

Record against the property described in:
Exhibit A

After Recording return to:
Jenkins Jensen & Bayles, LLP
Attn: Bruce C. Jenkins
1240 East 100 South, Ste. 9
St. George, UT 84790

00910184 Bk 1686 Pg 1115
RUSSELL SHIRTS * WASHINGTON CO RECORDER
2004 NOV 09 12:31 PM FEE \$50.00 BY EHM
FOR: UNITED TITLE SERVICES

**ANNEXING AMENDMENT AND AMENDMENT TO
THE SECOND RESTATED AND AMENDED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR ENTRADA AT SNOW CANYON
(THE INN OF ENTRADA)**

DECLARANT, pursuant to the authority granted in Sections 1.1, 11.1 and 18.3 of the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Entrada at Snow Canyon (the "Master Declaration") recorded on June 12, 2000, as Entry No. 687892 with the County Recorder of Washington County, hereby elects to annex and to subject to the provisions of the Master Declaration and to the provisions of this Annexing Amendment and Amendment to the Second Restated and Amended Declaration of Covenants, Conditions and Restrictions for Entrada at Snow Canyon (The Inn of Entrada) (the "Annexing Amendment") and to the jurisdictions of the homeowner associations created thereunder, all of the real property described in Exhibit "A" attached hereto and incorporated herein and by this reference made a part hereof, to be known as "The Inn of Entrada." OWNER, as the owner of the real property described in Exhibit "A," hereby consents to the annexation under the terms, conditions, covenants and restrictions hereof. This annexation shall be accomplished by filing this Annexing Amendment in the public records of the Washington County Recorder. The plat map for The Inn of Entrada has previously been recorded.

This Annexing Amendment does not require the consent of voting members of the Entrada Property Owners Association, Inc.

The following covenants, restrictions and easements shall apply only to The Inn of Entrada Properties and shall not affect the other properties within the Entrada at Snow Canyon Properties unless expressly provided for herein. If there is a conflict between the provisions of the Master Declaration and this Annexing Amendment, the provisions of this Annexing Amendment shall control. Capitalized terms shall have the meaning ascribed to them herein or in the Master Declaration. As used herein, the term "Entrada Properties" means and refers to the properties governed by the Master Declaration, which includes the properties of The Inn of Entrada. Further, the term "The Inn of Entrada Properties" means and refers to the property described in Exhibit A and such of the Annexable Territory as added to such property under the terms of Section 15 below.

1. Associations. The Inn of Entrada shall be governed by The Inn of Entrada Owners Association a corporation formed under the Revised Nonprofit Corporation Law of the State of Utah, its successors and assigns (the "Association"), which shall be subject and subordinate to the Entrada Property Owners Association, Inc (the "Master Association"). The Association, through its Board, shall adopt Bylaws of the Association. Every Person owning a Lot shall be a Member of the Association.

2. Neighborhood. The Inn of Entrada shall constitute a Neighborhood under the provisions of Sections 1.11 and 4.1 of the Master Declaration.

3. Effect of Master Declaration. The Inn of Entrada Neighborhood shall be subject to all of the terms and provisions of the Master Declaration, except as expressly provided for herein.

4. Unit. For the purposes of this Annexing Amendment only, Section 1.18 of the Master Declaration shall be modified as follows:

A Unit shall mean a portion of The Inn of Entrada Properties intended for development, use and occupancy as a single family residence or as a short-term rental for nightly, weekly, monthly or similar short occupancy. Nothing herein shall preclude a Unit Owner from entering into long-term rental agreements for occupancy of a Unit for a minimum term of six (6) months.

5. Lot/Limited Common Area. Each Lot is owned in fee simple by the Unit Owner. However, 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 the initial construction on a Lot, subsequent construction, if any, may occupy any portion of the surveyed Lot, subject to all other provisions of this Annexing Amendment. The Board may adopt rules and regulations concerning the use of the Limited Common Areas.

6. Business or Commercial Activity. Subject to the following exceptions, no part of the Properties shall ever be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other such nonresidential purposes without the prior written approval of the Board; provided, however, that (i) the Declarant, its successors and assigns, may use any portion of The Inn of Entrada Properties for a model home site, display and sales office in connection with the sale of Lots on The Inn of Entrada Properties by Declarant and (ii) subject to Section 23 below, a Unit Owner may rent his Unit to guests, invitees and tenants on a short-term or long-term basis. Occupations without external evidence thereof, including, without limitation, traffic generation, which are merely incidental to the use of the Unit as a residential home and for so long as such occupations are conducted in conformance with all applicable governmental ordinances shall be permitted.

7. Signs. Except for signs utilized by Declarant in constructing, marketing and selling Lots and directional signs, no signs, billboards, objects of unsightly appearance, or nuisances shall be erected, placed, or permitted to remain on any Lot.

