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THE RESORT VILLAGES OF ENTRADA AT SNOW CANYON

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND
RESERVATION OF EASEMENTS

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THE RESORT VILLAGES OF ENTRADA AT SNOW CANYON

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND
RESERVATION OF EASEMENTS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF EASEMENTS (the "Declaration") is made on the date hereinafter set forth, by Split Rock, Inc., a Utah corporation (hereinafter referred to as "Declarant"), its successors and assigns. The Declaration affects the following real property, and such additional land from the Annexable Territory as may be annexed to the property hereafter, all located in Washington County, State of Utah:

Phase A - See Exhibit A attached hereto and incorporated herein.

Annexable Territory - See Exhibit B attached hereto and incorporated herein.

The terms contained in the above Preamble and the Recitals below, which are hereafter defined in Article I, shall be given the meaning assigned to them in Article I.

RECITALS

A. SPLIT ROCK, INC., as Declarant, will develop the real property described in Exhibit A as a residential planned development.

B. Declarant has established or will establish The Resort Villages of Entrada at Snow Canyon Owners Association and the Association will be vested with powers of owning, maintaining and administering the Common Area, administering and enforcing the covenants and restrictions pertaining to the Properties, promulgating Rules and Regulations through its Board of Directors and Design Review Committee, and collecting and disbursing the assessments and charges hereinafter created.

C. Declarant also desires to expand the Development to include the Annexable Territory, all of which the Declarant desires to be governed by this Declaration, as the same may be supplemented, added to, modified and amended from time to time.

D. The Declarant intends that the Properties, and such portions of the Annexable Territory annexed into the Development, shall be maintained, developed and conveyed pursuant to a general plan for all of the Properties and subject to certain protective covenants, easements, equitable servitudes, liens and charges, all running with the Properties as hereinafter set forth.

E. The Declarant hereby declares that all of the Properties shall be maintained, held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following easements, restrictions, reservations, rights, covenants, conditions and equitable servitudes, all of which are for the purpose of enhancing and protecting the value, attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, subdivision, improvement, and sale of the Properties or any portion thereof. The covenants, conditions, restrictions, rights, reservations, easements, and equitable servitudes set forth herein shall run with and burden the Properties and shall be binding upon all persons having or acquiring any right, title, or interest in the Properties, or any part thereof, their heirs,

successors and assigns; shall inure to the benefit of every portion of the Properties and any interest therein; and shall inure to the benefit of and be binding upon and may be enforced by Declarant; the Association; and each owner and their respective heirs, executors and administrators, and successors and assigns.

F. These Recitals shall be deemed covenants as well as recitals.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, Declarant hereby declares that the Properties, to the extent now committed to this Declaration, shall be owned, held, used, transferred, sold, conveyed, demised, and occupied subject to the covenants, conditions, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth.

ARTICLE I DEFINITIONS

As used herein, the following terms have the indicated meanings:

1.1 "Articles" shall mean the Articles of Incorporation of THE RESORT VILLAGES OF ENTRADA AT SNOW CANYON OWNERS ASSOCIATION on file with the State of Utah, Department of Commerce, Division of Corporations and Commercial Code.

1.2 "Association" shall mean THE RESORT VILLAGES OF ENTRADA AT SNOW CANYON OWNERS ASSOCIATION.

1.3 "Benefitted Assessment" shall mean assessments levied in accordance with Article X against particular Units to cover costs pursuant to a menu of services which the Board of Directors may from time to time authorize.

1.4 "Bylaws" shall mean the Bylaws of the Association, as adopted by the Board of Directors, as such Bylaws may be amended by the Board of Directors from time to time.

1.5 "Class 'B' Control Period" shall mean and refer to the period of time during which the Class "B" Member shall be entitled to appoint a majority of the members of the Board of Directors as provided in the Bylaws and have such special and additional rights as set forth in this Declaration. The Class "B" Control Period shall terminate as provided in Section 3.2.2 hereof.

1.6 "Common Area" shall mean all of the land presently owned or otherwise held, if any, or to be so acquired or held in the future by the Association and all improvements constructed thereon, and all personal property owned by the Association located thereon. The initial Common Area shall be conveyed to the Association prior to the conveyance of a Unit to any Unit purchaser other than a builder or developer holding title for the purpose of development and resale. The term shall include all Limited Common Area and Exclusive Common Area, as defined herein, unless otherwise indicated by the context.

1.7 "Common Expenses" shall mean those expenses for which the Association is responsible under this Declaration, including the actual and estimated costs of maintenance, management, operation, repair, replacement and improvement of the Common Area (not including the Exclusive Common Area); costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all utilities, certain

landscaping and improvements on the Common Area or portions thereof; and the costs of any other items incurred by the Association for any reason whatsoever in connection with the Properties for the benefit of all of the Owners.

1.8 "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Declarant as long as it owns any property described in Exhibits A or B and thereafter by the Board of Directors.

1.9 "Corrective Assessments" shall mean a charge against a particular Owner and his Lot representing the costs to the Association incurred in taking corrective action against an Owner.

1.10 "Declarant" shall mean Split Rock, Inc., its successors and assigns.

1.11 "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for The Resort Villages of Entrada at Snow Canyon, as the same may be amended and supplemented from time to time.

1.12 "Deed of Trust" shall mean a mortgage or a deed of trust as the case may be.

1.13 "Exclusive Common Area" shall mean and refer to certain portions of the Common Area which are for the exclusive use and benefit of one or more, but less than all, Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed against the Owners of Units in only those Neighborhoods which are benefitted thereby as a Neighborhood Assessment. By way of illustration and not limitation, Exclusive Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments. Initially, any Exclusive Common Areas shall be designated as such and assigned in the deed conveying the Common Area to the Association. A portion of the Common Area may be assigned as Exclusive Common Area of a particular Neighborhood or Neighborhoods and Exclusive Common Area may be reassigned upon the vote of a majority of the total Association vote, including a majority of the votes within the Neighborhood(s) to which they are assigned, or unilaterally by the Declarant during the Class "B" Control Period.

1.14 "Limited Common Area" shall mean that portion of the Properties owned by the Association and shown on the Plat as dedicated to the exclusive use and enjoyment of the Owner of the Lot to which such Limited Common Area is adjacent and/or appurtenant. However, in cases where a building envelope of private property (a Lot) is surrounded by Common Area, the area within the surveyed Lot boundaries but outside the Unit walls shall be treated as Limited Common Area for use purposes and as exterior area for maintenance purposes. The purpose of laying out a Lot larger than the Unit is to allow flexibility in the original construction. After initial construction, an Owner may construct appurtenant structures that do not contain a roof or footings and personal landscaping outside the boundaries of the Unit and within the boundaries of the Limited Common Area appurtenant to the Lot, subject to the terms of the Property Development Guidelines and approval of the Design Review Committee. The Board of Directors may adopt Rules and Regulations concerning the use of the Limited Common Areas.

1.15 "Lot" shall mean that area of private real property ownership designated on the Plat. Each Lot is owned in fee simple by the Owner. However, area within the surveyed Lot boundaries but outside the Unit walls may be designated as Common Area or Limited Common Area according to the Plat.

1.16 "Master Plan" shall mean the Master Plan for the development of The Resort Villages of Entrada at Snow Canyon approved by the local municipality or Washington County, Utah, as it may be amended from time to time, which plan includes the property described in Exhibit A, and all or a portion of the property described in Exhibit B that Declarant may from time to time anticipate subjecting to this Declaration. The Master Plan may also include subsequent plans approved by the local municipality or Washington County, Utah, for the development of all or a portion of the property described in Exhibit B which Declarant may from time to time anticipate subjecting to this Declaration. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the exclusion of property to this Declaration, nor shall the exclusion of property described in Exhibit B from the Master Plan bar its later annexation.

1.17 "Member" shall mean any Person holding a membership in the Association, as provided in this Declaration. "Membership" shall mean the property, voting and other rights and privileges of Members as provided herein, together with the correlative duties and obligations contained in this Declaration and the Articles, the Bylaws, and the Rules and Regulations.

1.18 "Neighborhood" shall mean and refer to each separately developed and denominated residential area comprised of one (1) or more housing types subject to this Declaration, whether or not governed by an additional owners association (sub-association), in which owners may have common interests other than those common to all Association members, such as a common theme, entry feature, development name, architectural style, and/or common areas and facilities which are not available for use or shared by all Association Members. For example, and by way of illustration and not limitation, each condominium development, townhome development, cluster home development, and single-family detached housing development may constitute a separate Neighborhood, or a Neighborhood may be comprised of more than one housing type with features in common. In addition, each parcel of land intended for development as any of the above shall constitute a separate Neighborhood, subject to division into more than one Neighborhood upon development. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Association (as defined in Section 4.1) having jurisdiction over the property within the Neighborhood. Neighborhoods may be divided or combined in accordance with Section 4.1 of this Declaration. A Vacation Destination Neighborhood is further defined in Section 1.31.

1.19 "Neighborhood Assessments" shall mean assessments for common expenses provided for herein or by any Supplemental Declaration which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Units against which the specific Neighborhood Assessment is levied and of maintaining the Properties within a particular Neighborhood, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein.

Any Neighborhood Assessment shall be levied equally against all Units in the Neighborhood benefitting from the services supported thereby, provided that in the event of assessments for exterior maintenance of structures, or services provided pursuant to a menu of services which the Board of Directors may offer, or insurance on structures, or replacement reserves which pertain to particular structures – and

which services benefit a particular Unit or Units and not the Neighborhood as a whole, such assessments for the use and benefit of particular Units shall be levied as a Benefitted Assessment.

1.20 "Neighborhood Association" shall mean a sub-association which may be created pursuant to Sections 2.1.8 and 4.1, which has subordinate concurrent jurisdiction with the Association.

1.21 "Neighborhood Map" shall mean a map of survey of the entire parcel which may be Recorded to indicate the boundaries of the Neighborhood.

1.22 "Owner" shall mean and refer to one or more Persons who hold the record title to any Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner.

1.23 "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

1.24 "Plat" shall mean a map recorded in the records of the Washington County Recorder, as the same may be modified, amended, supplemented or expanded in accordance with the provisions of this Declaration in conjunction with annexations to the Properties as herein provided.

1.25 "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by Supplemental Declaration.

1.26 "Record," "Recorded," "Filed" or "Recordation" shall mean, with respect to any document, the recordation of such document in the office of the County Recorder of Washington County, Utah.

1.27 "Special Assessments" shall mean a charge against each Owner and his Lot, representing a portion of the costs to the Association of defraying any extraordinary expenses incurred or special projects approved as set forth in Article X.

1.28 "Special Declarant Rights" shall mean the rights of Declarant set forth in Article XV.

1.29 "Supplemental Declaration" shall mean any supplemental declaration of covenants, conditions and restrictions and reservation of easements, or similar instrument, which extends the provisions of this Declaration to all or any duly annexed portions of the Annexable Territory and may contain such complementary or amended provisions for such additional land as are herein authorized by this Declaration.

1.30 "Unit" shall mean a portion of the Properties intended for development, use, and occupancy as an attached or detached residence (i) for a single family or (ii) in a Neighborhood so designated, for (a) timeshare ownership or (b) shared ownership or (c) fractional ownership or (d) long or short term occupancy, or (e) any other arrangement provided for in the Supplemental Declaration or Declaration of Condominium for a Neighborhood, and shall, unless specified, include within its meaning, by way of illustration, but not limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided or as provided in subsequent amendments or Supplemental Declarations covering all or a part of the Properties. The term shall include all portions of the

Lot owned including any structure thereon. In the case of a structure which contains multiple apartments, each apartment shall be deemed to be a separate Unit. In case of a condominium, the Declaration of Condominium shall define a Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for such parcel on the master Land Use Plan or the site plan approved by Declarant, whichever is more recent, until such time as a certificate of occupancy is issued on all or a portion thereof by the local governmental entity having jurisdiction, after which the portion designated in the certificate of occupancy shall constitute a separate Unit or Units as determined above and the number of Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

1.31 "Vacation Destination Neighborhood" shall mean a Neighborhood established by Declarant under Section 4.1 where a Unit is (i) owned by a Person, but may be leased by a property management company established by Declarant for nightly, weekly, monthly or a longer term use, as may be permitted by law or (ii) is part of a timeshare, fractional ownership or shared ownership program. A Vacation Destination Neighborhood may be assigned such name as the Declarant may elect, but the Supplemental Declaration shall clearly distinguish a Vacation Destination Neighborhood from any other type of Neighborhood.

1.32 "Vacation Villa" shall mean any Unit owned or operated by Declarant for the purpose of short term periodic rental, or for time-share condominium use or sales. The occupant of such Vacation Villa may be given specified rights of use of Common Area as provided in Article XV. A Vacation Villa may be established in a Vacation Destination Neighborhood, or any other portion of the Properties, or outside the Properties, as the Declarant in its discretion may elect.

1.33 "Voting Group" shall mean one or more Neighborhoods grouped together for the purpose of electing Directors to the Board as provided for in Section 4.3.

