

When recorded return to:
The Ridge Townhomes Association

DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE RIDGE TOWNHOMES

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DECLARATION
OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE RIDGE TOWNHOMES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE RIDGE TOWNHOMES (“Declaration”) is made by Lewis Homes, Inc., a Utah corporation (the “Declarant”).

RECITALS

- A. This Declaration shall be recorded against that certain real property located in Weber County, Utah described with particularity in Exhibit “A” (the “Property”).
- B. The Property is located in an area of unique natural beauty, featuring distinctive terrain;
- C. Declarant is the owner of the Property.
- D. By subjecting the Property to this Declaration, it is the desire, intent and purpose of Declarant to create a community in which the beauty of the surrounding area will be substantially preserved, which will enhance the desirability of living on the Property subject to this Declaration, and which will increase and preserve the attractiveness, quality and value of the real property and improvements therein.
- E. Declarant has constructed, is in the process of constructing, or will construct upon the Property a residential condominium project which shall include certain Units, Limited Common Area, Common Area, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Plat Map.
- F. Declarant intends to sell to various purchasers fee title to the individual Units contained within the Property, together with an appurtenant undivided ownership interest in the Common Area and a corresponding membership in the Association, subject to the Plat Map(s), and also subject to the covenants, conditions and restrictions set forth herein.
- G. Since the completion of the Project may be in Phases, the completed Project will consist of the original Phase and all subsequent Phases.
- H. Declarant desires, by filing this Declaration to submit Phase 1 of the Project and all improvements now or hereafter constructed thereon to the provisions of the Utah Condominium Ownership Act (the “**Condominium Act**”).
- I. The Project is to be known as "The Ridge Townhomes."

DECLARATION

It is acknowledged and agreed, by acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment regarding any portion of the Project, that the Governing Documents are intended to impose covenants, conditions, restrictions, and reservations effecting a common plan for a condominium development that is mutually beneficial to all of the described condominium units, and that the covenants, conditions, restrictions, reservations and common plan are binding upon the entire Project and upon each Unit as a parcel of realty, and upon such Unit's owners or possessors, and their respective heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Unit or any security interests therein without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or the sale of such Unit under any security instruments or similar documents.

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

ARTICLE 1 - DEFINITIONS

The following words when used in this Declaration (unless the context otherwise requires) shall have the following meanings:

1.1 “**Act**” or “**Acts**” individually or collectively means and refers to the Utah Condominium Ownership Act (Utah Code Section 57-8-1 *et. seq.*) and/or the Utah Revised Nonprofit Corporation Act (Utah Code Section 16-6a *et seq.*) as such Act(s) may be amended from time to time.

1.2 “**Additional Charges**” shall mean and refer cumulatively to all collection and administrative costs, including but not limited to attorney's fees, late charges, accruing interest, service fees, filing and recordation fees, and other expenditures incurred or charged by the Association.

1.3 “**Additional Land**” shall mean and refer to additional real property subject to Declarant's unilateral right to expand the Project as provided under Article 16 of this Declaration, which real property is more particularly described in Exhibit “B” which is attached hereto and incorporated herein by this reference.

1.4 “**Articles**” or “**Articles of Incorporation**” shall mean and refer to the Articles of Incorporation of the Association that have been filed with the State of Utah, as such Articles may be amended from time to time.

1.5 “**Assessment**” means any charge imposed or levied by the Association on or against an Owner or Unit pursuant to the provisions of the Governing Documents or any applicable law, including Annual Assessments, Special Assessments and any other Assessments which may be applicable to one or more Unit Owners.

1.6 “**Association**” means and refers to “The Ridge Townhomes Association”, or any other entity as the Association may be known and identified according to the records of the State of Utah Department of Commerce business entity records.

1.7 “**Board**” or “**Board of Directors**” shall mean and refer to the Board of Directors of the Association vested with the authority to manage the Project, and to maintain and enforce the Governing Documents. The term Management Committee as used in the Acts is synonymous and interchangeable with the term “Board” or “Board of Directors” as those terms may be used in the Governing Documents or the Acts. The terms “member of the Board”, “Board member” and “Director” are also synonymous.

1.8 “**Bylaws**” means the Bylaws of the Association, as they may be amended from time to time and which are attached hereto as Exhibit “C”.

1.9 “**Building(s)**” means, refers to, and includes:

- (a) Each building containing Units that comprise a part of the Project;
- (b) The clubhouse; and/or
- (c) Any other building or structure that may be located on the Project.

1.10 “**Common Area(s)**” means, refers to, and includes:

- (a) Any real property included within the Project, whether leasehold or in fee simple, including all Common Area Improvements constructed on such real property, excluding the individual Units;
- (b) Those portions of the Project that are owned, operated, controlled and/or managed by the Association for the common benefit of the Owners including, without limitation, any open spaces, storm water detention areas, and drainage easement areas;
- (c) All portions of the Project designated or described as Common Area pursuant to the Governing Documents and/or the Plat Maps;
- (d) All portions of the Project designated or described as Limited Common Area pursuant to the Governing Documents and/or the Plat Maps;
- (e) Those areas, facilities and improvements of the Project described under Section 2.5 of this Declaration; and
- (f) All other portions of the Project (excluding the individual Units) that are normally in common use by the Owners, or that are necessary or convenient to the Project’s use, existence, maintenance, safety, operation and/or management.

1.11 “**Common Area Improvements**” means, refers to, and includes any infrastructure, buildings, structures, facilities, equipment and improvements that have been or may be installed, constructed or attached on or to any portion of any Common Area.

Without limiting the generality of the foregoing, the term “Common Area Improvements” shall include:

- (a) All utility infrastructure, installations and equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Owners or more than one Owner, such as telephone, electricity, gas, water, sewer, and any master antenna, cable or satellite TV equipment, system or component that is installed or maintained by the Association and is available for use by all Owners or more than one Owner;
- (b) Any outdoor lighting, fences, landscaping, sidewalks, pathways, tables, benches, recreation facilities, Project entryway monumentation, and private streets or roadways;
- (c) Roof and gutter de-icing cable systems or equipment (or any other similar ice removal systems or equipment) that may be installed by the Association on any Building or any portion of the Common Areas;
- (d) Any improvements extending into or surrounding any Common Areas (including Limited Common Areas) that are intended for the common use, safety or benefit of one or more Owners, such as railings or dividing walls, or any outdoor water spigots that may be connected to the Project’s secondary water delivery system; and
- (e) In general, any and all apparatus, installations, improvements, structures, Buildings and facilities included within the Project that are intended and existing for the Owners’ common use or benefit including, without limitation, the clubhouse, mailbox banks, maintenance/storage buildings, swimming pool, hot-tub facilities, gazebos or similar recreational or landscaping features.

1.12 “**Common Expenses**” means and refers to:

- (a) Any sums lawfully assessed against the Owners;
- (b) Expenditures lawfully made or incurred by or on behalf of the Association for the administration, maintenance, repair, or replacement of the Common Areas (including any Common Area Improvements);
- (c) Administrative costs and expenses incurred by the Board in creating, revising, interpreting or enforcing the Governing Documents;
- (d) Any sums which are required by the Board and/or the Manager to perform or exercise their functions, duties or rights under the Acts or the Governing Documents;
- (e) Expenses related to the operation, management and regulation of the Project;
- (f) Any other expenses lawfully and reasonably allocated by the Association among the Owners as determined by a majority vote of the Board members;

- (g) Any sums deemed by the Board as necessary to address any budget deficit(s) remaining from any previous fiscal year(s);
- (h) Any sums deemed by the Board as necessary to create and/or maintain an adequate Reserve Fund; and
- (i) Any other expenses that are identified or defined as Common Expenses under the Acts or the Governing Documents.

1.13 “**Common Expense Fund**” means and refers to that fund more particularly described under Section 7.4, which is to be used to cover basic expenses related to the administration, maintenance, and management of the Association and Project including, without limitation, the Common Expenses and those expenses more particularly described under Section 4.3 of this Declaration.

1.14 “**Declaration**” means and refers to this Declaration of Covenants, Conditions, and Restrictions, as may be amended or supplemented from time to time.

1.15 “**Driveway**” means and refers to each of those areas located directly in front of each garage. Each Driveway located within the Project may be identified and labeled as a “Driveway” on the Plat Map(s). If the Plat Map(s) fails to identify the location or boundaries of any or all Driveways, it is generally understood and agreed that the boundaries of each Driveway shall generally consist of the entire width of paved area extending from the outside edge of the garage door to a point that will reasonably accommodate a vehicle that is no larger than a normal-sized car, van or sport utility vehicle, provided that (a) the operation or parking of such vehicle within the Project is not otherwise prohibited under the Governing Documents; and (b) the area required to accommodate such vehicle does not block or inhibit the path, movement or parking of any other vehicles. Each Driveway shall be designated as is a “Limited Common Area” as more particularly described under Subsection 2.6.2.

1.16 “**Eligible Mortgagee**” means and refers to any mortgagee, beneficiary under a trust deed, or lender who has requested written notice of certain matters from the Association in accordance with the Acts or this Declaration.

1.17 “**Governing Documents**” means and refers to the Plat Maps, the Articles of Incorporation, this Declaration, the Bylaws, and any Rules and Regulations of the Association as may be amended or supplemented from time to time.

1.18 “**Limited Common Area(s)**” means and refers to any portion of the Project that may be designated, described or identified in this Declaration and/or the Plat Maps as being set aside or reserved for, or appurtenant or limited to, the use of one or more (but less than all) Units to the exclusion of any other Units. Limited Common Areas may consist of areas such as, for example and without limitation, parking spaces, patios, courtyards, decks, and balconies, provided that such areas have been specifically identified, described and/or set aside or reserved for use by a certain Unit (or certain Units) pursuant to this Declaration, any Supplemental Declaration and/or the Plat Maps. The term “Limited Common Area(s)” also refers to those portions of the Project described under Section 2.6.

1.19 “**Manager**” shall mean and refer to any person and/or entity that may be retained by the Association to operate, manage, maintain and/or repair the Project by, among other matters, enforcing the Governing Documents. The obligations, duties and authority of the Manager shall be specified in a written agreement that has been adopted and signed by the Manager and by the Board on behalf of the Association. The term “Manager” shall not refer to any person and/or entity (i.e. property manager, rental management company, etc.) that may be retained by any individual Owner(s) to manage and/or rent their Unit(s).

1.20 “**Majority of the Owners**” means more than Fifty Percent (50%) of the total Percentage Interest.

1.21 “**Member**” shall mean and refer to the Owner of a Unit (whether or not such Unit serves as the Owner’s primary residence). Each Member is entitled to participate in decisions made by the Association. Each Owner shall be a Member of the Association and shall be entitled to one membership for each Unit so owned. The term “Member” shall not refer to any tenant, guest or other non-Owner occupant of any Unit. The term “Member” and “Owner” shall be deemed as synonymous under the Governing Documents.

1.22 “**Mortgage**” means any mortgage or deed of trust encumbering any Unit and any other security interest existing by virtue of any other form of security instrument or arrangement, provided that an instrument evidencing any such mortgage, deed of trust or other form of security instrument or arrangement has been recorded with the Recorder's Office. The term “Mortgage” shall not mean or refer to an executory contract of sale.

1.23 “**Mortgagee**” means the person or entity secured by a Mortgage. The term “Mortgagee” shall not mean or refer to a seller under an executory contract of sale.

1.24 “**Owner**” shall mean and refer to the owner(s) of record of any Unit according to the Recorder’s Office. As used in this Declaration, the term “Owner” does not include a mortgagee, a beneficiary or trustee under a deed of trust, or any other person or entity holding a security interest in a Unit unless and until such party has acquired title to the Unit pursuant to foreclosure or any arrangement or proceeding in lieu thereof. The term “Owner” and “Member” shall be deemed as synonymous under the Governing Documents.

1.25 “**Percentage Interest**” means and refers to the percentage of undivided ownership interest of each Unit Owner in the Common Areas. The Percentage Interest of each Unit Owner shall be calculated by dividing the number “1” by the total number of Units in the Project that (a) have been completed as demonstrated by the County’s issuance of a Certificate of Occupancy; and (b) have been made subject to the terms and conditions of this Declaration.

1.26 “**Period of Declarant’s Control**” means and refers to a period of time commencing on the date this Declaration is recorded and terminating on the occurrence of the earliest of the following events: (a) six (6) years from the date upon which this Declaration has been recorded in the Recorder’s Office, (b) the later of the date upon which (i) Units to which three-fourths of the undivided interest in the Common Areas and Common Area Improvements appertain have been conveyed, or (ii) all Additional Land has been annexed into the Project as demonstrated by

the recording of Supplemental Declaration(s) in the Recorder's Office, or (c) the date upon which Declarant has recorded a written waiver of Declarant's right to control the Project.

1.27 “**Phase**” shall mean and refer to a particular stage or area of development within the Project as designated by the Declarant.

1.28 “**Plat Map(s)**” means any plat or plats of survey of land and condominium units prepared in accordance with Section 57-8-13 of the Condominium Act and recorded in the Recorder's Office, and any other plats that may be so prepared and recorded as a substitution to or amendment of such plat or plats of survey of land and condominium units.

1.29 “**Project**” means all of the real property described in Exhibit “A”, which is attached to and made part of this Declaration, including any and all Buildings, Units and Common Areas located on such real property, including all easements, rights, and appurtenances belonging thereto.

1.30 “**Recorder's Office**” means the Recorder's Office of Weber County, State of Utah.

1.31 “**Reserve Fund**” means and refers to that certain fund more particularly identified and described under Section 7.6, which shall be used to cover the cost of repairing, replacing, and restoring Common Areas, including Common Area Improvements that have a useful life of three (3) calendar years or more, but excluding any cost that can reasonably be funded from the Annual Budget (including the Common Expense Fund) or other funds of the Association. The Reserve Fund may also be used for other purposes as may be specified in this Declaration.

1.32 “**Rules and Regulations**” means and refers to those rules and regulations adopted or revised by the Board from time to time that are intended to further govern the Owners' use and enjoyment of the Project.

1.33 “**Supplemental Declaration**” means and refers to any supplement to this Declaration that has been adopted in the same manner that amendments to the Declaration may be made, adopted, and approved pursuant to Article 17 of this Declaration.

1.34 “**Unit**” means and refers to any separate physical part of the Project that is intended for independent use and ownership by an Owner, consisting of any rooms and spaces located within a Building containing Units as more particularly identified, described or depicted in this Declaration, any Supplemental Declaration and/or the Plat Maps. Without limiting the generality of the foregoing, the term “Unit” shall include any garage that is attached to a Unit, and the boundaries of each Unit shall be determined as set forth under Section 2.3 of this Declaration. Each Unit includes an undivided interest in the Common Areas that are appurtenant to such Unit. Units may be more specifically depicted and defined on the Plat Maps. Mechanical equipment and appurtenances located within any one Unit or located outside of said Unit but designated and designed to serve only that specific Unit, such as appliances, intercom systems, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, fixtures and the like, shall be considered part of the Unit, as shall be all decorated interiors, and all surfaces of the following: interior structural walls, floors and ceilings, windows, and window

frames, doors and door frames, consisting of, among other items and as appropriate, wallpaper, paint, trim, flooring, carpeting, tile and any other material constituting part of the finished surface or a wall, floor, or ceiling. All pipes, wires, conduits or other public utility lines or installations constituting part of the Unit and serving only that Unit (including any portion of any such pipes, wires, conduits that may extend through, into or beyond any Common Area), and any structural features or any other property of any kind, including fixtures and appliances located within such Unit which are removable without jeopardizing the soundness, safety, or usefulness of the remainder of the Building within which the Unit is situated, shall be considered part of the Unit.

ARTICLE 2 – DESCRIPTION OF PROJECT

2.1 Description of Land

The legal description of the land on which the Project is located is set forth in Exhibit “A” attached hereto.

2.2 Buildings and Improvements

As of the date that this Declaration has been executed by the Declarant, the Project is intended to eventually consist of twelve (12) Buildings that contain Units, with each Building containing four (4) Units. None of the Units shall have basements. The Project also includes Buildings that are solely owned and controlled by the Association such as the clubhouse. Each Building is a wood frame structure with concrete foundation and lathwork, exterior walls of various materials over interior studding and sheeting, asphalt shingle roofs, and double-pane windows. The interior partitions between Units consist of double stud walls divided by soundboard and faced with gypsum sheetrock. The interior floors are constructed of concrete or plywood construction covered by ceramic tile, wood flooring, carpet or vinyl floor coverings. Each Building is supplied with electricity, natural gas, water, sewage, and fire protection systems. Other improvements that may comprise the Project are more fully depicted or described in the Plat Maps. The Plat Maps identify, describe and locate the Buildings, Units and certain Common Areas (including certain Limited Common Areas) that are included within the Project.

2.3 Unit Location and Description

As of the date that this Declaration has been executed by the Declarant, the Project is intended to include a total of Forty-Eighty (48) Units. Each Unit is to be depicted in the Plat Maps and identified by a specific numeral designation. The Plat Maps shall also depict and describe various Limited Common Areas. All Units shall be capable of being independently owned, encumbered, and conveyed. Each Unit shall include that portion of the Building containing the Unit with the boundaries of the Unit determined in the following manner:

- a. The upper boundary of the Unit shall be the plane of the lower surface of the uppermost ceiling.

- b. The lower boundary of the Unit shall be the plane of the upper surface of the lowermost floor; and
- c. The vertical boundaries of the Unit shall be the interior surface of the perimeter walls of the Building bounding a Unit.

2.4 Access to Common Area Walkways

Each Unit has direct and perpetual access to the Common Area walkways.

2.5 Common Areas

Except as otherwise provided in this Declaration, the Common Areas shall consist of those areas, facilities and improvements of the Project that are described under Section 1.9 of this Declaration, and as described and depicted in the Plat Maps. Such Common Areas generally constitute all parts of the Project except the Units. Without limiting the generality of the foregoing, the Common Areas shall include the following, whether located within the boundaries of a Unit or not:

- (a) All structural parts of those Buildings containing Units, including, without limitation, foundations, perimeter and bearing walls, joists, beams, supports, and roofs;
- (b) All additions or improvements to the structural parts of those Buildings containing Units;
- (c) Any parking spaces or parking areas that are not Limited Common Areas;
- (d) Entryways, exterior stairways, landscaped and planted areas, and any private streets, roadways or thoroughfares that may be located within the Project;
- (e) Any utility pipe, line, system or other infrastructure servicing more than a single Unit, and all ducts, wires, conduits and other accessories used therewith;
- (f) All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated by the Association as Common Areas; and
- (g) All repairs, refurbishments or replacements of any of the foregoing.

Common Areas of the Project shall also include any Limited Common Areas. However, as more particularly set forth in the Governing Documents, the manner in which Limited Common Areas are owned, used, controlled, maintained, repaired and replaced may differ from the manner in which Common Areas are owned, used, controlled, maintained, repaired and replaced.

2.6 Limited Common Areas

The Limited Common Areas are those areas of the Project that are set aside or reserved for use by a certain Unit (or certain Units) to the exclusion of any other Units. Such Limited Common Areas are as follows:

2.6.1 Any balcony, deck, courtyard or patio area which is directly attached and/or accessed from a particular Unit or Units shall be the Limited Common Area of such Unit(s). The boundaries of any such balcony, deck, courtyard or patio area shall be defined by the interior surfaces of the any walls, floor, ceiling, doors, windows, ground, railings, fences, curbs or walkways enclosing or surrounding said balcony, deck, courtyard or patio areas.

2.6.2 Any Driveway that provides access to a garage shall be the Limited Common Area of the Unit to which such garage is attached. The Association may (but shall not be obligated to) mark the boundaries of any Driveway using painted striping or any other inconspicuous marking that has been approved by the Declarant (during the Period of Declarant's Control) or a Majority of the Owners (after the Period of Declarant's Control has expired).

2.6.3 As used throughout this Declaration, the term "courtyard" refers to those portions of the Project located in front of any exterior door which serves as the main entry to one or more Units.

2.6.4 As used in this Section 2.6, the term "interior surfaces" shall mean decorative finishes, stucco, drywall paper or any other similar material applied to or covering the surfaces of such walls, ceilings, ground or floor (including, for example, paint, wall paper, paneling, carpeting and tiles). Any such decorative finishes, coverings or similar materials shall be deemed a part of said Limited Common Area.

2.7 Percentage of Undivided Interest in Common Areas

The Percentage of Undivided Interest in Common Areas for each Unit shall be equal to that Unit's Percentage Interest as set forth under Section 1.26.

2.8 Title to Common Areas

Each Owner shall be entitled to an undivided percentage of undivided ownership interest in and to the Common Areas, free and clear of all liens (other than current years taxes, if any). However, Declarant shall hold title to the Common Area of each Phase until such time as that Phase has been annexed into the Project pursuant to a Supplemental Declaration that has been recorded in the Recorder's Office.

ARTICLE 3 - OWNERS' ASSOCIATION

3.1 Form of Association

The Association is a Utah nonprofit corporation organized under the laws of the State of Utah.