8. Operation and Maintenance by Association and Master Association. Subject to the terms of Section 5.1 of the Master Declaration, the Association shall have the following rights and responsibilities concerning maintenance of Units, Lots, Common Area and Limited Common Area within The Inn of Entrada Properties:

(a) Association Maintenance: Except as provided for in Section 8 (d) below, the Association, by its duly delegated representative, shall provide for such maintenance and operation of the Common and Limited Areas as may be necessary or desirable to make them appropriately usable in conjunction with the Lots and to keep them clean, functional, attractive and generally in good condition and repair. The Association shall maintain, repair and restore those improvements located upon the Common and Limited Common Areas. In addition, the Association shall maintain the exterior and roof of each Unit and garage, including mechanical systems and glass surfaces.

(b) Access at Reasonable Hours. For the purpose solely of performing the maintenance required by the Association, the Association through its duly authorized agents or employees, shall have the right, after reasonable notice to the Unit Owner, to enter any Unit and enter upon any Lot or Limited Common Area at reasonable hours.

(c) Alteration of Certain Maintenance Duties by Rules. The duty of maintenance for the area of a Lot outside the walls of the Units, and the Limited Common Areas adjacent and appurtenant to the Units may be altered by rule of the Association.

(d) Maintenance by Master Association. The Master Association shall be responsible to repair, maintain and replace within Properties, including The Inn of Entrada Properties, all streets, curb, gutter and sidewalks and underground utilities (including without limitation utility lines, sewer lines and drainage lines) not maintained by the City of St. George. The Master Association may levy assessments under the Master Declaration against the Members of the Association to cover the costs associated with such maintenance, repair and replacement.

9. Maintenance by Unit Owner. For the purposes of this Annexing Amendment only, Section 5.2 of the Master Declaration shall be amended as follows:

A Unit Owner shall not commit any act which shall detract from the appearance of or damage the Unit. Each Unit Owner shall keep the interior of his Unit, including, without limitation, interior walls and utility lines therein, doors, windows, ceilings, floors, and permanent fixtures and appurtenances thereto, in a clean and sanitary condition and

in good state of repair. In the event that a Unit shall develop an unclean or unsanitary condition or fall into a state of disrepair, and in the event that the Unit Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice from the Association, the Association through its Board shall have the right, at the expense of the Unit Owner and without liability to the Unit Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligations to correct or eliminate any such condition or state of disrepair. All such costs incurred by the Association shall be collected by the Association as a Corrective Assessment. The Association and its duly authorized agents shall have the right to enter a Unit in case of an emergency originating in or threatening such Unit or any other part of The Inn of Entrada Properties, whether the Unit Owner or occupant thereof is present at the time or not.

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.

All Unit Owners for which landscape watering for the Unit and Limited Common Areas adjacent to the Unit is provided through the individual Unit's water metering box (this includes the Anasazi Ridge Subdivisions as well as other Neighborhoods in which landscape watering is provided through the individual Units), are solely responsible for maintaining a continuous supply of water and power to the irrigation systems for use in maintaining the Unit and Limited Common Area landscaping. Unit Owners may not alter the water timing systems for landscaping on and adjacent to their Units, unless approved by the Association. Unit Owners authorize the Association to monitor and to adjust the water timing systems for landscaping on and adjacent to the Unit Owner's Unit.

Unit Owners shall not cause the Unit's water for irrigation watering or the electrical power supply to be discontinued. If a Unit Owner causes the water supply or electrical power supply to be discontinued, the Association is authorized to take all necessary steps to have the water or electrical supply restored to the Unit. All costs incurred by the Association in taking such steps to restore water or electricity shall be added to and become part of the assessment to which such Unit is subject.

10. Insurance. In addition to any insurance procured under the Master Declaration, the following requirements for insurance shall apply:

(a) Casualty Insurance. The Association shall secure and at all times maintain the following insurance coverages: A policy or policies of fire, casualty and hazard insurance, with extended coverage endorsement, for the full insurable replacement value

of all Improvements comprising a part of the Common Area and the Units, excluding interior contents. The name of the insured under each such policy shall be in form and substance similar to: "THE INN OF ENTRADA OWNERS ASSOCIATION" for the use and benefit of the individual Unit Owners and Mortgagees, as their interests may appear.

(b) Liability Insurance. The Association shall secure and at all times maintain a comprehensive policy or policies insuring the Unit Owners, the Association, and its Board, officers, agents, and employees against any liability incident to the ownership, use or operation of the Common Areas which may arise among themselves, to the public, and to any invitees or tenants of The Inn of Entrada Properties or of the Unit Owners. Limits of liability under such insurance shall not be less than \$1,000,000.00 for all claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage, liability for non-owned or hired automobiles, liability for property of others, liability for injuries (including death) to persons or property caused by golf balls, injuries (including death) to persons or property related in any way to the water features with The Inn of Entrada Properties, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use. Such policies shall be issued on a comprehensive liability basis, shall provide a cross-liability endorsement pursuant to which the rights of the named insured as between themselves are not prejudiced, and shall contain "a severability of interest" clause or endorsement to preclude the insurer from denying the claims of a Unit Owner in the Development because of negligent acts of the Association or other Unit Owners.