ARTICLE II PROPERTY RIGHTS

2.1 Owners Easements. Every Owner shall be a Member of the Association and shall have a right and easement of enjoyment in and to the Common Area and shall have a permanent and perpetual right and easement of enjoyment in and to the property subject to this Declaration, which shall be appurtenant to and shall pass with the title to every Unit within the Properties, subject to all of the following:

2.1.1 All provisions of this Declaration, any Plat of all or any part or parts of the Properties, the provisions of any Supplemental Declaration with respect to the lands against which it is recorded, Property Development Guidelines, the establishment of Voting Groups, the Articles, and the Bylaws;

2.1.2 Rules and Regulations as may be adopted and promulgated by the Board of Directors pursuant to the Bylaws and this Declaration, as the Board of Directors deems necessary or desirable (i) to aid it in administering the affairs of the Association, (ii) to insure that the Properties are maintained and used in a manner consistent with the interests of the Owners, (iii) to regulate the use of the Common Areas and to regulate the personal conduct of the Members and their

guests thereon, and (iv) to establish penalties for the infractions thereof, as such rules and regulations may be amended from time to time ("Rules and Regulations").

2.1.3 The rights of the Association to levy assessments against each Owner for the maintenance, protection, and preservation of the Properties in compliance with this Declaration;

2.1.4 Easements, both recorded and unrecorded, for public and/or private utilities;

2.1.5 In addition to the foregoing easements, there shall be and Declarant hereby reserves and covenants for itself and all future owners within the Properties, easements for public services of the governmental entities having authority over the Properties, including, but not limited to, the right of the police and fire departments to enter upon any part of the Common Area and Exclusive Common Area, Limited Common Area, and Lot for the purpose of carrying out their official duties;

2.1.6 In addition to the foregoing easements, there shall be and Declarant hereby reserves and covenants for itself and all future owners within the Properties, easements for the right of any public utility of ingress or egress over the Common Area, Exclusive Common Area, and Limited Common Area for purposes of reading and maintaining meters, and using and maintaining fire hydrants located on the Common Area or Exclusive Common Area. The Lots shall also be subject to such public utility easements as shown on the Plat and as required by the governmental entities having regulatory authority over the Properties;

2.1.7 If any portion of a Unit or other improvement constructed by Declarant, or if any portion of a Unit or other improvement reconstructed so as to substantially duplicate the Unit or other improvement originally constructed by Declarant, encroaches upon the Common Areas, Exclusive Common Areas, Limited Common Areas, or other Lots, as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists;

2.1.8 It is contemplated that, pursuant to Article XI of this Declaration, additional lands may be annexed to the Properties from time to time and that Neighborhood Associations (hereinafter sometimes referred to as "sub-associations") may be created for the purpose of maintaining and administering individual Neighborhoods or providing amenities within the Properties. In such event:

(a) With respect to Owners within any part of the land which may subsequently be annexed to the Properties, the right to use of the Common Area of the Association shall be limited to the Common Area.

(b) The responsibility for maintaining the Exclusive Common Area may be delegated to one or more sub-associations, and the use and enjoyment of the Exclusive Common Area in each instance shall be limited to members of the applicable sub-association. If the responsibility for maintaining the Exclusive Common Area is not delegated to one or more sub-associations, then the Association shall own, regulate, administer and maintain the Exclusive Common Area not delegated to a sub-association.

(c) Assessments for maintenance, protection and preservation of Exclusive Common Area shall be levied, in each instance, by the Association or the applicable sub-association.

(d) In the event a sub-association is levying and collecting assessments as herein set forth, the sub-association shall also collect any assessments levied against its Owners by the Association, and shall deliver said sum or sums to the Association.

2.1.9 Subject to the provisions of this Declaration, the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, upon notice to the Members be assented to by two-thirds (2/3) of the vote of the Membership which Members present in person, by ballot, or by proxy are entitled to cast at a meeting duly called for the purpose. The quorum requirement for such meeting shall be as set forth in the Bylaws. Dedication or transfer of all or any part of the Exclusive Common Area to any public agency or authority shall be permitted only upon consent of the Neighborhood Chairman where the Exclusive Common Area is located and for such purposes and subject to such conditions as may be agreed to by the Board of Directors and the Neighborhood Chairman.

2.1.10 The right of Declarant and its sales agents, representatives and prospective purchasers to the nonexclusive use of the Common Area and Exclusive Common Area and any facilities thereon, without cost, full access, ingress, egress, use and enjoyment, in order to show and dispose of the Properties and the Annexable Territory as provided herein and to grant easements for ingress, egress and utilities to Persons, including non-Association Members, owning land in the Annexable Territory, until the last close of escrow for the sale of a Lot in the Properties and the Annexable Territory; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein.

2.1.11 The right, as set forth in the Bylaws, to (i) suspend a Member's voting rights, and (ii) the right to suspend a Member's right to the Common Areas and Exclusive common Areas and facilities during any period of violation of any provision of this Declaration, the Property Development Guidelines, or any Rule or Regulation of the Association.

2.1.12 The right of the Association through its Board of Directors to enter into agreements or leases which provide for use of the common Area and facilities by a similar association not a part of the Properties in consideration for use of the Common Area and facilities of the other association or for cash or for other consideration.

2.2 Delegation of Use. An Owner may delegate, in accordance with this Declaration, the Articles, and Bylaws, his right to use of the Common Area to the members of his family, his tenants, or contract purchasers who reside on his Unit.

2.3 Permitted Uses. The Properties shall be restricted to the following uses:

2.3.1 All Units shall be used only for single family residential purposes and no professional, business or commercial use shall be made of the same, or any portion thereof, nor shall any resident's use of a Unit endanger the health or disturb the reasonable enjoyment of any other

Owner or resident, provided, however, that the Unit restrictions contained in this Section shall not be construed in such a manner as to prohibit an Owner or resident from (a) maintaining his personal, professional library therein; (b) keeping his personal business or professional records or accounts therein; (c) handling his personal business or professional telephone calls or correspondence therefrom; or (d) conducting a home occupation in compliance with all requirements and approvals of the local governing body having jurisdiction over the Properties. Unit sizes as described on the recorded plat of any subdivision in the Properties are considered minimum lot sizes, and unless specified in the Property Development Guidelines for that subdivision, no person shall further subdivide any Unit other than as shown on the Recorded Plat of said subdivision.

2.3.2 The Common Area, now and forever, shall be restricted hereby such that it shall be maintained for the use or benefit of the Owners of The Resort Villages of Entrada at Snow Canyon, including common amenities, easements and rights-of-way for the construction, operation, and maintenance of utility services, both public and private, and drainage facilities, and also for common access, ingress and egress, and shall not be used for any commercial or industrial use except as herein described.

2.4 Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association nor release the Lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or any improvements thereon or by abandonment of his Lot or any other property in the Properties.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1 Membership. Every Owner shall be deemed to have a membership in, and be a member of, the Association. No Owner, whether one or more Persons, shall have more than one membership per Unit owned. In the event the Owner of a Unit is more than one Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by an individual Member or such Member's spouse, subject to the provisions of this Declaration and the Bylaws. The membership rights of a Unit owned by a corporation or partnership shall be exercised by the individual designated by the Owner in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the Bylaws.

3.2 Classes and Voting Rights. The Association shall have two classes of voting membership:

3.2.1 Class A. Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Class "A" Members shall be entitled to one (1) equal vote for each Unit in which they hold the interest required for Membership under Section 3.1 hereof; there shall be only one (1) vote per Unit. Unless otherwise specified in this Declaration or the Bylaws, the vote of the Class A Members in a Neighborhood shall be represented by a Neighborhood Chairman representing the Neighborhood of which the Unit is a part, as provided in Article IV.

In any situation where a Member is entitled personally to exercise the vote for his Unit and more than one Person holds the interest in such Unit required for membership, the vote for

such Unit shall be exercised as those Persons determine among themselves and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

3.2.2 Class B. The Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve actions taken under this Declaration and the Bylaws, are specified elsewhere in this Declaration and the Bylaws. The Class "B" Member shall be entitled, at its sole discretion, to amend the Articles of Incorporation, and, in addition, shall be entitled to appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Article 3, Section 3.2 of the Bylaws. The Class "B" membership shall terminate upon the earlier of:

- (a) the expiration of the Declarant's unilateral right to annex property pursuant to Section 11.1 of this Declaration; or
- (b) the unilateral resignation of the Class "B" Member; or
- (c) December 31, 2023.

3.3 Dissolution. In the event of the permanent dissolution of the Association for whatever reason, any Owner may petition the District Court of the Fifth Judicial District, Washington County, Utah, for the appointment of a Receiver to manage the affairs of the dissolved Association and the Common Area in place and instead of the Association and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Association and the Common Area.

ARTICLE IV NEIGHBORHOODS AND VOTING GROUPS

4.1 Neighborhoods. Every Unit shall be located within a Neighborhood as defined in Section 1.18 and 1.31. The Units within a particular Neighborhood may be subject to additional covenants and/or the Owners may all be members of another owners association ("Neighborhood Association") in addition to the Association, but no such Neighborhood Association shall be required except in the case of a condominium. In the case of a Vacation Destination Neighborhood, (i) the Declarant may establish a property management company with the exclusive right (which right may be assigned by Declarant) to lease the Units in such Neighborhood on behalf of the Unit Owner for nightly, weekly, monthly or a longer term use, as may be permitted by law; and (ii) the Supplemental Declaration for the Vacation Destination Neighborhood shall set forth such additional covenants and conditions for leasing the Units and other matters as the Declarant shall determine.

Exhibit A to this Declaration, and each Supplemental Declaration filed to subject additional property to this Declaration, shall initially assign the property described therein to a specific Neighborhood (by name or other identifying designation), which Neighborhood may be then existing or newly created. During the Declarant's Class B Control Period, the Declarant may unilaterally amend this Declaration or any Supplemental Declaration or file a Neighborhood Map from time to time to designate or redesignate Neighborhood boundaries; provided two or more existing Neighborhoods shall not be combined without the consent of Owners of a majority of the Lots in each of the effected Neighborhoods. After such time, Owners

may redesignate Neighborhood boundaries upon the affirmative vote of a majority of Owners in each effected Neighborhood.

Each Neighborhood Association or Neighborhood, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may request that the Association provide a higher level of service or special services for the benefit of Units in such Neighborhood, the cost of which shall be assessed against the benefitted Units as a Neighborhood Assessment pursuant to Article X.

Any Neighborhood which does not have a Neighborhood Association shall hold meetings annually or more often as required by the Board of Directors. All Owners in such Neighborhood shall be entitled to attend such Neighborhood meetings. The Neighborhood Chairman shall preside over Neighborhood meetings and shall place such issues on the agenda as the Board of Directors may determine.

Neighborhoods with a Neighborhood Association shall hold meetings as provided for in such Neighborhood Association's bylaws and as may be required by the Board of Directors. Unless otherwise provided for in this Declaration, such Neighborhood Association's bylaws shall establish the quorum requirement for meetings of the Neighborhood Association.

4.2 Neighborhood Committees. Each Neighborhood that is not part of a Neighborhood Association shall elect a Neighborhood Committee of at least three (3) and not more than five (5) members as provided for in Section 3.7 of the Bylaws, and the Neighborhood Committee shall select a Chairman (or President) and a Vice-Chairman (or Vice-President). In Neighborhoods with a Neighborhood Association, the president and vice president of such Neighborhood Association shall, respectively, be the Chairman and Vice-Chairman. The Chairman shall preside over meetings of the Neighborhood and shall be responsible for communication between the Owners in the Neighborhood and the Board of Directors. They also shall attend such meetings as the Board of Directors may request. A majority of the Neighborhood Committee Chairmen present at any meeting of the Neighborhood Chairmen shall constitute a quorum. Action of the Neighborhood Chairmen shall require the affirmative vote of a majority of the Neighborhood Chairmen at which a quorum is present. The Vice-Chairman may attend meetings of the Neighborhood Chairman but shall not represent the Neighborhood except in the absence of the Neighborhood Chairman.

Each year, the Board of Directors shall call for the election of Neighborhood Committees from Neighborhoods not having a Neighborhood Association. Owners in each Neighborhood shall elect their Neighborhood Committees on the day and in such manner as the Board of Directors designates. The Owner of each Lot shall be entitled to cast one equal vote for each Lot which it owns in the Neighborhood for each position. Any Owner in the Neighborhood may nominate Owners in the Neighborhood or declare himself or herself a candidate in accordance with procedures established by the Board of Directors. Neighborhood Chairmen and Vice-Chairmen may serve up to two (2) consecutive one year terms. Any Neighborhood Chairman or Vice-Chairman may be removed, with or without cause, upon the vote or written petition of a majority of the votes attributable to Lots in the appropriate Neighborhood.

In Neighborhoods with a Neighborhood Association, the articles and bylaws for such Neighborhood Association, and the Supplemental Declaration for such Neighborhood shall control the election, appointment, term, and removal procedure for that Neighborhood Association's directors and officers, and pursuant to the terms of this Section 4.2, the appointment of Neighborhood Chairman and Vice-

Chairman. Additionally, the Board may remove a Neighborhood Chairman or Vice-Chairman in its discretion.