3.2 Membership

3.2.1 Qualification. Each Owner shall be a Member of the Association and shall be entitled to one membership for each Unit so owned. Ownership of a Unit shall be the sole qualification for membership in the Association.

3.2.2 Transfer of Membership. Each Owner's Association membership shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to said Unit and then only to the transferee of title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall automatically transfer the membership in the Association appurtenant thereto to the Unit's new Owner.

3.2.3 Mandatory Membership. Each Unit Owner is required to be a Member of the Association. Likewise, each purchaser of a Unit, by virtue of accepting a deed or other document of conveyance thereto, shall automatically become a Member of the Association. Membership may not be partitioned from the ownership of a Unit.

3.3 Voting

3.3.1 Voting Rights. The total collective voting power of the Owners shall be equal to the total number of Units in the Project that (a) have been completed as demonstrated by the County's issuance of a Certificate of Occupancy; and (b) have been made subject to the terms and conditions of this Declaration. The Owner of each Unit shall be entitled to one (1) vote. If there is more than one Owner for a particular Unit, the Owners of such Unit shall be entitled to one (1) vote.

3.3.2 Voting Owner. There shall be one "voting representative" for each Unit. If a person owns more than one Unit, that person shall have the votes for each Unit owned. For Units held in trust, the Owner shall be the acting trustee of the trust at the time. The voting representative for a particular Unit shall be designated by the Owner (or all Owners) of such Unit by written notice to the Board, and need not be an Owner of that Unit. This "voting representative" designation shall be revocable at any time by actual notice to the Board from a party having an ownership interest in a Unit, or by actual notice to the Board of the death or judicially declared incompetence of any party with an ownership interest in that Unit. This power of designation and revocation may be exercised by the guardian of a Unit Owner or by the administrators or executors of an Owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made, the voting representative of each Unit shall be the group composed of all of its Owners.

3.3.3 Joint Owner Disputes. The vote for a Unit must be cast as a single vote, and fractional votes shall not be allowed. In the event that the joint Owners of a Unit are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one vote is cast for a particular Unit, none of said votes shall be counted and said votes shall be deemed void.

3.3.4 Pledged Votes. In the event the record Owner or Owners have pledged their vote regarding special matters to a mortgagee or beneficiary of a deed of trust under a duly recorded mortgage or deed of trust, or to the vendor under a duly recorded real estate contract, only the vote of such mortgagee, beneficiary, or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with such a pledge has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, deed of trust beneficiaries, and vendors, if any.

3.3.5 Mail-In Ballots. In any instance where voting on a matter is permitted or required herein, such vote may be carried out without a meeting by mail-in ballot sent to all Owners entitled to vote on the matter pursuant to the applicable procedures set forth in the Bylaws, and the approval of a majority of the votes actually cast shall be sufficient to approve such matter, except where a different threshold is specifically required by the Acts or by the Governing Documents.

3.3.6 Electronic Ballots. As of the date of the recording of this Declaration, electronic ballots are not permitted under the Acts or any other applicable Utah law, rule or regulation. In the event such electronic ballots are at any time permitted under any applicable Utah law, rule or regulation, in any instance where voting on a matter is permitted or required, such vote may be carried out without a meeting by electronic ballot by all Owners entitled to vote on the matter pursuant to the applicable procedures set forth in the Bylaws, and the approval of a majority of the votes actually cast shall be sufficient to approve such matter, except where a different threshold is specifically required by the Acts or by the Governing Documents.

3.4 Bylaws of Association

3.4.1 Adoption of Bylaws

Bylaws for the administration of the Association and the Project and for other purposes not inconsistent with the Acts or with the intent of this Declaration, have been adopted by the Association and a copy of such Bylaws is attached to this Declaration as Exhibit "C".

3.4.2 Bylaws Provisions

The Bylaws may contain supplementary provisions, not inconsistent with this Declaration, regarding the operation and administration of the Project. The Bylaws shall establish requirements for establishing a quorum, ordering of meetings, and details regarding the giving of notice as may be required for the proper administration of the Association and the Project.

3.5 Attorney in Fact

Each Owner, by the mere act of becoming an Owner or contract purchaser of a Unit, irrevocably appoints the Association as such Owner's attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association, including but not limited to the duties to manage, operate, maintain, repair and improve the Project, to negotiate with insurance carriers upon damage or destruction to the Project or any portion thereof, and to secure insurance proceeds.

ARTICLE 4 – BOARD OF DIRECTORS

4.1 Board Purpose

Administrative, management, and enforcement authority of the Association is vested in the Board of Directors, which shall be elected by, from, and among the Owners pursuant to the Bylaws. The Board, for the benefit of the Association and the Owners, shall administer, manage and enforce the provisions of the Governing Documents and shall have all powers and authority permitted to the Board under the Acts and the Governing Documents. The Board shall elect officers from among the Board members pursuant to the Bylaws. The Board may delegate all or any portion of the Board's authority to a Manager, or in such other manner as may be permitted under the Governing Documents.

4.2 Board Approvals

Any actions requiring Board approval under the Governing Documents including, without limitation, any actions the Board is permitted to take or approve without prior approval of the Owners (such as, for example, the imposition of certain Special Assessments per Section 8.3 of this Declaration) must be adopted and approved by a majority vote of the Board (*i.e.* more than half of the Board members).

4.3 Board Authority

4.3.1 The Board shall acquire and shall pay for out of the Common Expense Fund any goods and services required for the proper functioning of the Association and the Project, including but not limited to the following:

(a) Utilities. The cost of any utilities that may be required for the Common Areas and/or benefit of the entire Project.

(b) Insurance. Policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage, fidelity of Association officers and Association agents or employees, and Director's and officer's liability or errors and omissions, as such policies are more fully described and required in this Declaration and in the Bylaws.

(c) Management Services. The services of persons or firms as required to properly manage and operate the affairs of the Association and/or the Project to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Areas, whether or not such personnel are employed directly by the Board or are furnished or employed by the Manager.

(d) Professional Services. Legal and accounting services necessary or proper in the management and operation of the Association's affairs, administration of the Common Areas, or the interpretation, modification, or enforcement of the Governing Documents.

(e) Maintenance of Common Area /Common Area Improvements. Maintenance, repair and/or replacement of any portion of the Common Areas, or any Common Area Improvements, as the Board shall determine as necessary and proper.

(f) Ice and Snow Removal. Contracting for, scheduling, arranging, and paying for the removal of ice and snow from certain portions of the Project as may be permitted or required under the Governing Documents. {sidewalks, exterior stairways, courtyards, Driveways, parking spaces, and private streets, roadways or thoroughfares located within the Project}

(g) Materials, Supplies and Labor. Materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure by law, or which in the Board's reasonable opinion shall be necessary or proper for the operation of the Common Areas or for the enforcement of the Governing Documents; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for or imposed upon any particular Units or their Owners, the cost thereof may be charged to or recovered from the Owner(s) of such Units via Special Assessment as reasonably determined by a majority vote of the Board.

(h) Unit Maintenance Services. Maintenance and repair of any Unit, including its appurtenances, improvements, equipment or appliances if (i) such maintenance or repair is reasonably necessary in the discretion of the Board to protect the Common Areas or preserve the appearance and value of the Project and (ii) the Owner(s) of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to such Owner(s); provided that the Board shall levy a Special Assessment against the Unit of such Owner(s) for the cost of such maintenance or repair.

(i) Personal & Real Property. Acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interest therein, and dispose of the same by sale or otherwise; and the beneficial interest in such property shall be owned by the Owners in the same proportion as their Percentage Interest, and such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct. The Board shall not, however, in any case acquire real property or personal property (other than for purposes of restoring, repairing or

replacing portions of the Common Areas) valued in excess of Five Thousand Dollars (\$5,000) by lease or purchase without the approval of a Majority of the Owners.

(j) Lien Discharge. Pay any amount necessary to discharge any lien or encumbrance levied against the Project or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Project or against the Common Areas, rather than merely against the interest therein of any particular Owner(s). Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs and expenses incurred by the Board by reason of such lien or liens shall be assessed against the Owners and the Unit responsible to the extent of their responsibility.

(k) Capital Improvements. All expenses for capital additions or improvements shall be governed by and subject to the following conditions, limitations and restrictions:

i. Board Discretion/Expenditure Limit. Any particular capital improvement to the Project which costs ten percent (10%) or less of the total Annual Budget (the “**Capital Improvement Ceiling**”), and does not alter the nature of the Project, may be authorized by a majority vote of the Board without the Owners’ input or approval; provided, however, that the Board may authorize such a capital improvement without the Owners’ input or approval no more than once during any given fiscal year.

ii. Owner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed the Capital Improvement Ceiling must be authorized by at least a Majority of the Owners.

4.3.2 Not for Profit. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all or any of the Owners.

4.3.3 Right to Contract. The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the Common Expense Fund. The Board may delegate such powers to a Manager subject to the terms and conditions of the Governing Documents.

4.3.4 Board Access. The Board and its agents or designees, may enter and access any Common Area at any time, and may enter and access any Unit or any Limited Common Area in accordance with Section 5.6.

4.4 Delegation of Board Authority

The Board may delegate management responsibilities to a Manager pursuant to a written contract between the Manager and the Board on behalf of the Association. The Manager shall not be an employee of the Association and must be retained as an independent contractor. The termination provision of any such contract between the Association and the Manager must not include a termination penalty or any advance notice of any more than sixty (60) calendar days, and no such contract shall be for a cumulative term (including the initial term and renewal terms)

of more than three (3) calendar years. The Manager may employ general laborers, grounds crew, maintenance, bookkeeping, administrative and clerical personnel as necessary to perform its management responsibilities. Provided, however, any management contract must be terminable with or without cause upon no less than thirty (30) calendar days written notice provided by the Board.

ARTICLE 5 – PROJECT OPERATION AND MAINTENANCE

5.1 Unit Maintenance

5.1.1 General Unit Maintenance. Subject to the Governing Documents, each Owner shall, at such Owner's sole expense, have the duty to maintain, repair and replace his or her Unit including, without limitation, any and all equipment, appliances, appurtenances, improvements, and/or fixtures servicing or attached to his or her Unit, including any damage not covered by insurance. By example, and without limitation of the previous sentence, each Owner shall, at such Owner's sole expense, have the duty to maintain, repair and replace any and all windows and window systems, screens, doors and door systems, garage doors and garage door systems, as well as any fan units (including fans, fan motors, and fan enclosures), bathroom fan units and in-ceiling fan units, plumbing fixtures, water heaters, systems and lateral pipes or valves servicing only his or her Unit, including any damage not covered by an insurance claim.

Each Unit shall be maintained so as not to detract from the health, safety or uniform appearance of the Project and so as not to adversely impact the value or use of any other Unit. Each Owner shall keep his or her Unit clean, safe, and in a sanitary condition. The Board may, by rule, adopt, promulgate and enforce further requirements for the repair and maintenance of a Unit required for each Owner, in accordance with the terms of this Declaration and/or the Bylaws.

Owners are strictly prohibited from performing any repair, replacement or maintenance of any portion of the Project that may, in any manner whatsoever, impact or alter the exterior appearance of any Building without obtaining the prior written permission of the Board of Directors. The replacement, repair or maintenance referenced in the prior sentence includes, by example and without limitation, the repair, replacement or maintenance of any exterior doors, windows, or any other exterior portion or surface of the Project.

5.1.2 Maintenance of Unit Interior Surfaces and Fixtures. Without limiting the generality of Section 5.1.1, each Owner shall have the right and the duty at his or her sole cost and expense to maintain, repair, paint, paper, panel, plaster, tile, and finish the interior surfaces of the ceilings, floors, window frames, door frames, trim, and the perimeter walls of his or her Unit and the surfaces of the bearing walls located within his or her Unit and shall not permit or commit waste of such Unit or the Common Areas. Each Owner and his or her agent has the right to maintain, repair, paint, finish, alter, substitute, add or remove any fixtures attached to said ceilings, floors or walls. However, no Owner shall interfere with or cause damage to the structural integrity of any Building or interfere with the use and enjoyment of the Common Areas or any of the other Units. This Subsection shall not be construed to limit the powers or

obligations of the Board hereunder. Except as otherwise specifically provided under this Declaration, or required by law, all costs associated with the maintenance and repair of any Unit, whether performed by or at the direction of the Board or of the Unit Owner shall be the sole responsibility of the Owner(s) of such Unit.

5.1.3 Removal/Alteration of Common Walls. Pursuant to Section 57-8-4.5 of the Condominium Act, if an Owner has acquired two Units that share a common wall, he or she may remove or alter such common wall, or may create a doorway or other opening in such common wall that separates the Units, provided the Owner has first obtained the Board's written consent, which consent may be withheld to the extent permitted by the Acts or the provisions of any other applicable law, rule or regulation.

5.1.3.1 An Owner may not remove or alter such common wall, nor create a doorway or other opening in such common wall, if doing so would:

- (a) damage or impair the structural integrity or mechanical systems of the Building or either Unit or any other Units;
- (b) reduce the support or functionality of any portion of the Common Areas and/or Common Area Improvements, or the support or functionality of another Unit; or
- (c) constitute a violation of Utah Code Section 10-9a-608 or Section 17-27a-608, as applicable, any local government land use ordinance, or any building code.

5.1.3.2 Any Owner who wishes to remove or alter such a common wall, or create a doorway or other opening in such common wall, **must first submit to the Board**, at the Owner's expense, a registered professional engineer's or registered architect's opinion stating that the Owner's intended actions regarding the common wall will not: (a) damage or impair the structural integrity or mechanical systems of the Building or either Unit or any other Units; (b) reduce the support or functionality of any portion of the Common Areas and/or Common Area Improvements, or the support or functionality of another Unit; or (c) compromise any structural components of the Building or either Unit or any other Units.

5.1.3.3 Any Owner who wishes to remove or alter such a common wall, or create a doorway or other opening in such common wall, must pay all legal fees and other expenses of the Association related to the Owner's proposed actions related to the common wall.

5.1.3.4 If the Board grants an Owner permission to remove or alter such a common wall, or create a doorway or other opening in such common wall, such action will not alter the Owner's Assessment obligations or voting rights associated with each Unit as provided under the Governing Documents.

5.1.3.5 If an Owner wishes to reconstruct any common wall that was partially or completely removed pursuant to this Section 5.1, that Owner must first obtain the Board's written consent, and the Owner must engage the services of a contractor that is adequately qualified, bonded and insured to perform such work. Such common wall must be reconstructed in a manner that does not: (a) damage or impair the structural integrity or mechanical systems of the Building or either Unit or any other Units; (b) reduce the support or functionality of any

portion of the Common Areas and/or Common Area Improvements, or the support or functionality of another Unit; or (c) compromise any structural components of the Building or either Unit or any other Units. The common wall must also be reconstructed in a manner that meets or exceeds the quality and specifications of other such common walls in the Project (e.g. dimensions, quality of materials, sound-proofing, etc.) as determined by the Board.

5.2 Unit Interior Changes – Approval & Deposit Required

5.2.1 A Unit Owner may not make any improvement or alteration to his or her Unit: (1) that results in the substitution of different types of materials, facilities, apparatus and components from those originally installed, (2) that constitutes a structural change, such as moving, removing, adding, or altering walls, doorways, and the like, or (3) that affects any Common Area, Limited Common Area, or any other Unit, without first submitting detailed plans therefor to the Board and obtaining the Board's written approval of such plans and changes. In the event such plans and changes are approved by the Board, the Owner shall, in advance of such work, deliver to the Association a security deposit in an amount to be determined by the Board. All local codes shall be adhered to and all applicable permits must be obtained by the Owner prior to commencement of any such work. All construction activities, including clean-up, access by workers, acceptable work hours, etc., must be performed in accordance with standards and regulations set forth by the Association.

5.2.2 A Unit Owner may not, without the prior written consent of the Board, install or erect any improvement, mechanical system or fixture (including, but not limited to, a satellite dish except as otherwise specifically provided under Section 6.13) that either: (1) protrudes beyond the boundaries of his or her Unit or Limited Common Area; or (2) is located outside his or her Unit (even if located within the Limited Common Area that is appurtenant to such Unit).

5.3 Exterior Appearance

In order to preserve a uniform exterior appearance of the Project, no exterior changes whatsoever shall be commenced, erected, maintained, made or done by any Owner to the exterior of any Unit or to any Limited Common Area (e.g. Driveways, parking spaces, patios, courtyards, decks, balconies, etc.) without the prior written approval of the Board. The Board shall have sole discretion to establish, regulate and determine the exterior appearance of the Buildings. The Board may require and otherwise regulate painting and other decorative finishing of the Buildings including, without limitation, any Common Areas (including Limited Common Areas) and prescribe the type and color of such decorative finishes, and may prohibit, require or regulate any modification or decoration of such Buildings, including Common Areas or Limited Common Areas undertaken or proposed by any Owner. This power of the Board extends to screens, doors, windows, awnings, railings or any other visible portions of each Unit and each Building. No aluminum foil, newspapers, or any other similar materials may be used to cover the interior or exterior side of any windows of any Unit. Sunshades are not allowed on the exterior of any Building, unless the color, style, construction material, installation method, and uniformity of appearance have been approved by the Board in advance and in writing.

5.4 Certain Work Prohibited

Notwithstanding any other provisions of the Governing Documents, no Owner shall do any work or make any alterations or changes which would jeopardize the soundness or safety of any portion of the Project, reduce its value or impair any easement or hereditament, without in every such case the unanimous written consent of all the other Owners being first obtained.

5.5 Access to Units and Limited Common Areas

As set forth under Section 57-8-7 of the Condominium Act, the Board and its agents or designees (including the Manager) may, only after reasonable notice has been delivered to the occupant of a particular Unit or Limited Common Area, access such Unit or Limited Common Area: (A) from time to time during reasonable hours, as may be necessary for the maintenance, repair, or replacement of any Common Areas or Common Area Improvements; or (B) for the purpose of making emergency repairs.

Any such entry made for the purpose of non-emergency maintenance, repair, or replacement of any Common Areas or Common Area Improvements shall be made with as little inconvenience to the occupant of such Unit or Limited Common Area as reasonably practicable, and any damage caused to such Unit or Limited Common Area (or to any Common Area or Common Area Improvements) shall be repaired by the Board and paid for out of the Common Expense Fund.

In the event any such entry into a Unit or Limited Common Area is made for the purpose of emergency repairs, any damage caused to such Unit or Limited Common Area (or to any Common Area or Common Area Improvements) shall be repaired by the Board and paid for out of the Common Expense Fund, unless such entry was made for the purpose of emergency repairs which resulted from the actions or inactions of the Owner or any occupant of a particular Unit or Limited Common Area, in which case the cost of repairing any damage to any Units or Limited Common Areas (or damage to any Common Area or Common Area Improvements) shall be specially and specifically assessed to the Unit of the Owner or occupant whose actions or inactions caused the need for such emergency repairs. Likewise, if any repairs or maintenance were necessitated by or for the Unit or Limited Common Area entered, or were requested by the Owner or occupant of such Unit or Limited Common Area, the costs thereof shall be specially and specifically assessed to such Unit (or to the Unit to which such Limited Common Area is attached or appurtenant).

As used in this Section 5.5, the term “reasonable notice” means: (i) written notice that is hand delivered to the Unit (or the Unit to which the Limited Common Area is attached or appurtenant) no less than 24 hours prior to the proposed entry; (ii) in the case of emergency repairs, notice that is reasonable under the circumstances; or (iii) any other applicable definition of “reasonable notice” as may be set forth under the Condominium Act.

As used in this Section 5.5, the term “emergency repairs” means any repairs that, if not made in a timely manner, will likely result in immediate and substantial damage to any Common Area, Common Area Improvements, or another Unit or Units. 24-hour advance notice is not required in such emergency situations.

No Owner or occupant of any Unit or Limited Common Area shall unreasonably prevent, prohibit or delay access to such Unit or Limited Common Area by the Board, or by the Board's agents or designees, or by the Manager, in connection with any of the purposes described under this Section 5.5.

The Board and its agents or designees (including the Manager) may also enter a Unit or Limited Common Area in which, or as to which, any violation of the Governing Documents exists and correct, abate or remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist, as further set forth under Article 9 of this Declaration. Provided that the structure, thing, or condition requiring such correction, abatement or removal is not reasonably perceived by the Board or Manager to pose a threat to the safety of people, domestic animals or property, the Board or Manager will make every reasonable effort to provide the defaulting Owner or occupant of the Unit or Limited Common Area with no less than seventy-two (72) hours written notice prior to entering such Unit or Limited Common Area.

5.6 Limited Common Area Maintenance and Use

5.6.1 Limited Common Areas – Generally. The use, condition and appearance of Limited Common Areas may be regulated under the provisions of the Governing Documents. Unless otherwise specifically set forth in the Governing Documents, the care and maintenance of any Limited Common Area shall be the sole responsibility of the Owner(s) of the Unit(s) for which the use of such Limited Common Area has been limited, set aside or reserved. Owners may not, however, modify, paint or otherwise decorate, or in any way alter their respective Limited Common Areas without first obtaining the Board's prior written approval.