(c) Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area or Limited Common Area, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a reconstruction assessment against all Unit Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Unit Owner. In as much as the Association is maintaining blanket casualty and fire insurance on the Units, the Association shall repair or replace the same to the extent of the insurance proceeds available.

In the event of damage or destruction by fire or other casualty to any portion of the development covered by insurance written in the name of the Association, the Board is empowered to and shall represent the members in any proceedings, negotiations, settlements or agreements. The Association is appointed attorney-in-fact of each Unit Owner for this purpose.

If the cost of effecting total restoration of such Common Area exceeds the amount of insurance proceeds and reserve funds, the Association shall cause the same to be repaired

and reconstructed substantially as they previously existed, and the difference between the insurance proceeds and the actual cost shall be levied as a Special Assessment against each Lot and its respective Unit Owner.

(d) Fidelity Insurance. The Association shall secure and at all times maintain a fidelity policy or policies to protect against dishonest acts on the part of Board, officers, Manager, employees of the Association and all others (including volunteers) who handle or are responsible for handling funds of the Association. This fidelity coverage shall name the Association as the obligee or insured and shall be written in an amount sufficient to offer the protection reasonably required, but in no event less than one hundred percent (100%) of the Association's estimated annual operating expenses including reserves. The fidelity bond or insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Said policy shall also provide that it may not be canceled or substantially modified (including cancellation for non-payment of premiums) without at least thirty (30) days prior written notice to all Mortgagees of Lots.

(e) Additional Insurance Requirements. The following additional provisions shall apply with respect to the insurance:

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

(ii) All policies shall be written by a company holding a rating of Class IV or better from Best's Insurance Reports or equivalent rating. Each insurer must be specifically licensed in the State of Utah.

(iii) The Association shall have the authority to adjust losses.

(iv) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Unit Owners or their Mortgagees.

(v) Each policy of insurance obtained by the Association shall, if reasonably possible, provide: A Waiver of the insurer's subrogation rights with respect to the Association, the Unit Owners, invitees, and tenants; that it cannot be canceled, suspended, or invalidated due to the conduct of any particular Unit Owner or Owners; that it cannot be canceled, suspended, or invalidated due to the conduct of the Association or of any Board, officer, Manager, agent or employee of the Association without a prior written demand that the defect be cured; that

any "no other insurance" clause herein shall not apply with respect to insurance held by the owners.

(vi) Notwithstanding any provisions to the contrary herein, so long as the Mortgagee or its designee holds a mortgage or beneficial interest in a trust deed on a Lot in the Development or owns a Lot, insurance policies shall meet all requirements and contain such other coverage and endorsements as may be required from time to time by the Mortgagee or its designee.

(vii) If the Association hires employees Worker's Compensation Insurance shall be maintained for such employees.

(vii) Mortgagee Clause. All policies of hazard insurance must contain or have attached the standard Mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the mortgaged premises are located. The mortgagee clause must provide that the insurance carrier shall notify the first Mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

(viii) Review of Insurance. The Board shall periodically, and whenever requested by twenty percent (20%) or more of the Unit Owners, review the adequacy of the Association's insurance program and shall report in writing the conclusions and action taken on such review to the Unit Owner of each Lot and to the holder of any mortgage on any Lot who shall have requested a copy of such report. Copies of every policy of insurance procured by the Board shall be available for inspection by the Unit Owner.

(f) Insurance Obligations of Unit Owners; Contents Insurance. The Association shall have no duty or responsibility to procure or maintain any fire, liability, extended coverage or other insurance covering contents of any Unit. Each Unit Owner shall secure and keep in force at all times contents and liability insurance.

(g) Unacceptable Policies. Policies are unacceptable where: (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessment may be made against the Unit Owner or Mortgagee or Mortgagee's designee; or (ii) if, the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by carrier's policy includes any limiting clauses (other than insurance conditions) which could prevent the Unit Owner, Mortgagee or Mortgagee's Designee from collecting insurance proceeds.