In the event that a Neighborhood is not represented by a Neighborhood Chairman or an Vice-Chairman, the Board of Directors may appoint a replacement to fulfill the unexpired portion of such term.

Additionally, the Board of Directors may remove a Neighborhood Chairman or Vice-Chairman in its discretion. If a Neighborhood Chairman is removed by the Board of Directors, then the Vice-Chairman shall serve in the Neighborhood Chairman's place and if there is no Vice-Chairman or if the Vice-Chairman is removed by the Board, then the Board shall appoint an Owner from the Neighborhood to act as the Neighborhood Chairman to fulfill the unexpired portion of such term.

The Neighborhood Chairman shall, as the voting member of the Neighborhood, cast all votes attributable to Units in the Neighborhood on all Association matters requiring the approval of the Neighborhood Chairman. As the voting member, the Neighborhood Chairman may cast all votes as it, in its discretion, deems appropriate.

4.3 Voting Groups. The Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing Directors to the Board, in order to promote representation on the Board of Directors for various groups having dissimilar interests and to avoid a situation in which Owners representing similar Neighborhoods are able, due to the number of Lots in such Neighborhoods, to elect the entire Board of Directors, excluding representation of others. Following termination of the Declarant's Class "B" Control Period, the number of Voting Groups within the Properties shall not exceed one less than the total number of Directors to be elected pursuant to the Bylaws. If Voting Groups are established, Owners within each Voting Group shall vote on a separate slate of candidates for election to the Board of Directors, with each Voting Group being entitled to elect the number of Directors specified in Section 5.4 of the Bylaws.

The Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Declarant's Class "B" Control Period by filing with the Association and Recording a Supplemental Declaration identifying each Voting Group by legal description or other means such that the Neighborhoods within each Voting Group can easily be determined. Such designation may be amended from time to time by the Declarant, acting alone, at any time prior to the expiration of the Declarant's Class "B" Control Period. After expiration of the Declarant's Class "B" Control Period, the Board of Directors shall have the right to file or amend such Supplemental Declaration upon the vote of at least three-fourths (3/4) of the Directors. Neither recordation nor amendment to this Declaration, and no consent or approval of any Person shall be required except as stated in this paragraph. Until such time as Voting Groups are established, all of the Properties shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been filed, any and all portions of the Properties which are not assigned to a specific Voting Group shall constitute a single Voting Group.

ARTICLE V COVENANT FOR MAINTENANCE

5.1 Association's Responsibility. The Association shall at all times maintain the Common Area and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard. This maintenance shall include,

but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon such areas.

All costs associated with maintenance, repair and replacement of Exclusive Common Area shall be assessed as a Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

The Association may, in the discretion of its Board of Directors, assume the maintenance responsibilities of a Neighborhood set out in this Declaration or in any Supplemental Declaration or declaration subsequently recorded which creates any Neighborhood Association upon all or any portion of the Properties. In any such event, all costs of such maintenance shall be assessed only against the Units within the Neighborhood to which the services are provided. This assumption of responsibility may take place either by contract or agreement or because, in the opinion of the Board of Directors, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Properties. The provision of services in accordance with this Section 5.1 shall not constitute discrimination within a class.

The Association may maintain property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

5.2 Owner's Responsibility. Except as may be provided for in a Supplemental Declaration or Declaration of Condominium, each Owner shall maintain his or her Unit and all structures, parking areas (not including parking areas provided for as a part of the streets) and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to a Neighborhood Association pursuant to any additional declaration of covenants applicable to such Unit. If any Owner fails to properly perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association as a Corrective Assessment against the Unit and the Owner thereof in accordance with Article X of this Declaration; provided, however, except when entry is required due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

The area between the curb and the sidewalk, if any (within the public right-of-way), on any public street shall be landscaped and maintained, as provided herein, by the Association, in accordance with the local municipality's ordinances, policies and standards.

5.3 Party Walls.

5.3.1 General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

5.3.2 Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

5.3.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then, to the extent said destruction or damage is not covered by insurance and repaired out of the proceeds of the same, any Owner who has used the wall may restore it, and, if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

5.3.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements to the extent that said protection is not covered by insurance and paid for out of the proceeds of the same.

5.3.5 Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

5.3.6 Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request to do so, the Board of Directors of the Association shall select an arbitrator for the refusing party.

5.4 Neighborhood's Responsibility. Upon resolution of the Board of Directors, each Neighborhood shall be responsible for paying, through Neighborhood Assessments, costs of maintenance of certain Common Areas and Exclusive Common Areas within or adjacent to such Neighborhood, which may include, without limitation, the costs of maintenance of any right-of-way and green space between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association.

Any Neighborhood Association having responsibility for maintenance of all or a portion of the property within a particular Neighborhood pursuant to a declaration of covenants affecting the Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any such Neighborhood Association fails to perform its maintenance responsibility as required herein and in any additional declaration, the Association may perform it and assess the costs against all Units within such Neighborhood Association as a Corrective Assessment as provided in Article X of this Declaration.

ARTICLE VI INSURANCE AND CASUALTY LOSSES

6.1 Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or

reconstruction in the event of damage or destruction from any insured hazard. The cost of insurance for Exclusive common Area shall be charged to the Owners of Units within the benefitted Neighborhood as a Neighborhood Assessment.

In addition to casualty insurance on the Common Area, the Association may, upon request of a Neighborhood, but shall not under any circumstances be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deems appropriate for one hundred percent (100%) of the replacement cost of all structures located on Units within the Neighborhood and/or common property of the Neighborhood Association, and charge the costs thereof to the Owners of Units within the benefitted Neighborhood as a Neighborhood Assessment, as defined in Article X hereof.

Insurance obtained on the properties within any Neighborhood, whether obtained by any such Neighborhood or the Association shall at a minimum comply with the applicable provisions of this Article VI, including the provisions of this Article applicable to policy provisions, loss adjustment, and all other subjects to which this Article applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the Neighborhood Association, if any.

The Board of Directors shall also obtain a public liability policy covering the Common Area and Exclusive Common Area, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million Dollar (\$1,000,000.00) single person limit as respects bodily injury and property damage, a Three Million Dollar (\$3,000,000.00) limit per occurrence, if reasonably available, and a Five Hundred Thousand Dollar (\$500,000.00) minimum property damage limit. To the extent possible and practicable in the discretion of the Board of Directors, the Board of Directors may obtain a separate policy of public liability insurance for the Exclusive Common Area within each Neighborhood and the cost of such insurance shall be charged against the Owners of Units within the benefitted Neighborhood as a Neighborhood Assessment.

Premiums for all insurance on the Common Area shall be Common Expenses of the Association and shall be included in the Base Assessment, as defined in Article X. The policy may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance, and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefitted parties, as further identified in Section 6.1.2 below. Such insurance shall be governed by the provisions hereinafter set forth.

6.1.1 All policies shall be written with a company licensed to do business in Utah which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

6.1.2 All policies on the Common Area shall be for the benefit of the Association, its Members, and their mortgagees; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners of Units within the Neighborhood, and their Mortgagees, as their interests may appear.

6.1.3 Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

6.1.4 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

6.1.5 All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Washington County, Utah, area.

6.1.6 The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(a) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(b) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(c) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Owners;

(d) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;

(e) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(f) that the Association will be given at least thirty (30) days prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section 6.1, the Board of Directors shall obtain, as a common expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, and a fidelity bond or bonds on directors, officers,

employees, and other Persons handling or responsible for the Association's funds, if reasonably available. The amount of fidelity coverage shall be determined in the Board of Directors' best business judgment but, if reasonably available, may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

6.2 Individual Insurance. By virtue of taking title to a Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Owner's Unit(s) and appurtenant Limited Common Area and structures constructed thereon meeting the same requirements as set forth in Section 6.1 for insurance on the Common Area, unless the Neighborhood Association or the Association carries such insurance (which they are not obligated to do hereunder unless requested to do so by a Neighborhood as provided for in this Declaration). Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of structures comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XIV of this Declaration. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. In the event that the structure is totally destroyed, the Owner may decide not to rebuild or reconstruct, in which case the Owner shall clear the Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction, and thereafter the Owner shall continue to maintain the Unit in a neat and attractive condition consistent with the Community-Wide Standard.

A Neighborhood Association may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Units subject to its jurisdiction and regarding the standard for returning the Units to their natural state in the event the structures are not rebuilt or reconstructed.

6.3 Damage and Destruction.

6.3.1 Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

6.3.2 Any damage or destruction to the Common Area or to the Exclusive Common Area of any Neighborhood shall be repaired or reconstructed unless (i) in the case of Common Area, the Members representing at least sixty-seven percent (67%) of the total vote of the Association, or (ii) in the case of Exclusive Common Area, Members representing at least sixty-seven percent (67%) of the total vote of the Neighborhood Association whose Exclusive Common Area is damaged, or the Neighborhood Chairman, where there is no Neighborhood Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the

insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstructing, or both, are not made available to the Association, the Neighborhood Association, or the Neighborhood Chairman, within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area or Exclusive Common Area of a Neighborhood shall be repaired or reconstructed.

6.3.3 In the event that it should be determined in the manner described above that the damage or destruction to the Common Area or to the common property of any Neighborhood Association shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association, or the Neighborhood Association, as applicable, in a neat and attractive condition consistent with the Community-Wide Standard.

6.3.4 Each Member shall be liable to the Association for any damage to the Common Area or Exclusive Common Area or improvement thereon sustained by reason of the negligence or willful misconduct of said Member or the Persons deriving their right and easement of use and enjoyment of the Common Area or Exclusive Common Area from said Member, or of his respective family and guests, both minor and adult. In the event of such damage to the Common Area or Exclusive Common Area or improvement thereon, the Board of Directors may either assess a penalty under the Rules and Regulations established by the Board of Directors in an amount sufficient to pay all costs of the Association attributable to such damage, including deductibles and increase in insurance premiums, if any, or the Board may repair the damage to the Common Area or Exclusive Common Area or improvement thereon with the proceeds from the Association's insurance and assign to the Association's insurance company its claims against the Member who, by his own acts or the acts (both minor and adult) of his family member, guest, invitee, or assignee, damaged the Common Area or Exclusive Common Area or improvement thereon. In the case of joint ownership of a Lot, the liability of the Owners thereof shall be joint and several, except to the extent that the Association has previously contracted in writing with such joint Owners to the contrary. All such expenses of repair incurred by the Association and any penalty assessed may be levied by the Association against the Owner of the Unit as a Corrective Assessment.

6.4 Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s), as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

6.5 Repair and Reconstruction. If the damage or destruction to the Common Area or the Exclusive Common Area of a Neighborhood for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners on the same

basis as provided for Base Assessments, provided, if the damage or destruction involved the Exclusive Common Area of a Neighborhood, only the Owners of Units in the affected Neighborhood shall be subject to assessment therefor. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VII
NO PARTITION

Except as is permitted in the Declaration, supplements, or amendments thereto, there shall be no physical partition of the Common Area or Exclusive Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Article VII shall not be construed to prohibit the Board of Directors from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE VIII
CONDEMNATION

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board of Directors acting on the written direction of at least three-fourths (3/4) of the Neighborhood Chairmen and the Declarant, as long as the Declarant owns any property described on Exhibits "A" or "B", by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of this Declaration, and at least three-fourths (3/4) of the Neighborhood Chairmen shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors. If such improvements are to be repaired or restored, the above provisions in Article VI hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

If the taking involves Exclusive Common Area benefitting a Neighborhood(s), then the Board of Directors, the Declarant, so long as Declarant owns any property subject to annexation as provided for in this Declaration, and the Neighborhood Chairman of the affected Exclusive Common Area may unanimously agree not to replace or restore such improvements so taken on the remaining land included in the Exclusive Common Area to the extent lands are available therefor. If the taking does not involve any improvements on the Exclusive Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Members of the Neighborhood(s) and used for such purposes as the Board of Directors of the Association shall determine.

ARTICLE IX
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

9.1 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall maintain the same as provided in Article V hereof.

9.2 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board of Directors, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant.

9.3 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations concerning the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the recreational facilities. The Board of Directors shall, in addition, have the power to seek relief in any court for violations or to abate nuisances.

9.4 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

9.5 Powers of the Association with Respect to Neighborhoods. The Board of Directors shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association or Neighborhood Chairman which the Board of Directors reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association shall also have the power to require specific action to be taken by any Neighborhood Association or Neighborhood in connection with its obligations and responsibilities hereunder or under any other covenants affecting the Properties. Without limiting the generality of the foregoing, the Association may require specific maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood Association or Neighborhood, may require that a proposed budget include certain items and that expenditures be made therefor, and may veto or cancel any contract providing for maintenance, repair, or replacement of the property governed by such Neighborhood Association or Neighborhood.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Neighborhood Association, shall be taken within the time frame set by the Association in such written notice, and the Association shall have the right to effect such action on behalf of the Neighborhood Association or Neighborhood and shall assess the Units in such Neighborhood for their pro rata share of any expenses incurred by the Association under the circumstances (to cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association) in the manner provided in Article X. Such assessments may be collected as a Benefitted Assessment hereunder and shall be subject to all lien rights provided for herein.

