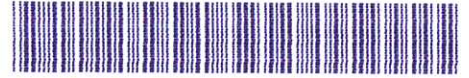


When Recorded, Mail to:

D.R. Horton, Inc.
12351 South Gateway Park, Suite D-100
Draper, UT 84020
Attention: Boyd A. Martin



ENT 6783:2014 PG 1 of 47
JEFFERY SMITH
UTAH COUNTY RECORDER
2014 Jan 31 9:33 am FEE 161.00 BY SS
RECORDED FOR DR HORTON INC

DECLARATION OF

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

STIRLING POINTE AT SKYE ESTATES

**DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR
STIRLING POINTE AT SKYE ESTATES**

THIS Declaration of Covenants, Conditions and Restrictions for Stirling Pointe at Skye Estates (this “**Declaration**”) is made and executed this 7 day of January, 2014, by D.R. Horton, Inc., a Delaware corporation (hereinafter referred to as the “**Declarant**”).

RECITALS:

A. This Declaration affects that certain real property located in Utah County, Utah described with particularity in Exhibit “A” attached hereto and incorporated herein by this reference (hereinafter referred to as the “**Property**”).

B. Declarant is the owner of the Property.

C. The Property is part of a master planned development known as “Skye Estates,” and is subject to that certain Master Declaration of Covenants, Conditions, and Restrictions for Skye Estates, recorded in the official records of Utah County on January 31, 2014 as Entry No. 6782, in Book 2014, beginning on Page 1 of 16 (the “**Master Declaration**”). The Property shall remain subject to the Master Declaration.

C. As part of Skye Estate, Declarant desires to develop Stirling Pointe at Skye Estates (the “**Project**”), which will be subject to this Declaration.

D. The covenants, conditions, and restrictions as set forth in this Declaration are deemed to be covenants running with the land, mutually burdening and benefiting all of the Property and each of the Units.

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

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

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

1.2 Age 55 Criteria shall have the meaning set forth in Section 3.1 below

1.3 Area of Common Responsibility shall have the meaning set forth in Section 3.17(a).

1.4 Area of Personal Responsibility shall have the meaning set forth in Section 3.17(e).

1.5 Articles of Incorporation shall mean and refer to the Articles of Incorporation of STIRLING POINTE AT SKYE ESTATES HOME OWNERS ASSOCIATION, INC., on file or to be filed with the Utah Department of Commerce, Division of Corporations and Commercial Code.

1.6 Assessment shall mean and refer to the fees, dues and amounts assessed each Owner to pay for the common expenses incurred in the operation, management, maintenance, repair, replacement, control and regulation of the Project.

1.7 Association shall mean and refer to the association of Owners at Stirling Pointe at Skye Estates, known as Stirling Pointe at Skye Estates Home Owners Association, Inc., a Utah nonprofit corporation.

1.8 Board or Board of Directors shall mean the board of directors of the Association who have been duly appointed or elected to perform their duties, as provided in the Bylaws and in accordance with the provisions of the Utah Revised Nonprofit Corporation Act.

1.9 Building shall mean and refer to any of the structures constructed in the Project.

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

1.11 Bylaws shall mean and refer to the Bylaws of the Association attached to this Declaration as Exhibit "B."

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

1.13 Class B Control Period shall mean and refer to the period of time during which the Class B Member is entitled to appoint all or a majority of the members of the Board of Directors.

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

(a) The real property and interests in real property subjected to the terms of this Declaration, including the entirety of the Land and all Improvements constructed thereon, except for and specifically excluding therefrom the individual Units;

(b) All Common Areas designated as such on the Plat;

(c) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Owners, including without limitation utility services such as telephone, electricity, natural gas, water and sewer;

(d) The Project's outdoor grounds, detention basins, landscaping, street lighting, perimeter and preservation fences, sidewalks, trails, walking paths, parking spaces, private streets and alleys;

(e) All portions of the Project not specifically included within the individual Units; and

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

1.15 Common Area Assessment shall mean and refer to an Assessment.

1.16 Common Expense shall mean and refer to the actual and estimated expenses of operating, managing, maintaining, repairing, replacing, controlling and regulating the Project, or any portion thereof, including any reasonable reserve.

1.17 Community shall mean and refer to the Project.

1.18 Community Standards shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing in the Community as determined by the Board of Directors from time to time.