11. Assessments. In addition to the Assessments, and the manner of enforcing and collecting such Assessments, set forth in the Master Declaration the following shall apply to assessments levied against the Owners and their Lots within The Inn of Entrada Properties:

(a) Creation of Assessment Obligation. Each Unit Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) Annual Assessments for Common Expenses, (2) Special Assessments, (3) Corrective Assessments, and (4) any other amount or assessment levied by the Board pursuant to this Annexing Amendment; all such assessments to be established and collected as provided in this Annexing Amendment. The Association shall not levy or collect any Annual Assessment, Special Assessment or Corrective Assessment that exceeds the amount necessary for the purpose or purposes for which it is levied. All such assessments, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, if applicable, shall also be and remain the personal obligation of the Person who was the Unit Owner of such property at the time when the assessment fell due. This personal obligation cannot be avoided by abandonment of a Lot or by an offer to waive use of the Common Area. The personal obligation for delinquent assessments liability shall not pass to any new Unit Owner ("Purchaser") successors in title unless expressly assumed by such Purchaser. For the purpose of assessment, the term "Owner" or "Unit Owner" or "Lot Owner" shall exclude the Declarant, builder, contractor, investor, or other person or entity who purchases a Lot for the purpose of constructing improvements thereon for resale to a Unit Owner, who shall pay no assessment unless a unit constructed on a Lot and is owned by the Declarant; provided that the Declarant or its assigns shall have the obligation to subsidize the Association until control of the Association passes to the Unit Owners. Subsidization shall be defined as the payment of the reasonable cash needs of the Association for ordinary and necessary maintenance expenses (not including reserves or capital replacement). In no event, however, shall the subsidy exceed the monthly assessments.

(b) Purpose of Annual and Special Assessments. The Annual and Special Assessments levied by the Association shall be used exclusively to promote the common health, safety, benefit and welfare of the Unit Owners and for the improvement and maintenance of the Common Area, including establishing and funding a reserve to cover major repair or replacement of Improvements within the common Area and any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Annexing Amendment or its Articles of Incorporation.

(c) Annual Assessments. Annual Assessments shall be used to satisfy Common Expenses of the Association, as provided herein and in the Bylaws. The Annual Assessment at the time of adoption of this Annexing Amendment shall be Three Thousand Six Hundred Dollars (\$3,600.00), payable in twelve (12) equal monthly installments due on the first day of each month. The Annual Assessment shall be based

upon the Budget prepared by the Board.

(d) Special Assessments. In addition to the Annual Assessment, a Special Assessment can be assessed to pay the costs of any one or more of the following:

(i) Approved by Board. Special Assessments for the following extraordinary expenses can be levied by the Board without Member approval:

(a) An extraordinary expense required by an order of a court;

(b) An extraordinary expense necessary to repair or maintain the Common Area or any portion thereof for which the Association is responsible where a threat to personal safety on the Common Area is discovered. Prior to the imposition or collection of a Special Assessment pursuant to this subsection, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was necessary and was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the notice of Assessment;

(c) Taxes payable to Washington County; and

(d) Costs of reconstruction provided for in Section 10(c).

(ii) Approved by Association. Special projects which must be assented to by more than fifty percent (50%) of all votes which Members represented in person, by proxy, or ballot are entitled to cast at a meeting duly called and held for such purpose pursuant to the Bylaws involve:

(a) the replacement or improvement of the Common Area or Improvement thereon; and

(b) an extraordinary expense necessary to repair or maintain the Common Area or any portion thereof for which the Association is responsible.

(e) Corrective Assessments. In addition to the Annual Assessment, Interior Assessments and any Special Assessments, the Association may levy Corrective Assessments against a particular Unit Owner and his Lot to pay the following: the costs directly attributable to, or reimbursable by, that Unit Owner, equal to the costs incurred by the Association for corrective action, performed to cure any default of the Unit Owner

under this Annexing Amendment, the Association Bylaws or Rules and Regulations of the Association.

The Board shall deliver a Notice and Right to Hearing to the Unit Owner upon whom it intends to levy a Corrective Assessment. If after the hearing the Board levies a Corrective Assessment, it shall be due and payable within (45) days following delivery of Notice of Lien for Corrective Assessment and shall bear interest thereafter at the rate of eighteen percent (18%) per annum until paid in full.

(f) Uniform Rate of Assessment. It is acknowledged that all Lots and all Units may not be of uniform size, nevertheless, Annual Assessments shall be levied equally on all Units from and after the date of the closing of the initial sale of such Unit.

(g) Date of Commencement of Annual Assessments. The Board shall authorize and levy the amount of the Annual Assessment upon each Unit and Lot, as provided herein, by a majority vote of the Board. Annual Assessments shall commence on each Unit/ Lot on the first day of the issuance of a certificate of occupancy for that Unit. The first Annual Assessment shall be adjusted according to the number of months remaining in the Fiscal Year as set forth in the Bylaws. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of any change in the amount of any Annual Assessment shall be sent to every Unit Owner subject thereto, not less than thirty (30) days prior to the effective date of such change. The due dates shall be established by the Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments against a Lot is binding upon the Association as of the date of its issuance.