5.6.2 Shelters/Enclosures. Owners are strictly prohibited from placing, erecting or constructing any temporary or permanent shelters or enclosures on, in or around any patio, courtyard, balcony, deck, Driveway, parking space or similar Limited Common Area without first obtaining the prior written approval of the Board. All costs associated with, or arising out of the existence of, such shelters or enclosures including, without limitation, maintenance, installation, removal, repair, cleaning, damage (whether to any Common Area or to any Unit), insurance, or any other expenses or liabilities, regardless of whether there is fault or negligence, shall be the sole responsibility of the Owner of the Unit serviced by the shelter or enclosure. Any enclosed patio, courtyard, balcony, deck, Driveway, carport, parking space or similar Limited Common Area shall retain its original status as Limited Common Area, and shall not be deemed as part of any Unit or an interest in real property by virtue of its being enclosed. The Board may, from time to time, adopt, promulgate and enforce rules further regulating, clarifying or otherwise expanding the provisions of this Subsection 5.6.2.

5.6.3 Removal/Alteration of Limited Common Area Walls. If an Owner has acquired two Units that share a common wall or other partition that separates the Limited Common Areas of such Units, he or she may remove or alter such common wall or other partition, or may create a doorway or other opening in such common wall or other partition, provided the Owner has first obtained the Board's written consent, which consent may be withheld to the extent permitted by the Acts or the provisions of any other applicable law, rule or regulation.

Any Owner's request to remove or alter such common wall or other partition that separates Limited Common Areas, or create a doorway or other opening in such common wall or other partition, shall be subject to the restrictions and requirements set forth under Subsections 5.1.3.1 through 5.1.3.5.

5.6.4 Ice and Snow Removal. Each Owner must at all times keep his or her patio, courtyard, deck and/or balcony clear of ice and snow. Such ice and snow must be removed in a safe and prudent manner so as to avoid injury to any individuals, or damage to any personal or real property. If such ice and snow removal results in damage to any portion of any Common Area or Limited Common Area (for example, but without limitation, patio, courtyard, deck or balcony surface damage caused by ice chipping) the Association may repair such damage and impose on the Owner deemed by the Board as responsible for such damage a fine equal to the entire cost of such repair. An Owner will be held responsible and liable for injury to any individuals, or damage to any personal or real property, caused by the ice or snow removal activities of any third party (*i.e.* the Owner's tenant or guest, or any snow removal contractor). If the Association and/or Manager determines that an Owner has failed to properly keep his or her patio, deck and/or balcony clear of ice and snow, the Association and/or Manager may (but shall not be obligated to) cause the removal of such ice and snow, and the Owner will be charged for the entire cost of such removal.

Unless otherwise set forth in the Governing Documents, the Association shall be responsible for contracting for, scheduling, arranging, and paying for the removal of ice and snow from (A) all Driveways, parking spaces, and other parking areas located within the Project; and (B) certain sidewalks, courtyards, exterior stairways, and other walkways located within the Project as shall be reasonably determined by the Board.

If the Association and/or Manager fails, for any reason or no reason, to cause the removal of ice or snow from any of the Limited Common Areas described under this Section 5.6.4, neither the Association nor the Manager shall be held responsible or liable for any bodily injury, damage to any personal or real property, or any other damages that may be directly or indirectly caused by such ice or snow.

5.6.5 Attachment to Structural Elements. Owners are strictly prohibited from constructing, erecting or attaching any item, device or equipment to any structural elements of any Limited Common Area including, without limitation, any walls or railings that surround any patio, courtyard, deck or balcony. Owners must refrain from allowing any items (including, by example and without limitation, towels, clothing or hot tub covers) to hang from or dangle over the walls or railings of any patio, deck and/or balcony.

5.6.6 Damage or Injury. Each Owner will be personally liable, will be financially liable to the Association, and may be fined by the Association for any damage (beyond normal or reasonable wear and tear) caused to any Limited Common Area due to such Owner's actions or inactions in connection with such Limited Common Area.

Each Owner shall be held responsible for any damage or injury caused to any personal or real property, or to any individual, as a result of such Owner's failure to properly use, care for

and/or maintain his or her Limited Common Area(s) as required by this Section 5.6 and any other provisions of the Governing Documents.

5.7 Common Area Maintenance

5.7.1 Common Areas – Generally. The use, condition and appearance of Common Areas may be regulated under the provisions of the Governing Documents. The Association shall be responsible for the care and maintenance of the Common Areas.

5.7.2 Alterations to the Common Area. During the entire Period of Declarant’s Control, the Declarant may make changes to the design and construction of any improvements located in or on the Common Area without providing any advance notice to, and without obtaining the approval or permission, of the Board or the Association.

5.7.3 Limitations on Improvements by Association. During the entire Period of Declarant’s Control, neither the Association nor the Board shall, without the prior written consent of Declarant, make any improvement to or alteration in any of the Common Areas or Common Area Improvements that have been planned, designed, created or constructed by Declarant, other than such repairs, replacements, or similar efforts as may be necessary to properly maintain the Common Areas or Common Area Improvements as originally created or constructed by Declarant.

ARTICLE 6 – RESTRICTIONS ON USE

6.1 Residential Use

The Units shall be used for single-family residential purposes only, on an ownership, rental or lease basis; and for the common social, recreational or other reasonable uses normally incident to such purposes. Such use as a single-family residence shall be deemed to include accessory use as a professional office to the extent permitted by applicable zoning ordinances and to the extent customarily incidental to primary use as a residence.

6.2 Vehicle Parking

Driveways, parking spaces, and any other parking areas located within the Project may only be used for the parking of automobiles that are operative and have been properly registered with a governmental motor vehicles department or division. Motor homes, campers, trailers, boats, and other similar vehicles, items or equipment may not be parked or kept in such Driveways, parking spaces, or other parking areas unless specifically permitted under the Rules and Regulations as adopted by the Board. The Board may require removal of any vehicle or equipment that is inoperative or is not properly registered, or any unsightly vehicle or equipment, or any other equipment or item that is improperly stored in any Driveway, parking space, or other parking area. If such vehicle, equipment or item is not removed, the Board may cause removal at the risk and expense of the owner thereof. Use of all Driveways, carports, parking spaces, or any other parking areas within the Project may be further regulated by Rules and Regulations that may be adopted by the Board from time to time.

Recreational vehicles including, for example and without limitation, snowmobiles, off-road motor vehicles such as dirt bikes or ATVs may not be operated on any portion of the Project except as necessary for the loading or unloading of such vehicles.

6.3 Common Drive and Walks

Common drives, walks, corridors and stairways shall be used exclusively for normal transit and/or pedestrian traffic and no obstructions shall be placed thereon or therein except by prior written consent of the Board.

6.4 Retail or Commercial Activities

Retail or commercial activities are prohibited on any portion of the Common Areas, including on or in any Common Area Improvements including the clubhouse. The determination of whether or not a particular activity is retail or commercial in nature shall be made by a Majority of the Owners. Any such determination by a Majority of the Owner shall, at all times, be subject to any applicable Weber County ordinances or zoning related to retail or commercial activities within the Project.

The restriction on retail or commercial activities set forth in this Section 6.4 shall not apply to the Manager's activities related to management of the Project as directed by the Board including, without limitation, the Manager's occupancy and use of portion of the clubhouse.

6.5 Effect on Insurance

Nothing shall be done or kept in any Unit or in the Common Area that may increase the rate of insurance on the Common Areas or any Common Area Improvements or any Units without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his or her Unit or in the Common Areas or Limited Common Areas which will result in the cancellation of insurance on any Unit or any part of the Project, or which would be in violation of any applicable governmental laws, ordinances, rules or regulations.

6.6 Signs

No sign of any kind shall be displayed to the public view, on or from any Unit or Common Area or Limited Common Area, without the prior written consent of the Board. The Board may adopt and enforce specific rules regarding the posting of certain types of signs throughout the Project.

6.7 Hot Tubs

None of the decks, balconies or flooring of any Units located within the Project have been designed, engineered, or constructed to support any hot tub of any kind or size. As such, no hot tub of any kind or size may be temporarily or permanently placed or installed on any portion of any such deck or balcony or inside of any Unit. Likewise, no hot tub of any kind or size may be temporarily or permanently placed or installed on any portion of any courtyard located within the Project. The prohibition against the placement or installation of any hot tub inside of any

Unit shall not apply to any bathtub whirlpool, or similar fixture or equipment that would normally be installed in a residential bathroom.

Hot tubs may be placed or installed on the ground-level patio that serves as Limited Common Area for a particular Unit, provided that (a) such hot tub has been properly installed; (b) the electrical system servicing such hot tub has been properly installed by a licensed, bonded and insured electrician, and (c) no portion of the hot tub (including any pipes, wires, conduits or other utility lines or installations related to the use or operation of the hot tub) protrude or extend beyond the boundaries of the patio area.

Each Owner shall indemnify, defend, and hold harmless the Association, its officers, directors, managers, and other Owners, employees and agents from and against any and all claims, demands, suits, actions, losses, costs, damages, expenses, and liabilities of whatever kind or nature (including but not limited to reasonable attorney fees, litigation, court costs, and amounts paid in settlement or in discharge of judgments) howsoever caused, whether directly or indirectly resulting from, or in any way arising out of, or otherwise related to any Owner's (including their invitees, employees, agents, occupants, or tenants) construction, design, placement, use and/or maintenance of a hot tub on or in any portion of such Owner's Unit or Limited Common Area. Without in any way limiting the scope of the previous sentence, in the event an Owner's hot tub results in any form of damage to any portion of the Project (including, by example and without limitation, structural damage to any portion of any Building) that Owner shall be solely liable for any and all costs associated with the assessment and/or repair of such damage. The liability described in the previous sentence shall apply to the current Owner of the hot tub regardless of whether such hot tub was installed by a previous owner of the Unit or the developer of the Project. Any Owner who installs and/or maintains a hot tub in any portion of such Owner's Unit or Limited Common Area shall be solely responsible for the upkeep and maintenance of the hot tub, and shall hold the Association harmless and shall defend and indemnify the Association from any such costs.

6.8 Animals

6.8.1 General. Owners may only keep domestic animals in their Units. Owners are prohibited from keeping any wild or dangerous animals in their Units. In no event shall any Owner be permitted to raise, breed, keep or maintain any animals for any commercial purposes. No livestock or poultry of any kind shall be raised, bred or kept in any Unit or in the Common Areas.

6.8.2 Animals in Common Areas. No animal shall be permitted in any Common Areas unless carried in a carrier or properly controlled on a leash. All animal waste shall be promptly removed from the Common Areas (including Limited Common Areas) and be fully cleaned-up by the animal's owner.

6.8.3 Additional Board Rules. The Board may adopt additional rules restricting the maintenance and keeping of animals within the Project and their enforcement, including, without limitation, the assessment of fines to Owners who violate such rules.

6.9 Nuisances and Offensive Activity

No noxious, offensive, or illegal activity shall be carried on in any Unit or Common Area (including Limited Common Area), nor shall anything be done therein which may be or become an annoyance or nuisance to any other Owner (or to any guest, tenant or other occupant of any Unit) or which may cause damage to any Common Area (including any Limited Common Area).

6.10 Communication Devices

The installation or use, on or in any portion of the Project, of any broadcasting, receiving, satellite and/or wireless signal dishes, antennas or similar devices (collectively, "Communication Devices") that are not permitted and/or regulated by the Federal Communications Commission ("FCC") is prohibited. Communication Devices that are one meter in diameter or less, and designed to receive direct broadcast satellite service, including direct-to-home satellite service, and/or receive or transmit any wireless signals, may be installed only to the extent and in locations clearly allowed under local, state or federal law, and no cables used for signal reception shall be allowed in or through any visible portion of any Common Area that is not clearly designated as a Limited Common Area.

6.10.1 Common Areas. Owners are strictly prohibited from constructing, erecting or attaching any Communication Device(s) to any structural elements of any Common Area (including any Limited Common Area) including, without limitation, any walls or railings that surround or comprise such Common Areas. Any Communication Devices that are in any way placed or used in any Limited Common Area (e.g. tripod-mounted satellite dish) must be positioned, maintained and used in a safe and attractive manner and location. No Owner may install any Communication Device on the exterior, roof, or restricted areas of any Building. No Communication Device may extend beyond the boundaries of any Limited Common Area, or extend or hang beyond the walls or railings surrounding any Common Area (including any Limited Common Area). Owners may not drill holes in or through the exterior walls, doors or window frames, or the roof, of any Building in order to install any Communication Device or run cable from the Communication Device into the Owner's Unit.

6.10.2 Liability and Insurance. Owners are responsible for any injury or damage to persons or property caused by their Communication Device(s). Owners must purchase and maintain liability insurance for the use of any Communication Device, which insurance must name the Association as an additional insured. Owners shall provide the Board with proof of such insurance upon request.

6.10.3 FCC Rules. All Communication Device installations must be performed in complete compliance with all applicable laws, rules and regulations. If permits are required, Owner will obtain all such permits prior to installation. The provisions of this Section 6.10 are intended to comply with applicable FCC rules, as may be amended from time to time. All requirements of such FCC rules are hereby incorporated herein. In the event any portion of this Section 6.10 is held to conflict with any applicable laws, rules or regulations, those portions shall be deemed stricken and all other portions of this Section 6.10 regarding Communication Device installation, maintenance, use and insurance will remain in full force and effect.

6.10.4 Waiver. No requirements or restrictions of this Section 6.10 may be verbally waived or changed by the Board. Any such waiver or change will be effective only when placed in a writing, specifically stating the nature of the waiver, that has been approved by a majority vote of the Board. If any Owner receives the benefit of any waiver or change of the provisions of this Section 6.10, it shall be that Owner's responsibility and obligation to keep and safeguard the written waiver or change and to produce it upon any future request of the Board.

6.11 Leases and Short-term Rentals

Subject to laws, rules, or regulations that may be adopted by Weber County, there are no restrictions on the right of any Owner to lease, rent or otherwise grant occupancy rights to a Unit. Each Owner acknowledges and agrees that the Units may be rented on a daily, weekly, monthly, or other periodic basis, and that vacation and other short-term rentals are permitted.

Owners who rent their Unit must assume complete responsibility for the actions and behavior of their tenants and the guests of such tenants. Owners shall provide their tenants with a copy of the Governing Documents to ensure compliance. Any violation of any provision of the Governing Documents by any tenant, guest of tenant or any other occupant of the Unit may result in a fine being levied against the Unit, the payment of which shall be the sole responsibility of the Owner of that Unit.

6.12 Rules and Fines

The Board may, by rule or regulation, adopt, clarify, promulgate and/or enforce further requirements or restrictions regarding the use of any portion of the Project, and to ensure compliance with the general guidelines of this Article 6 and other provisions of the Governing Documents. The Board must place such Rules and Regulations in writing, and must furnish or make available to the Owners a complete copy of such rules and regulations.

Violations of any provisions of this Article 6, the Rules and Regulations or any other provisions of the Governing Documents may result in the imposition of a fine. Each Owner is accountable and responsible for the behavior of his or her residents, tenants guests and/or other occupants of such Owner's Unit. Fines levied against such residents, tenants guests and/or other occupants are the responsibility of the Owner.

The Board shall assess or impose fines in the following manner:

(a) Before assessing any fine against an Owner, the Board must first send the Owner written notice of the violation and inform the Owner that the fine will be imposed if the violation is not cured within the period of time provided in the Governing Documents which shall be no less than forty-eight (48) hours.

(b) Any fine assessed by the Board shall:

(1) be made only for the violation of a restrictive covenant, rule or regulation as specifically listed or described under the Governing Documents, the Acts or any other applicable law as an offense which is subject to a fine;

(2) be in an amount specifically provided for in the Governing Documents for that specific type of violation, provided that such amount shall not exceed \$500 per violation; and

(3) accrue interest and late fees as provided in the Governing Documents.

(c) Cumulative fines for a continuing violation may not exceed \$500 per month.

(d) An Owner who is assessed a fine may request an informal hearing to protest or dispute the fine within thirty (30) calendar days from the date the fine is assessed. The hearing shall be conducted in accordance with the standards provided in this Declaration, the Bylaws, or the Rules and Regulations. No interest or late fees may accrue until after the hearing has been conducted and a final decision has been rendered.

(e) If a written request for a hearing is not received by the Board within the thirty (30) calendar days set forth under Subsection (d), the right to such a hearing shall be waived, and the fine imposed will stand.

(f) A fine assessed under this Section 6.12 which remains unpaid after the time for appeal has expired becomes a lien against the Owner's interest in the Unit in accordance with the same standards as a lien for the nonpayment of any Assessment as provided in this Declaration.

(g) The Association shall be entitled to recover reasonable attorney fees, costs and expenses incurred in the enforcement of the Governing Documents, including the enforcement and collection of fines.

(h) The procedures set forth under this Section 6.12 are intended to be consistent with the requirements of Section 57-8-37 of the Condominium Act as of the date this Declaration is recorded in the Recorder's Office. The Association and the Board must at all times comply with any amendments to the Condominium Act that may govern the manner in which fines are assessed, imposed and/or collected.

ARTICLE 7 – BUDGET AND EXPENSES

7.1 Association Budget and Estimated Expenses

7.1.1 Annual Budget. No later than thirty (30) calendar days prior to the Association's annual meeting, the Board (or the Manager as may be directed by the Board) shall prepare and deliver to the Owners a proposed budget (the "**Annual Budget**") which shall set forth an itemization of all expenditures for the fiscal year (commencing on January 1st and ending December 31st) in which the annual meeting is required to be held pursuant to the Bylaws. The Annual Budget shall be based upon estimated cash requirements by the Board to provide for the payment of all expenses growing out of or connected with the administration, operation and maintenance of the Project during such fiscal year. The Annual Budget shall itemize the estimated costs for any and all Common Expenses, anticipated receipts (if any), any deficit or surplus from prior operating periods, and shall also include the Reserve Fund Line Item for such

fiscal year as described under Section 7.2 of this Declaration. The Annual Budget shall serve as the supporting document for the Annual Assessment for the fiscal year to which the Annual Budget applies, and as a major guideline under which the Project shall be operated and managed during such fiscal year.

7.1.2 Annual Budget Shortfall. If the sum estimated and budgeted for the Annual Budget at any time proves inadequate for any reason the Board may impose a Special Assessment pursuant to Subsection 8.3.1, below. By way of example, and not limitation, such a shortfall in the Annual Budget may be caused by the failure of any individual Owner (or group of Owners) to pay their Annual or Special Assessment(s), or could result from any unanticipated increase in Common Expenses caused by, for example, increased snow removal costs due to rising fuel costs or heavy snowfall.

7.1.3 Approval of Annual Budget and Annual Assessments. The Annual Budget and Annual Assessments may be reviewed and revised by the Owners at any annual meeting, or at any special meeting called for such purpose pursuant to the requirements for calling a special meeting set forth in the Bylaws. The proposed Annual Budget and Annual Assessments shall become effective unless specifically disapproved at the annual Association meeting (or any special meeting) pursuant to a vote of disapproval by at least a Majority of the Owners. If such Annual Budget and Annual Assessments are not specifically disapproved by a Majority of the Owners the Annual Budget and Annual Assessments shall be deemed approved. Notwithstanding the foregoing, however, if the Association's membership disapproves the proposed Annual Budget and Annual Assessments, or the Board fails for any reason to establish the Annual Budget and Annual Assessments for the fiscal year in which the annual meeting is required to be held pursuant to the Bylaws, until such time as a new Annual Budget and new schedule of Annual Assessments has been established, the Annual Budget and the Annual Assessments in effect for the previous fiscal year shall continue for the succeeding fiscal year.

7.2 Reserve Fund Line Item

The purpose of this Section 7.2 is to comply with Section 57-8-7.5 of the Condominium Act, as may be periodically amended.

7.2.1 Determination of Reserve Fund Line Item. In calculating, formulating or determining its Annual Budget, the Association must include a "**Reserve Fund Line Item**" which shall be used to fund the Reserve Fund. The Reserve Fund Line Item shall be in: (A) an amount the Board determines, based upon the reserve analysis, to be prudent; or (B) a higher amount if the Board reasonably determines that such higher amount is required in order to properly maintain or replenish the Reserve Fund as a result of, for example and without limitation, an unexpected depletion of the Reserve Fund due to the repair, replacement, or restoration of Common Areas and/or Common Area Improvements that were not anticipated or accounted for as part of the Association's most recent reserve analysis.

7.2.2 Veto of Reserve Fund Line Item. No later than forty-five (45) calendar days after the day on which the Association adopts the Annual Budget, the Reserve Fund Line Item may be vetoed by the Owners (at a special meeting called by the Owners for the purpose of voting

whether to veto the Reserve Fund Line Item) collectively holding at least fifty-one percent (51%) of the Percentage Interest.

If the Owners veto the Reserve Fund Line Item as provided under this Subsection 7.2.2, and a Reserve Fund Line Item exists in a previously approved Annual Budget that was not vetoed, the Association shall fund the Reserve Account in accordance with that prior Reserve Fund Line Item.