1.19 Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Stirling Pointe at Skye Estates.

1.20 Declarant shall mean and refer to D.R. Horton, Inc., a Delaware corporation, its successors and assigns.

1.21 Delinquent Assessments shall have the meaning set forth in Section 3.22(b).

1.22 Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or deed of trust who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

1.23 Eligible Mortgage shall mean and refer to a mortgagee, beneficiary under a deed of trust, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

1.24 Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association.

1.25 Event or Events shall have the meaning set forth in Section 3.13(b).

1.26 Family shall mean and refer to a group of natural persons residing in the same residential structure and maintaining a common household.

1.27 Federal Fair Housing Act shall mean the Federal Fair Housing Act, 42 U.S.C. § 3601 et seq.

1.28 Guest shall mean and refer to a temporary visitor, invitee or person whose presence within the Project is approved by or is at the request of a particular Owner.

1.29 Improvement shall mean and refer to all physical structures and appurtenances to the Land of every kind and type, including but not limited to all buildings, dwellings units, fixtures, plumbing, electrical, heating, air conditioning and utility systems, roads, alleys, walkways, driveways, parking areas, patios, fences, walls, stairs, landscaping, trees, shrubs, bushes and green space.

1.30 Individual Assessment shall mean and refer to the fees, dues and amounts assessed to a specific Owner to pay for the expenses incurred that are directly related only to that Owner in the operation, management, maintenance, repair, replacement, control and regulation of the Project.

1.31 Land shall mean and refer to all of the real property subject to this Declaration, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

1.32 Limited Common Areas shall mean and refer to those portions of the Common Areas which are specifically designated on the Plat as "Limited Common Area" and which are thereby allocated for the exclusive use of one or more Units but fewer than all of the Units, including, but not limited to, driveways and backyards.

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

1.34 Manager shall mean and refer to the person or entity appointed or hired by the Board of Directors to manage and operate the Project.

1.35 Member shall mean and refer to an Owner obligated, by virtue of such Owner's respective ownership, to be a member in the Association.

1.36 Mortgage shall mean and refer exclusively to either a first mortgage or first deed of trust on any Unit, but shall not mean or refer to an executory contract of sale.

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

1.38 Notice and Hearing shall mean and refer to the procedure which gives an owner or resident due process.

1.39 Occupant shall mean a Person lawfully residing in a Unit who has actual use, possession or control of the Dwelling, regardless of whether that Person is an Owner.

1.40 Owner shall mean and refer to the person who is the owner of record (in the Office of the Recorder of Utah County, Utah) of a fee or an undivided fee interest in a Unit, including but not limited to both the seller and buyer under an executory sales contract. The term Owner does not mean or include a mortgagee or a beneficiary or trustee under a deed of trust, unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

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

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

1.43 Plat shall mean and refer to the Final Plat of "Stirling Pointe at Skye Estates" on file and of record in the Office of the Recorder of Utah County, Utah, as it may be amended from time to time. The Plat will show the location of the Units and Common Areas.

1.44 Project shall mean and refer to Stirling Pointe at Skye Estates residential unit development.

1.45 Project Documents shall mean the Plat, the Master Declaration, the Declaration, the Bylaws, the Articles of Incorporation and any rules or regulations of the Association adopted from time to time by the Board of Directors.

1.46 Property shall mean and refer to all of the Land and all Improvements and appurtenances subjected to the terms of this Declaration.

1.47 Qualifying Unit shall have the meaning set forth in Section 3.1 below.

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

1.49 Reserve Fund shall mean the fund created or to be created by the Association pursuant to Section 3.18(q) for the purposes provided in Section 3.18(q).

1.50 Shared Components of a Building shall mean all portions of a Building that are shared by or reasonably necessary for the use and enjoyment of one or more Units within a Building including, without limitation, party walls, footings and foundations, structural components, roofs and common sanitary sewer laterals and other shared utilities.

1.51 Special Assessment Limit shall have the meaning set forth in Section 3.19(a).

1.52 Specific Assessment shall have the meaning set forth in Section 3.20.

1.53 Unit shall mean and refer to a portion of a Building situated upon the Land, other than the Common Area, intended for any type of independent ownership and intended for use and occupancy as a single family residential townhome, as may be set out in this Declaration and as shall be shown on the Plat or amendments thereto.