(h) Exempt Property. The following property subject to this Annexing Amendment shall be exempt from the assessments herein:

- (a) All portions of The Inn of Entrada Properties dedicated to and accepted by a local public authority; and
- (b) The Common Area owned by the Association in fee.

(i) Notice of Members Meetings; Quorum Requirements. Before any Special Assessment requiring approval of the members is levied, the Board shall deliver a Notice of Members Meeting. The quorum required for any action authorized by Section 11 (d) shall be as follows: at the first meeting called, the presence of Members or of proxies entitled to cast fifty percent (50%) of all outstanding votes shall constitute a quorum. If a quorum is not present at any meeting another meeting may be called by the Board issuing

a Notice of Members Meeting at which a quorum shall be one-half of the quorum which was required at such preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following such preceding meeting at which a quorum was not present.

(j) Additional 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 or Limited Common Areas from the activities of the City of St. George in maintaining, repairing or replacing the City's utility lines and facilities thereon. It is acknowledged that the ownership of said utility lines, underground or otherwise, is in the City up to and including the meters for individual units, and that they are installed and shall be maintained to City specifications. *The City shall have the right to require the Association to access its members to repair private drives, parking areas, landscaping, etc. where needed to repair or replace public utilities.*

(k) Preparation of Budget. The Board shall prepare a Budget to be presented to the Members at the annual meetings of the Members held as provided in the Bylaws.

(l) Reserve Fund. The Board shall, on behalf of the Association, cause to be funded through Annual Assessments or other periodic assessments an adequate reserve to cover the cost of reasonably predictable and necessary major repairs and replacement of all things for which the Association has the responsibility to maintain, including without limitation the Common Areas and Unit exteriors.

12. Collection of Assessments. The Association shall have all the following rights and powers to collect any and all assessments levied by the Association:

(a) Nonpayment of Assessments; Remedies. Pursuant to Utah Code Ann. §§ 57-8a-101, *et seq.* (2004), 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 Lot 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, provided the charge does not exceed twenty-five percent (25%) of the amount of the installment payment, and the Association may, in its discretion, bring an action either against the Unit Owner or to foreclose the lien against

the Lot. 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. If a monthly installment payment is not timely made, the Board may declare the entire Annual Assessment in default and accelerate the Annual Assessment and declare the entire amount of the Annual Assessment immediately due and owing.

(b) Washington County Tax Collection. It is recognized that the Association may own the Common Area and that it will be obligated to pay property taxes to Washington County. It is further recognized that each Unit 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 Annexing Amendment, or otherwise, Washington County shall be, and is, authorized to collect such pro rata share (on an equal basis) of taxes directly from each Unit 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 may impose, in its discretion a Special Assessment to pay such taxes, or they may be incorporated into the Annual Assessment.

(c) Lien. The Board may elect to file a claim of lien against the Lot of the delinquent Unit 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 Lot against which the lien is claimed, and (d) the name of the Unit 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. 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 Unit Owner of a reasonable fee as fixed by the Board 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 any other manner provided by law, including without limitation, a deed of trust as set forth in this Annexing Amendment.

(d) Trust Deed for Assessments. By acceptance of a deed for a Lot, each Unit Owner as Trustor conveys and warrants to Trustee in trust for the Association as Beneficiary, with power of sale, the Unit Owner's Lot and appurtenant Limited Common Area, and all Improvements thereon for the purpose of securing payment of all assessments (including basis of collection) provided for in this Annexing Amendment. For purposes of this Section and Utah Code Ann. §§ 57-1-19, *et seq.*, as amended from

time to time, the Trustee shall mean the attorney for the Association and the Association may provide notice and disclosure of the Trustee by recording an "Appointment of Trustee" on the records of the Washington County Recorder. Each Unit Owner hereby also grants to the Association and Trustee all powers and rights of non-judicial trust deed foreclosure provided for in Utah Code Ann. §§ 57-1-19, *et seq.*

(e) Perfection of Lien and Priority. Upon the recording of Notice of Lien by the Manager or Board, such lien constitutes a lien on the Unit Owner's interest in the property prior to all other liens and encumbrances, recorded or unrecorded, except:

- (a) tax and special assessment liens on the Lot in favor of any assessing lot or special improvement district; and
- (b) encumbrances on the interest of the Unit Owner:
 - (i) recorded prior to the date of the recording of Notice of Lien; and
 - (ii) that by law would be a lien prior to subsequently recorded encumbrances.

The Manager or Board may enforce the assessment lien by sale or foreclosure of the Unit Owner's interest. The Manager or Board may bid at a sale or foreclosure and hold, lease, mortgage, or convey the Lot that is subject to the assessment lien.

(f) Discontinuance of Common Utility Service and Suspension of Common Facility Use. If the Unit Owner fails or refuses to pay an assessment when due, the board may, after giving notice and an opportunity to be heard as provided for below, terminate a Unit Owner's right:

- (i) to receive utility services paid as a common expense; and
- (ii) of access and use of recreational facilities of the Association, if any.