7.2.3 Owner Legal Action. If the Association fails to comply with the requirements of Section 57-8-7.5 of the Condominium Act and/or any provisions of this Declaration pertaining to the Reserve Fund Line Item, and the Association fails to remedy such noncompliance within the time period specified under Section 57-8-7.5 of the Condominium Act, any Owner may file an action in state court for damages or remedies pursuant to Section 57-8-7.5 of the Condominium Act.

7.3 Common Expenses / Bulk-Billed Utilities

As of the recording of this Declaration, the Condominium Act provides that the term “Common Expenses” includes any expenses that are agreed upon as Common Expenses by the Association, and that such Common Expenses must be charged to the Owners according to their respective Percentage Interest.

In order to provide the Association with greater flexibility regarding the manner in which certain expenses are charged to the Owners, as used in this Declaration, the term “Common Expenses” shall not include the cost of any Bulk-Billed Utilities. The term “**Bulk-Billed Utilities**” means and refers to any utilities that serve the entire Project or are made available by the utility provider to all of the Units, and are billed by the utility provider directly to the Association. Such utilities may include, without limitation, water, sewer, cable or satellite TV services, telephone, Internet, or any other similar utilities.

By excluding such Bulk-Billed Utilities from Common Expenses, the Association shall have the option of charging to the Owners the cost for any Bulk-Billed Utility on either (i) a per Unit basis, (ii) a Percentage Interest basis, or (iii) according to each Unit’s actual use of such utility, provided that the use of such utility by each Unit may be reasonably determined or measured. The manner in which any particular Bulk-Billed Utility is charged to the Owners shall be determined by a majority vote of the Board. If the Board is unable to obtain such a majority vote of the Board members, the manner in which that Bulk-Billed Utility is charged to the Owners shall be determined by a Majority of the Owners.

In the event Owners are charged for the cost of any Bulk-Billed Utility, such cost shall be itemized and identified separate from any Assessments. The Association may elect to bill Owners for the cost of any Bulk-Billed Utility either separately or on the same invoice as any Assessments, provided however that the cost of such Bulk-Billed Utility must be separately itemized and identified on such invoice. As set forth under Subsection 8.1.7, any payments received by the Association from Owners shall be applied in the following order: (i) Additional Charges, (ii) past due Assessments, (iii) currently due Assessments; (iv) Bulk-Billed Utility charges.

7.4 Common Expense Fund

With the exception of those amounts that may be set aside and deposited into the Reserve Fund, or any amounts the Board may elect to deposit into a similar separate special fund (*i.e.* special capital improvement fund, or any fund the Board may establish in order to cover maintenance of specific Common Area Improvements, etc.), the total amount of any and all Assessments paid by the Owners shall be deposited into the Common Expense Fund.

7.5 Reserve Analysis

7.5.1 Reserve Analysis Frequency. As required by the Condominium Act, the Board shall cause a reserve analysis to be conducted no less frequently than every six (6) calendar years; and subsequently review and, if necessary, update a previously conducted reserve analysis no less frequently than every three (3) calendar years.

7.5.2 Reserve Analysis Purpose. As set forth under Section 57-8-7.5 of the Condominium Act, the purpose of the reserve analysis is to determine: (a) the need for a Reserve Fund to accumulate money to cover the cost of repairing, replacing, or restoring Common Areas and/or Common Area Improvements that have a useful life of three (3) years or more and a remaining useful life of less than thirty (30) years, if the cost cannot reasonably be funded from the Annual Budget (including the Common Expense Fund) or other funds of the Association; and (b) the appropriate amount of the Reserve Fund.

7.5.3 Reserve Analysis Contents. The contents of the reserve analysis, and the manner in which the reserve analysis is reported to the Owners, must comply with the requirements of the Condominium Act, as may be periodically amended. The Board may conduct a reserve analysis itself or may engage a reliable person or organization, as determined by the Board, to conduct the reserve analysis.

7.6 Reserve Fund

7.6.1 Purpose of Reserve Fund. In addition to the purposes for which a Reserve Fund is to be established as described under Subsection 7.5.2, or any other provisions of this Declaration, the Reserve Fund may also be used to pay for unexpected operating expenses and capital improvements, provided that the costs for such unexpected operating expenses and capital improvements cannot reasonably be funded through the Annual Budget, or from the Common Expense Fund or other funds of the Association.

7.6.2 Funding of Reserve Fund. The Reserve Fund shall be funded via the Reserve Fund Line Item described under Section 7.2 of this Declaration. The Reserve Fund may also be funded via Special Assessment(s).

7.6.3 Use of Reserve Fund. As set forth under the Condominium Act, the Board may not use money in the Reserve Fund (i) for daily maintenance or administrative expenses, unless a

Majority of the Owners vote to approve the use of Reserve Fund money for such purpose; or (ii) for any purpose other than those purposes for which the Reserve Fund was established.

7.6.4 Annual Presentation and Discussion of Reserve Fund. As required under the Condominium Act, the Association shall, at each annual meeting of the Owners or at a special meeting of the Owners called for the purpose of addressing the Reserve Fund: (i) present the reserve analysis; and (ii) provide an opportunity for the Owners to discuss reserves and vote on whether to fund the Reserve Fund and, if so, how to fund it and in what amount. The Association shall prepare and keep minutes of each such meeting held and indicate in the minutes any decision relating to funding the Reserve Fund.

7.7 Funds to be Maintained Separately

The Common Expense Fund and the Reserve Fund shall be kept in separate accounts, and shall be established and deposited with a federally-insured bank or credit union, and shall be deposited into a checking, savings or certificate of deposit account. In the event the Board elects to establish and maintain any separate fund (*i.e.* special capital improvement fund or fund to cover maintenance of specific Common Area Improvements, etc.), a separate account shall be established for each such fund and deposited with a federally-insured bank or credit union.

7.8 Recordkeeping

As required under the Acts, the Board shall cause to be kept detailed, accurate records in chronological order, of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred. Such records shall be available for examination by any Owner at convenient hours of weekdays no later than fourteen (14) calendar days after the Owner makes a written request to examine such records.

ARTICLE 8 – ASSESSMENTS

8.1 Owner Payment of Assessments

8.1.1 Assessments. Each Owner shall pay Assessments subject to and in accordance with the procedures set forth in this Article 8 or any other applicable provisions of the Governing Documents. As used in this Declaration, the term “**Assessments**” shall include Annual Assessments, Special Assessments and any other assessments as may be permitted under the Acts or the Governing Documents.

8.1.2 Purpose of Assessments. Any and all Assessments provided for under this Declaration shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners, including the maintenance of any real and personal property owned by the Association, and regulating the Project, all as may be more specifically authorized from time to time by the Board.

8.1.3 Obligation to Pay Assessments. Each Assessment shall be joint and several personal debts and obligations of the Owner(s) and contract purchaser(s) of Units for which the same are assessed as of the time the Assessment is made and shall be collectible as such. Each Owner, by acceptance of a deed or as a party to any other type of conveyance of any Unit, vests in the Association or its agents the right and power to (a) bring all actions against him or her personally for the collection of any debts arising out of or related to any Assessments, or any other charges related to such Assessments; or (b) foreclose any lien arising out of or related to any Assessments, or any other charges related to such Assessments, in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed.

8.1.4 No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein, including, without limitation, non-use of Common Areas, non-use of any Common Area Improvements, and/or the abandonment of his or her Unit.

8.1.5 Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association, the Board or the Manager to take some action or perform some function required to be taken or performed by the Association, the Board or the Manager pursuant to the Governing Documents, or for any inconvenience to any Owner arising from or related to any maintenance or repairs occurring anywhere within the Project, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of each Owner.

8.1.6 Imposition of Assessments. The dollar amount of, and the purpose for, any Assessment shall be determined pursuant to the procedures set forth in the Acts and/or the Governing Documents. However, the Board has the sole authority and discretion to determine how and when any Assessment will be imposed upon, paid by and/or collected from the Owners.

8.1.7 Application of Payments. All payments received by the Association from Owners shall be applied in the following order: (i) Additional Charges, (ii) past due Assessments, (iii) currently due Assessments; (iv) Bulk-Billed Utility charges; (v) any remaining charges.

8.1.8 Account Status. The Association shall provide Owners with timely accounting of the status of their accounts. Such accountings will be considered accurate unless challenged within ninety (90) calendar days of the posting of any item. After 90 calendar days, the costs incurred by the Association to review any item will be the responsibility of the individual Owner.

8.1.9 Statement of Assessments Due. Upon written request by any Owner, the Board shall furnish to such Owner a statement of Assessments due, if any, on his or her Unit. The Association may require the advance payment of a processing charge not to exceed \$25.00 for the issuance of such statement. This written statement of Assessments due shall be conclusive in favor of any person who relies on such statement in good faith.

8.1.10 Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner

may be entitled which, insofar as it adversely affects the Association's lien for unpaid Assessments, each Owner by accepting a deed or other document of conveyance to a Unit hereby waives.

8.1.11 Declarant Exempt. Notwithstanding any language in the Governing Documents to the contrary, unless otherwise prohibited by the Acts or any applicable law, Declarant shall not be obligated to pay Annual Assessments on any Units owned by Declarant unless and until: (a) such Units have been completed as demonstrated by the County's issuance of a Certificate of Occupancy; or (2) Declarant elects in writing to pay the Annual Assessments, whichever first occurs. However, the Declarant shall not be exempt from the payment of any Special Assessments that may be imposed by the Association, the Board or that may be otherwise required under the Governing Documents.

8.2 Annual Assessments

8.2.1 Use of Annual Assessments. Annual Assessments shall be levied by the Board against each Unit and its Owner in order to pay the Common Expenses.

8.2.2 Based on Percentage. All Annual Assessments shall be assessed to each Unit and the Owners thereof in an amount equal to the Percentage Interest for such Unit.

8.2.3 Notice of Annual Assessments and Time for Payment. The Board shall notify each Owner in writing as to the amount of the proposed Annual Assessment against such Owner's Unit for the upcoming fiscal year no later than thirty (30) calendar days prior to January 1st of such upcoming fiscal year. Each Annual Assessment shall be payable in twelve (12) equal monthly installments, with each such installment due on the first day of each calendar month during the fiscal year to which the Annual Assessment relates.

The monthly installment of the proposed Annual Assessment shall become due and payable on the first day of January of the fiscal year to which the proposed Annual Assessment relates, and shall continue to be due and payable on the first day of each subsequent calendar month unless and until the Annual Budget upon which the proposed Annual Assessment was based is disapproved by the Owners as described under Subsection 7.1.3. If such Annual Budget is disapproved, each Owner shall thereafter pay the monthly installment that was paid by such Owner during the previous fiscal year, and shall continue to pay such amount on the first day of each calendar month until such time as the Annual Budget for the subsequent fiscal year has been approved. The Board shall determine the manner in which any discrepancies in monthly installments due and payable by each Owner for a particular fiscal year (caused by delayed approval of the Annual Budget for that fiscal year) will be resolved.

The failure of the Board to deliver timely notice of any Annual Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, nor a release of any Owner from the obligation to pay such Annual Assessment or any other Assessment; however the date when the payment shall become due in such case shall be deferred to a date fifteen (15) calendar days after notice of such Assessment shall have been given to the Owner.

8.3 Special Assessments

In addition to the Annual Assessments authorized by Section 8.2, the Board may, on behalf of the Association, periodically impose special assessments (“**Special Assessments**”) pursuant to this Section 8.3.

8.3.1 Annual Budget Shortfall. If the sum estimated and budgeted for the Annual Budget at any time proves inadequate for any reason the Board may impose a Special Assessment which shall be assessed to each Unit and the Owner(s) thereof in an amount equal to the Percentage Interest for such Unit.

Any such Special Assessment deemed by the Board as necessary to remedy an Annual Budget shortfall, and imposed by the Board without the prior approval of the Owners, shall not exceed twenty percent (20%) of the Annual Assessment for the same fiscal year in which the Special Assessment has been imposed. Owners shall be given no less than thirty (30) calendar days written notice of any such Special Assessment caused by an Annual Budget shortfall.

In the event the Board determines an Annual Budget shortfall may only be adequately remedied by a Special Assessment that exceeds twenty percent (20%) of the Annual Assessment for the same fiscal year in which the Special Assessment is to be imposed, such a Special Assessment shall require an affirmative vote or written consent of a Majority of the Owners. In the event the Board is unable to obtain such an affirmative vote or written consent of a Majority of the Owners, the Board may cover the Annual Budget shortfall by using all or any portion of the Reserve Fund.

8.3.2 No Board Majority. If the Board is unable to obtain a majority vote of the Board members (as required under Section 4.2) to approve any Special Assessment that the Board is otherwise authorized to approve without the Owners’ prior approval, the Board shall present such Special Assessment to a vote of the Owners, and the Special Assessment must be approved by a Majority of the Owners.

8.3.3 Reserve Fund Shortfall. In the event of any shortfall in the Reserve Fund, the Board may impose a Special Assessment to remedy such shortfall, provided the Board had first obtained an affirmative vote from a Majority of the Owners. Such Special Assessment shall be assessed to each Unit and the Owner(s) thereof in an amount equal to the Percentage Interest for such Unit.

8.3.4 No Authority to Incur Expenses. This Section 8.3 shall not be construed as an independent source of authority for the Association or the Board to incur expenses, but shall only be construed to prescribe the manner of assessing for any Annual Budget shortfall or Reserve Fund shortfall.

8.3.5 Notice and Payment. Special Assessments shall be payable on such date(s) and over such time periods as the Board may determine. The Board, in its sole discretion, may allow any Special Assessment to be paid in installments. Notice in writing of the amount of each such Special Assessment and the time for payment thereof shall be given promptly to the Owners. However, no payment of any Special Assessment, or any portion of any Special Assessment,

shall be due less than thirty (30) calendar days after such notice shall have been given. The failure of the Board to deliver prompt notice of any Special Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, nor a release of any Owner from the obligation to pay such Special Assessment or any other Assessment.

8.4 Collection of Assessments / Failure to Pay

Each Owner shall be obligated to pay his or her Assessments to the Association on or before the due date as set forth under the Governing Documents or otherwise determined by the Board.

8.4.1 Delinquent Assessments. Any Assessment not paid when due shall be immediately deemed as delinquent, and a lien securing the obligation to pay such Assessment shall automatically attach to the Unit of the Owner(s) failing to timely pay such Assessment, including the appurtenant Limited Common Area and the exclusive use thereof, regardless of whether a written notice is recorded.

8.4.2 Late Fees and Accruing Interest. Unless prohibited by applicable law, all delinquent Assessment payments shall bear interest at the rate of one percent (1.0%) per month or twelve percent (12%) per annum from the date each such payment becomes due until paid. In addition, unless prohibited by applicable law, a late fee of fifty dollars (\$50.00) or five percent (5%) of the delinquent amount, whichever is greater, shall be assessed on all late Assessment payments. The Association's policies regarding late fees and/or accruing interest may be periodically revised by the Board as part of the Associations Rules and Regulations, to account for rising administrative costs related to the collection of such delinquent Assessment payments.

8.4.3 Suspension of Right to Vote. At the discretion of the Board, the right of an Owner to vote on issues concerning the Association may be suspended if that Owner is delinquent in the complete payment of any Assessments, and has failed to cure or make satisfactory arrangements to cure the default after the Board has provided written notice pursuant to Subsection 8.4.5.

8.4.4 Suspension of Right to Use Certain Amenities. At the discretion of the Board, an Owner's right to use certain Common Area Improvements (such as, for example, the Association's clubhouse, tennis courts, swimming pool, hot-tub, etc.) may be suspended if that Owner is delinquent in the complete payment of any Assessments, and has failed to cure or make satisfactory arrangements to cure the default after the Board has provided written notice pursuant to Subsection 8.4.5. Suspension of any Owner's right to use certain Common Area Improvements will be extended to the tenants, guests or any other occupants of such Owner's Unit.

8.4.5 Notice of Suspension. Before suspending any Owner's right to vote, or before suspending any Owner's right to access or use certain Common Area Improvements, the Board shall give written notice to such Owner. The notice shall state: (A) voting rights and/or right to access or use certain Common Area Improvements will be suspended if payment of the Assessment is not received within three (3) business days; (B) the amount of the Assessment due, including any late fees, interest, and costs of collection; and (C) that the Owner has a right

to request a hearing by submitting a written request to the Board within fourteen (14) calendar days from the date the notice is received. If a hearing is requested, the Owner's right to vote or access or use certain Common Area Improvements may not be suspended until after the hearing has been conducted and a final decision has been reached by the Board.

8.4.6 Security Deposit. Any Owner who has been late in delivering payment of his or her Assessments more than twice during any given twelve (12) month period may be required by the Board to deliver to the Association and maintain a security deposit not in excess of three (3) months of estimated Assessments, which may be collected in the same manner as other Assessments. Such deposit shall be held in a separate fund, credited to such Owner, and such deposit monies may be used by the Board whenever such Owner is more than ten (10) calendar days delinquent in paying his or her Annual Assessment or any other Assessment.

8.5 Lien / Foreclosure

8.5.1 Lien. The Association shall have a lien on the interest of the Owner(s) of the Unit for (A) any delinquent Assessment, (B) fees, charges, and costs associated with collecting any delinquent Assessment, including, court costs and reasonable attorney fees, late charges, interest, and any other amount the Association is entitled to recover under the Governing Documents, the Acts, or an administrative or judicial decision, and (C) any fine the Association may impose against the Owner of such Unit. The recording of this Declaration constitutes record notice and perfection of the lien described in this Subsection 8.5.1. A lien under this Subsection is not subject to Utah Code Annotated Title 78B, Chapter 5, Part 5, Utah Exemptions Act, as may be amended or supplemented. If an Assessment is payable in installments, the lien described in this Subsection is for the full amount of the Assessment from the time the first installment is due, unless the Association otherwise provides in the notice of Assessment. A lien under this Subsection has priority over each other lien and encumbrance on a Unit except:

- (1) a lien or encumbrance recorded before this Declaration was recorded;
- (2) a first or second security interest on the Unit secured by a deed of trust or mortgage that is recorded before a recorded notice of lien by or on behalf of the Association; or
- (3) a lien for real estate taxes or other governmental assessments or charges against the Unit.

8.5.2 Foreclosure of Lien and/or Collection Action. If the delinquent Assessments remain unpaid, the Association may, as determined by the Board, institute suit to collect the amounts due and/or to foreclose the lien. Suit to recover a money judgment for the unpaid Assessments shall be maintainable without foreclosure or waiving the lien securing the same.

8.5.3 Foreclosure of Lien as Mortgage or Trust Deed. In order to enforce a lien for any delinquent Assessment, or any of the other fees, charges, costs or fines described under Subsection 8.5.1, the Association may cause a Unit to be sold through nonjudicial foreclosure as though the lien were a deed of trust, in the manner provided by Utah Code Annotated §57-1-24 through §57-1-27 or any other applicable law, or foreclose the lien through a judicial foreclosure in the manner provided by law for the foreclosure of a Mortgage. For purposes of a nonjudicial

or judicial foreclosure, the Association is considered to be the beneficiary under a trust deed and the Owner of the Unit being foreclosed is considered to be the trustor under a trust deed. An Owner's acceptance of the Owner's interest in a Unit constitutes a simultaneous conveyance of the Unit in trust, with power of sale, to the trustee designated as provided in this Section for the purpose of securing payment of all amounts due under this Declaration and the Acts. In any such judicial or nonjudicial foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Assessments against the Unit which shall become due during the period of any such judicial or nonjudicial foreclosure, and all such Assessments shall be secured by the lien being foreclosed. The Board shall have the right and power in behalf of the Association to bid in at any foreclosure sale, and to hold, lease, mortgage, or convey the subject Unit in the name of the Association.

8.5.4 Appointment of Trustee. The following sentence has been included in this Declaration as required by Subsection 57-8-10(e) of the Condominium Act. The Declarant hereby conveys and warrants pursuant to Utah Code Sections 57-1-20 and 57-8-45 to the attorney of the Association, provided that he or she is a member of the Utah State Bar, as Trustee, with power of sale, the Unit and all improvements to the Unit for the purpose of securing payment of Assessments under the terms of this Declaration.

Notwithstanding the above paragraph, if the Board elects to foreclose the lien in the same manner as foreclosures in deeds of trust, then the Owner by accepting a deed to the Unit hereby irrevocably appoints the attorney of the Association, provided that he or she is a member of the Utah State Bar, as Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended or supplemented. In addition, each Owner hereby transfers in trust to said Trustee all of his or her right, title and interest in and to the Unit for the purpose of securing his or her performance of the obligations set forth herein.