1.54 Unit Number shall mean and refer to the number, letter or combination thereof designating a particular Unit as identified on the Plat.

1.55 Utah Fair Housing Act shall mean the Utah Fair Housing Act, Utah Code Ann. § 57-21-1 et seq., as may be amended from time to time.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Declarant hereby declares that the Property is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to this Declaration, as amended from time to time. This Declaration is declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of the Property and is established for the purpose of enhancing the value, desirability and attractiveness of the Property. This Declaration shall run with all the Property for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners, Members and their respective successors-in-interest. Each Owner of any Unit, by acceptance of a deed therefor (whether or not it is or shall be so expressed on such deed) is deemed to covenant and agree that such Owner and such Owner's Unit shall be subject to all the terms, covenants, conditions, restrictions and easements set forth in this Declaration. The Project is not a cooperative.

2.2 Reservation to Declarant. There is hereby reserved unto Declarant, its employees, agents, successors and assigns such easements and rights of ingress and egress over, across, through and under the Property and any Improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant, its employees, agents and successors (in a manner not inconsistent with the provisions of this Declaration) to:

(a) engage in construction upon or to improve the Common Areas with such structures and facilities (including but not limited to parking areas, sidewalks, parking area and sidewalk lighting and various landscaped areas) designed for the use and

enjoyment of all the Members as Declarant may reasonably determine to be appropriate; and

(b) do all things reasonably necessary and proper for the construction, completion, development and sale of the Project. If pursuant to this reservation, the Property or any portion thereof (including any Building or any Unit) or any improvement thereon, is traversed or partially occupied by a permanent Improvement or utility line, a perpetual easement for such Improvement or utility line shall exist.

2.3 Subject to Taxes, Instruments of Record. The Property that is subject to this Declaration is subject to all liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities, all patent reservations and exclusions, all instruments of records which affect the Property or any portion thereof, including without limitation any mortgage or deed of trust, all visible easements and rights-of-way, and all easements and rights-of-way record, including without limitation, the easements, restrictions and rights-of-way identified on the Plat and all notes and disclosures of any nature included on the Plat.

ARTICLE 3

COVENANTS, CONDITIONS AND RESTRICTIONS

The Project shall be subject to and governed by the following covenants, conditions, and restrictions:

3.1 Age Restrictions

(a) Restrictive Covenant. As long as improvements exist upon the Property which are being used and occupied as residential housing, the Association shall take such reasonable steps necessary to provide that the Units within the Project shall be occupied by Occupants 55 years of age or older. In compliance with Utah Fair Housing Act and the Federal Fair Housing Act, the Declarant while in control of the Association as set forth in this Declaration, and thereafter the Association, shall (a) adopt, publish and adhere to Age 55 Criteria (defined below) policies and procedures that demonstrate the intent to operate the Project as a community for persons who are 55 years of age or older as such intent is set forth in this Declaration; (b) publish the Rules and Regulations in conspicuous locations within the Common Areas; (c) establish policies for age verification of each Owner or Occupant by reliable surveys and affidavits, which surveys and affidavits shall be of the type that may be admissible in administrative and judicial proceedings for the purposes of such verification, such as a driver's license, birth certificate, passport, immigration card or military identification; and (d) establish and maintain appropriate policies to require that the Owners and Occupants comply with the age verification procedures set forth above.

(b) Declarant Sales. The rental and initial sale of Units by Declarant shall be restricted such that, when all of the Units have been rented or initially sold by Declarant, at least eighty percent (80%) of those Units ("**Qualifying Units**"), the identity of which qualifying Units shall be determined exclusively by Declarant, shall have been rented or initially sold by Declarant either: (i) to an Occupant who, at the time of such rental or initial sale, was at least 55

years of age, or (ii) in the case of multiple purchasers or an entity, to Persons at least one of whom will be an Occupant at least 55 years of age at the time of such rental or initial sale (collectively “**Age 55 Criteria**”). There shall be no minimum or maximum number of Qualifying Units that may be rented as opposed to sold by Declarant; provided, however, that, if and when Declarant sells a Unit that Declarant has been renting and whose inclusion was necessary to achieve a minimum number of Qualifying Units, Declarant may sell that Unit only to a purchaser or purchasers meeting one of the Age 55 Criteria.