9.6 Governmental Interests. The Association shall permit the Declarant to designate sites within the Properties for fire, police, water, or sewer facilities.

ARTICLE X
ASSESSMENTS

10.1 Creation of Assessments. There are hereby created assessments for Common Expenses as may from time to time specifically be authorized by the Board of Directors to be commenced at the time and in the manner set forth in Article X hereof. There shall be the following types of Assessments: (a) annual Base Assessments to fund expenses for the benefit of all Members of the Association; (b) Benefitted Assessments; (c) Corrective Assessments; (d) Governmental Assessments; (e) Neighborhood Assessments for expenses benefitting only Units within a particular Neighborhood; (f) Special Assessments; and (g) any other amount or assessment levied by the Board of Directors pursuant to this Declaration.

It is acknowledged that all Lots and all Units may not be of uniform size, nevertheless, Base Assessments shall be levied equally on all Units from and after the date of the closing of the initial sale of such Unit. Neighborhood Assessments shall be levied equally on all Units within the Neighborhood for whose benefit Common Expenses are incurred which benefit less than the Association as a whole. Corrective Assessments, Governmental Assessments, Benefitted Assessments, and Special Assessments shall be levied as provided below. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments.

All assessments, together with interest at the rate of eighteen percent (18%) per annum, as computed from the date the delinquency first occurs, costs, and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, and shall not pass to his or her grantee unless expressly assumed by the grantee, except no first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, upon demand at any time, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Unit. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Board of Directors may require the advance payment of a processing fee not to exceed Fifty Dollars (\$50.00) for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual Base Assessment for delinquents. Unless the Board of Directors otherwise provides, the annual Base Assessments shall be paid in monthly installments.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, non-use of Common Areas or abandonment of the Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by

reason of any alleged failure of the Association or Board of Directors to take some action or perform some function required to be taken or performed by the Association or Board of Directors under this Declaration or the Bylaws, 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.

So long as the Declarant has an option unilaterally to subject additional property to this Declaration, the following shall apply: unless assessments have commenced, pursuant to Section 10.16 below, on all Units subject to this Declaration as of the first day of any fiscal year, the Declarant shall be obligated for the difference between the amount of assessments levied on all Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. This obligation may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the common expenses.

10.2 Computation of Assessment. It shall be the duty of the Board of Directors, at least sixty (60) days before the beginning of the fiscal year, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget may include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared and shall separately list general and Neighborhood expenses, if any. The Board of Directors shall cause a copy of the budget and the amount of assessments to be levied against each Unit for the following year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting of the Neighborhood Chairmen by the affirmative vote of such Chairmen and the vote of the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in the Bylaws.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board of Directors fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

10.3 Neighborhood Assessments. The Board of Directors shall prepare a separate budget covering the estimated Neighborhood expenses for each Neighborhood on whose behalf Neighborhood expenses are expected to be incurred during the coming year. The Board of Directors shall be entitled to set such budget only to the extent that the Association expects to incur expenses to provide additional services for a Neighborhood. As provided for in this Declaration, any Neighborhood may request that additional services or a higher level of services be provided by the Association and, in such case, any additional costs shall be added to the Neighborhood budget. Such budget shall include a capital contribution establishing a reserve fund for repair and replacement of capital items maintained as a Neighborhood expense, if any, within the Neighborhood.

Neighborhood expenses shall be allocated equally among all Lots within the Neighborhood benefitted thereby and levied as a Neighborhood Assessment. If specified in the Supplemental Declaration

applicable to such Neighborhood or if so directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of structures, insurance on Units or other structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefitted Units in proportion to the benefit received. Such proportion shall be specified in the Supplemental Declaration applicable to such Neighborhood, or if not so specified, shall be approved by a majority of the Owners within the Neighborhood, and Declarant, as long as Declarant owns any property within such Neighborhood.

The Board of Directors shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment for the coming year to be delivered to each Owner of a Lot in the Neighborhood with the budget. Such budget and assessment shall become effective unless disapproved by Neighborhood Chairmen as provided for in Section 10.2 above.

If the proposed budget for any Neighborhood is disapproved or if the Board of Directors fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

10.4 Special Assessments. The Association may levy a Special Assessment or Special Assessments, provided such assessment shall have the affirmative vote or written consent of the Neighborhood Chairmen and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board of Directors, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board of Directors so determines.

10.5 Corrective Assessments. The Association may levy Corrective Assessments against a particular Owner and his Unit to pay the following: costs directly attributable to, or reimbursable by, that Owner, equal to the costs incurred by the Association for corrective action, performed pursuant to the provisions of this Declaration, including without limitation Sections 2.9, 5.2, 5.4, 6.3.4, 10.5, , 19.1 and Articles XII and XIV, plus interest, an administration fee of fifteen percent (15%) of the total cost of the corrective action, and other charges on such Corrective Assessments. Fines and penalties levied by the Board of Directors pursuant to this Declaration and the Rules and Regulations may be assessed as a Corrective Assessment. Corrective Assessments may only be levied upon the vote of the Board of Directors after notice to the Member and an opportunity for a hearing.

10.6 Benefitted Assessments. The Board of Directors may levy Benefitted Assessments against particular Units for expenses incurred or to be incurred by the Association as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board of Directors may from time to time authorize (which might include, without limitation, landscape maintenance, caretaker services, etc.), which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner; and

(b) the Association may also levy a Benefitted Assessment against the Units within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the Community-Wide Standard and this Declaration, provided the Board of

Directors gives prior written notice to the Owners of Units in, or the Neighborhood Chairman from, the Neighborhood and an opportunity for such Owners or Neighborhood Chairman to be heard before levying any such assessment.

10.7 Government Assessments. In addition to the annual assessments, special assessments, and corrective assessments, the Association shall levy such additional assessments as may be necessary from time to time for the purpose of repairing and restoring the damage or disruption resulting to streets or other Common, Limited Common, or Exclusive Common Areas from the activities of the governmental entity having authority over the Properties in maintaining, repairing or replacing the public utility lines and facilities thereon. The Association shall levy such assessments as may be necessary from time to time for the purpose of repairing and restoring any damage or disruption resulting to streets or Common Areas or Exclusive Common Areas or Limited Common Areas from the activities of the local governmental entity in maintaining, repairing or replacing utility lines and facilities thereon.

10.8 Nonpayment of Assessments; Remedies. Any assessment installment payment not paid when due shall, together with the hereinafter provided for interest and costs of collection, be, constitute, and remain a continuing lien on the Unit provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any Mortgage on the Lot recorded prior to the date any such installment payment on assessments become due. If any installment payment on the assessment is not paid within thirty (30) days after the date on which it becomes due, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum plus a late payment service charge of Ten Dollars (\$10.00) if the assessment is not paid within ten (10) days of when it is due, or such larger amount as set by the Board of Directors, provided the charge does not exceed twenty-five percent (25%) of the amount of the installment payment. The Association may, in its discretion, bring an action either against the Owner or to foreclose the lien against the Unit. Any judgment obtained by the Association and any foreclosure commenced shall include reasonable attorney fees, court costs, and each and every other expense incurred by the Association in enforcing its rights.

10.9 Foreclosure Sale. The Board of Directors may elect to file a claim of lien against the Unit of the delinquent Owner by Recording a notice ("Notice of Lien") setting forth (a) the amount of the claim or delinquency, (b) the interest and costs of collections which have accrued thereon, (c) the legal description of the Unit against which the lien is claimed, and (d) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. The lien shall be prior to any other lien arising thereafter, except for liens which, by law, are deemed prior to liens of a nature similar to such assessment liens. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the Notice of Lien have been fully paid or satisfied, the Association shall execute and Record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the cost of preparing and recording the release of lien. Unless paid or otherwise satisfied, the lien may be foreclosed in a like manner as a mortgage or deed of trust. The Association, through duly authorized agents, shall have the power to bid on the Unit at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Unit, and the defaulting Owner shall be required to pay the reasonable rental value of such Unit during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner.

10.10 Curing of Default. Upon the timely curing of any default for which a Notice of Lien was filed by the Association, the Board of Directors shall Record an appropriate Release of Lien, upon payment by the defaulting Owner of a reasonable fee to cover the cost of preparing and Recording such release. A certificate executed and acknowledged by any two (2) members of the Board of Directors stating the indebtedness secured by the liens upon any Lot created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee to be determined by the Board of Directors.

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

10.12 Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under this Article X, nor any breach of this Declaration, nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any Recorded first Deed of Trust (meaning any deed of trust with first priority over other deeds of trust) upon a Unit made in good faith and for value; provided that, after such Beneficiary or some other Person obtains title to such Unit by judicial foreclosure or by means of the powers set forth in such Deed of Trust or through a deed in lieu of foreclosure, such Unit shall remain subject to the Declaration and the payment of all installments of Assessments accruing subsequent to the date such Beneficiary or other Person obtains title.

10.13 Priority of Assessment Lien. The lien of the assessments, including interest and costs (including attorney fees), provided for herein shall be subordinate to the lien of any first Mortgage upon any Unit. The sale or transfer of any Unit pursuant to judicial or non-judicial foreclosure of a first Mortgage, or conveyance of a deed in lieu of foreclosure, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. When the Beneficiary of a first Mortgage of record or other purchaser of a Unit obtains title pursuant to a judicial or non-judicial foreclosure of the first Mortgage (or deed given in lieu of foreclosure), such Person, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such Person.

10.14 Reserve Budget and Capital Contributions. The Board of Directors may annually prepare reserve budgets for both general and Neighborhood purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board of Directors may set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board of Directors and included within and distributed with the budget and assessment as either part of a Base Assessment or Neighborhood Assessment.

The Board of Directors may adopt resolutions regarding the expenditure of reserve funds, including policies designating the nature of assets for which reserve funds may be expended. Such policies may differ for general Association purposes and for each Neighborhood. So long as the Declarant owns any property described in Exhibits "A" or "B", neither the Association nor the Board of Directors shall adopt, modify, limit or expand such policies without the Declarant's prior written consent.

10.15 Date of Commencement of Annual Base, Benefitted and Neighborhood Assessments. The annual Base Assessments, Benefitted Assessments, and Neighborhood Assessments provided for herein shall commence as to each Unit upon the date of closing of the sale of such Unit by the Declarant to the first purchaser thereof, provided, however, that the annual Base Assessments on property intended for use and occupancy as a multiple dwelling site, and sold to a developer for such use, shall commence upon the earlier of (1) one hundred twenty (120) days after the issuance of a Certificate of Occupancy for Units constructed upon such property, or, (2) as to any separate Unit, upon closing of the sale of such Unit, or (3) eighteen (18) months after sale of such property by the Declarant. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual Base Assessment, Benefitted Assessment, and Neighborhood Assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Unit. If the Declarant or the Board of Directors institutes Benefitted Assessments and Neighborhood Assessments after the closing on the sale of a Unit, such assessments shall commence on the date assigned by the Declarant or the Board of Directors.

10.16 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of assessments:

- (a) all Common, Limited Common, and Exclusive Common Area; and
- (b) all property dedicated to and accepted by any governmental authority, or public utility, including, without limitation, public schools, public streets, and public parks, if any, and
- (c) property not yet sold by Declarant.

10.17 Washington County Tax Collection. It is recognized that under the Declaration the Association will own the Common Area and that it will be obligated to pay property taxes to Washington County. It is further recognized that each Owner of a Lot is a Member of the Association and as part of his assessment will be required to pay to the Association his pro rata share of such taxes. Notwithstanding anything to the contrary contained in this Declaration, or otherwise, Washington County shall be, and is, authorized to collect such pro rata share (on an equal basis) of taxes directly from each Owner by inclusion of said share with the tax levied on each Lot. To the extent allowable, Washington County is hereby directed to do so. In the event that the assessor shall separately assess Common Areas to the Association, the Board of Directors may impose, in its discretion a Corrective Assessment to pay such taxes, or they may be incorporated into the Base Assessment.

ARTICLE XI ANNEXATION OF ADDITIONAL PROPERTY

11.1 Annexation Without Approval of Class "A" Membership. As the Owner thereof, or if not the Owner, with the consent of the Owner thereof, Declarant shall have the unilateral right, privilege, and option, from time to time, at any time until all property described on Exhibit "B" has been subjected to this Declaration or December 31, 2023, whichever is earlier, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described in Exhibit "B" attached hereto and by reference made a part hereof. Such annexation shall be accomplished by filing in the public records of Washington County, Utah, a Supplemental Declaration to this Declaration annexing such property, and by Recording a plat, all as provided by the laws of the State of Utah and the appropriate municipal ordinances. Such Supplemental Declaration shall not require the consent of the Members. Declarant shall

have the unilateral right to transfer to any other Person the said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, Recorded instrument executed by the Declarant.

11.2 Annexation with Approval of Neighborhood Chairmen. Subject to the consent of the Owner thereof, the Association may annex real property other than that described on Exhibit "B" and, following the expiration of the right in Section 11.1 (or any proper extension thereof), any property described on Exhibit "B," to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of the Neighborhood Chairmen.

Annexation shall be accomplished by filing in the public records of Washington County, Utah, a Supplemental Declaration to this Declaration annexing such property, and by Recording a plat, all as provided by the laws of the State of Utah and the appropriate municipal ordinances. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed.