Before terminating utility services or right of access and use of recreational facilities, the Manager or Board shall give written notice to the Unit Owner in the manner provided in the Bylaws. The notice shall inform the Unit Owner (i) that utility service or right of access and use of recreational facilities will be terminated if payment of the assessment is not received within thirty (30) days; (ii) of the amount of the assessment due, including any interest or late payment fee; and (iii) of the right to request a hearing as provided for in this Section. A Unit Owner who is given notice may request an

informal hearing to dispute the assessment by submitting a written request to the Board within fourteen (14) days after the date on which the Unit Owner receives the notice. The hearing shall be conducted by the Board in accordance with the standards provided in the Bylaws. If a hearing is requested, utility services or right of access and use of recreational facilities may not be terminated until after the hearing has been conducted and a final decision has been entered. Upon payment of the assessment due, including any interest or late payment fee, the Manager of Board shall immediately take action to reinstate the terminated utility services and right of access and use of recreational facilities.

(g) Future Lease Payments. If the Unit Owner of a Unit who is leasing the Unit fails to pay an assessment for more than sixty (60) days after the assessment is due, the Board, upon compliance with this Section, may demand that the tenant pay to the Association all future lease payments due to the Unit Owner, beginning with the next monthly or other periodic payment, until the amount due to the Association is paid. The Manager or Board shall give the Unit Owner written notice of its intent to demand full payment from the tenant under this Section. The notice shall: (i) provide notice to the tenant that full payment of the remaining lease payments will begin with the next monthly or other periodic payment unless the assessment is received within the time period provided in this Annexing Amendment, the Association Bylaws, or Association Rules and Regulations; (ii) state the amount of the assessment due, including any interest or late payment fee; (iii) state that any costs of collection, not to exceed One Hundred Fifty Dollars (\$150.00), and other assessments that become due may be added to the total amount due; and (iv) provide the requirements and rights described in this Section. If the Unit Owner fails to pay the assessment due by the date specified in the notice, the Manager or Board may deliver written notice to the tenant that demands future payments due to the Unit Owner be paid to the Association pursuant to this Section. The Manager or Board shall mail a copy of the notice to the Unit Owner. The notice provided to the tenant under this Section shall state: (i) that due to the Unit Owner's failure to pay the assessment within the time period allowed, the Unit Owner has been notified of the intent of the Board to collect all lease payments due to the Association; (ii) that until notification by the Association that the assessment due, including any interest, collection cost, or late payment fee, has been paid, the tenant shall pay to the Association all future lease payments due to the Unit Owner; and (iii) that payment by the tenant to the Association in compliance with this Section will not constitute a default under the terms of the lease agreement. If a tenant makes payments in compliance with this Section, the Unit Owner may not initiate an action against the tenant. All funds paid to the Association pursuant to this Section shall be: (i) deposited in a separate account; and (ii) disbursed to the Association until the assessment due, together with any cost of administration which may not exceed Twenty-Five Dollars (\$25.00), is paid in full. Any remaining balance shall be paid to the Unit Owner within five (5) business days after payment in full to the Association. Within five (5) business days after payment in full of

the assessment, including any interest or late payment fee, the Manager or Board shall mail a copy of such notification to the Unit Owner.

(h) Statement of Account. The Manager or Board shall issue a written statement indicating any unpaid assessment with respect to a Lot covered by the request, upon the written request of any Unit Owner, and payment of a reasonable fee not to exceed Ten Dollars (\$10.00). The written statement shall be binding in favor of any person who relies in good faith on the written statement upon the (i) remaining Unit Owners; (ii) Manager; and (iii) Board. Unless the Manager or Board complies with such request within ten (10) days, any unpaid assessment that became due prior to the date the request was made is subordinate to a lien held by the person requesting the statement.

(i) Payment by Encumbrancer. An encumbrancer holding a lien on a Lot may pay any unpaid assessment due with respect to the Lot. Upon such payment, the encumbrancer has a lien on the Lot for the amounts paid.

(h) 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.

(j) Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under this Section 12, nor any breach of this Annexing Amendment, 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 Lot made in good faith and for value; provided that after such Beneficiary or some other Person obtains title to such Lot 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 Lot shall remain subject to this Annexing Amendment and the payment of all installments of Assessments accruing subsequent to the date such Beneficiary or other Person obtains title.

(k) Rent After Foreclosure. In the event the Association takes title to a Unit through foreclosure, the Board may elect to allow the occupant to remain in the Unit and the occupant shall be required to pay a reasonable rental to the Association for the Unit.

13. Neighborhood Architectural Review. Architectural review for the Inn of Entrada shall be accomplished under Section 14 of the Master Declaration.