8.5.5 Notice of Foreclosure. At least thirty (30) calendar days before initiating a nonjudicial foreclosure, the Association shall provide notice to the Owner of the Unit that is the intended subject of the nonjudicial foreclosure. The notice shall (A) notify the Owner that the Association intends to pursue nonjudicial foreclosure with respect to the Owner's Unit to enforce the Association's lien for an unpaid Assessment; (B) notify the Owner of the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure; (C) be sent to the Owner by certified mail, return receipt requested; and (D) be in substantially the following form (or other form as the Condominium Act may recommend or require):

NOTICE OF NONJUDICIAL FORECLOSURE AND RIGHT TO DEMAND JUDICIAL FORECLOSURE, The Ride Townhomes Association, a Utah nonprofit corporation, the Association for the project in which your Unit is located, intends to foreclose upon your Unit and allocated interest in the common areas and facilities using a procedure that will not require it to file a lawsuit or involve a court. This procedure is being followed in order to enforce the Association's lien against your Unit and to collect the amount of an unpaid

assessment against your Unit, together with any applicable late fees and the costs, including attorney fees, associated with the foreclosure proceeding. Alternatively, you have the right to demand that a foreclosure of your property be conducted in a lawsuit with the oversight of a judge. If you make this demand and the Association prevails in the lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that “I demand a judicial foreclosure proceeding upon my Unit,” or words substantially to that effect. You must send this written demand by first class and certified U.S. mail, return receipt requested, within 15 days after the date of the postmark on the envelope in which this notice was mailed to you. The address to which you must mail your demand is [insert the current address of the Association for receipt of a demand].

8.5.6 Rental Value. From the time of commencement of any action to foreclose a lien against a Unit for nonpayment of delinquent Assessments, the owner or purchaser of such Unit shall pay to the Association the reasonable rental value of the Unit to be fixed by the Board, and the plaintiff in any such foreclosure shall be entitled to the appointment of a receiver to collect the same, who may, if said rental is not paid, obtain possession of the Unit, refurbish it for rental up to a reasonable standard for rental Units in this type of condominium, rent the Unit or permit its rental to others, and apply rents first to costs of the receivership and attorney's fees thereof, then to costs of refurbishing the Unit, then to costs, fees and charges, of the foreclosure action, then to the payment of the delinquent Assessment charges.

8.5.7 One-Action Rule Inapplicable. As provided under the Acts, the one-action-rule provided in Utah Code Annotated Subsection 78B-6-901(1) shall not apply to the Association's judicial or non-judicial foreclosure of a lien for Common Expenses and/or any Assessment.

8.6 Future Lease Payments

As set forth under Section 57-8-53 of the Condominium Act, if the Owner of a Unit who is leasing the Unit fails to pay an Assessment for more than sixty (60) calendar 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 Owner, beginning with the next monthly or other periodic payment, until the amount due to the Association is paid.

8.6.1 Notice to the Owner. The Manager or Board shall give the Owner written notice of its intent to demand full payment from the tenant. The notice shall: (A) provide notice to the tenant that full payment of the remaining lease payments, beginning with the next monthly payment unless the Assessment is received within fifteen (15) days from the date of the notice, must be paid directly to the Association at the following address: (address to which payment should be mailed, payment must go to the attorney if the account has been turned over for collection); (B) state the amount of the Assessment due, including any interest or late payment fee; and (C) state that any costs of collection, and other Assessments that become due, may be added to the total amount due.

8.6.2 Notice to the Tenant. If the Owner fails to pay the Assessment due by the date specified in the notice described in Subsection 8.6.1, the Manager or Board may deliver written notice to the tenant that demands future payments due to the Owner be paid to the Association. The Manager or Board shall mail a copy of the notice to the Owner. The notice shall state: (A) that due to the Owner's failure to pay the Assessment within the time period allowed, the Owner has been notified of the intent of the Board of Directors to collect all lease payments due to the Association; (B) 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 Owner; and (C) 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.

8.6.3 All funds paid to the Association pursuant to this Section shall be deposited in a separate account and disbursed to the Association until the Assessment due is paid in full. Any remaining balance shall be paid to the Owner within five (5) business days after payment in full to the Association.

8.6.4 Within five (5) business days after payment in full of the Assessment, including any interest, late payment fee, and costs of collection, the Manager or Board shall notify the tenant in writing that future lease payments are no longer due to the Association. The Association shall mail a copy of the notification to the Owner.

8.6.5 If, as described under this Section 6, the Association receives lease payments for a particular Unit that are otherwise due and payable to the Owner of that Unit, the Association shall not assume any obligations, responsibilities or liabilities as the "landlord" of the Unit. The Owner shall continue to assume any and all of the Owner's obligations, responsibilities or liabilities as the Owner/landlord of the Unit.

8.7 Reassessment of Delinquent Assessments

In the event that all or part of any Assessment (including any Annual Assessment or Special Assessment) or any other expenses of the Board cannot be promptly collected from the Owners or any other persons or entities liable for the payment of such Assessments or expenses pursuant to the Acts or the Governing Documents, the Board shall have the right and authority to apply and reassess and reallocate such uncollected Assessments or expenses to all Owners as a Common Expense, without prejudice to the Board's right and authority to the collection of such uncollected Assessments or expenses from the Owners or any other persons or entities liable for their payment.

8.8 Remedies Cumulative

The remedies provided to the Association under this Article 8 are cumulative and the Association may pursue any such remedies concurrently, as well as any other remedies which may be available under law although not expressed herein.

ARTICLE 9 – COMPLIANCE AND ENFORCEMENT

9.1 Enforcement

Each Owner shall comply with the provisions of the Governing Documents, as the same may be lawfully amended from time to time, and with all decisions adopted pursuant to the Governing Documents. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board on behalf of the Owners, or by the aggrieved Owner on his or her own. Reasonable fines may be levied and collected as an Assessment for violations of the Governing Documents. A schedule of fines may be adopted by the Board specifying the amounts of such fines, and any other provisions or procedures related to the levying of such fines.

The Association shall be entitled to an award of its attorneys' fees and costs in any action taken for the purpose of enforcing or otherwise implementing the terms of the Governing Documents, or for any action taken pursuant to the Governing Documents, if it prevails in such action, regardless of who instituted the action.

9.2 Remedies

Violation of any provisions of the Governing Documents, or of any decision of the Association made pursuant to such Governing Documents, shall give the Board acting on behalf of the Association, the right, but not the obligation, in addition to any other rights set forth in the Governing Documents, or under law, to do, any or all of the following after giving notice:

(a) Subject to the provisions of this Declaration, to enter the Unit which or as to which such violation exists and to summarily correct, abate or remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist contrary to the intent and meaning of such provisions, and the Board shall not thereby be deemed guilty of any manner of trespass, provided that judicial proceedings shall be instituted before any items of construction may be altered or demolished;

(b) To enjoin, abate, or remedy such thing or condition by appropriate legal proceeding;

(c) To levy reasonable fines pursuant to a schedule of fines adopted by resolution of the Board, a copy of which shall be delivered to each Owner, mailed to the mailing address of the Unit or mailed to the mailing address designated by the Owner in writing to the Association;

(d) To terminate the right of access to and use of certain Common Area Improvements (including, for example and without limitation, recreational and service facilities of the Association) until correction of the violation has occurred (provided, however, that a defaulting Owner may not be prohibited from using his or her Driveway, carport, parking space, or any other parking area located within the Project);

(e) To suspend the voting rights of any Owner, after notice and an opportunity to request a hearing, for any infraction of any of the published Rules and Regulations of the Association or the Governing Documents, including failure to timely pay an Assessment; and/or

(f) Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration, the Bylaws and any Rules or Regulations adopted pursuant thereto.

9.3 Action by Owners

Subject to any limitations that may be imposed under this Declaration, the Bylaws or applicable Utah law, an aggrieved Owner may bring an action against any other Owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

9.4 No Waiver of Strict Performance

The failure of the Board in any one or more instances to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Governing Documents, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any Assessment from an Owner, with knowledge of any such breach shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in a writing that has been signed by the Board.

ARTICLE 10 – INSURANCE

10.1 Association Insurance Coverage

The Association shall maintain, to the extent reasonably available using typical insurance carriers and markets, (a) property insurance on the physical structures in the Project, including the Common Areas, Limited Common Areas, and the Units, insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, and (b) liability insurance, including medical payments insurance covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas. If the Association becomes aware that property insurance or liability insurance is not reasonably available, the Association shall, within seven (7) calendar days after becoming aware, give all Owners notice that the insurance is not reasonably available.

10.1.1 Property Insurance. The Association shall at all times maintain in force property insurance meeting the following requirements:

(a) Hazard Insurance. A multi-peril type policy shall be maintained by the Association covering the entire Project (including both Units and Common Areas), including, without limitation, all fixtures, machinery, equipment and supplies maintained for the service of the Project, and all fixtures, improvements, alterations, equipment and betterments within the individual Units and the Common Areas, including, without limitation, those installed by any Owner. Such policy shall provide coverage against loss or damage by fire and other hazards covered by the standard extended coverage blanket “all risk” endorsement and by debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage, and such other risks as customarily are covered with respect to condominium projects similar to the Project in construction, location, and use. As a minimum, such policy shall provide coverage on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage specified in the policy, but not less than one hundred percent (100%) of the full insurable value of the Project (based upon replacement cost). Deductibles shall not exceed the lower of \$10,000 or one percent of the applicable amount of coverage. At the option of the Association, funds for such deductibles may be included in the Association’s Reserve Fund and, if included, shall be so designated. Such policy shall include an “Agreed Amount Endorsement” or its equivalent and, if necessary or appropriate, an “Increased Cost of Construction Endorsement” or its equivalent. Such policy shall include coverage for any fixture, improvement, or betterment installed by an Owner to a Unit or to a Limited Common Area, including: floor covering, cabinetry, light fixture, electrical fixture, heating or plumbing fixture, paint, wall covering, window, and any other item permanently part of or affixed to a Unit or to a Limited Common Area. Each Owner shall be an insured person under the policy of property insurance.

(b) Flood Insurance. If the Project is or comes to be situated in a locale identified by the Secretary of Housing and Urban Development (HUD) or the Director of the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area, the Association shall obtain and pay the premiums upon, as a common expense, a “master” or “blanket” policy of flood insurance on the Buildings and any other property covered by the required form of policy (herein insurable property), in an amount deemed appropriate by the Association, but not less than the following: The lesser of: (i) the maximum coverage available under the National Flood Insurance Program (NFIP) for all Buildings and other insurable property within the Project to the extent that such Buildings and other insurable property are within an area having special flood hazards; or (ii) 100% of “current replacement cost” of all such Buildings and other insurable property within such area. Such policy shall be in a form that meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administrator. At the option of the Association, funds for any deductibles may be included in the Association's Reserve Fund, and, if included, shall be so designated.

(c) Name of the Insured. The named insured under each policy required to be maintained under the foregoing Subsections 10.1.1(a) and (b) shall be in form and substance essentially as follows: “The Ridge Townhomes Association, a Utah nonprofit corporation, for the use and benefit of the individual Owners.”

(d) Election to Restore in Lieu of Cash Settlement. Each such policy shall provide that, notwithstanding any provision thereof which gives the carrier the right to elect to restore

damage in lieu of making a cash settlement, such option shall not be exercisable if it is in conflict with any requirement of law or without the prior written approval of the Association.

(e) Association's Policy to Provide Primary Coverage. If a loss occurs that is covered by a property insurance policy in the name of the Association and another property insurance policy in the name of an Owner, the Association's policy shall provide primary insurance coverage on the Units and the Common Areas, and the Owner's policy shall apply to that portion of the loss attributable to the deductible of the Association's policy and all personal property in the Owner's Unit. An Owner who owns a Unit that has suffered Unit damage as part of a covered loss under the Association's policy is responsible for all or a portion of the deductible on the Association's policy calculated by applying the percentage of total damage resulting in a covered loss that is attributable to damage to a Unit or to the Limited Common Area appurtenant to such Unit to the amount of the deductible under the property insurance policy of the Association. The Association shall set aside in the Association's Reserve Fund an amount equal to the amount of the Association's property insurance deductible or \$10,000, whichever is less. The Association shall provide written notice to each Owner of the Owner's obligation for the Association's policy deductible and of any change in the amount of the deductible.

(f) Insurance Trustee. An insurer under a property insurance policy issued to the Association shall adjust with the Association a loss covered under the Association's policy. Notwithstanding the above, the insurance proceeds for a loss under a property insurance policy of the Association are payable to an Insurance Trustee that the Association designates or, if no Insurance Trustee is designated, to the Association, and may not be payable to a holder of a security interest. An Insurance Trustee or the Association shall hold any insurance proceeds in trust for the Association, the Owners, and lien holders. Insurance proceeds shall be disbursed first for the repair or restoration of the damaged property. After such disbursements are made and the damaged property has been completely repaired or restored or the project terminated, any surplus proceeds are payable to the Association, the Owners, and lien holders.

(g) Certificate of Insurance. An insurer that issues a property insurance policy under this Section, or the insurer's authorized agent, shall issue a certificate or memorandum of insurance to the Association, an Owner, and a holder of a security interest, upon the Association's, an Owner's or the holder's written request.

(h) Cancellation or Nonrenewal Subject to Procedures. A cancellation or nonrenewal of a property insurance policy under this Paragraph is subject to the procedures stated in Utah Code Annotated § 31A-21-303.

(i) Waiver of Liability. The Association and Board that acquires from an insurer the property insurance required in this Section is not liable to Owners if the insurance proceeds are not sufficient to cover 100% of the full replacement cost of the insured property at the time of the loss.

10.1.2 Fidelity Insurance. The Association shall maintain in force fidelity coverage against dishonest acts on the part of the Manager (and the Manager's employees), and

Association trustees, employees, officers, Board members, and volunteers responsible for handling funds belonging to the Association or administered by the Board or the Association. An appropriate endorsement to the policy shall be secured to cover persons who serve without compensation if the policy would not otherwise cover volunteers. The fidelity bond or insurance shall name the Association as the obligee or insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one and one-half times (150%) of the Project's estimated annual operating expenses and reserves. The insurance shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all insurance required herein, except those maintained by the Manager, shall be paid by the Association as a Common Expense. The insurance shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) calendar days prior written notice to the Association or the Insurance Trustee. Such bonds shall also provide that the FNMA servicer, if FNMA is a holder of Mortgages on Units within the Project, on behalf of FNMA, also, receive such notice of cancellation or modification.

10.1.3 Directors and Officers Insurance. The Association shall obtain Directors' and officers' liability insurance, or errors and omissions insurance, if reasonably available, protecting the Board of Directors, the officers, and the Association against claims of wrongful acts, mismanagement, failure to maintain adequate reserves, failure to maintain books and records, failure to enforce the Governing Documents, and breach of contract (if available).

10.1.4 Liability Insurance. The Association shall maintain comprehensive general liability insurance coverage covering all of the Common Areas, commercial space owned and leased by the Association, if any, and public ways of the Project. Coverage limits shall be in amounts generally required by private institutional mortgage investors for condominium projects similar to the Project in construction, location and use, provided that, such coverage shall be for at least \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) calendar days prior written notice to the Association and to each holder of a Mortgage on any Unit in the Project that is listed as a scheduled holder of a Mortgage in the insurance policy. Such policies must also include protection against such other risks as are customarily covered with respect to condominium projects similar to the Project in construction, location and use, including, but not limited to, host liquor liability, employers liability insurance, contractual and all-written contract insurance, and comprehensive automobile liability insurance. Each Owner is an insured person under a liability insurance policy that the Association obtains that insures against liability arising from the Owner's interest in the Common Areas or from membership in the Association.

10.1.5 Worker's Compensation. The Association shall maintain worker's compensation insurance to the extent required by applicable laws.

10.1.6 Association Personal Property. The Association may, as reasonably determined by the Board, elect to maintain insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable.

10.1.7 Insurance Trustees; Power of Attorney. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. Each Owner appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

10.1.8 Qualifications of Insurance Carriers & General Coverage Requirements. The Association shall use generally acceptable insurance carriers that meet the specific requirements of FHLMC and FNMA if such corporations are holders of Mortgages on Units within the Project (See the FNMA Conventional Home Mortgage Selling Contract Supplement and the FHLMC Sellers Guide for specific requirements regarding the qualifications of insurance carriers). Notwithstanding anything herein contained to the contrary, insurance coverages required to be obtained hereunder must be in such amounts and meet other requirements of FNMA, FHLMC, FHA and the Department of Veterans Affairs if such entities are holders of Mortgages on Units within the Project.

10.1.9 Waiver of Subrogation. An insurer under a property insurance policy or liability insurance policy obtained under this Article waives the insurer's right to subrogation under the policy against any Owner or member of the Owner's household.

10.1.10 Additional Coverage. The provisions of this Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration, in such amounts and in such forms as the Association may deem appropriate from time to time.

10.1.11 Review of Insurance. The Board shall annually review (or cause a review) of the coverage and policy limits of all insurance on the Project and adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the Project by a representative of the insurance carrier or carriers providing the policy or policies on the Project, or by such other qualified appraisers as the Association may select.

10.2 Owner Insurance Coverage

10.2.1 Owner Insurance. Each Owner shall obtain additional insurance covering such Owner's Unit at his or her own expense; no Owner shall, however, be entitled to exercise his or her right to maintain insurance coverage in any manner which would decrease the amount which the Board, or any trustee for the Board, on behalf of all of the Owners, will realize under any insurance policy which the Board may have in force on the Unit at any particular time. Each Owner is required to and agrees to notify the Board of all improvements by the Owner to his Unit the value of which is in excess of One Thousand Dollars (\$1,000). Any Owner who obtains individual insurance policies covering any portion of the Unit other than personal property belonging to such Owner is hereby required to file a copy of such individual policy or policies with the Board within thirty (30) calendar days after purchase of such insurance, whereupon the Board may review its effect with the Board's insurance broker, agent or carrier.

10.2.2 Homeowner's Policy. The Owner of each Unit must maintain a homeowner's policy (commonly referred to as an HO6 policy) or other appropriate liability policy for such Unit in addition to the coverage provided by the Association. Each Owner is primarily responsible to maintain, repair, replace and insure items that are a part of his or her Unit. Claims for damage from loss caused by fire, water damage or other hazards that: (A) originate within the Unit, (B) are caused by accident or negligence of the Unit's Owner, including his or her tenants or guests, and/or (C) are caused by items that are the Unit Owner's responsibility to maintain, repair or replace are the Unit Owner's responsibility to insure. Each Owner is required to maintain hazard insurance for such events.

10.2.3 Coverage Details. Insurance coverage for each Owner should include but is not limited to the following:

(1) Anything to the contrary notwithstanding, the insurance coverage of any Unit shall be primary for any covered loss and the insurance of the Association shall be secondary for a loss that originates within the Unit, or is caused by accident or negligence of the Unit's Owner, their renters or guests, or caused by items that are the responsibility of the Unit's Owner(s) to maintain, repair or replace. All Owners shall have on their personal homeowner's policy (or other applicable coverage if Unit is rented to others or is vacant, etc.) a minimum of \$20,000 for COVERAGE "A" (BUILDING) added to their individual insurance policy and not less than \$100,000 for liability coverage (each Owner should consult with his or her insurance agent regarding the amount of coverage needed above the minimum for his or her individual situation).

If an Owner fails to maintain insurance on his or her Unit, such Owner will still be responsible for any claim arising from losses that originate within their Unit and/or from items that are their responsibility to maintain, repair or replace, including any improvement which is a permanent part of their Unit. In the event a claim is filed on the Association policy involving a Unit, the Owner(s) of such Unit shall be solely responsible to pay the Association deductible. If a Unit is owned by more than one Owner, the Owners shall be jointly and severally responsible for the payment of such deductible.

(2) Insurance protection for Personal Property (Contents), Personal Liability, Loss Assessment, Loss of Use, Flood, Earthquake and other applicable coverage is the sole responsibility of the Unit's Owner. Insurance coverage for the Unit is commonly obtained by purchasing a Homeowners Form 6 (HO6) policy. However, each Owner is solely responsible for ensuring that such policy provides adequate insurance coverage. Such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Section.

10.2.4 Changes to Owner Insurance Requirements. The Board may (but shall not be obligated to) periodically review the coverage and policy recommendations and requirements for Owners, including such recommendations and requirements as may be set forth under any amendments to the Condominium Act, and notify the Owners of any changes to such coverage or policy recommendations or requirements. However, each Owner shall at all times be solely responsible for maintaining the appropriate insurance coverage on his or her Unit including, without limitation, any changes to such insurance coverage as may be recommended or required pursuant to any amendments to the Condominium Act.

ARTICLE 11 – EASEMENTS

11.1 In General

It is intended that in addition to rights under the Acts, each Unit has an easement in and through each other Unit and the Common and Limited Common Areas for all support elements and utility, wiring, heat/air conditioning and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation and maintenance of the Project. Without limiting the generality of the foregoing, each Unit and all Common Areas (including Limited Common Areas) are specifically subject to an easement for the benefit of each of the other Units in the Building for all ductwork for the any Units with flues or chimneys. In addition, each Unit and all the Common Areas (including Limited Common Areas) are specifically subject to easements as required for the intercom and electrical entry system, for the electrical wiring and plumbing, for the heating/air conditioning lines and equipment, if any, for each Unit, and for any master antenna, satellite or cable system for use by more than one Owner. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law.

11.2 Association Functions

There is hereby reserved to the Association, or the Association's duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as set forth in the Governing Documents.