11.3 Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the Properties described in Exhibits "A" or "B" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

11.4 Amendment. This Article XI shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" hereof.

11.5 Different Character. A Supplemental Declaration may contain complementary or amended provisions to provide for a similar or different character of development of the land being annexed.

ARTICLE XII USE RESTRICTIONS

Use of the Common Area, Limited Common Area, Exclusive Common Area, the Lots, and the Units shall be in accordance with the following provisions so long as the Association exists and these restrictions shall be for the benefit of and enforceable by the Declarant, the Association, and all Owners and Members of the Association. Any costs incurred by the Association to obtain a Member's compliance with the following provisions may be levied against the Member's Unit as a Corrective Assessment.

12.1 Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any of said Lots, except that dogs, cats, birds or other household pets, two or less in total number, may be kept provided that they are not kept, bred or maintained for any commercial purpose. Notwithstanding the foregoing, no animals or fowl may be kept on the Properties which result in an annoyance or are obnoxious, by noise, smell or otherwise, to Lot Owners. All pets must be kept within the boundary of the Lot or on a leash attended to by a Person when in the Common Areas or Exclusive Common Areas. Such pets may not be kept in the Limited Common Areas unless attended to at all times by a Person. All pet waste must be immediately cleaned up. The following are not considered household pets: reptiles, rodents, swine, insects and animals weighing eighty (80) pounds or more. This Section may be made more restrictive by Rule of the Association. A dog which repeatedly barks, or a cat that howls, whether or not within the Owner's yard,

will be considered to be a nuisance. No outside dog houses or dog runs are allowed without the prior written consent of the Board of Directors.

12.2 Nuisance. No Owner shall make or permit any noises that will disturb or annoy the occupants of any of the Units or do or permit any noxious or offensive activity on any Unit, part or portion of the Properties which will interfere with the rights, comfort or convenience of other Owners.

12.3 Commercial and Recreational Vehicles. No boats, trailers, buses, motor homes, motorcycles, all terrain vehicles, snowmobiles, campers, trucks, or the like shall be parked or stored upon the Common Area, Exclusive Common Area, Limited Common Area, or a Lot, except within an enclosed garage. A garage door exceeding eight (8) feet in height shall not be allowed, unless the Design Review Committee determines that it will not detract from the appearance of the Unit and will not be detrimental to the character of the Neighborhood within which the Unit lies. Commercial vehicles in the process of being loaded or unloaded shall not be in violation of this Section 12.3. No boats, trailers, buses, motor homes, trucks or campers shall be parked for longer than twelve (12) hours in any seven (7) day period on any street within any subdivision within the Properties.

12.4 Litter and Garbage Collection. No Owner shall sweep or throw from any structure on his Unit any dirt or other materials or litter. No garbage, trash, refuse, or rubbish shall be deposited, dumped, or kept on any part of the Unit except in closed containers, dumpsters, or other sanitary garbage collection facilities, and proper-sized closed containers or closed plastic bags shall be placed for pickup in accordance with any rules and regulations promulgated by the Association. Garbage that is placed for pickup shall be located near the roadways contiguous to the Unit but shall only be left outside the night before scheduled pickup and shall be subject to such additional rules and regulations as the Association may from time to time promulgate.

12.5 Signs. The Declarant (i) desires to preserve the natural beauty and scenic vistas of the Properties, (ii) finds that signs detract from the overall beauty and scenic quality of the Properties, and (iii) recognizes that a minimal amount of signage, regulated as to time, place, location and manner of display, is beneficial to the Owners and the Declarant. Therefore to maintain and preserve the scenic qualities of the Properties no sign, poster, display, banner, ribbon, streamer, billboard or other advertising device, or accessory, of any kind shall be displayed to the view of the public or Owners on any portions of the Properties, except for the four (4) types of signs specifically provided for below; provided that Declarant, during Declarant's Class B Control Period, shall be exempt from the following:

(a) Construction Sign. One (1) construction sign supplied by the contractor, or Owner, or Builder, for each Lot during primary construction or reconstruction of a Unit. Such sign (i) shall be located on the Lot facing its access street adjacent to the construction entrance; (ii) shall contain the Lot number and street address, the contractor's name and telephone number, and the Lot Owner's name; (iii) shall extend no more than twenty-eight (28) inches above grade; (iv) shall not be larger than eighteen (18) inches by twenty-four (24) inches, and (v) shall be of sage green color. All construction signs shall be removed upon the completion of construction of the Unit.

(b) Unit For Rent/Sale Sign. One (1) for rent or for sale sign supplied by the Owner or the Owner's agent. Such sign (i) shall be located on the Lot facing its access street adjacent to the driveway; (ii) may have affixed vertically to the back of the sign a sage green colored tube of not more than 3.5 inches in diameter and 11.5 inches in length for dissemination of additional information

on that particular Unit only; (iii) shall extend no more than twenty-eight (28) inches above grade; (iv) shall not be larger than eighteen (18) inches by twenty-four (24) inches, and (v) shall be of sage green color. All for rent or for sale signs shall be removed not later than five (5) days after the rental agreement or for sale contract (as distinguished from closing papers) has been signed.

(c) **Lot for Sale Sign.** One (1) Lot for sale sign supplied by the Owner or the Owner's agent. Unless otherwise approved by the Board, such sign shall be located at the midpoint of the Lot line facing the Lot's access street. Such sign shall be no larger than the area of the top of the wood post upon which the sign shall be placed. The sign shall be covered by a plastic shield fastened to the post. The wood post shall be eight (8) inches square (according to standard lumber yard measurements), shall not extend more than twenty-four (24) inches above ground, with the top of the post sloped not more than forty-five (45) degrees, and of a sage green color. The wood post may have affixed to the front a wood plaque containing the Lot number.

(d) **Special Event Signs.** The Board may approve other signs on the Properties for special events, including, without limitation, weddings and wedding receptions. The Board shall approve the size, color, and locations) of the signs, as well as the length of time the signs are permitted to stand.

Signs not complying with these regulations may be removed by the Board without notice. The Board shall not be liable for any loss of any type associated with the removal of such offending signs.

12.6 **Interruption of Drainage.** No change in the elevation of a Unit shall be made and no change in the condition of the soil or level of the land of a Unit shall be made which results in any permanent change in the flow and drainage of surface water which the Association, in its sole discretion, considers detrimental. The Association may cause the property to be returned to its initial condition at the expense of the Owner.

12.7 **Mining.** No drilling, mining, or quarrying operations or activities of any kind shall be undertaken or permitted to be undertaken on any part of the Properties. However, the Board of Directors in its discretion may approve earth-coupled heat pumps or similar devices which may require the excavation or drilling of vertical or horizontal trenches or shafts below the surface of the improved area of a Lot.

12.8 **Fences.** No fences or walls shall be allowed on any Unit without the prior written consent thereto from the Association and the Design Review Committee of the Association.

12.9 **Lawful Use.** No immoral, improper, offensive, or unlawful use shall be made of the Properties or any property operated by the Association nor any part of it; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction shall be observed.

12.10 **Recreational Use of Lakes and Ponds.** Any lakes and ponds within the Properties shall not be used for swimming or for boating of any kind.

12.11 **Temporary or Other Structures.** No structure of a temporary nature, and no trailer, bus, basement, outhouse, tent, shack, garage, or other outbuilding shall be used at any time as a residence, either temporarily or permanently, nor shall any such structures be erected or placed on any Unit at any time. No old or second-hand structures shall be moved onto any of said Units, it being the intention hereof that all

dwellings and other buildings to be erected on said Units within the Properties shall be new construction of good quality, workmanship and materials.

12.12 Antennae. No radio, television or other antennae of any kind or nature, or device for the reception or transmission of radio, microwave, or similar signals, including satellite dishes, shall be permitted on any Unit; provided, however, that such a device will be allowed if it is 36 inches or less in diameter and if it is substantially shielded from view.

12.13 Clothes Drying. No portion of any Unit shall be used as a drying or hanging area for laundry of any kind, it being the intention hereof that all such facilities be provided within the dwelling to be constructed on each Unit.

12.14 Guests. The Owners of Units shall be fully responsible for the activities and actions of their guests, invitees, tenants, or visitors and shall take all action necessary or required to insure that all such persons fully comply with the provisions of this Declaration, and all rules and regulations of the Association. Each Member shall be liable to the Association for any damage to the Common Area or Exclusive Common Area sustained by reason of the negligence or willful misconduct of said Member or the Persons deriving their right and easement of use and enjoyment of the Common Area or Exclusive Common Area from said Member, or of his respective family and guests, both minor and adult.

12.15 Quiet Enjoyment. No noxious or offensive activity or noise shall be carried on upon any part of the Properties, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners or which shall in any way increase the rate of insurance.

12.16 Vehicle Repairs. No Person shall conduct repairs or restorations of any vehicle or recreational vehicle upon any portion of the Properties or on any street visible from the Properties. However, such repair and restoration shall be permitted within an Owner's garage when the garage door is closed, provided that such activity may be prohibited entirely if the Board of Directors determines in its discretion that such activity constitutes a nuisance.

12.17 Insurance and Governmental Requirements. No Owner shall permit or cause anything to be done or kept on the Properties, or on any street visible from the Properties, which may increase the rate of insurance on the Properties, or result in the cancellation of such insurance, or which will obstruct or interfere with the rights of other Owners, nor commit or permit any nuisance thereon or violate any law. Each Owner shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Unit.

12.18 Construction. All damage caused by construction activity (including construction related vehicles) shall be promptly repaired by the Owner or his contractor.

12.19 Further Subdivision; Lease Provisions. Except for Declarant and except is provided for in the case of a Vacation Destination Neighborhood or a Vacation Villa, no Owner shall further partition or subdivide his Lot or the rooms in the Unit and Limited Common Area, including without limitation any division of his Lot into time-share estates, time-share uses, or creation of additional living quarters; provided, however, that this provision shall not be construed to limit the right of an Owner (1) to rent or lease his entire Lot to a single family by means of a written lease or rental agreement for a term of not less than six (6)

months subject to the restrictions of this Declaration, so long as the Lot is not leased for transient or hotel purposes; (2) to sell his Lot; or (3) to transfer or sell any Lot to more than one person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or some other form of joint ownership. The terms of any such lease or rental agreement shall be made expressly subject to this Declaration and the Bylaws, as the same are amended from time to time. Any failure by the lessee of such Lot to comply with the terms of this Declaration, the Bylaws, or the Rules and Regulations shall constitute a default under the lease or rental agreement.

12.20 Water Supply and Sewage Disposal Systems. No individual water supply or sewage disposal system shall be permitted on any Lot on the Properties unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations, if any, of the Design Review Committee and of any public agency having jurisdiction over the Properties, the Washington County, Utah, Health Department, and all other applicable governmental authorities.

12.21 Exception for Declarant. Notwithstanding the restrictions contained in this Article XII, Declarant shall have the right to use any Lot or Unit owned or leased by it in furtherance of any reasonably necessary or appropriate construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate the sale of Lots and/or Units owned by Declarant. This exception shall not extend to the ordinary brokerage activities of Declarant as to which the Declarant shall be subject to the same rules and regulations as are other real estate brokerages.

ARTICLE XIII DESIGN REVIEW COMMITTEE

13.1 Restriction on Construction. No building, fence, wall, or other structures shall be commenced, created, or maintained by any Owner, nor shall any exterior addition or change or alteration therein, including a change in the building exterior paint color, be made nor shall any improvements be made within the Owner's property line until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to surrounding structures and topography by the Design Review Committee (hereinafter sometimes referred to as the "Review Committee").

13.2 Creation of Design Review Committee. During the Class "B" Control Period or until such time as the Declarant specifically assigns the right to the Board of Directors, the Declarant is authorized and directed to appoint the Review Committee. Thereafter, the Board of Directors is authorized and directed to appoint the Review Committee. If neither the Declarant nor the Board of Directors appoints the Review Committee, then the Board of Directors will automatically be deemed to be the Review Committee. The Review Committee will consist of a minimum of three (3) to a maximum of seven (7) members. Each member will hold office until such time as he has resigned or been removed, or until his successor has been appointed. Any member of the committee may at any time resign from the Review Committee upon written notice delivered to the Board of Directors.

13.3 Duties of Design Review Committee.

13.3.1 The Review Committee shall have the duty to consider and to act upon such proposals or matters as from time to time are submitted to it pursuant to the Property Development Guidelines, to perform such other duties as from time to time are delegated to it by the Association,

as defined in the Declaration, and to amend the Property Development Guidelines when, and in the manner, deemed appropriate or necessary by the Declarant or the Board of Directors to further the philosophy of The Resort Villages of Entrada at Snow Canyon or the practical necessities of making the Properties an outstanding and successful community.

13.3.2 In order to promote a harmonious community development and protect the character of the Properties, the Review Committee shall, upon recordation of that subdivision plat, adopt a set of Property Development Guidelines for each Neighborhood within the Properties. The provisions of the particular set of Property Development Guidelines for that Neighborhood shall be binding upon the Owners in said Neighborhood and are incorporated herein by reference. In the event the Review Committee does not adopt Property Development Guidelines for a Neighborhood, then the Property Development Guidelines first adopted by the Review Committee shall be binding upon the Owners in that Neighborhood until such time as the Review Committee adopts Property Development Guidelines specific to that Neighborhood.