14. Rules and Regulations. The Board shall have the authority to promulgate and adopt Rules and Regulations as the Board deems necessary or desirable (i) to aid it in administering the affairs of the Association, (ii) to insure that The Inn of Entrada Properties is maintained and used

in a manner consistent with the interests of the Unit 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 and fines for the infractions of any Rules and Regulations, this Annexing Amendment or the Association Bylaws. Fines levied may be assessed as a Corrective Assessment against the Unit Owner and his Lot.

15. Annexable Territory. The property described in Exhibit B attached hereto and incorporated herein constitutes "Annexable Territory" that may be added to The Inn of Entrada Properties under the terms and conditions set forth in this Section 15.

15.1 Annexation by Declarant. Declarant may expand the real property subject to this Annexing Amendment by the annexation of all or part of the Annexable Territory. The annexation of such land shall become effective and extend this Annexing Amendment to such real property upon the Recordation of a Supplementary Annexing Amendment or similar instrument which:

- (a) describes the real property to be annexed or incorporated by reference within the description contained in the Annexable Territory portion of the Plat;
- (b) declares that the annexed real property is to be held, sold, conveyed, encumbered, leased, occupied and improved as part of The Inn of Entrada Properties subject to the Annexing Amendment; and
- (c) sets forth such additional limitations, restrictions, covenants, conditions complementary additions to the covenants, conditions and restrictions contained in this Annexing Amendment as are not inconsistent with this Annexing Amendment and the Master Declaration, and which do not create a character different than exists in The Inn of Entrada Properties and is intended by this Annexing Amendment.

When such annexation becomes effective, said real property shall be subject to this Annexing Amendment and subject to the functions, powers and jurisdiction of the Association, and thereafter all of the Owners of Lots in The Inn of Entrada Properties shall automatically be members of the Association.

Such annexation may be accomplished in one or more annexations or Phases of development without limitation as to size or location within the Annexable Territory.

15.2 Limitation on Annexation. Declarant's right to annex said real property to The Inn of Entrada Properties shall be subject to the following limitations, conditions and rights granted to the Declarant:

- (a) The annexed real property must be part of the Annexable Territory as of the date of this Annexing Amendment. However, Declarant reserves the right to expand the borders of Annexable Territory to real property contiguous to

the property described in Exhibits A and B, but with no obligation to do so and no claim as to right, title or interest to said real property.

(b) All Lots added to The Inn of Entrada Properties shall be for purposes allowed under the then current zoning ordinances.

(c) Declarant reserves unto itself and its assigns the right to create Common Area, and Improvements thereon, within any portion of the annexed real property. Declarant makes no assurances that such Common Areas or Improvements will be established.

(d) The configuration of annexed land as to Lot size, Common Areas and the type of Improvements is reserved to the Declarant.

15.3 Expansion of Definitions. In the event The Inn of Entrada Properties are expanded, the definitions used in this Annexing Amendment automatically shall be expanded to encompass and refer to The Inn of Entrada Properties as so expanded.

16. 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 Inn of Entrada Properties for the benefit of the Association and the Unit 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 Inn of Entrada Properties.

17. Terms of Management Agreement. Any agreement for professional management of The Inn of Entrada Properties, or any other contract providing for services of the Declarant, sponsor, or builder may not exceed three (3) years. Any professional management agreement may be extended or renewed as provided for in such agreement.

18. Equity Membership. Each Unit Owner by acceptance of a deed, shall be entitled to receive and shall be required to obtain at the Unit Owner's sole expense, a full regular equity membership in the Entrada at Snow Canyon Country Club (the "Club"). Each such membership shall be subject to all of the rules of the Club, including payment on a current basis of all monthly dues, food minimums and assessments. If the Unit Owner already owns and holds a regular equity membership in the Club, such Unit Owner shall not be required to purchase an additional membership. Guests, assigns and invitees of an Unit Owner holding a regular equity membership in the Club will be allowed to use the Club facilities upon payment of a guest fee established by the Club. Persons who are not Owners of a Unit and are occupying a Unit for any period of time will be considered "guests" under the Owners Club membership and will be required to pay a guest fee to use Club facilities. Additionally, each Unit Owner shall pay the

food minimums associated with membership in the Club and unless otherwise provided for by the Club such food minimums may be deemed met by tenants of Unit Owners.

19. Golf "Tee" Time. Declarant represents that the Unit Owners of Lots within the Inn of Entrada Properties will be guaranteed a minimum of sixteen percent (16%) of the tee times at the Entrada at Snow Canyon Club Golf Course from the date of recording this Annexing Amendment in the records of the Washington County Recorder through and including December 31, 2016 or one (1) year from the date the facilities and/or services of the Club are not made available to Members of the Association through no fault of Declarant, which ever first occurs.

