 5 days prior to the date of the meeting.

3.4 Quorum. A quorum at a Board meeting will consist of a simple majority of the Board. Board members may be counted as present if they are participating in the meeting by telephone. No proxies will be given among Board members. Actions of the Board may only be taken by formal action of the Board, and no individual Trustee shall have the authority to act on behalf of the Association.

3.5 Deadlock. In the event of a deadlock on the Board, the Board shall immediately call for a special meeting of the Members and, at the direction of the Chairman of the Board, either call for the election of a new Board, or submit the matter to the Members for determination.

3.6 Compensation. The Board of Trustees shall serve without compensation, provided that their reasonable out of pocket expenses for Association business, including the costs of attending Board meetings, may be reimbursed by the Association.

3.7 Resignation or Removal. Any Trustee may resign at any time. A Trustee is deemed to have resigned when he or she sells (or otherwise is divested of) his or her Lot and therefore ceases to be a Member of the Association. Any Trustees may be removed prior to the end of his or her term of office by an affirmative vote of a simple majority of the Members of the Association at a regular or special meeting called for that purpose.

3.8 Vacancies. Vacancies on the Board of Trustees will be filled by appointment of a successor by the remainder of the Board, provided that any such appointee will be confirmed or rejected at the next regular meeting of the Members. Any such Trustee is to fill the balance of the vacant term which he or she has filled, and will stand for election at the expiration of that term.

3.9 Informal Action by Trustees. The Trustees may take any action they could take in a formal meeting without a formal meeting, provided that the action is authorized in advance in writing signed by all of the Trustees. The Trustees may waive notice of meetings by signing written waivers at the time of the meeting. Minutes of all Board meetings will be kept, and when a meeting is held without prior notice, the minutes will reflect the written waiver of notice.

ARTICLE IV

OFFICERS AND DUTIES

4.1 Number. The Officers of the Association shall consist of at least a President, and a Secretary/Treasurer. The Board may establish such other Officers as it deems appropriate.

4.2 Appointment Tenure. The Officers will be appointed by the Board of Trustees at their annual meeting. All Officers serve at the pleasure of the Board and may be removed by a majority vote of the Board in a meeting called for that purpose. All Officers must be Members of the Association.

4.3 Duties of the President. The President shall preside at meetings of the Board of Trustees and at meetings of the Members. He shall sign, on behalf of the Association, all legal documents approved by the Board, including deeds and mortgages and other contracts. The President shall supervise and be primarily responsible for the day-to-day operation of the Association's affairs, including the hiring and termination of employees and subordinates. The President shall perform such other duties as assigned by the Board.

4.4 Duties of the Secretary/Treasurer. The Secretary/Treasurer is responsible to maintain accurate books and records of the operations of the Association, including without limitation, records pertaining to the receipt and disbursement of funds, to keep accurate records of the Members of the Association and the transfer of their interests to others, to keep a record of assessments made to Members by the Association and the payment of assessments by the Members, to keep minutes of the meetings of the Members and the Trustees, and to cause notices of any meetings to be issued as called for in these By-Laws, to file annual reports, and to perform such other duties as assigned by the Board. The Secretary/Treasurer will perform the duties of the President, if the President is not available.

4.5 Compensation. The Officers will serve without compensation, provided that their reasonable out of pocket expenses in performing their duties for the Association will be reimbursed. The Board may fix such other compensation as it finds appropriate given the responsibility of the Officers.

ARTICLE V

INDEMNIFICATION

5.1 Indemnification Against Third Party Actions. The Association may defend and indemnify the Officers and Trustees against all actions, claims, and suits brought by third parties against them individually which arise from the exercise of their obligations and duties as Officers and Trustees. This shall include all civil, administrative or investigative actions whether brought by an individual or a governmental agency. The indemnification shall extend to the payment of reasonable attorneys' fees incurred in the defense of such action, including fees for independent counsel, and the payment of any fine, settlement, or judgment. This indemnity is limited in

scope to those acts or omissions arising from the good faith exercise of the authority of the office held, or the discharge of the duties as a Trustee on behalf of the Association.

5.2 Indemnification Against Member Actions. The Association may defend and indemnify the Officers and Trustees against all actions, claims, and suits brought by Members of the Association against them individually which arise from the exercises of their obligations and duties as Officers and Trustees. This shall include all civil, administrative or investigative actions whether brought by an individual or a governmental agency. The indemnification shall extend to the payment of reasonable attorneys' fees incurred in the defense of such action, including fees for independent counsel, and the payment of any fine, settlement, or judgment. This indemnity is limited in scope to those acts or omissions arising from the good faith exercise of the authority of the office held, or the discharge of the duties as a Trustee on behalf of the Association.

5.3 Request for Indemnification. When any Officer, Trustee or employee of the Association receives notice of any action referred to above, he or she shall give notice to the President and to the Board of Trustees, stating the nature of the claim, the claimant, and providing all pertinent information about the claim. The Board, in the case of an action against an Officer or employee, or against a single Trustee, may vote to indemnify the Officer, employee or Trustee. In the event that the action is against the Board of Trustees as whole, or names more than a single Trustee individually, and the claim is entirely covered by and within the policy limits of the Association's insurance coverage, the Board may vote to indemnify itself and the individuals named. In the event that the claim exceeds the limits of any insurance coverage, or is not covered, the Board may not agree to indemnify itself without presenting the matter to the Association for a vote at a special meeting called for that purpose.

5.4 Amendment. These By-Laws may be amended by the Members of the Association from time to time as the Members see fit by a majority vote at a meeting called for that purpose.

ARTICLE VI

COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

6.1 Conflict. These By-Laws are subordinate and subject to a provisions of the Declaration. All of the terms hereof, except where clearly inconsistent with the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provision of the Declaration shall control.

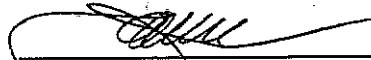
6.2 Waiver. No restriction, condition, obligation, or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

6.3 Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

6.4 Interpretation. Whenever in these By-Laws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine; and the term "shall" is mandatory while the term "may" is permissive.

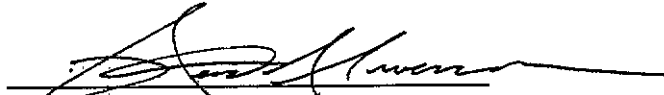
6.5 Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this document should be invalid or should operate to render this document invalid, this document shall be construed as if such invalid phrase or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections, or section or sections had not been inserted.

Adopted this 1st day of December, 1999.



John Heiner
Title: President

Attest:



Reed Swenson
Title: Secretary

EXHIBIT "C"
MAP SHOWING THE APPROXIMATE
LOCATION OF THE ADDITIONAL LAND