13.4 Time for Design Review Committee's Action. In the event the Board of Directors, or its designated committee, fails to approve, disapprove, or to table pending additional information to be submitted by applicant, such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval of the Board of Directors will not be required. Items which have been tabled must be similarly approved, disapproved or tabled pending additional information within thirty (30) days after being tabled, or they will be deemed to have been approved. Nothing herein contained shall be construed as prohibiting the granting of limited approvals of certain elements so as to allow construction to proceed, and tabling for further information items of lesser importance.

13.5 Meetings of Design Review Committee. The Review Committee shall meet from time to time as necessary to properly perform its duties. The vote or written consent of a majority of the members shall constitute an act by the Review Committee unless the unanimous decision of its members is otherwise required or unless the Review Committee has previously acted to delegate certain powers to one or more members of the Review Committee. The Review Committee shall keep and maintain a record of all action taken by it at such meetings.

13.6 Compensation to Design Review Committee Members. Unless authorized by the Declarant or the Board of Directors, the members of the Review Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Review Committee function or duty. Professional consultants and providers of secretarial services retained by the Review Committee shall be paid such compensation as the Review Committee determines.

13.7 Amendment to Guidelines. The Property Development Guidelines are subject to revision by amendment as follows:

13.7.1 At such time as the Review Committee determines that any portion of the Property Development Guidelines for the Properties or any Neighborhood should be revised, the Review Committee shall send to the Board of Directors in written form a proposed amendment outlining the changes and the reasons therefor.

13.7.2 The Board of Directors shall either approve or disapprove the proposed amendment in writing. Failure of the Board of Directors to disapprove the proposed amendment shall in no way be deemed to be approval of the same.

13.7.3 The Board of Directors may also amend the Property Development Guidelines for the Properties or any Neighborhood independently.

13.8 Enforcement. The Property Development Guidelines and the plans as approved by the Review Committee may be enforced by the Review Committee, the Association, or the Board of Directors as provided in this Declaration or in the Bylaws. The Board of Directors may create a Design and Rules Enforcement Committee and vest any such committee with the authority required to enforce the rules, regulations and findings of the Review Committee or the Association, or both. Costs incurred by the Association in obtaining a Member's compliance with the Property Development Guidelines or decisions of the Review Committee and the Design and Rules Enforcement Committee may be levied against the Owner of a Unit as a Corrective Assessment.

ARTICLE XIV DESIGN REVIEW PROCEDURES

14.1 Review Process. Proper standards of development will be assured to every resident in the Properties by the practice of design review as established by the Review Committee. The Review Committee is responsible for reviewing and approving all improvements and any revision or alteration to those improvements. The goal of the Review Committee is to process each submittal fairly, consistently, in a timely manner, and in accordance with sound professional judgment and the requirements of the applicable Property Development Guidelines and this Declaration, as the same may be amended or supplemented from time to time. The Review Committee shall establish reasonable procedural rules and may assess a reasonable fee in connection with review of plans and specifications. The Review Committee may delegate plan initial review responsibilities to one or more members of the Review Committee, but a quorum of the Review Committee shall be responsible for all final approvals.

14.2 Submissions to Review Committee. It shall be the burden and obligation of the applicant to submit plans and specifications to the Review Committee even if the Review Committee does not have a designated address.

14.3 Applications for Construction and Fees. Applications for construction of improvements shall be made available at the above address. Obtaining the required Review Committee approval shall be a prerequisite to constructing any improvements. The Board of Directors may establish a reasonable non-refundable fee to cover the costs associated with reviewing the application. The Board of Directors may also establish a reasonable deposit that would be refundable upon occupancy of the Unit to the extent not utilized to correct violations of this Declaration, the Property Development Guidelines, and to obtain compliance with decisions of the Review Committee and the Design and Rules Enforcement Committee.

14.4 Conditions to Approval.

14.4.1 The Review Committee, before giving such approval, may require that changes be made to comply with the requirements of this Declaration, the applicable Property Development Guidelines, and such additional requirements as the Review Committee may, in its discretion,

impose as to structural features of any proposed improvement, the type of material used, or other features or characteristics thereof not expressly covered by any provision of this Declaration, including the setting or location of any proposed improvement with respect to the topography and finished ground elevations. The Review Committee may also require or specify, in its discretion, the exterior finish and color, and the architectural style and character of existing improvements within the Project.

14.4.2 The Review Committee, before giving its approval, may impose conditions, including without limitation, time limitations for the completion of improvements, or require changes to be made which in its discretion are required to ensure that the proposed improvement will not detract from the appearance of the Properties, or otherwise create any condition unreasonably disadvantageous to other Owners or detrimental to the Properties as a whole. Until all plans and specifications required for each submittal are determined by the Review Committee to be complete, the Review Committee shall have no obligation to review any partial submittal. All completed submittals shall be acted upon promptly by the Review Committee. The amount of time taken by the Review Committee for the approval process shall vary with the adequacy and complexity of the design information and the completion of submittal plans. A decision of the Review Committee to approve or to disapprove a submittal, together with an explanation of further conditions to be satisfied by the applicant, shall be made within thirty (30) days after receipt of a completed submittal. The approval of the Review Committee of any submissions for any work done, or proposed to be done, or in connection with any other matter requiring the approval or consent of the Review Committee, shall not be deemed to constitute a waiver by the Review Committee of its right to approve, disapprove, object or consent to any of the features or elements embodied therein when the same features or elements are embodied in other matters submitted to the Review Committee.

14.5 Request for Reconsideration. An applicant may request reconsideration of a ruling of the Review Committee by submitting to the Review Committee, in duplicate, written arguments for such reconsideration within thirty (30) days of the date of receipt of the Review Committee's ruling. The Review Committee will give its final ruling by answering the arguments and by confirming or modifying its ruling within thirty (30) days of receipt of the applicant's written arguments. No fee is required to be submitted for a reconsideration. Failure of the Review Committee to notify the applicant regarding the reconsideration within thirty (30) days of the date of submittal of the written arguments to the Review Committee shall be deemed approval of the submittal. Final approvals by the Review Committee shall be valid for one (1) year from the date of final approval and must be obtained prior to formal submission to the local governmental entity having jurisdiction over the Properties for a building permit. If a building permit is not issued within one (1) year after an Owner obtains an approval, the approval shall be void and an application for the proposed improvement(s) shall be resubmitted to and reapproved by the Review Committee. Verbal approvals shall not be effective approvals under any circumstances. The applicant shall not rely on and shall not place any value whatsoever on a verbal approval by anyone, including a Review Committee member. The Review Committee shall not be bound in any respect by verbal approval.

14.6 Appeal to Board of Directors. An applicant may appeal the final ruling of the Review Committee by filing a petition of appeal together with a written statement as to the ruling from which the appeal is taken, and the reasons in support of the applicant's appeal, with the Board of Directors. The Board of Directors shall solicit a response from the Review Committee, which response shall be filed by the Review Committee within twenty (20) days after notification reaches the Review Committee of the need for such a response. The Board of Directors may request such other and additional information as it deems to be

relevant and shall thereupon make a final decision on the matter. The Board of Directors shall make its decision on or before the next regularly scheduled Board of Directors meeting which is at least five (5) days after the Review Committee has received the response from the Review Committee to the applicant's appeal.

14.7 Liability of Review Committee, Declarant, etc. Neither Declarant, the Association, the Board of Directors, the Review Committee, or the members, sub-committees, or the designated representatives of any of the foregoing shall be liable for damages to any Owner or an Owner's representative submitting plans or specifications to the Review Committee or any of the entities named above for approval, or to any Owner or an Owner's representative affected by this Declaration or the applicable Property Development Guidelines by reason of mistake of judgment, omission, or negligence unless due to willful misconduct or bad faith.

14.8 Indemnification by Owner. Each Owner, as a condition to obtaining any approval under the applicable Property Development Guidelines, agrees to fully indemnify, protect, defend and hold harmless the Declarant, the Association, the Board of Directors, and the Review Committee, and sub-committees, members or designated representatives of the foregoing against and from any and all claims, liabilities, lawsuits and disputes related in any way to any approval and/or approved or disapproved improvement.

ARTICLE XV BUILDER APPROVAL AND SPECIAL DECLARANT RIGHTS

15.1 Builder Approval. All residential dwellings in the Properties shall be constructed by, a Preferred Builder or an Approved Builder as those terms are defined in the applicable Property Development Guidelines applicable to a particular subdivision within the Properties. No residential dwelling shall be constructed by an Owner, his agent or employee who is not a Preferred Builder or an Approved Builder, as those terms are defined in the applicable Property Development Guidelines applicable to the subdivision in which the Unit is located.

15.2. Special Declarant Rights. The Declarant reserves the following rights as set forth below, hereafter "Special Declarant Rights," until all the property described in Exhibit B has been subjected to this Declaration or December 31, 2023, whichever is earlier:

15.2.1 Models, Sales Offices and Management Offices. The Declarant and builders authorized by Declarant may maintain and carry on upon any Lot owned by Declarant or any portion of the Common Area or Exclusive Common Area such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Lots, including but not limited to business offices, signs, model units, marketing trails, or sales offices. The Declarant and authorized builders shall have easements for access to and use of such facilities. The Declarant's or builder's unilateral right to use the Common Area or Exclusive Common Area for purposes stated in this paragraph shall not be exclusive and shall not unreasonably interfere with use of such Common Area or Exclusive Common Area by Owners unless leased pursuant to a lease agreement with the Association providing for payment of reasonable rent.

15.2.2 Construction of Improvements. The Declarant and its employees, agents and designees shall also have a right and easement over and upon all of the Common Area and Exclusive Common Area for the purpose of making, constructing, and installing such improvements to the Common Area or Exclusive Common Area as it deems appropriate in its sole discretion.

15.2.3 Other Covenants Prohibited. No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and recorded in the public records.

15.2.4 Master Planned Community. Each Owner, by accepting title to a Lot and becoming an Owner, and each other Person, by acquiring any interest in the Properties, acknowledges awareness that The Resort Villages of Entrada at Snow Canyon is a master planned community, the development of which is likely to extend over many years, and agrees not to protest or otherwise object to: (a) zoning or changes in zoning or to uses of, or changes in density of, the Properties (other than within said Owner's Neighborhood), or (b) changes in any conceptual or master plan for the Properties, including but not limited to the Master Plan (other than within said Owner's Neighborhood); provided such revision is or would be lawful (including but not limited to lawful by special use permit, variance or the like, and is not inconsistent with what is permitted by the Declaration).

15.2.5 Vacation Villas. The Declarant may, in its discretion, construct residential improvements for temporary occupancy or time-sharing of condominiums, townhomes or Units in or adjacent to the Properties and designate such improvements as "Vacation Villas." Vacation Villas located outside of the Properties shall not be Lots or Units, and their owners shall not be Members of the Association; provided, however, such Vacation Villas shall have access to the Common Area and facilities in consideration of the payment of such fees or a cross-use agreement as provided by a contract or a Covenant to Share Costs.

Owners of Vacation Villas located within the Properties shall be Members of the Association. The Declarant may transfer or lease Vacation Villas and make Vacation Villas available for use by guests selected in its discretion. Occupants of the Vacation Villas shall have a nonexclusive easement for use, access, and enjoyment in and to the Common Area and Exclusive Common Area, including but not limited to any recreational facilities thereon. The Board of Directors shall assign activity or use privilege cards to the Declarant on behalf of all owners of Vacation Villas for the purpose of exercising such easement. Vacation Villas shall remain Vacation Villas until the Declarant otherwise provides in written notice to the owner of such Vacation Villa and to the Association.

15.2.6 Equal Treatment. So long as the Declarant owns any property described in Exhibits "A" or "B", neither the Association nor any Neighborhood Association shall, without the prior written consent of the Declarant, adopt any policy, rule or procedure that:

- (a) limits the access of the Declarant, its successors, assigns and/or affiliates or their personnel and/or guests, including visitors, to the Common Areas or Exclusive Common Areas of the Association or to any property owned by any of them;
- (b) limits or prevents the Declarant, its successors, assigns and/or affiliates or their personnel from advertising, marketing or using the Association or its Common Areas

or Exclusive Common Areas or any property owned by any of them in promotional materials;

(c) limits or prevents purchasers of new residential housing constructed by the Declarant, their successors, assigns and/or affiliates in Split Rock, Inc. from becoming Members of the Association or enjoying full use of its Common Areas or Exclusive Common Areas, subject to the membership provisions of this Declaration and the Bylaws;

(d) impacts the ability of the Declarant, its successors, assigns and/or affiliates, to carry out to completion its development plans and related construction activities for The Resort Villages of Entrada at Snow Canyon, as such plans are expressed in the Master Plan, as such may be amended and updated from time to time. Policies, rules or procedures affecting the provisions of existing easements established by the Declarant and limiting the establishment by the Declarant of easements necessary to complete The Resort Villages of Entrada at Snow Canyon shall be expressly included in this provision. Easements that may be established by the Declarant shall include but shall not be limited to easements for development, construction and landscaping activities and utilities; or

(e) impacts the ability of the Declarant, its successors, assigns and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

15.2.7 Non-Interference. Neither the Association nor any Neighborhood Association shall exercise its authority over the common Areas or Exclusive Common Areas (including but not limited to any gated entrances and other means of access to the Properties or the Exhibit "B" property) to interfere with the rights of the Declarant set forth in this Declaration or to impede access to any portion of the Properties or the Exhibit "B" property over the streets and other Common Areas or Exclusive Common Areas within the Properties.