11.3 Encroachments

Each Unit and all Common Areas (including Limited Common Areas) are hereby declared to have an easement over all adjoining Units, Common Areas and Limited Common Areas for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the Building, or any other similar cause, and any encroachments due to Building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of any Owner(s) if said encroachment occurred due to the willful act or acts with full knowledge of said Owner(s). In the event a Unit or Common Area or Limited Common Area is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Units, Common Areas and Limited Common Areas shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Unit.

ARTICLE 12 – DESTRUCTION, CONDEMNATION, AND OBSOLESCENCE

The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

12.1 Definitions

For the purposes of this Article 12, each of the following terms shall have the meaning indicated:

(a) “Substantial Destruction” shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is twenty-five percent (25%) or more of the estimated restored value of the Project.

(b) “Partial Destruction” shall mean any other damage or destruction to the Project or any part thereof.

(c) “Substantial Condemnation” shall exist whenever a complete taking of the Project or a partial taking of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is twenty-five percent (25%) or more of the estimated restored value of the Project.

(d) “Partial Condemnation” shall mean any other such taking by eminent domain or grant or conveyance in lieu thereof.

(e) “Substantial Obsolescence” shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of

restoration over the funds available is twenty-five percent (25%) or more of the estimated restored value of the Project.

(f) “Partial Obsolescence” shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(g) “Restored Value” shall mean the fair market value of the Project after restoration as determined by an MAI or other qualified appraisal.

(h) “Estimated Cost of Restoration” shall mean the estimated costs of restoring the Project to its former condition.

(i) “Available Funds” shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Board or Association. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a Mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Unit in which they are interested.

12.2 Determination by Board

Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Board shall make a determination as to whether the excess of Estimated Cost of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Board shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Board may retain and rely upon one or more qualified appraisers or other professionals.

12.3 Restoration of the Project

Restoration of the Project shall be undertaken by the Board promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent (67%) of the Percentage Interest, and is further consented to by Mortgagees holding at least fifty-one percent (51%) of the Percentage Interest of Units which are subject to Mortgages held by Eligible Mortgagees.

12.4 Notices of Destruction or Obsolescence

Within thirty (30) calendar days after the Board has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in

any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration.

12.5 Excess Insurance

In the event insurance proceeds, condemnation awards, or payments in lieu of condemnation actually received by the Board or Association (collectively, the “Excess Insurance Funds”) exceed the cost of Restoration when Restoration is undertaken, the Excess Insurance Funds may be deposited into the Reserve Fund pursuant to a majority vote of the Board. In the event a majority of the Board fails to approve the deposit of the Excess Insurance Funds into the Reserve Fund, such Excess Insurance Funds shall be paid and distributed to the Owners in proportion to their respective Percentage Interest. Payment to any Owner whose Unit is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

12.6 Inadequate Insurance

If the cost of Restoration exceeds available funds, the Board may elect to levy a Special Assessment in accordance with Article 8, above, to pay for the deficiency.

12.7 Reallocation in Event of Partial Restoration

In the event that all or any portion of one or more Units will not be the subject of Restoration (even though the Project will continue as a condominium project) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the Percentage Interest shall be immediately reallocated to the remaining Units.

12.8 Sale of Project

Unless Restoration is accomplished as set forth above, the Project may be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, condominium ownership under this Declaration and the Plat Maps shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Board to the Owners in proportion to their respective Percentage Interest. Payment to any Owner whose Unit is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

12.9 Authority of Board to Represent Owners in Condemnation or to Restore or Sell

The Board, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas.

12.10 Settlement Proceeds

The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their Mortgagees as their interests may appear.

12.11 Restoration Power

The Board, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Unit therein whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.

12.12 Termination of Legal Status

Any action to terminate the legal status of the Project after Substantial Destruction or Condemnation occurs shall be agreed to by Unit Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association and by Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of the Units that are subject to Mortgages held by Eligible Mortgagees.

The termination of the legal status of the Project for reasons other than Substantial Destruction or Condemnation of the Project shall be agreed to by Eligible Mortgagees that represent at least sixty-seven percent (67%) of the votes of the mortgaged Units. However, implied approval may be assumed when an Eligible Mortgagee (except, where appropriate, the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veteran Affairs (VA)) fails to submit a response to any written proposal for an amendment within thirty (30) calendar days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

ARTICLE 13 – CONSENT IN LIEU OF VOTE

Subject to Subsection 16-6a-707 of the Utah Revised Nonprofit Corporation Act (as such Subsection may be amended from time to time) in any instance in which a vote of the Owners is required in order to authorize or approve any transaction, action, or event, such requirement may be fully satisfied by obtaining, with or without a meeting, written consent to such transaction, action, or event from Owners who collectively hold not less than the minimum voting power that would be necessary to authorize or authorize or approve the transaction, action, or event at a meeting at which all Owners entitled to vote on the matter were present and voted.

13.1 Sixty-Day Limit

All necessary written consents must be obtained prior to the expiration of sixty (60) calendar days from the time the first written consent is obtained.

13.2 Revocation of Written Consent

Any Owner giving such written consent may revoke his or her consent by a signed writing that: (a) describes the transaction, action, or event; (b) states that the Owner's prior consent is revoked; and (c) is received by the Association prior to the effectiveness or commencement of the transaction, action, or event.

13.3 Change In Ownership

Any change in ownership of a Unit which occurs after consent has been obtained from the Owner(s) having an interest therein shall not be considered or taken into account for any purpose.

13.4 Notice

If a transaction, action, or event is approved by such written consent of Owners without a meeting, written notice of the approval must be given to all Owners at least ten (10) calendar days before consummation of the transaction, action, or event authorized by such written consent of Owners.

13.5 Statutory Requirements or Restrictions

The provisions of this Article 15 are subject to any further requirements or restrictions that may be set forth in any applicable provisions of the Utah Revised Nonprofit Corporation Act (as may be amended from time to time).

ARTICLE 14 – LIMITATION OF LIABILITY

14.1 Liability for Utility Failure, etc.

Except to the extent covered by insurance obtained by the Board pursuant to Article 10, neither the Association nor the Board shall be liable for: any failure of any utility or other service to be obtained and paid for by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, snow, ice, dust or sand which may lead or flow from outside or from any parts of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of common expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

14.2 No Personal Liability

So long as a Board member, or Association committee member, or Association officer has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable

to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of such person; provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 10.

14.3 Indemnification of Board Members

Each Board member or Association committee member, or Association officer shall be indemnified by the Owners against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of holding or having held such a position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred except in such cases wherein such person is adjudged (by a court of competent jurisdiction) guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association.

ARTICLE 15 – MORTGAGEE PROTECTION

15.1 Priority of Mortgages

Notwithstanding all other provisions hereof and as provided in the Acts, the liens created under this Declaration upon any Unit for Assessments shall be subject to the rights of the secured party in the case of any indebtedness secured by mortgages or deeds of trust which were made in good faith and for value upon the Unit. Where such mortgage of the Unit or other purchaser of a Unit obtains possession of or title to a Unit as a result of mortgage foreclosure or deed of trust sale, such possessor or holder of title and 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 become due prior to such possession or taking of title, but will be liable for the Common Expenses and Assessments accruing after such possession or taking of title. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Owners including such possessor, title holder, and successor and assigns.

15.2 Abandonment of Condominium Status

Except when acting pursuant to the provisions of the Acts involving damage, destruction, or condemnation, the Association shall not, without consent of all institutional first mortgagees and institutional first deed of trust beneficiaries of any Unit, seek to abandon the condominium status of the Project.

15.3 Partitions and Subdivision

The Association shall not partition or subdivide any Unit, or any Common Area (including any Limited Common Area), nor accept any proposal so to do, without the prior

approval of all institutional first mortgagees or institutional first deed of trust beneficiaries of the Unit being subdivided or partitioned.

15.4 Change in Percentages

The Association shall not change the Percentage Interest without the prior approval of all institutional first mortgagees or institutional first deed of trust beneficiaries of the Units for which the Percentage Interests would be changed.

15.5 Copies of Notices

In the event the Association gives to any Owner of a Unit any notice that such Owner for more than thirty (30) calendar days failed to meet any obligation under the Governing Documents, it shall also give a copy of such notice to any institutional first mortgagee or institutional first deed of trust beneficiary which has requested to be so notified.

15.6 Effect of Declaration Amendments

No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees with respect to any unsatisfied mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such mortgage.

15.7 Insurance

Where the Mortgagee of a Unit has filed a written request with the Board, the Board shall:

15.7.1 Furnish the Mortgagee with a copy of any insurance policy or evidence thereof which is intended to cover the Unit on which such Mortgagee has a lien;

15.7.2 Require any insurance carrier to give such Mortgagee at least ten (10) business days written notice before cancelling any insurance with respect to such property on which Mortgagee has a lien;

15.7.3 Not make any settlement of any insurance claims for loss or damage to any such Unit exceeding \$2,500 without the approval of such Mortgagee; provided, that the withholding of such approval shall not be unreasonable or in conflict with the provisions of this Article 15.

15.7.4 Give the Mortgagee written notice of any loss or taking affecting Common Areas, if such loss or taking exceeds \$10,000.

15.8 Inspection of Books

Institutional first mortgagees and institutional deed of trust beneficiaries shall be entitled to inspect at all reasonable hours of week days all of the books and records of the Association.

15.9 Mortgagee Approval

Unless a Mortgagee provides the Association with written notice of its objection, if any, to a proposed amendment or action requiring the approval of a Mortgagee within sixty (60) calendar days following the receipt of notice of such proposed amendment or action, the Mortgagee will be conclusively deemed to have consented to or approved the proposed amendment or action.

ARTICLE 16 – EXPANSION OF PROJECT

16.1 Reservation of Option to Expand

Declarant hereby reserves the option to expand the Project to include all or any portion of the Additional Land upon which Declarant may construct various “**Additional Improvements**” such as, for example and without limitation, additional Buildings, Units, Common Area, Common Area Improvements and any other Project elements or improvements as Declarant, in Declarant’s sole discretion, may deem necessary or desirable (collectively, the “**Declarant’s Expansion Option**”). Declarant may construct such Additional Improvements on all or any portions of the Additional Land, subject to any restrictions regarding the size, nature or location of such Additional Improvements that may be imposed and enforced by any governmental agencies with jurisdiction over the Project.

Declarant’s Expansion Option may be exercised from time to time, at different times and in any order, without any limitations whatsoever. However, as permitted under Subsection 57-8-10(4) of the Condominium Act, the Declarant’s Expansion Option shall expire seven (7) years following the date upon which this Declaration has been recorded in the Recorder’s Office (the “**Expansion Deadline**”) unless terminated sooner by Declarant’s recording of a waiver of Declarant’s Expansion Option.

There shall be no other circumstances that would cause Declarant’s Expansion Option to expire prior to said seven (7) years. However, if at any time the Condominium Act is revised to permit a later Expansion Deadline, the Expansion Deadline shall automatically become the latest possible date permitted by the revised Condominium Act, and Declarant shall not be required to provide the Association or the Owners with any notification of such revised Expansion Deadline, nor shall Declarant be required to record an amendment to this Declaration evidencing such revised Expansion Deadline. Declarant’s Expansion Option may be exercised without first obtaining the consent or vote of any Owners and shall be limited only as specifically provided in this Declaration or under applicable law.

16.2 Supplemental Declarations and Supplemental Plat Maps

Declarant’s Expansion Option may be exercised by Declarant’s recording of one or more Supplemental Declarations no later than the Expansion Deadline. Such Supplemental Declaration(s) shall contain a legal description of that portion of the Additional Land that will be

added to the Project, and may also include a description of the size, nature and location of any Additional Improvements intended to be constructed as part of the Declarant's expansion of the Project. Declarant shall also record one or more supplemental Plat Map(s) which identify and describe the Additional Improvements similar to the manner in which such improvements are identified and described on the Plat Map for Phase 1 of the Project.

Declarant's expansion of the Project may be accomplished in successive Phases of expansion by recording successive Supplemental Declarations and supplemental Plat Maps, or may be accomplished in one expansion Phase by recording one Supplemental Declaration and one supplemental Plat Map.

16.3 Expansion of Definitions

In the event of any expansion of the Project, the definitions used in this Declaration shall be automatically deemed as expanded to encompass and refer to the Project as so expanded. The "Property" shall mean the real property initially submitted under this Declaration plus any portion of the Additional Land that may be added to the Project by the recording of any supplemental Plat Map(s) and Supplemental Declaration(s), and any references to the "Declaration" shall mean this Declaration as supplemented. All conveyances of Units after such expansion of the Project shall be effective to transfer rights in the Project as set forth under the Supplemental Declaration and any supplemental Plat Map(s). The recordation of any supplemental Plat Map(s) together with recordation of the attendant Supplemental Declaration(s) shall operate to automatically grant, transfer, and convey to any Owners of Units in the Project as it existed before such expansion their respective undivided interests in any new Common Areas that may be added to the Project as a result of such expansion. Such recordation of any supplemental Plat Map(s) and Supplemental Declaration(s) shall also operate to vest in the Mortgagee of any Unit in the Project prior to such expansion any interest so acquired by the Owner of such Unit as a result of the Project's expansion.

16.4 New Units Subject to Declaration

Any new Units that may be added to the Project shall be subject to the terms and conditions of this Declaration and any Supplemental Declaration(s), and any such new Units shall be subject to condominium ownership with all the incidents pertaining thereto as specified in this Declaration immediately upon the recordation of any supplemental Plat Map(s) together with recordation of the attendant Supplemental Declaration(s).

16.5 Right of Declarant to Adjust Ownership Interest in Common Areas

Each deed of any Unit shall be deemed to irrevocably reserve to the Declarant the power to revise each Unit Owner's Percentage Interest pursuant to the provisions of any recorded Supplemental Declaration(s). The Percentage Interest of each Unit Owner upon any expansion of the Project shall be modified to reflect each Unit Owner's undivided interest in the Common Areas of the Project as expanded. A power coupled with an interest is hereby granted to the Declarant, its successors and assigns, as attorney in fact to revise each Unit Owner's Percentage Interest in accordance with any such recorded Supplemental Declaration(s), and each deed of a

Unit in the Project shall be deemed a grant of such power to the Declarant. Various provisions of this Declaration and deeds and mortgages of the Units may contain clauses designed to accomplish such a revision of a Unit Owner's Percentage Interest in the event the Project is expanded. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid revision of the Percentage Interest shall be accomplished. Accordingly, immediately upon the recordation of any supplemental Plat Map(s) together with recordation of the attendant Supplemental Declaration(s) incident to any Project expansion, the revised schedule of Percentage Interests contained in such Supplemental Declaration(s) shall automatically become effective for all purposes and shall fully supersede any similar schedule contained in this Declaration or in any Supplemental Declaration(s) associated with any prior Phase(s) of the Project. In the event of any conflict between the provisions of any such separately recorded instruments related to the Project, the provisions of the most recently recorded instrument shall control.

16.6 Phase Data

(A) If only Phase 1 of the Project were to be completed: (i) the total number of Units in the Project would be Eight (8), (ii) the Percentage Interest of each Unit would be 12.5%; (iii) the Project would consist of approximately _____ acres; and (iv) the number of Units per acre would be approximately _____.

(B) If only Phases 1 and 2 of the Project were to be completed: (i) the total number of Units in the Project would be Sixteen (16), (ii) the Percentage Interest of each Unit would be 6.25%; (iii) the Project would consist of approximately _____ acres; (iv) the number of Units per acre would be approximately _____; and (v) the maximum percentage of the aggregate land and floor area of all Units that would be created on the Additional Land that comprises Phase 2, the use of which is not restricted exclusively to residential purposes, is _____%.

(C) If only Phases 1 through 3 of the Project were to be completed: (i) the total number of Units in the Project would be Twenty-Eight (28), (ii) the Percentage Interest of each Unit would be 3.6%; (iii) the Project would consist of approximately _____ acres; (iv) the number of Units per acre would be approximately _____; and (v) the maximum percentage of the aggregate land and floor area of all Units that would be created on the Additional Land that comprises Phases 2 and 3, the use of which is not restricted exclusively to residential purposes, is _____%.

(C) If only Phases 1 through 4 of the Project were to be completed: (i) the total number of Units in the Project would be Thirty-Six (36), (ii) the Percentage Interest of each Unit would be 2.8%; (iii) the Project would consist of approximately _____ acres; (iv) the number of Units per acre would be approximately _____; and (v) the maximum percentage of the aggregate land and floor area of all Units that would be created on the Additional Land that comprises Phases 2 through 4, the use of which is not restricted exclusively to residential purposes, is _____%.

(D) Assuming all Phases of the Project are completed and all of the Additional Land is added to the Project (i) the total number of Units in the Project would be Forty-Eight (348), (ii) the Percentage Interest of each Unit would be 2.1%; (iii) the Project would consist of

approximately _____ acres; (iv) the number of Units per acre would be approximately _____; and (v) the maximum percentage of the aggregate land and floor area of all Units that would be created on the Additional Land that comprises Phases 2 through 5, the use of which is not restricted exclusively to residential purposes, is _____%.

These above figures are approximations only. Accordingly, the final numbers and percentages may vary from those stated above.

16.6 Other Provisions Concerning Expansion

If the Project is expanded, it is further provided that:

(A) The total maximum number of new Units that may be constructed on the Additional Land is Forty (40).

(B) All or any part of the Additional Land may be added to the Project without any limitations whatsoever.

(C) Portions of the Additional Land may be added to the Project at different times without any limitations.

(D) Declarant shall have the unconditional right, without the need for further conveyance or documentation, to construct streets, roadways or thoroughfares to provide access to the Additional Land using any easement areas that may be shown on the Plat Map(s). The Association is prohibited from impeding, preventing or delaying the construction of any such streets, roadways or thoroughfares by, for example and without limitation, constructing or erecting any improvements of any kind whatsoever on such easement areas.

(E) Declarant makes no representations and provides no assurances whatsoever as to:

(i) the location of any Additional Improvements that may be constructed on any portion of the Additional Land;

(ii) the type, kind, height, size, color, style or nature of any Additional Improvements that may be constructed on any portion of the Additional Land;

(iii) whether the Units constructed on any portion of the Additional Land will be substantially identical to the Units of Phase 1;

(iv) the compatibility or similarity of any structures or other improvements of Phase 1 as compared to any Additional Improvements that may be constructed on any part of the Additional Land including, without limitation, the quality of construction, materials to be used, or architectural style of any such Additional Improvements;

(v) whether any Units created on any portion of the Additional Land will be substantially identical to those within the initial Phase(s) of the Project;

(vi) the type, size, or maximum number of Limited Common Areas which may be created within any portion of the Additional Land; or

(vi) the type, size, quality or quantity of Common Area Improvements which may be constructed on portion of the Additional Land.

(F) Notwithstanding anything to the contrary which may be contained herein, this Declaration is not intended and shall not be construed to impose upon Declarant any obligations or restrictions with regard to: (i) the submission of any portion of the Additional Land to the provisions of the Act as Land under this Declaration; (ii) the creation, construction, or addition to the Project of any additional property including the Additional Land; (iii) the commencement, pursuit or completion in any particular way or within any particular time of any development of the Project except as may be specifically set forth herein; or (iv) the taking of any particular action with respect to the Additional Land, the Project, the Additional Improvements, or any other real property, fixtures or improvements.

ARTICLE 17 – AMENDMENT TO DECLARATION

Amendments to this Declaration shall be made by an instrument in writing entitled “Amendment to Declaration” which sets forth the entire amendment. The Declaration may be amended as follows:

17.1 Amendments by Declarant Prior to First Sale.

Except as provided elsewhere in this Declaration, prior to the conveyance of the first Unit to an Owner other than a Declarant, this Declaration and any amendments thereto may be amended or revoked by the execution by Declarant of an instrument amending or revoking the same.

17.2 Amendments by Declarant After First Sale

Except as provided elsewhere in this Declaration, Declarant (without obtaining the approval of Owners, the Association, or existing Mortgagees) may unilaterally amend or modify this Declaration in the exercise of its rights set forth in this Declaration. Also, notwithstanding anything herein to the contrary, Declarant shall have the unilateral right (without obtaining the approval of the Owners, the Association, or existing Mortgagees) to amend this Declaration until the end of Period of Declarant’s Control, if such amendment is required solely: (a) to comply with applicable law or to correct any error or inconsistency of the Declaration and if such amendment does not adversely affect the rights of any Owner or Mortgagee, or (b) to comply with the rules or guidelines, in effect from time to time, of any governmental or quasi-governmental entity or federal corporation guaranteeing or insuring mortgage loans or governing transactions involving mortgage instruments (including, without Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA), or any similar agency). If such amendment bears recitation that it is

recorded based on such technical error or the requirements of any of the foregoing agencies, such amendment shall not require approval of any Owners or Mortgagees.

17.3 Consent of Owners

After the expiration of the Period of Declarant's Control, and except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Amendments may be adopted at a meeting of the Owners if Owners holding sixty-seven percent (67%) of the voting rights vote in favor of such amendment, or without any meeting if all Owners have been duly notified and Owners holding sixty-seven percent (67%) of the voting rights consent in writing to such amendment.