(c) Owner Sales. Each Owner hereby acknowledges and agrees that in the event he or she purchased a Qualifying Unit, he or she shall be bound by the Age 55 Criteria and the Owner's rental and sale of such Qualifying Unit shall be restricted by the Age 55 Criteria. For the purposes of this Section 3.1, a Unit is “occupied” when an Owner or Occupant has possession of the Unit and has the right to actually use or control such Unit. This Article 3 shall not preclude occupancy of a Unit by a non-age qualified surviving spouse of an age qualified decedent Owner or Occupant who had occupied the Qualified Unit, until such time as the non-age qualified surviving spouse remarries.

(d) Legal Compliance. It is the express intent of Declarant that the Project be operated in compliance with applicable provisions of the Utah Fair Housing Act and the Federal Fair Housing Act, and nothing contained herein shall be construed to require the Association to take any action which shall be in violation of such laws.

(e) Owner Acknowledgment. OWNERS ARE GIVEN NOTICE THAT THE UNITS ARE INTENDED FOR OCCUPANCY BY OCCUPANTS 55 YEARS OF AGE OR OLDER AS SET FORTH IN THIS ARTICLE 3 AND THAT THE BOARD SHALL IMPLEMENT SUCH RESTRICTIONS BY THE RULES AND REGULATIONS, AS AMENDED, EXPANDED, AND OTHERWISE MODIFIED FROM TIME TO TIME. EACH OWNER, BY ACCEPTANCE OF A DEED, ACKNOWLEDGES AND AGREES THAT THE USE AND ENJOYMENT AND MARKETABILITY OF HIS OR HER UNIT CAN BE AFFECTED BY THIS PROVISION AND THAT THE RULES AND REGULATIONS MAY CHANGE FROM TIME TO TIME. COPIES OF THE CURRENT RULES AND REGULATIONS MAY BE OBTAINED FROM THE ASSOCIATION.

(f) Disclosure to Purchasers and Tenants. Any Owner who sells or leases a Unit within the Project shall disclose in the advertisements, purchase or lease documents that Stirling Pointe at Skye Estates is a 55 year age restricted community under the Federal Fair Housing Act and the Utah Fair Housing Act. An Owner's or the Owner's agent's failure to disclose that this Project is intended to be operated for persons age 55 and older shall not prevent the Association from enforcing the age restriction policies against any Owner, Occupant and/or other Person for non-compliance. Prior to the occupancy of the Unit, the Owner shall notify the Board, in writing, of the name or names of the Occupant(s) and the time during which the lease term shall be in effect. Any violation of the Governing Documents by an Occupant shall also constitute a violation by the Owner of the Unit, and the Board shall have the right to enforce the Governing Documents against the Owner of the Unit and such tenant.

3.2 Description of Improvements. The significant Improvements in the Project include, or shall include sixty (60) Units, as townhomes, and the Common Areas as identified on

the Plat, landscaping, roadways, a common utility system, an entrance to and exit from the Project, as well as Limited Common Areas.

3.3 Description and Legal Status of the Property. The Units shall be owned by the Owners, and the Common Areas shall be owned by the Association.

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

3.5 Conveyancing. Any deed, lease, Mortgage, deed of trust, or other instrument conveying or encumbering a Unit shall describe the interest or estate involved substantially as follows: "All of Unit No. _____ contained within Stirling Pointe at Skye Estates, as the same is identified on the Plat recorded in the Office of the Recorder of Utah County, Utah (as said Plat may have heretofore been amended or supplemented), in the Master Declaration of Covenants, Conditions, and Restrictions for Skye Estates, recorded in the official records of Utah County on January __, 2014 as Entry No. _____, in Book _____, beginning on Page _____ and in the Declaration of Covenants, Conditions and Restrictions for Stirling Pointe at Skye Estates, recorded in the official records of Utah County on January __, 2014, as Entry No. _____, in Book _____, beginning on Page _____ (as said Master Declaration and Declaration may have heretofore been amended or supplemented), together with and subject to the appurtenant rights and obligations as a Member of Stirling Pointe at Skye Estates Home Owners Association, Inc."