20. Golf Easement and Hazards. Unit Owners and all persons entering upon The Inn of Entrada Properties are hereby expressly made aware of and are bound by the golf easements and assumptions of risk set forth in the Master Declaration. Additionally, Unit Owners and all persons entering upon The Inn of Entrada Properties are hereby expressly made aware of and assume all the risks of injury to persons (including death) and property associated with water features at The Inn of Entrada Properties. Further, Unit Owners and all persons entering upon The Inn of Entrada Properties agree not to enter into the water features for any reason.

21. Termination of Short-term Rentals. If for any reason the Club facilities and/or services are terminated and not made available to the Members of the Association, upon seventy five percent (75%) of all Members votes, the Association may terminate the right to use the Units for short-term rentals and the single family residential use limitations in the Master Declaration shall control.

22. Amendment. Any amendment to this Annexing Amendment shall require the affirmation of at least seventy-five percent (75%) of all Membership votes represented in person, by proxy, or by ballot at a meeting duly called for such purpose. Until December 31, 2016, any such amendment shall require the consent of the Declarant. In no event, however, shall any amendment further amend or alter the terms of the Master Declaration. 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. Notwithstanding the above, the Declarant, its successors and/or assigns shall have the right, until December 31, 2016, to unilaterally amend this Annexing Amendment.

23. Termination of Short Term Rentals. In the event the right to use the facilities of the Club is terminated by the Club, the Owners may elect to terminate the right to lease the Units on a short term basis upon the affirmative vote of seventy-five percent (75%) all the Membership votes represented in person, by proxy, or by ballot at a meeting duly called for such purpose. Such a vote shall be held upon the receipt by the Board of a petition signed by owners of at least ten (10) Units, but no such vote may be called more often than once in any twelve month period. In the event that the seventy-five percent (75%) vote is obtained to terminate the right of the Members to rent the Units on a short term basis, such termination shall be effective one year

from the date upon which such vote was approved. Notwithstanding the foregoing, until December 31, 2018, any such amendment shall require the consent of both the Declarant and the Owner.

24. Vote Distribution. The Association shall have the following two classes of voting membership:

(a) Class A. Class A Members shall be all the Unit Owners. Class A Members shall be entitled to one vote for each Lot which he or it owns. In no event, however, shall more than one Class A vote exist with respect to any Lot.

(b) Class B. The Class B member is the Declarant. The Class B member is entitled to fifteen (15) votes for each Lot owned. The Class B membership will cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) upon conveyance of ninety percent (90%) of the Lots subject to this Annexing Amendment to purchasers; or
- (ii) December 31, 2016.

25. Binding Effect. The Inn of Entrada Properties, including all Common and Limited Common Area and Lots therein, shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved only in accordance with the Master Declaration, as modified by this Annexing Amendment, which easements, covenants, restrictions, and charges shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in The Inn of Entrada Properties or any part thereof and shall inure to the benefit of each Unit Owner thereof.

IN WITNESS WHEREOF, Declarant and Owner have executed this Annexing Amendment and Amendment to the Second Restated and Amended Declaration of Covenants, Conditions, and Restrictions for Entrada at Snow Canyon (The Inn of Entrada) this _____ day of November 4th, 2004.

DECLARANT - THE ENTRADA COMPANY
A Utah Corporation

By:



Sherrie Prince

Its:

Vice President

"EXHIBIT A"

Beginning at a point S 89°01'38" E 811.97 feet along the section line and north 1061.51 feet from the southwest corner of section 3, township 42 south, range 16 west, salt lake base and meridian, said point being on the northerly right-of-way line of "Sinagua Trail" a 50.00 foot wide private street and running thence N 01°03'56" W 47.87 feet; thence N 58°15'38" E 248.11 feet; thence N 43°26'09" E 300.00 feet; thence N 14°19'30" W 547.92 feet; thence N 28°21'41" W 7.44 feet; thence N 51°27'36" E 121.64 feet to a point on the arc of a 1290.00 foot radius curve to the right (radius point bears S 53°53'09" W), said point also being on the southerly right-of-way line of "Snow Canyon Parkway" (a dedicated 80.00 foot wide public roadway); thence southeasterly 71.29 feet along the arc of said curve and right-of-way line to the point of tangency; thence S 32°56'52" E 638.63 feet along said right-of-way line; thence leaving said right-of-way line and running S 38°42'58" W 658.82 feet to a point on the arc of a 425.00 foot radius curve to the left (radius point bears S 39°35'20" W), said point also being on the northerly right-of-way line of "Sinagua Trail" a 50.00 foot wide private street; thence westerly 178.42 feet along the arc of said curve and right-of-way line to the point of a 500.00 foot radius compound curve; thence westerly 144.87 feet along the arc of said curve and right-of-way line to the point of tangency; thence S 88°56'04" W 47.88 feet along said right-of-way line to the point of beginning.

Contains 6.956 acres