17.4 Protection of Declarant's Rights

An amendment to this Declaration shall not terminate or decrease any unexpired development right, or Period of Declarant Control unless the Declarant approves or consents in writing.

17.5 Execution and Recordation of Amendments

Any Amendment to this Declaration must bear the signature of the President of the Association and shall be attested by the Secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the Recorder's Office and any other appropriate governmental offices. Any decision changing the Percentage Interest shall require the unanimous consent of the Owners and their Mortgagees. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

ARTICLE 18 – MISCELLANEOUS

18.1 Service of Process

Service of process for the purposes provided in the Acts may be made upon the offices of the Manager of the Association or upon the President of the Association. The Board may at any time designate a new or different person, entity or agency for such purposes by filing an amendment to this Declaration limited to the sole purpose of making such change, and such amendment need only be signed and acknowledged by the then President of the Association.

18.2 Notices for All Purposes

18.2.1 Delivery of Notice. Any notice permitted or required to be delivered under the provisions of this Declaration or the Bylaws may be delivered either personally or by mail. If delivery is made by mail, any such notice shall be deemed to have been delivered three (3)

business days after a copy has been deposited in the United States mail, postage prepaid, for first class mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board, in writing, for the purpose of service of such notice, or to the most recent address known to the Board. Notice to the Owner or Owners of any Unit shall be sufficient if mailed to the Unit of such person or persons if no other mailing address has been given to the Board by any of the persons so entitled. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Board shall be given to the President or Secretary.

18.2.2 Mortgagee Notice. Upon written request therefor a Mortgagee, or deed of trust beneficiary of any Unit shall be entitled to be sent a copy of any notices respecting the Unit covered by his security instrument until the request is withdrawn or the security right discharged. Notices will only be sent to those on record of the Association as requesting such notifications. The Association is not responsible to search for entities that may be entitled to receive notification.

18.3 Declarant's Sales Program

18.3.1 Generally. Notwithstanding any language in the Governing Documents to the contrary, until Declarant has sold all Units owned by it, or the expiration of seven (7) years following the date on which the Declaration is filed for record in the Office of the Weber County Recorder, whichever first occurs, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay his or her portion of the Common Expenses or other Assessments, except as herein otherwise provided. Neither the Owners, the Association, nor the Board shall interfere with the completion of improvements and sale of Declarant's Units, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Units owned by Declarant.

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

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

18.3.4 Common Area Use. Declarant shall have the right to use the Common Areas of the Project including but not limited to the right to use the clubhouse as a sales office and in any other way necessary to facilitate sales.

18.3.5 Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding

portion of this Section. Within a reasonable period of time after the happening of such event, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Project for the purpose of aiding Declarant's sales effort.

18.4 Declarant's Rights Assignable

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

18.5 Transfer of Management

Notwithstanding any language on the Governing Documents to the contrary, Declarant may at any time relinquish its reserved right to select the members of the Board and may elect to transfer the management of the Project to a Board elected by the Owners. Upon the termination of the Period of Declarant's Control, or sooner if the Declarant so elects, Declarant shall notify Owners in writing of the effective date of such transfer (the "Transfer Date") at least forty five (45) days prior thereto. Thereupon, the Owners shall call a meeting to elect the members of the Board to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Moreover, Declarant shall cause all obligations for Common Expenses of the Association prior to the Transfer Date to be paid in full on or before such date, and shall transfer any Association funds to the newly elected Committee.

18.6 Working Capital Fund

A working capital fund shall be established by the Declarant equal to or greater than two (2) months' Assessments for each Unit. Each Unit's share of the working capital fund shall be collected and transferred to the Board at the time of closing of the sale of each Unit by Declarant. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Unit shall be paid to the Board at the time such Unit is first occupied for residential purposes or a certificate of permanent occupancy is issued, whichever first occurs. With respect to each Unit for which the Declarant pays the contribution to the working capital fund, the Declarant shall be reimbursed for such contribution by the buyer of such Unit at the time of closing. The purpose of the working capital fund is to insure that the Board will have cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the operation, control and regulation of the Project. Sums paid into the working capital fund are not to be considered as advance payments or regular monthly payments of Common Expenses.

18.7 Security Disclaimer

The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. Neither the Association, nor the Board shall in any way be considered insurers or guarantors of security within the Project, however; and neither the Association, nor the Board shall be held liable for any loss or damage by reason or failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and their tenants, family members, guests, invitees and any other occupants of any Unit, acknowledge and understand that the Association and Board have made no representations or warranties, nor have they relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to any security measures undertaken within the Project.

18.8 Owner Joint and Liabile Responsibility

If any Unit is owned by more than one Owner (“Multi-Owner Unit”), the Owners of such Multi-Owner Unit shall be “jointly and severally” responsible and liable for the performance and fulfillment of any Owner responsibilities, obligations and/or liabilities associated with such Multi-Owner Unit as set forth under the Governing Documents. By example, and without limitation of the previous sentence, if the Association were to impose a fine or Special Assessment against a Multi-Owner Unit, the Association may proceed to collect payment of such fine or Special Assessment from (A) any one Owner, (B) all Owners, or (C) less than all of the Owners of that Multi-Owner Unit.

18.9 Mechanics Liens

Liens for materials, labor or money against any Owner or the Association are to be indexed in the public records under the name of the Unit and the Unit’s Owner(s). With regard to a lien on multiple Units for materials, labor or money provided to the Association or affecting the Common Areas, an Owner may pay his or her pro rata share of the amount of any lien and that shall be sufficient to release the lien as to his Unit. Any person, entity or organization who elects to provide materials or perform labor at the Project shall do so subject to the terms, covenants, and conditions of this Section 18.5.

18.10 Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof, if the remainder complies with the Acts or as covenants affect the common plan.

18.11 Effective Date

This Declaration shall take effect upon recording.

18.12 Liberal Construction

The provisions of the Governing Documents shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of the Project consistent with applicable Utah law. It is intended and covenanted also that, insofar as it affects the Governing Documents and the Project, the provisions of the Acts referenced herein shall be liberally construed to effectuate the intent of the Governing Documents insofar as reasonably possible. In the event any provision of the Governing Documents is deemed as inconsistent with or illegal under any provision of the Acts (or any other applicable Utah law, rule or regulation) then the applicable provision(s) of the Acts (or any other applicable Utah law, rule or regulation) shall govern.

18.13 Consistent with Acts

The terms such as, but not limited to, “Owner”, “Unit,” “Unit Owner”, “Association of Unit Owners”, “Building”, “Common Areas”, “Common Expenses”, “Limited Common Areas” and “Property”, used herein are intended to have the same meaning given in the Acts unless the context clearly requires otherwise or to so define the terms would produce an illegal or improper result.

18.14 Covenant Running with Land

It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, supplementing and interpreting the Acts, and operating independently of the Acts should the Acts be, in any respect, inapplicable.

18.15 Unit and Building Boundary

In interpreting the Survey Map and Plans, the existing physical boundaries of each Building and each Unit as constructed shall be conclusively presumed to be its boundaries.

18.16 “Person”, etc.

When interpreting this Declaration, the term “person” may include natural persons, partnerships, corporations, associations, and personal representatives. The term “mortgage” may be read to include deeds of trust. The singular may include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires.

18.17 Captions and Exhibits

Captions given to the various Articles and Sections herein are for convenience only and are not intended to modify or affect the meaning of the substantive provisions hereof. The various exhibits referred to herein by reference are hereby incorporated herein as though fully set forth where such reference is made.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its duly authorized officers on the ____ day of _____, 20__.

LEWIS HOMES, INC.,
a Utah corporation

By: _____

Name: John Lewis

Title: President

Exhibit A
to
Declaration

Legal Description

Exhibit B

Percentage of Undivided Ownership Interest of each Unit Owner in the Common Areas

Unit Number	Square Footage	Percentage Interest
1		%
2		%
3		%
4		%
5		%
6		%
7		%
8		%
9		%
10		%
11		%
12		%
14		%
15		%
16		%
17		%
18		%
19		%
20		%
21		%
22		%
23		%
24		%
25		%
26		%
27		%
28		%
29		%

Unit Number	Square Footage	Percentage Interest
30		%
31		%
32		%
33		%
34		%
35		%
36		%
37		%
38		%
39		%
40		%
41		%
42		%
43		%
44		%
45		%
46		%
47		%
48		%
TOTAL		

Exhibit C

BYLAWS
OF
THE RIDGE TOWNHOMES ASSOCIATION

ARTICLE 1
PLAN OF UNIT OWNERSHIP

1.1 Name and Location. These are the Bylaws of The Ridge Townhomes Association, a Utah nonprofit corporation (the "Association"). The Ridge Townhomes is a residential condominium project that has been subjected to that certain Declaration of Covenants, Conditions, Restrictions and Reservations for The Ridge Townhomes, as may be amended from time to time, to which these Bylaws are attached as Exhibit "C".

1.2 Principal Office. The principal office of the Association shall be located at such office as may be designated by the Board from time to time.

1.3 Purposes. This Association has been formed to serve as a means through which the Unit Owners may take action with regard to the administration, management and operation of the Project including the Units therein.

1.4 Applicability of Bylaws. The Association, all Unit Owners and all persons using the Project (including any occupants of the Units) shall be subject to these Bylaws and to all rules and regulations which may be adopted by the Board on behalf of the Association pursuant to the Declaration and these Bylaws.

1.5 Composition of Association. The Association shall be composed of all Unit Owners and the Association, itself, to the extent the Association owns any Unit or Units within the Project.

1.6 Incorporation of Association.

(a) The Association shall be incorporated under the Utah Revised Nonprofit Corporation Act. The Articles of Incorporation of the Association shall be consistent with the Declaration and these Bylaws, and these Bylaws shall constitute the Bylaws of the incorporated Association.

(b) In the event the incorporated Association shall at any time be dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. In that event, all of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, which vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any such successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the incorporated Association as if they had been made to constitute the governing documents of the unincorporated association.

1.7 Definitions. The definitions contained in or adopted by the Declaration shall be applicable to these Bylaws

ARTICLE 2
MEMBERSHIP; MEETING OF ASSOCIATION MEMBERS

2.1 Membership. The Association shall have two classes of Membership: Class “A” and Class “B”. The Class “A” Members shall be the Owners. The sole Class “B” Member shall be the Declarant.

The Class “B” membership shall terminate upon the earlier of: two years after expiration of the Declarant’s Period of Control or when, in its discretion, Declarant so determines and declares the Class “B” membership as terminated pursuant to an instrument that has been recorded in the Recorder’s Office. {WHAT PURPOSE DOES THE CLASS “B” MEMBERSHIP SERVE AFTER THE EXPIRATION OF THE DECLARANT’S PERIOD OF CONTROL? WOULD JOHN LIKE TO HAVE ANY SORT OF CLASS “B” VOTING RIGHTS IN ORDER TO OFFSET CERTAIN DECISIONS THAT MAY BE MADE BY THE REST OF THE OWNERS? OR PERHAPS AFTER THE EXPIRATION OF THE DECLARANT’S PERIOD OF CONTROL JOHN SHOULD MERELY HOLD THE OWNERSHIP VOTES OF ANY UNITS HE STILL OWNS OR CONTROLS}

2.2 Place of Meeting. The Association shall hold meetings at a location that is suitable and convenient to the Members as may be designated by the Board from time to time.

2.3 Annual Meetings. There shall be an annual meeting of the Members on or about the first Saturday of February at 6:00 p.m. at the Project or at such other reasonable place and time (although not more than sixty (60) calendar days before or after such date) as may be designated by written notice of the Board delivered to the Members and all Eligible Mortgagees, no less than thirty (30) calendar days prior to the date fixed for such meeting.

At or prior to such annual meeting, the Board shall furnish, or cause to be furnished, to each Owner for their review: (i) a copy of the proposed Annual Budget for the coming fiscal year, and the estimated allocation of such proposed Annual Budget to each Owner; and (ii) a statement of the Common Expenses, and an itemization of receipts and disbursements for the previous and current fiscal year, together with the allocation thereof to each Owner; and (iii) a copy of any documents related to any matters described in the annual meeting notice as matters to be discussed and/or approved at such meeting (for example, and without limitation, Association contracts or agreements).

At the annual meeting, there shall be presented a review of the Common Expenses, itemizing receipts and disbursements for the preceding fiscal year, and the allocation thereof to each Members, the estimated Common Expenses for the coming fiscal year, and a final proposed Annual Budget based upon such estimated Common Expenses.

Within ten (10) business days after the annual meeting, a copy of the proposed Annual Budget shall be delivered to any Members who were not present at the annual meeting.

2.4 Special Meetings. Special meetings of the Members may be called at any time for the purpose of considering matters which require the approval of all or some of the Members, or for

any other reasonable purpose. Such meetings may be called by written notice of the President of the Association upon the decision of the President, or pursuant to a written request signed by a majority of the Board, or by written request by Members cumulatively holding at least thirty-three percent (33%) of the total Percentage Interest, which notice shall be delivered according to Section 2.4 below. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

2.5 Notice of Meetings. The Board may provide Members notice of each meeting either via U.S. mail or via certain electronic methods as specifically set forth under this Section 2.4.

2.5.1 Contents of Notice. Each notice shall include the following information: (a) The place, day and hour of the meeting; (b) A description of any matter or matters that must be approved by the Members at such meeting; and (c) In the case of a special meeting, the purpose of such meeting.

2.5.2 Mailed Notice. If notice of any meeting is delivered via mail, such notice shall be mailed via the United States Postal Service, postage prepaid, no less than thirty (30) calendar days but no more than sixty (60) calendar days before such meeting to each Member entitled to vote at such meeting. Such mailed notice shall be deemed as delivered when deposited in the U.S. mail addressed to the Member at the Member's registered address, with first-class postage thereon prepaid. Each Member shall register with the Association such Member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, a Member's Unit address shall be deemed to be that Member's registered address for purposes of notice in this Subsection 2.4.2.

2.5.3 Electronic Notice. Notice of any meeting may be delivered to Members via email or the Association's website. However, any Member may, by written demand, require that the Association provide notice to such Member via U.S. mail only.

2.6 Members of Record. Upon purchasing a Unit in the Project, each Member shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Unit has been vested in such Member, which copy shall be maintained in the records of the Association. For the purpose of determining Members entitled to receive notice of, or to vote at, any meeting of the Members, the Board may designate a record date, which shall be no less than thirty (30) calendar days nor more than sixty (60) calendar days prior to the meeting, for determining Members entitled to receive notice of, or to vote at, the meeting. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed as the record date for determining Members entitled to receive notice of, or to vote at, the meeting. The persons or entities appearing in the records of the Association on such record date as the Members of record of Units in the Project shall be deemed to be the Members of record entitled to receive notice of, and vote at, the meeting of the Members.

2.7 Voting Rights. The total voting power of all Members shall be One Hundred (100) votes. The total "voting right" available to the Member of any one Unit shall be equal to the Percentage Interest for that Unit. The Board shall be entitled to cast a vote on behalf of any Unit which has

been acquired by or on behalf of the Association. Any such vote must be cast on behalf of the Unit consistent with a majority vote of the Board. The Board shall not be entitled to cast a vote on behalf of any Unit which has been acquired by or on behalf of the Association with regard to any election of any Director.

2.8 Proxies, Absentee Ballots and Rights of Mortgagees.

2.8.1 Proxies. Any vote may be cast by proxy. A proxy given by an Member to any person who represents the Member at meetings of the Association shall be in writing, dated and signed by such Member and shall be filed with the Secretary no less than three (3) calendar days prior to the meeting at which such proxy is intended to be utilized. No proxy shall be valid after the meeting for which it was solicited (but a proxy shall be valid for any vote regarding adjournment of the meeting for which it was solicited), unless otherwise expressly stated in the proxy; however, no proxy may be valid for more than eleven (11) months after the date of execution. No proxy shall be valid if it purports to be revocable without notice. A Member may not revoke a proxy given except by actual notice of revocation to the person presiding over a meeting of the Association, or to the Board if a vote is being conducted by written ballot in lieu of a meeting pursuant to Section 2.14 below. Every proxy shall automatically cease upon sale of the Unit. A proxy must be for the entire voting right of a Unit with no divisions accepted.

2.8.2 Absentee Ballots. Any vote may be cast by absentee ballot.

2.8.3 Mortgage Rights. An Owner may pledge or assign the Owner's voting rights to a Mortgagee. In such a case, the Mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights from and after the time that the Mortgagee shall have given written notice of the pledge or assignment to the Board. Any first Mortgagee may designate a representative to attend all or any meetings of the Association.

2.9 Fiduciaries and Joint Owners.

(a) Fiduciaries. An executor, administrator, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any Unit owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided, that the person shall satisfy the Secretary that he or she is the executor, administrator, guardian, or trustee holding the Unit in such capacity.

(b) Joint Owners. Whenever any Unit is owned by two or more persons jointly, according to the records of the Association, the vote of the Unit may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of a protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of the Unit shall be disregarded completely in determining the proportion of votes given with respect to the matter.

2.10 Quorum of Members.

(a) At any regular annual meeting of the Association, the Members that are represented for any purpose at the annual meeting shall constitute a quorum. For any other meeting of the Association, including special meetings or action taken without a meeting, Members cumulatively holding at least fifty percent (50%) of the total Percentage Interest of the Association's voting rights, whether present in-person, by proxy, or by absentee ballot, shall constitute a quorum.

(b) The subsequent ratification by a Member of the action taken at a meeting shall constitute the presence of that person for the purpose of determining a quorum. Once a quorum is present to organize a meeting it cannot be broken by the subsequent withdrawal of a Member or Members.

(c) If any meeting of Members cannot be organized because of a lack of quorum, the Members who are present, either in person or by proxy, may adjourn the meeting to a time and date no sooner than forty-eight (48) hours from the date of the meeting and the quorum requirement at such adjourned meeting shall be one-half (1/2) of the quorum requirement of the previous meeting.

2.11 Binding Vote. The vote of the holders of more than fifty percent (50%) of the total Percentage Interest of voting rights present (whether in-person, by proxy, or by absentee ballot) at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, the Declaration, or these Bylaws.

2.12 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting, form of proxies and the method of ascertaining Members present shall be deemed waived if no objection is made either at the meeting or within thirty (30) calendar days of the date of the meeting.

2.13 Order of Business. The order of business at annual meetings of the Association shall be according to the order established by the President, and by way of example, may include the following: (a) Calling of the roll and certifying of proxies; (b) Proof of notice of meeting or waiver of notice; (c) Reading of minutes of preceding meeting; (d) Reports of officers; (e) Reports of committees, if any; (f) Election of any Director(s); (g) Unfinished business; (h) New business; and (i) Adjournment.

2.14 Meeting Procedure. Meetings shall be conducted according to appropriate parliamentary procedure pursuant to rules of order as adopted by a resolution that has been approved by a majority vote of the Board. When a dispute arises as to conduct of meetings of Members, the Association agrees to follow rules of order as established in the latest edition of "Robert's Rules of Order."

2.15 Action by Written Ballot in Lieu of a Meeting.

2.15.1 Action by Written Ballot. At the discretion of the Board, any action, except removal of Directors, that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every

Member that is entitled to vote on the matter not less than fifteen (15) calendar days prior to the date on which the ballots must be received by the Association in order to be counted.

2.15.2 Form and Effect of Ballot. The written ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action. Any Member who has the right to vote at an annual meeting, but cannot personally attend such meeting, shall be permitted to submit his or her vote via facsimile copy or a scanned and emailed PDF copy of that Member's ballot. Once a written ballot has been submitted (whether in-person, or via facsimile or scanned and emailed PDF) such ballot may not be revoked or withdrawn.

2.15.3 Information Required in Ballot Solicitations. All solicitations for votes by written ballot must:

- (1) State the number of responses needed to meet any applicable quorum requirements and the total percentage of votes needed for approval.
- (2) Specify the period during which the Association will accept written ballots for counting, which period shall end on the earliest of the following unless the vote is pursuant to the secrecy procedure described in Subsection 2.14.4: (a) The date on which the Association has received a sufficient number of approving ballots to pass the proposal; (b) The date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage; or (c) A date certain on which all ballots must be returned to be counted.

2.15.4 Secrecy Procedure. The Board may elect to conduct a vote pursuant to this Subsection by a secrecy procedure whereby a written ballot is accompanied by: (1) A secrecy envelope; (2) A return identification envelope to be signed by the Member; and (3) Instructions for marking and returning the ballot.

2.15.5 Determination of Vote. The outcome of a vote by written ballot in lieu of a meeting shall be determined by the Board within seventy-two (72) hours of the deadline for return of ballots, or in the event the ballot return date is postponed, within forty-eight (48) hours of the postponed date. Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

- (1) If approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed as approved when the date for return of ballots has passed, a quorum of Members has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected.
- (2) If approval of a proposed action otherwise would require a meeting at which a specified percentage of Members must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(3) Except as provided in Subsection 2.14.5(4), votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are entered.