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

3.6 Ownership and Use. Each Owner shall be entitled to the exclusive ownership and possession of such Owner's Unit and to membership in the Association as set forth herein, subject, however, to the following:

(a) Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple ownership of such Owner's respective Unit. The Project is a residential community, and as such the Units shall be used only and exclusively for residential purposes, except as set forth below. The Common Areas shall only be used in a manner consistent with the residential nature of the Project.

(b) Mandatory Association. Each Owner shall automatically become a Member of the Association.

(c) Member's Easements and Rights of Way. Every Member of the Association shall as an Owner have the right and non-exclusive easement to use and enjoy the Common Areas in a manner consistent with the terms of this Declaration. Such right and easement shall be appurtenant to and shall pass with the title to every Unit, subject to the right of

the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for the purpose of providing utilities to the Project and similar or related purposes. During the Class B Control Period, any such dedication or transfer shall be effective only if approved in writing by Declarant.

(d) Rules and Regulations. The Board of Directors shall have the power and authority to adopt, amend or repeal administrative rules and regulations pertaining to the Project from time to time, provided that the Board of Directors complies with the requirements of Section 57-8a-217 of the Utah Code, as such Section may be amended, supplemented and replaced from time to time. Pursuant to Section 57-8a-217(b) of the Utah Code, Declarant shall be exempt from the rules of the Association and from the rulemaking procedures of Section 57-8a-217 of the Utah Code during the Class B Control Period.

(e) Restrictions and Limitations of Use. The use of the Units is subject to the following guidelines, limitations and restrictions:

(f) Parties Bound. The Project Documents shall be binding upon all Owners and residents, their Family members and Guests.

(g) Nuisance. It shall be the responsibility of each Owner and resident to prevent the creation or maintenance of a nuisance in, on or about the Project. For purposes of this section a "nuisance" includes but is not limited to the following:

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

(ii) The storage of any item, property or thing that will cause any Unit or the Common Area to appear to be in an unclean or untidy condition or that will be noxious to the senses. This shall be interpreted to include, but not be limited to, the prevention of hanging of bikes and the hanging of clothes or linens from balconies;

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

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

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

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

(vii) Excessive noise or traffic in, on or about any Unit or the Common Areas, especially after 10:00 p.m. and before 7:00 a.m.

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

(i) Removing Garbage, Dust & Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon.

(j) Subdivision of a Unit. No Unit shall be subdivided or partitioned.

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

(l) Temporary Structures. No Owner or resident shall place upon any part of the Project any temporary structures, including but not limited to, tents, trailers, or sheds, without the prior written consent of the Board of Directors. Anything to the contrary notwithstanding and until the occurrence of the Events referred to herein, the Declarant may install and use temporary structures in the development of the Project and the marketing of the Units.

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

(n) Swamp Coolers or Evaporative Coolers. No Owner shall place upon any part of the Project, Unit or Common Area any swamp cooler or evaporative cooler.

(o) Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown, or maintained upon the Project.

(p) Outdoor Clothes Washing and Drying. No exterior clotheslines shall be erected or maintained, and there shall be no outside drying or laundering of clothes or linens.

(q) Exterior Alteration. No Owner shall make any alterations or modifications to the exterior of any Unit, or other building, fences, railings, or walls situated within the Project without the prior written consent of the Board of Directors, which consent shall be in the Board of Directors' sole discretion.

(r) Signs. No signs shall be erected or displayed on the Common Areas, except signs placed by authority of the Board of Directors. Notwithstanding any provision in this Declaration to the contrary, so long as Declarant retains ownership of any Units. Declarant may erect such signs as it reasonably determines is necessary for the sales promotion of such Units.

(s) Solar Equipment. No Owner may install any solar energy device without the express written consent of the Board of Directors.

(t) Energy Conservation Equipment. No solar energy device, solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed within the Project without the prior written consent of the Board of Directors.

(u) Business Use. No commercial Business or Trade may be conducted on, in, or from any Unit unless: a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; b) the business activity conforms to all zoning requirements for the Project; c) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of residents of the Project; and d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Project, as may be determined in the sole discretion of the Board of Directors. Notwithstanding the above, the leasing of a residence shall not be considered a Trade or Business within the meaning of this sub-Section.