15.2.8 Amendment. This Article shall not be amended without the prior written consent of the Declarant so long as the Declarant has the right to annex any property described in Exhibit "B". Thereafter, the Declarant and builders may continue to use the Common Areas for purposes stated in this Article pursuant to a rental or lease agreement between the Declarant and/or such builder and the Association which provides for rental payments based on the fair market value of any such portion of the Common Areas.

15.2.9 Right to Notice of Design or Construction Claims. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structures or improvements within the Properties in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the Owner of the property to discuss the Owner's concerns and conduct their own inspection.

15.2.10 Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Association, the Neighborhood Association, the Neighborhood Committees, and all their officers, directors, and committee members, and all persons subject to this Declaration (collectively "Bound Parties") hereby agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving a Claim (as defined in subsection (b)) without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 15.2.11 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to the design or construction of improvements within the Properties, other than matters of Architectural and Design Control.

15.2.11 Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

(i) the nature of the Claim, including the persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the notice described in Section 15.2.11(a) (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Washington County Utah area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim within thirty (30) days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date the mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

DISPUTE RESOLUTION TIMELINE

Claim Between Bound Parties			
Day 1	Days 2-30	Days 31-60	Days 61-90+
Written Notice of Claim	Negotiations	Request Mediation	Mediation
<ul style="list-style-type: none"> • Factual Basis • Legal Basis • Propose a resolution • Propose a meeting • Send copy to Board 	<ul style="list-style-type: none"> • Good faith effort • Parties meet in person • May request Board assistance 	<ul style="list-style-type: none"> • Claimant must submit claim • Mediator assigned by Association or independent agency • If Claim is not submitted, it is waived 	<ul style="list-style-type: none"> • Agency supplies rules • Fee split between parties • Written summary from each side • Supervised negotiation • Contractual settlement <li style="text-align: center;">or • Termination of mediation

Each Party shall bear its own costs of the mediation, including attorney fees, and each Party shall share equally all fees charged by the mediator.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Parties. If any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from non-complying Party (or if more than one non-complying Party, from all such Parties in equal proportions) all costs incurred in enforcing such agreement or award, including without limitation attorney fees and court costs.

15.2.12 Initiation of Litigation by Association. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association or any Neighborhood Association shall not initiate any judicial or administrative proceeding against the Declarant for a Claim unless first approved by a vote of seventy-five percent (75%) of the total Class A votes in the Association. This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

15.2.13 Easement to Inspect and Right to Correct. Declarant and others it may designate grant the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Properties, including Lots or Parcels, and a perpetual, non-exclusive easement of access throughout the Properties to the extent reasonably necessary to exercise such right. Except in any emergency, entry onto a Lot or Parcel shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

ARTICLE XVI UTILITY SERVICE

16.1 Dedication of Utility Easements. Declarant has and will dedicate certain portions of the Properties through which easements are now and may hereinafter be granted for use by all utilities, public and private, for the construction and maintenance of their respective facilities servicing the lands described in this Declaration. Declarant hereby grants to such utilities, jointly, and severally, easements for such purpose. Such easements may, but are not required to, be dedicated by Recorded Plat or other instrument. Additional easements may be granted by the Association for utility or recreational purposes in accordance with the requirements of this Declaration.

16.2 Treatment of Median Strips. Any median strip located within a public right-of-way shall be considered Common Area and shall be planted and maintained by the Association in accordance with the ordinances, policies and standards of the local governmental agency having authority over the Properties.

ARTICLE XVII GOLF EASEMENTS AND ASSUMPTION OF RISK

17.1 Stray Ball Easement. Each Owner, by acceptance of a Deed or other instrument vesting legal or equitable title of a Lot or Unit in the Owner, hereby expressly assumes the risk relating to the proximity of their Unit to the golf course, if any, and each Owner agrees that it shall take their Unit subject to the following stray ball license and/or easement.

17.1.1 License to Enter Upon Golf Course Lot Prior to Construction of a Residence. Until such time as a Unit is constructed upon a Lot, the Owner of the golf course shall have a license to permit and authorize its agents and registered golf course players and their caddies to enter upon said Lot to recover a ball or play a ball, subject to the official rules of the golf course, without such entering and playing being deemed to be a trespass thereon.

17.1.2 Stray Ball Easement Upon Lot Subsequent to Construction of Residence. After a Unit has been constructed upon a Lot, the Owner of said Lot acknowledges and agrees that, due to the proximity of the Unit to the golf course, stray golf balls might enter upon the Lot and some of the players playing upon the golf course might enter upon said Lot to retrieve said stray golf balls. In the event that a golf ball enters upon said Lot or any player enters upon said Lot to retrieve or play a stray golf ball, the Owner of said Lot agrees that neither Declarant, the Association, nor the owner of the golf course shall be responsible or liable for: (a) any damages caused by the stray balls or players; or (b) any claim of trespass that the Owner of said Lot may assert or be entitled to assert resulting therefrom.

17.2 Assumption of Risk by Owner and Indemnification. Each Owner hereby expressly assumes the risk relating to the proximity of their Unit and Lot to the golf course and each Owner agrees that neither Declarant, the Association, the owner of the golf course, nor their guests, invitees, or clients, nor any entity responsible for the design, construction, ownership, management or operation of the golf course shall be liable to the Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, loss of view, noise pollution, or other visual or audible offenses, or trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of the Unit and Lot to the golf course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Association, or any entity responsible for the design, construction, ownership, management or operation of the golf course. The Owner, by acceptance of a deed or other instrument vesting legal or equitable title of a Lot or Unit in the Owner, hereby agrees to indemnify and hold harmless Declarant, the Association, and any entity responsible for the design, construction, ownership, management or operation of the golf course, including the owner of the golf course, against any and all claims by Owner or an Owner's invitees or guests.

17.3 Restricted Access to Golf Course. Notwithstanding the proximity of any Lot or the Properties in general to the golf course, each Owner acknowledges that ownership of any Unit does not convey to said Owner or create in favor of said Owner any interest in or right to the use of the golf course. Use of the golf course shall be strictly limited and controlled by the owner of the golf course at its sole and absolute discretion.

17.4 Easement over Streets. There is hereby created on behalf of all Persons properly permitted to use the golf course, including Persons not Members of the Association, an easement to cross the private streets of the Project at designated golf crossings for the purpose of moving from one hole or portion of the golf course to another.

ARTICLE XVIII GENERAL PROVISIONS

18.1 Enforcement. The Declarant, the Association through its Board of Directors, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws, the Property Development Guidelines, the Rules and Regulations, directives of the Board of Directors or the Review Committee, any exhibit to this Declaration, and all other such documents. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

18.3 Duration; Amendment. The covenants and restrictions of this Declaration shall run with and bind the property subject hereto for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years. Any amendment to this Declaration shall require the affirmation of at least two-thirds (2/3) of all Membership votes represented in person, by proxy, or by ballot at a meeting duly called for such purpose. The Board shall cause to be delivered to all Members a notice of Members meeting setting forth the purpose of the meeting and the substance of the amendment proposed. The quorum required for any such meeting shall be as follows: At the first meeting called the representation of Members in person, by proxy, or by ballot entitled to cast sixty percent (60%) of all the votes of the Membership shall constitute a quorum. If a quorum is not present -- at any meeting, another meeting may be called by the Board causing to be delivered another Notice of Members Meeting, at which meeting a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Section shall be accomplished through the Recordation of an instrument executed by the Association. In such instrument an officer of the Association or member of the Board shall certify that the vote required by this Section for amendment has occurred. Notwithstanding the above, the Declarant, its successors and/or assigns shall have the right, until December 31, 2023, to unilaterally amend this Declaration.

18.4 Duty to Repair Structure. In the event a structure on a Unit is damaged, through an act of God or other casualty, the Owner of the Unit shall promptly cause the structure to be repaired or rebuilt substantially in accordance with the original architectural plans and specifications. It shall be the duty of the Association to enforce such repair and rebuilding of the structures to comply with this responsibility.

18.5 Easement for Enforcement. The Association is granted an easement over the Properties subject to this Declaration by each Owner for the purpose of enforcing the provisions of this Declaration, and may go upon each Unit to remove or repair any existing cause of a violation thereof. If the Owner required to cure the violation fails to do so, the Association shall have the right to cure such violation, and all costs incident thereto, including court costs and reasonable attorney fees, shall become an obligation against that Owner's Unit and the Board of Directors may levy a Corrective Assessment as a lien against his Unit.

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

18.7 Manager. The Association may carry out through a Manager any of its functions which are properly the subject of delegation. Any Manager so engaged may be an independent contractor or an agent or employee of the Association. Such Manager shall be responsible for managing the Properties for the benefit of the Association and the Owners, and shall, to the extent permitted by law and the terms of a management agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. The Association through its Board of Directors may

also share management services with other similar associations whether or not such associations are a part of the Properties.

18.8 Terms of Management Agreement. Any agreement for professional management of the Development, or any other contract providing for services of the Declarant, sponsor, or builder may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on not more than ninety (90) but not less than thirty (30) days written notice.

18.9 Assignment of Declarant Powers. Any or all rights and powers of the Declarant herein contained may be delegated, transferred, or assigned. In the event that the transfer or assignment is clearly a full and complete transfer or assignment, the Declarant shall be relieved from and after the date of such transfer or assignment of all liability and obligations hereunder, and the Successor Declarant shall have all the rights and obligations of Declarant contained herein.

18.10 Proxies and Ballots and Affirmative Membership Action. Unless otherwise provided for in this Declaration, the Articles or the Bylaws, a Member is entitled to vote at an any meeting called for in this Declaration in person, by proxy or by ballot as provided for in the Bylaws. Further, unless otherwise provided for in this Declaration, the Articles or the Bylaws, the affirmative vote of a majority of the Members at which a quorum is present shall constitute the affirmative action of the Members of the Association or of a Neighborhood as the circumstances may dictate.

ARTICLE XIX COMPLIANCE AND DEFAULT

Each Owner shall be governed by and shall comply with the terms of this Declaration, all exhibits hereto, the Articles, the Bylaws, and the regulations adopted pursuant to those documents, and all of such as they may be amended from time to time. Failure of an Owner to comply with such documents and regulations shall entitle the Declarant, the Association, and/or other Owners to all appropriate legal and equitable relief.

19.1 Negligence. An Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents or lessees. The Board of Directors may charge such costs against the Owner of the Unit as a Corrective Assessment.

19.2 Costs and Attorney Fees. In any proceeding arising because of an alleged failure of an Owner to comply with the terms of this Declaration, the Articles, the Bylaws, the Property Development Guidelines, the Rules and Regulations, directives of the Board of Directors or Review Committee, and any exhibit to this Declaration, and all other such documents, the Association, the Declarant or an Owner, as the case may be, shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be awarded by the court, including costs and fees on appeal or certiorari.

19.3 No Waiver of Rights. The failure of the Declarant, the Association, or any Owner to enforce any covenant or restriction of this Declaration or of the Articles shall not constitute a waiver of the right to do so thereafter.

IN WITNESS WHEREOF, the Declarant has executed this Declaration the 8 day of August, 2003.

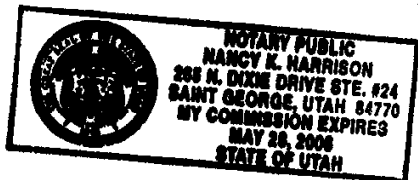
SPLIT ROCK, INC.

Weldon Larsen
By: Weldon Larsen
Its: PRESIDENT

STATE OF UTAH,)
)ss.
County of Washington.)

On this 8th day of August, 2003, personally appeared before me Weldon Larsen, who is personally known to me (or satisfactorily proved to me), and who being by me duly sworn did say that he is the President of Split Rock, Inc., a Utah corporation, and that he executed the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements on behalf said Corporation by authority of a resolution of its Board of Directors, and he acknowledged before me that the Corporation executed the same for the uses and purposes stated therein.

Nancy K. Harrison
Notary Public



IN WITNESS WHEREOF, the Declarant has executed this Declaration the 8 day of August, 2003.

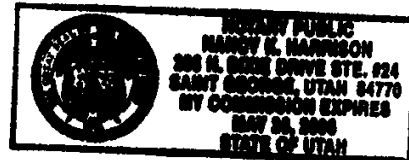
SPLIT ROCK, INC.

Bart Smith
By: Bart Smith
Its: Secretary

STATE OF UTAH,)
) :ss.
County of Washington.)