(4) Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

2.15.6 Member Notification of Ballot Results. The Board shall notify each Member within fifteen (15) calendar days after the ballots have been counted, by mail, e-mail or via the Association's website, of the results of the ballot meeting, or that a quorum of ballots was not returned.

ARTICLE 3 BOARD OF DIRECTORS – SELECTION, TERM OF OFFICE

4.1 Declarant Appointment and Removal. During the entire Period of Declarant's Control the Declarant shall be entitled to unilaterally appoint some or all Directors as provided herein. Any Director that is appointed by the Declarant shall serve at the pleasure of the Declarant and may therefore be removed from the Board by a unilateral decision of the Declarant at any time, with or without cause.

3.2 Number and Qualifications.

(a) The affairs of the Association shall be governed by a Board of Directors composed of three (3) Directors. The term of office may be one (1) or two (2) calendar years, and the expiration of such terms may, to the extent practical or possible, be offset or staggered such that the normal number of vacancies in any given calendar year will not be a majority of the positions on the Board.

(b) Except with respect to the Class "B" Member's appointees, any Director must be an Owner or the co-owner of a Unit. However, multiple Owners of the same Unit may not simultaneously serve as Directors. An officer or employee of a corporation, a partner of a partnership, a trustee of a trust, a personal representative of an estate or an employee of a trust or estate, may serve on the Board if the corporation, partnership, trust or estate owns a Unit.

3.4 Removal of Board Members.

(a) As set forth under Section 4.1, during the entire Period of Declarant's Control the Declarant shall be entitled to unilaterally appoint and remove some or all Directors as provided herein. Accordingly, only the Declarant may remove any Director who was appointed to the Board by the Declarant.

(b) At any annual or special meeting, other than a meeting by written ballot conducted pursuant to Section 2.14 above, any one or more of the Directors, other than any Declarant appointee, may be removed, with or without cause, by a majority of the total Owners who are present in person or by proxy, at a duly constituted meeting. A successor may be elected at that meeting to fill the vacancy thus created. The notice of the meeting must state that the removal is

to be considered and any Director whose removal has been proposed by the Owners may be given an opportunity to be heard at the meeting.

(c) The Board may remove a Director for cause by the vote of a majority of all Directors then in office. Reasons for removal for cause include: delinquency in Assessment payments for sixty (60) calendar days or more; suing, or being sued by the Association or the Board or any Director or Member of the Association; and absence from three (3) consecutive regular meetings of the Board. The vacancy shall be filled as provided in Section 3.2 of these Bylaws.

3.3 Vacancies. Any Board vacancy caused by the removal or resignation of any Director who was appointed by the Declarant shall only be filled by an appointee of the Declarant.

Any Board vacancy caused by the Board's decision to remove a Director, or caused by the resignation of a Director who was not appointed by the Declarant, shall be filled for the balance of the term of such Board vacancy by the affirmative vote of a simple majority of the remaining Directors even though they may constitute less than a quorum. If the remaining Directors are unable to achieve a simple majority to fill the Board, that vacancy shall be filled by a vote of all Owners pursuant to the Association's process for electing Directors.

Any Board vacancy caused by the removal of a Director by a vote of the Association shall be filled by a vote of all Owners pursuant to the Association's process for electing Directors.

Any person so appointed or elected to fill a vacancy of the Board shall complete the remaining term of the vacated Board position.

3.5 Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for reasonable actual expenses incurred in the performance of his or her duties.

3.6 Action Taken Without A Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take a regular or special meeting by obtaining the written approval of all the Directors in accordance with U.C.A. §16-6a-813, as amended from time to time. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 4 APPOINTMENT, NOMINATION AND ELECTION OF DIRECTORS

4.1 Nomination.

(a) Method of Nominations. Nomination for election to the Board may be made by a Nominating Committee. Prospective Directors must be nominated from among the Owners. Any such prospective Director must provide the Nominating Committee notice of his or her intent to run no later than five (5) calendar days prior to the meeting in which elections will occur. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies.

(b) Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board; and two (2) or more Members of the Association.

4.2 Election. At the election for Directors, the Owners or their proxies shall cast one (1) vote towards the entire list of Director nominees. If just one Director position must be filled, the nominated Owner receiving the largest amount of votes (with each Owner's vote being given the same weight as that Owner's Percentage Interest) shall be elected. If two (or more) Director positions must be filled, then the two (or more) nominees receiving the largest amount of votes shall be elected. The results of each Director election shall be posted at the Association's clubhouse and on the Association's website.

ARTICLE 5 MEETINGS OF THE BOARD OF DIRECTORS

5.1 Organizational Meeting.

(a) Location, Date and Time. The first meeting of a newly-elected Board shall be held within fourteen (14) calendar days of election at such place, date and time as shall be fixed by the Directors at the meeting at which the Directors were elected. Notice of such first meeting shall be given to each member of the newly-elected Board.

(b) Procedure and Business. Until the election of new officers, the meeting shall be chaired by the outgoing President, or in the absence of such person, the outgoing Secretary, regardless of whether the outgoing President or Secretary is as member of the newly constituted Board. At the organizational meeting, the Board shall elect officers in accordance with Section 7.2 below and may conduct any other Association business.

5.2 Regular Meetings. Regular meetings of the Board shall be held no less than six (6) times during each fiscal year, with each such meeting being held no less than once every other calendar month, at such place and hour as may be fixed from time to time by resolution of the Board. Should the Board meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, or at another date and time agreed upon by the Board with notice to all Directors.

5.3 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) calendar days notice to each Director by mail, including electronic mail if approved by the Board, telephone, or facsimile. The notice must state the time, place, and purpose of the meeting.

5.4 Meeting Procedure.

(a) Meetings of the Board shall be conducted by the President.

(b) A decision of the Board is deemed valid without regard to any procedural errors related to the rules of order unless the error is reflected in the meeting minutes or appears on the face of the Board resolution (if any) memorializing the Board's decision.

5.5 Open Meetings; Executive Sessions.

(a) Open Meetings. Except as provided in Subsection (b) of this Section 5.5, all meetings of the Board shall be open to Owners. An Owner may participate in discussions regarding a particular matter on the Board's agenda during the portion of the meeting designated for such discussion. The Board shall have the authority to exclude from a Board meeting any Owner who disrupts the proceedings of the meeting.

(b) Executive Sessions. In the discretion of the Board, the following matters may be considered in executive session: (1) Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation or criminal matters; (2) Personnel matters, including salary negotiations and employee discipline; (3) The negotiation of contracts with third parties; (4) Collection of unpaid Assessments; and (5) Other matters of a sensitive, private, or privileged nature.

(c) Executive Session Procedure. Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the President or other presiding officer shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting.

5.6 Meetings by Telephonic or Electronic Communication. In the event of an emergency, or by decision of the Board, meetings of the Board may be conducted by communication or by the use of a means of communication that allows all Directors participating to hear each other simultaneously or otherwise to be able to communicate during the meeting.

5.7 Waiver of Notice. Any Director may, at anytime, waive notice of any meeting of the Board in writing, and the waiver shall be deemed equivalent to the giving of the notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by the Director, except where the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at the meeting.

This Section 5.7 is intended to be consistent with the requirements of Section 16-6a-815 of the Utah Nonprofit Corporation Act. In the event Section 16-6a-815, as may be periodically amended, provides "waiver of notice" requirements that in any way differ from those contained in this Section 5.7, then the requirements of Section 16-6a-815 shall control.

5.8 Quorum and Acts. At all meetings of the Board a majority of the existing Directors shall constitute a quorum for the transaction of business and the acts of the majority of the Directors present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. Any unfinished business upon such adjournment of a Board meeting may only be transacted at a subsequent regular or special meeting of the Board that has been properly held by giving notice and conducting such meeting as required by these Bylaws.

ARTICLE 6
POWERS, RIGHTS, AND DUTIES OF THE BOARD

6.1 General Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Declaration or by these Bylaws directed to be exercised and done by the Owners.

6.2 Specific Powers. In addition to powers authorized by the Declaration, these Bylaws or by resolution of the Association, the Utah Revised Nonprofit Corporation Act or other applicable law, and subject to Section 6.3 of these Bylaws, the Board shall have the power to:

(a) Adopt and publish rules and regulations governing the use of Common Areas, including any improvements, facilities and amenities located thereon, and the personal conduct of the Owners and their tenants or guests thereon, and to establish penalties for the infraction thereof.

(b) Suspend the voting rights and right to use of any recreational facilities located on any Common Area by any Owner member during any period in which such Owner shall be in default in the payment of any Assessment levied by the Association.

(c) Engage the services of a manager or managing company, accountants, attorneys or other professionals, employees or agents and to pay to said persons a reasonable compensation therefore.

(d) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.

(e) Supervise all officers, agents, managers and employees of the Association, and to see that their duties are properly performed.

(f) Operate, maintain, repair, improve and replace the Common Areas.

(g) Determine and pay the Common Expenses.

(h) Assess and collect the proportionate share of Common Expenses from the Unit Owners.

(i) Enter into contracts, deeds, leases or other written instruments or document for and in behalf of the Association and to authorize the execution and delivery thereof by the appropriate officers.

(j) Open bank accounts on behalf of the Association and designate the signatures for such bank accounts pursuant to a resolution adopted by the Board.

(k) Purchase, hold, sell, convey, mortgage or lease any interest in real property for and in behalf of the Association subject to the restrictions, limitations and provisions of the Declaration, so long as the Board has obtained the prior written approval of at least two-thirds (2/3) of the first Mortgagees.

(l) Bring, prosecute and settle litigation for itself, the Association and Property, provided it shall make no settlement which results in a liability against the Board, the Association, or the Project in excess of \$5,000 without prior written approval of a Majority of the Owners.

(m) Obtain insurance for the Association with respect to the Units and the Common Areas and Common Area Improvements, as well as Worker's Compensation Insurance.

(n) Repair or restore the Project (or any portion of the Project) following damage or destruction, or a permanent taking by the power of, or power in the nature of, eminent domain or by an action or deed in lieu of condemnation, not resulting in the removal of the Project from the provisions of the Acts.

(o) Purchase or lease, and sell or otherwise acquire or dispose of, on behalf of the Association, items of personal property necessary to convenient in management of the business and affairs of the Association and the Board and in the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

(p) Keep adequate books and financial records so that the Board can reasonably and regularly assess the financial status and strength of the Project. Such books and records may include, by example and without limitation, financial reports normally presented by the Manager to the Board, such as budget-to-actual reports for each fiscal quarter and fiscal year, quarterly reports of Owners who are delinquent in their payment of Assessments or any Additional Charges, fiscal quarterly and fiscal annual statements of Association's bank account balances, Association reserves reports, and Special Assessment reports (as applicable), and any other relevant financial reports.

(q) Borrow funds and enter into promissory notes, provided that any such action has been approved in writing by a Majority of the Owners.

(r) Sell portions of the Common Areas, provided that any such action has been approved in writing by at least seventy-five percent (75%) of the Unit Owners.

(s) Maintain a corporate seal.

(t) Approve and sign checks and issue payment vouchers.

(u) Pay off or otherwise satisfy any liens against any portion of the Project.

(v) Do all other acts necessary for the operation and maintenance of the Property, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project.

6.3 Requirements Regarding Association Contracts.

(a) Minimum Required Bids. The Board shall not execute any contract or agreement on behalf of the Association (i) for any goods or services that exceed \$5,000 or (ii) that has a term of more than one year, unless the Board has first made a reasonable attempt to obtain at least two (2) bids from vendors or contractors qualified to provide such goods or services. The requirements of this Subsection 6.3(a) shall not apply (A) if the Board is unable to identify or

locate more than one (1) such qualified vendor or contractor that is able or willing to provide the goods or services being sought; or (B) in the event of emergency maintenance or repairs as described under Subsection 6.3(c) below.

(b) Minimum Required Signatures. No member of the Board of Directors (including the President or Vice-President) may unilaterally obligate or bind the Board or the Association regarding the acknowledgement of, performance of, or payment under any contract, agreement or any other document whatsoever. Any such contract, agreement or document must be signed by at least two (2) members of the Board of Directors if the Board consists of a total of three Directors, and must be signed by at least three (3) members of the Board of Directors if the Board consists of a total of five Directors.

(c) Emergency Maintenance or Repairs. The Manager is prohibited from signing any contract, agreement or other document whatsoever on behalf of the Board or the Association. However, the language of this Subsection 6.3(c) shall not prevent the Manager from performing emergency maintenance or repairs, or from engaging or retaining the maintenance or repair services of any third party, as deemed necessary by the Manager in order to prevent or mitigate any harm or injury to any portion of the Project, any Owners, any tenant, guest or other occupant of any Unit, or any other individuals or property that may be located on the Project.

ARTICLE 7 OFFICERS AND THEIR DUTIES

7.1 Designation and Qualification.

(a) Designation. The officers of the Association shall include a President, Secretary and a Treasurer. The Board members may also designate the office of Vice-President, Assistant Treasurer and Assistant Secretary.

(b) Qualifications. The President, Vice-President (if any), Secretary and Treasurer shall each be a member of the Board, but the other officers need not be Board members. Any Board member may be an officer of the Association.

(c) Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices specified in Subsection 7.1(a).

(d) Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

7.2 Election and Vacancies. The officers of the Association may be elected by the Board at the organizational meeting of each new Board held in accordance with Section 5.1 above or any Board meeting thereafter to serve until their respective successors are elected at the next organizational meeting. If any office becomes vacant by reason of death, resignation, removal, disqualification or any other cause, the Board shall elect a successor to fill the unexpired term at any meeting of the Board.

7.3 Resignation. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

7.4 Removal of Officers. Officers shall hold office at the pleasure of the Board. Upon an affirmative vote of a majority of the members of the Board any officer may be removed from the Board, either with or without cause. However, as set forth under Section 4.1, during the entire Period of Declarant's Control the Declarant shall be entitled to unilaterally appoint and remove some or all members of the Board as provided herein. Accordingly, the Declarant may veto any vote of the Board to remove any officer of any other Director from the Board.

7.5 Compensation of Officers. No officer who is a member of the Board may receive any compensation from the Association for acting as an officer, unless the compensation is authorized by a vote of a Majority of the Owners. The Board may fix any compensation to be paid to any officers who are not also Board members.

7.6 Duties of Officers. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of President of an association.

(b) Vice-President. The Vice-President (if any) shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association, have charge of such books and papers as the Board may direct, and in general, perform all of the duties normally incident to the office of Secretary.

(d) Treasurer. The Treasurer shall have responsibility for the Association's funds and securities not otherwise held by the Manager, and shall be responsible for causing full and accurate accounts of all receipts and disbursements to be kept in books belonging to the Association. The Treasurer shall be responsible for causing the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may, from time to time, be designated by the Board and disbursing funds as directed by resolution of the Board.

ARTICLE 8 INDEMNIFICATION OF OFFICERS AND BOARD MEMBERS

Each officer and Director of the Association, in consideration of his or her services, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him or her in connection with the defense of any action, suit or

proceeding, civil or criminal, to which he or she may be a party by reason of being or having been a Director or officer of the Association. The foregoing right to indemnification shall be exclusive of any other rights to which the Director or officer or person may be entitled by law or agreement or vote of the members or otherwise.

ARTICLE 9 RECORDS AND AUDITS

The Association shall maintain within the State of Utah, all documents, information and other records of the Association in accordance with the Declaration, these Bylaws and the Utah Revised Nonprofit Corporation Act in the manner prescribed by a resolution adopted by the Board.

9.1 General Records.

(a) The Board or Manager, if any, shall keep records of the actions of the Board and Manager; minutes of the meetings of the Board; and minutes of the meeting of the Association.

(b) The Board or Manager, if any, shall maintain records containing the rules, regulations, and policies adopted by the Association and Board.

(c) The Board or Manager, if any, shall maintain a list of Owners. The list of Owners may specify whether or not the Owner is an Owner in good standing.

(d) The Association shall retain within the State of Utah all records of the Association for not less than the period of time specified and required under applicable law.

9.2 Records of Receipts and Expenditures. The Board or Manager, if any, shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Project, itemizing the maintenance and repair expenses of the Common Areas or Association property and any other expenses incurred.

9.3 Assessment Roll. The Assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. The account shall designate the Unit number, the name and address of the Owner or Owners, the amount of each Assessment against the Owners, the dates and amounts in which the Assessment comes due, the amounts paid upon the account, and the balance due on the Assessments.

9.4 Financial Reports and Audits.

(a) An annual report of the receipts and expenditures of the Association and a balance sheet showing assets and liabilities shall be rendered by the Board to all Owners and to all Mortgagees of Units who have requested the same in writing no later than ninety (90) calendar days following the end of each fiscal year.

(b) No less than once every three (3) fiscal years, the Board shall, at the expense of the Association, obtain an audit or other financial review of the Association's books and records, and shall either cause a copy of the results of such audit or other financial review to be available for

review by the Owners, or shall post the results of such audit or other financial review on the Association's website. The Board may not conduct the audit or other financial review itself, and must retain the services of a qualified independent financial entity.

9.5 Inspection of Records by Owners.

(a) Except as otherwise provided in Section 9.6 below, all records of the Association shall be reasonably available for examination by an Owner and any Mortgagee of a Unit pursuant to rules adopted by resolution of the Board or if no such resolution has been adopted, pursuant to the Utah Revised Nonprofit Corporation Act.

(b) The Board shall maintain a copy, suitable for the purposes of duplication, of the following: (1) The Declaration, Bylaws and any amendments in effect or supplements thereto, and Rules and Regulations of the Association; (2) The most recent financial statement prepared pursuant to Section 9.4 above; and (3) The current Annual Budget of the Association.

(c) The Association, within five (5) business days after receipt of a written request by an Owner, shall furnish the requested information required to be maintained under Subsection 9.5(b), subject to a reasonable fee for furnishing copies of any documents, information or records described in this Section 9.5. The fee may include reasonable personnel costs incurred to furnish the information.

(d) The Board, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of any documents, information or records described in this Section 9.5. The fee may include reasonable personnel costs incurred to furnish the information.

9.6 Records Not Subject to Inspection. Records kept by or on behalf of the Association may be withheld from examination and duplication to the extent the records concern:

(a) Personnel matters relating to a specific identified person or a person's medical records.

(b) Contracts, leases and other business transactions that are currently under negotiation to purchase or provide goods or services.

(c) Communications with legal counsel that relate to matters specified in Subsections (a) and (b) of this Section 9.6, and any other communications with legal counsel that are protected by any privilege, including the attorney client privilege.

(d) Disclosure of information in violation of law.

(e) Documents, correspondence or management or Board reports compiled for or on behalf of the Association or the Board by its agents or committees for consideration by the Board in executive session held in accordance with these Bylaws.

(f) Documents, correspondence or other matters considered by the Board in executive session held in accordance with these Bylaws.

(g) Files of individual Owners, other than those of a requesting Owner or requesting Mortgagee of an individual Owner, including any individual Owner's file kept by or on behalf of the Association.

9.7 Notice of Sale or Mortgage. Immediately upon the sale or Mortgage of any Unit, the Owner shall promptly inform the Secretary or Manager of the name and address of the purchaser, vendee or Mortgagee.

ARTICLE 10 AMENDMENTS

10.1 Adoption. Amendments to these Bylaws may be approved by the Association at a duly constituted meeting or meeting by written ballot in lieu of a meeting conducted pursuant to these Bylaws. Approval by at least sixty-seven percent (67%) of the total Percentage Interest of those votes that are actually cast is required for any amendment to be adopted. The approval of sixty-seven percent (67%) of the total Percentage Interest of all Owners shall be required for any amendment or change to the material provisions of the Bylaws pertaining to voting rights.

10.2 Execution and Recording. An amendment shall not be effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws, acknowledged and recorded with the Recorder's Office.

10.3 Challenge to Validity. No action to challenge the validity of an adopted amendment may be brought more than one (1) calendar year after the amendment is recorded.

ARTICLE 11 MISCELLANEOUS

11.1 Notices.

(a) Association. All notices to the Association or the Board shall be sent care of the Manager or, if there is no Manager, to the principal office of the Association or to such other address as the Board may hereafter designate from time to time.

(b) Owners.

(1) Except as otherwise provided in the Declaration, these Bylaws or law, all notices to any Owner shall be sent to such address as may have been designated by him or her, from time to time, in writing to the Board, or if no address has been designated, then to the Owner's Unit.

(2) If a Unit is jointly owned or the Unit has been sold under a land sale contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given to the Secretary in writing, then mailing to the Unit shall be sufficient.

11.2 Waiver, Precedent and Estoppel. No restriction, condition, obligation, or provision contained in these Bylaws or rules and regulations adopted pursuant hereto shall be deemed to have been abrogated or waived by the Association by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur and any failure to

enforce the same shall not be deemed to constitute precedent or estoppel impairing the right of the Association as to any similar matter.

11.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws. As used herein, the singular shall include the plural and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

11.4 Fiscal Year. The fiscal year of the Association shall be determined by the Board in its discretion.

11.5 Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

IN WITNESS WHEREOF, the Association has caused these Bylaws to be executed by its duly authorized officers on this ____ day of _____, 2014.

_____, President

_____, Secretary