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

(i) The parking rules and regulations adopted by the Board of Directors from time to time;

(ii) Owners and residents shall be prohibited from parking in the guest parking spaces in the Common Areas;

(iii) Except for purposes of loading or unloading passengers or supplies (for a period of time up to twelve (12) hours), no Recreational, Commercial or Oversized vehicle parking is allowed in the Project;

(iv) No parking on any private road, except in designated parking spaces, is allowed at any time in the Project;

(v) No parking on alleys, except for the sole purpose of loading or unloading passengers or items, is allowed at any time in the Project;

(vi) No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, or any other transportation vehicle or device of any kind may be parked or stationed in such a manner so as to block access to any Unit, Building or parking space, or so as to create an obstacle or potentially dangerous condition;

(vii) Residents may only park their motor vehicles within their garages and on their respective driveways;

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

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

(x) All Guest parking areas shall be used solely for Guest parking. No vehicle may be stored in Guest parking areas;

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

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

(w) Antennas. One (1) small and inconspicuous satellite dish antenna having a diameter of 30" or less, which is installed adjacent to any Unit and is integrated with the Unit structure and surrounding landscape shall be permitted. A satellite dish larger than 30" in diameter, or any dish which is not installed adjacent to a Unit and/or integrated with the surrounding landscaping shall be reviewed by the Board of Directors on a case-by-case basis. The location and screening of the satellite dish shall be specified by the Board of Directors to ensure that the satellite dish is not visible from the street. Notwithstanding anything to the contrary, any satellite dish antenna having a diameter of more than 30", and all other microwave dish antenna, satellite dish antennae, exterior radio antenna, exterior television antenna, or other exterior electronic signal receiving or transmitting equipment are prohibited within the Project.

(x) Windows and Window Coverings. No aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any Unit or garage. Sun shades and tinted windows are allowed. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality, so as not to detract from uniformity in appearance and construction. Window coverings shall be installed within thirty (30) days of occupancy.

(y) Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept at the Project, except that no more than 2 dogs that weigh less than thirty (30) pounds each and measure less than thirty (30) inches in height each, measured at the back hips, and/or no more than 2 cats may be kept in or on a Unit, subject to any additional rules and regulations adopted by the Association through its Board of Directors. Notwithstanding any of the foregoing, no dog of any breed that is commonly known as an aggressive breed shall be allowed -- including, but not limited to, pit bulls and rottweilers. Under no circumstances shall any pets be kept, bred, or maintained for any commercial purpose.

Notwithstanding this provision, no pet enclosures shall be erected, placed or permitted to remain on any portion of the Common Areas, nor shall pets be kept tied to any structure outside the Unit. The keeping of pets and their ingress and egress to the Common Areas shall be subject to such rules and regulations as may be issued by the Board of Directors. Pets shall not be walked on the Common Areas, except for the purpose of ingress and egress to the Unit before and after walking the pet outside the boundary of the Project. Pets shall be on a leash at all times when outside a Unit.

No pet shall be permitted to urinate or defecate on any portion of the Common Areas, and the owner of such pet shall immediately remove feces left upon the Common Areas by such Owner's pet. If the Owner or resident of the Project fails to abide by the rules and regulations and/or covenants applicable to pets, the Board of Directors may bar such pet from use of or travel upon the Common Areas. The Board of Directors may subject ingress, egress, use or travel by a pet upon the Common Areas to a user fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner, or resident of the Project to abide by the rules, regulations, and/or covenants applicable to pets. In addition, any pet which endangers the health or welfare of any Owner, resident, invitee or Guest of the Project or which creates a nuisance (e.g., unreasonable barking, howling, whining or scratching) or an unreasonable disturbance or is not a common household pet, as may be determined in the sole discretion of the Board of Directors, must be permanently removed from the Project upon seven (7) days written notice by the Board of Directors.

(z) Insurance. Nothing shall be done or kept in, on or about any Unit, the Common Areas, or Limited Common Areas, which may result in the cancellation of the insurance on the Project or an increase in the rate of the insurance on the Project over what the Board of Directors, but for such activity, would pay.

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

(bb) Damage or Waste. No damage to, or waste of, the Common Area shall be committed by any Owner or resident of the Project or any Guest of any Owner or resident of the Project, and each Owner shall indemnify, defend and hold harmless the Board of Directors and the other Owners from and against all loss resulting from any such damage or waste caused by that Owner or resident of the Project, or an invitee.