On this 8th day of August, 2003, personally appeared before me Bart Smith, who is personally known to me (or satisfactorily proved to me), and who being by me duly sworn did say that he is the Secretary of Split Rock, Inc., a Utah corporation, and that he executed the foregoing Declaration of Covenants, Conditions and Restrictions and Reservation of Easements on behalf said Corporation by authority of a resolution of its Board of Directors, and he acknowledged before me that the Corporation executed the same for the uses and purposes stated therein.

Nancy K. Harrison
Notary Public



BOUNDARY DESCRIPTION

LAND LOCATED IN THE NORTHWEST 1/4 OF SECTION 3 AND THE NORTHEAST 1/4 SECTION 4, TOWNSHIP 42 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL NO. 1

BEGINNING AT A POINT S 01°14'46" W 1333.71 FEET ALONG THE SECTION LINE FROM THE NORTHEAST CORNER OF SECTION 4, TOWNSHIP 42 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN (BLM BRASS CAP 1968) AND RUNNING THENCE S 01°14'46" W 145.85 FEET ALONG THE SECTION LINE; THENCE S 49°18'00" E 544.06 FEET; THENCE S 17°47'42" E 153.58 FEET; THENCE S 60°16'58" E 30.05 FEET; THENCE S 75°02'20" E 179.55 FEET TO THE EASTERLY BOUNDARY OF THE CITY OF IVINS, UTAH CORPORATE LIMITS; THENCE ALONG SAID BOUNDARY AS FOLLOWS: S 38°26'47" W 364.60 FEET; THENCE S 03°51'42" W 279.28 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF "SNOW CANYON PARKWAY", A DEDICATED PUBLIC ROADWAY, SAID POINT ALSO BEING ON THE ARC OF A 510.00 FOOT RADIUS CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N 38°46'55" W; THENCE LEAVING SAID CORPORATE BOUNDARY AND RUNNING NORTHWESTERLY 6.345 FEET ALONG SAID CURVE AND RIGHT-OF-WAY TO THE POINT OF TANGENCY; THENCE CONTINUING ALONG SAID RIGHT-OF-WAY AS FOLLOWS: N 50°30'18" W 869.20 FEET TO THE POINT OF A 960.00 FOOT RADIUS CURVE TO THE RIGHT; THENCE NORTHWESTERLY 110.89 FEET ALONG THE ARC OF SAID CURVE TO THE POINT OF TANGENCY; THENCE N 43°53'13" W 917.145 FEET; THENCE S 88°47'01" E 982.70 FEET TO THE POINT OF BEGINNING.
CONTAINING 852,168 SQ. FT. OR 19.563 ACRES MORE OR LESS.

PARCEL No. 2

BEGINNING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF "SNOW CANYON PARKWAY", A DEDICATED PUBLIC ROADWAY, SAID POINT BEING S 01°14'46" W 1894.25 FEET ALONG THE SECTION LINE AND N 90°00'00" W 522.18 FEET FROM THE NORTHEAST CORNER OF SECTION 4, TOWNSHIP 42 SOUTH, RANGE 16 WEST, SALT LAKE BASE AND MERIDIAN (BLM BRASS CAP 1968) AND RUNNING THENCE S 43°53'13" E 187.58 FEET ALONG SAID RIGHT-OF-WAY TO THE POINT OF A 1040.00 FOOT RADIUS CURVE TO THE LEFT; THENCE SOUTHEASTERLY 120.13 FEET ALONG THE ARC OF SAID CURVE AND RIGHT-OF-WAY TO THE POINT OF TANGENCY; THENCE S 50°30'18" E 0.16 FEET ALONG SAID RIGHT-OF-WAY TO THE POINT OF A 100.00 FOOT RADIUS NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS S 39°14'56" W; THENCE WESTERLY 75.35 FEET ALONG THE ARC OF SAID CURVE TO THE POINT OF A 110.00 FOOT RADIUS REVERSE CURVE; THENCE NORTHWESTERLY 191.865 FEET ALONG THE ARC OF SAID CURVE TO THE POINT OF A 100.00 FOOT RADIUS REVERSE CURVE; THENCE NORTHWESTERLY 84.11 FEET ALONG THE ARC OF SAID CURVE TO THE POINT OF BEGINNING.
CONTAINING 11,145 SQ. FT. OR 0.256 ACRES MORE OR LESS.

EXHIBIT A
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Split Rock Inc.
Overall Boundary of Future Development

July 15, 2003

Overall Property Boundary of Proposed Future Development

Lands located in the Southeast Quarter of Section 33, Township 41 South, Range 16 West, Sections 3, 4, 5, 8, 9 and 10, Township 42 South Range 16 West, Salt Lake Base and Meridian, being more particularly described as follows:

Beginning at the northwest corner of Section 3, Township 42 South, Range 16 West, Salt Lake Base and Meridian and running thence S 88°40'50" E 1785.73 feet along the township line to a point on the easterly corporate boundary line of the City of Ivins, Utah; thence along said boundary as follows: S 42°37'16" W 967.51 feet; thence S 14°22'39" W 997.63 feet; thence S 38°26'57" W 775.82 feet; thence S 03°51'42" W 354.75 feet to the east - west center section line of Section 4; thence N 89°06'55" W 434.30 feet along said line to the east 1/4 corner of said Section 4; thence S 01°17'15" W 1805.94 feet along the section line to the northerly boundary of the Entrada at Snow Canyon "Chaco Bench Phase 2" subdivision, said point being on the arc of a 300.00 foot radius curve to the left (radius point bears S 12°19'34" W); thence along said subdivision boundary as follows: Westerly 114.58 feet along the arc of said curve to the point of a 25.00 foot radius reverse curve; thence Northwesterly 18.78 feet along the arc of said curve to the point of a 50.00 foot radius reverse curve; thence Southwesterly 95.15 feet along the arc of said curve; thence N 78°51'41" W 169.96 feet; thence S 07°14'35" W 205.93 feet; thence S 03°01'28" E 218.53 feet; thence S 05°01'45" W 357.95 feet; thence S 04°26'56" E 209.42 feet; thence S 05°45'22" E 50.00 feet; thence S 30°57'32" E 331.56 feet; thence S 37°54'03" E 249.52 feet; thence S 30°33'57" E 472.57 feet; thence S 14°37'38" E 277.04 feet; thence S 78°14'38" E 340.97 feet to a point on the arc of a 675.00 foot radius curve to the right (radius point bears S 50°35'56" W); thence Southeasterly 505.33 feet along the arc of said curve to the point of tangency; thence S 03°29'35" W 5.52 feet to the point of a 445.00 foot radius curve to the left; thence Southerly 0.19 feet along the arc of said curve to the northerly boundary of Entrada at Snow Canyon "Chaco Bench" - Phase 1 -; thence along said boundary as follows: S 88°52'48" W 231.48 feet; thence S 69°53'28" W 160.00 feet; thence S 29°35'38" E 462.54 feet; thence S 09°42'11" E 524.23 feet; thence S 25°25'58" E 352.31 feet; thence S 37°10'12" E 489.34 feet; thence S 27°52'23" E 336.82 feet; thence S 01°01'03" W 146.05 feet; thence N 89°11'21" W 0.61 feet to the north boundary of "Sand Point at Entrada - Phase 1"; thence along said boundary as follows: N 89°11'21" W 711.87 feet; thence S 01°23'18" W 363.06 feet to the northerly right-of-way line of "2000 North Street"; thence along said line as follows: S 75°18'44" W 222.72 feet to the point of a 767.00 foot radius curve to the right; thence Northwesterly 647.78 feet along the arc of said curve to the point of tangency; thence N 56°17'53" W 1152.45 feet more or less; thence N 79°12'20" W 1350.88 feet more or less to the point of a 402.91 foot radius curve to the right on the northerly right-of-way line of "Pioneer Parkway"; thence along said line as follows: Northwesterly 333.28 feet along

EXHIBIT B
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the arc of said curve to the point of tangency; thence N 31°48'42" W 239.05 feet to the point of an 860.22 foot radius curve to the left; thence Northwesterly 206.17 feet along the arc of said curve to the point of tangency; thence N 45°32'37" W 363.71 feet to the point of a 482.91 foot radius curve to the left; thence Westerly 557.11 feet along the arc of said curve to the point of tangency; thence S 68°21'29" W 53.92 feet to the point of a 402.91 foot radius curve to the right; thence Westerly 160.68 feet along the arc of said curve to the point of tangency; thence N 88°47'36" W 13.82 feet; thence S 00°27'54" W 40.00 feet to the east - west center section line of Section 9, Township 42 South, Range 16 West, Salt Lake Base and Meridian; thence N 88°47'36" W 49.36 along said line to the southeast corner of Lot 1, Block 28, St George and Santa Clara Bench Irrigation Company Survey; thence N 00°28'02" E 336.74 feet along the lot line to the northeast corner of the south one-half of said Lot 1; thence N 88°51'31" W 645.68 feet to the northwest corner of the south one-half of said Lot 1; thence N 00°32'32" E 336.00 feet to the northeast corner of Lot 2, Block 28 of said survey; thence N 88°55'26" W 446.66 feet along the lot line to the southeast corner of the south one-half of the west one-third of Lot 3, Block 28 of said survey; thence N 00°35'59" E 335.43 feet to the northeast corner of the south one-half of the west one-third of said Lot 3; thence N 88°59'25" W 223.17 feet to the west line of the northwest quarter of said Section 9; thence N 00°37'37" E 1005.53 feet; thence S 89°37'31" W 2650.53 feet along the south line of Lots 5 and 6, Block 26 and Lots 5 and 6, Block 25 of said survey to the north - south center section line of Section 8, Township 42 South, Range 16 West, Salt Lake Base and Meridian; thence N 00°47'21" E 662.14 feet to the north 1/4 corner of said Section 8; thence N 01°28'26" E 1353.72 feet along the north - south center section line of Section 5, said Township and Range to a 1/16 corner; thence N 89°39'32" E 2631.88 feet to the east line of the southeast quarter of said Section 5; thence S 00°45'58" W 2.46 feet along said line to a point on the boundary of "Padre Canyon Phase 8" subdivision; thence along said boundary as follows: N 89°45'36" E 108.78 feet; thence N 28°38'08" E 258.37 feet; thence N 22°35'23" E 396.25 feet; thence N 37°39'29" E 154.46 feet; thence N 58°03'07" W 303.56 feet; thence S 86°40'12" W 113.45 feet; thence N 76°59'04" W 192.86 feet to a point on the east boundary of "Padre Canyon Phase 7" subdivision; thence along said boundary as follows: N 55°32'03" W 132.50 feet; thence N 32°59'28" W 89.57 feet; thence N 52°50'34" W 66.05 feet; thence N 65°22'02" W 70.61 feet; thence S 67°38'06" W 83.61 feet; thence N 44°55'26" W 74.37 feet; thence N 29°41'30" W 77.54 feet; thence N 21°06'40" W 79.29 feet; thence N 18°42'04" W 52.90 feet to a point on the 1/16 line; thence S 89°52'25" W 721.27 feet along said line to the 1/16 corner; thence N 00°55'35" E 1325.65 feet along the 1/16 line to the 1/16 corner; thence S 89°51'18" E 1270.15 feet along the south boundary of "Padre Canyon Estates Unit 1" subdivision; thence S 88°47'25" E 1000.45 feet along the south boundary of "Padre Canyon Estates Unit 1" subdivision to the southwest corner of "Padre Canyon Estates Unit 1, Phase 1" subdivision; thence S 88°47'18" E 1250.04 feet along the south boundary of said subdivision to the southeast corner of Lot 30, said subdivision; thence N 00°45'46" E 317.43 feet to the northeast corner of said Lot 30; thence along the "Deland" property as follows: S 89°24'44" E 224.81 feet; thence S 89°14'01" E 220.65 feet; thence N 01°24'55" E 442.42 feet to a point on the arc of a 495.45 foot radius curve to the right (radius point bears S 57°10'23" E); thence Northeasterly 67.88 feet along the "Malpee" property and the arc of said curve to the point of a 558.71 foot radius reverse curve; thence Northeasterly 384.15 feet along the "Malpee" property and the arc of said curve to the point of tangency; thence continuing along the "Malpee" property N 01°16'59" E 92.01 feet to the point of a 20.00 foot radius curve to the left; thence Northwesterly 47.12 feet along the "Malpee" property and the arc of said curve to the south right-of-way line of "Center Street"; thence S 88°43'01" E

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99.63 feet along said line to the southerly right-of-way line of "Snow Canyon Parkway"; thence S 88°43'01" E 9.50 feet along said line to the point of a 460.00 foot radius curve to the right; thence Southeasterly 350.50 feet along the arc of said curve and right-of-way; thence N 44°56'26" E 80.00 feet to the northerly right-of-way line of "Snow Canyon Parkway"; thence N 00°00'00" E 262.45 feet to the south boundary of the "Pivotal Mark LLC" property; thence S 88°47'01" E 792.47 feet along said boundary; thence S 01°13'26" W 152.74 feet to the township line; thence along said line as follows: S 88°43'01" E 1278.76 feet; thence S 88°40'50" E 112.76 feet to the point of beginning. Containing 1,244.19 acres more or less.

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