(cc) Structural Alterations. No structural alterations to the Common Areas or Buildings is allowed without the prior written consent of the Board of Directors.

(dd) Mail Boxes. The initial mailbox must be the one approved and provided by the Declarant at the mail station as designated by the Board of Directors.

(ee) Shared Components of a Building. Owners of Units in the same Building shall each have the right to the use and enjoyment of the Shared Components of a Building, provided that such use does not interfere with the use and enjoyment thereof by any other Owner. In the event that any portion of the Shared Components of a Building are damaged or

destroyed through the act of an Owner, his agents, Guests or family members, it shall be the obligation of such Owner to rebuild and repair the Shared Components of a Building without cost to the Association or the adjoining Owner or Owners.

(ff) Limitation on Duration of Visits by Guests. Without the prior written approval of the Board, no Owner shall allow a Guest to occupy such Owner's Unit as a Guest for a period of time exceeding ten (10) consecutive days.

3.7 Leases. Any agreement for the leasing, rental, or occupancy of a Unit (hereinafter in this Section referred to as a "lease") shall be in writing and a copy thereof shall be delivered to the Association at least ten (10) days before the term of the lease commences. Every lease shall provide that the terms of such lease shall be subject in all respects to the provisions of the Project Documents, and shall specifically disclose in the lease documents that The Skye Estates Townhomes are a 55 year age restricted community under the Federal Fair Housing Act and the Utah Fair Housing Act. Said lease shall further provide that any failure by the resident thereunder to comply with the terms of the foregoing documents shall be a default under the lease. If any lease does not contain the foregoing provisions, such provision shall nevertheless be deemed to be a part of the lease and shall be binding on the Owner and resident by virtue of the inclusion of such provisions in this Declaration. No Owner shall be permitted to lease such Owner's Unit for transient, hotel, seasonal, rental pool or corporate executive use purposes, which shall be deemed to be any rental with an initial term of less than one (1) year. Daily, weekly, or monthly rentals are prohibited. No Owner may lease individual rooms to separate Persons or less than such Owner's entire Unit. Any Owner who shall lease such Owner's Unit shall be responsible for assuring compliance by the resident with the Project Documents. Failure by an Owner to take legal action, including the institution of a forcible entry and unlawful detainer proceeding against such Owner's resident who is in violation of the Project Documents within ten (10) days after receipt of written demand to do so from the Board of Directors, shall entitle the Association to take any and all such action including the institution of proceedings in forcible entry and unlawful detainer on behalf of such Owner against such Owner's resident. Neither the Association nor any agent retained by the Association to manage the Project shall be liable to the Owner or resident for any eviction under this section that is made in good faith. Any expenses incurred by the Association, including attorneys' fees and costs of suit, shall be repaid to it by such Owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Board to levy an Individual Assessment against such Owner and such Owner's Unit for all such expenses incurred by the Association. In the event such Assessment is not paid within thirty (30) days of its due date, the Board of Directors may resort to all remedies of the Association for the collection thereof. Other than as specified in this section, there is no restriction on the right of any owner to lease or otherwise grant occupancy rights to a Unit.

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

(a) A non-exclusive easement over, across, through, above and under the Units and the Common Areas for the operation, maintenance and regulation of the Common Areas, amenities, facilities, and any utilities servicing any part of the Project; and

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

3.9 Liability of Owners and Residents for Damages. Any Owner or resident shall be liable to the Association or other Owners or residents for damages to person or property in the Community caused by his/her negligence.

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

3.11 Board of Directors. The affairs of the Association shall be conducted by a Board of at least three (3) directors and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws, as the same may be amended from time to time. The initial Board shall be composed of three (3) directors appointed by Declarant, which initial Board shall be controlled by Declarant until the expiration of the Class B Control Period. The Board may also appoint various committees and may appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the Manager.

3.12 Status and General Authority of Board of Directors. Any instrument executed by the Board of Directors that recites facts which, if true, would establish the Board of Director's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Board of Directors shall have, and is hereby granted, the following authority and powers:

(a) To Enter. The power and authority to enter into or upon any Unit to make repairs and to do other work reasonably necessary for the proper maintenance and operation of the Project. Except in the case of an emergency, reasonable notice shall be given to the residents.

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

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

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

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

(f) Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, and procedures as may be necessary or desirable to aid the Board of Directors in carrying out any of its functions or to insure that the Project is maintained and used in a manner consistent with this Declaration.

(g) Meetings. The authority to establish procedures for the conduct of its meetings, including but not limited to the power to decide what portion of the meeting shall be open or closed to Members of the Association or residents not on the Board of Directors, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Board of Directors meetings.

(h) Assignment or Leasing of Common Area Parking Spaces. The authority to assign or lease open Common Areas parking spaces to residents.

(i) All Other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Board of Directors to perform its functions on behalf of the Owners.

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

(a) Class A. Class A Members shall be all Owners with the exception of the Class B members, if any. Class A Members shall be entitled to vote on all issues before the Association, subject to the following:

(i) One Vote. Each Unit shall have one (1) vote.

(ii) Subject to Assessment. No vote shall be cast or counted for any Unit not subject to Assessment.

(iii) Multiple Owners. When more than one (1) Person or entity holds an ownership interest in a Unit, the vote for such Unit shall be exercised by those Persons or entities as they themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Unit shall be suspended in the event more than one (1) Person or entity seeks to exercise it.

(iv) Leased Unit. An Owner of a Unit which has been leased may, in the lease or other written instrument, assign the voting right appurtenant to that Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary at least three (3) days prior to any meeting.

(b) Class B. The Class B Member shall be Declarant and any successor of Declarant who takes title for the purpose of development and sale of Units, and who is designated as such in a recorded instrument executed by Declarant. The Class B Member shall

originally be entitled to three (3) votes per Unit owned. The Class B membership shall terminate, and Class B membership shall convert to Class A Membership upon the happening of the earlier of the following (herein referred to as the “**Event**” or “**Events**”):

(i) Units Sold. Four (4) months after one hundred percent (100%) of the Units have been sold; or

(ii) Ten Years. Ten (10) years from the recording of this Declaration in the Office of the Recorder of Utah County, Utah; or

(iii) Election. When, in its sole discretion, Declarant so determines. From and after the happening of the first to occur of the Events, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Unit owned. At such time, Declarant shall call a meeting, in the manner described in the Bylaws of the Association for special meetings, to advise the membership of the termination of Class B status.

3.14 Professional Management. The Association may carry out through the Manager those of its functions which are properly subject to delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. Any such management agreement may be terminated by the Declarant without cause at any time during the Class B Control Period. In addition, any such management agreement may be terminated by the Association without cause upon giving reasonable notice at any time after the expiration of the Class B Control Period.

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

3.16 Capital Improvements and Table. The Board of Directors shall prepare a table of Capital Improvements, which shall contain a list of foreseeable expenditures for Capital Improvements within the Area of Common Responsibility (as hereinafter defined). The table shall be included in every annual budget, and it shall be reviewed and updated at least annually,

and reasonable reserve accounts shall be established by the Board of Directors for the replacement of capital assets as they age. Expenditures by the Association for Capital Improvements to the Project shall be subject to and governed by the following:

(a) Board of Directors Discretion/Expenditure Limit. Capital Improvements to the Project which cost ten percent (10%) or less of the total annual operations budget and do not materially alter the nature of the Project, may be authorized by the Board of Directors alone.

(b) Owner Approval/Expenditure Limit. Any Capital Improvements, the cost of which will exceed the amount described in Section 3.16(a) must prior to the commencement of construction, be authorized by at least a Majority of the Owners.

(c) Owner Approval/Changing the Nature of the Project. Any Capital Improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven percent (67%) of the Owners.

3.17 Operation, Maintenance and Alterations. The Units and Common Areas shall be maintained by the Owners and the Association as follows:

(a) Area of Common Responsibility. The Association shall maintain, repair and replace, as needed from time to time, all roofs, foundations, footings, columns, girders, beams and exterior walls and surfaces of all Buildings, the Common Areas, and certain Improvements constructed or installed thereon and in, on or about the Units, including but not limited to all entrances to and exits from the Project, private streets within the Project, open parking spaces, street lighting, common sidewalks, storm drain inlets, detention basins for storm water drainage, drainage swales, the landscaped portions of the Common Areas identified on the Plat, curbs and gutters, pavement and central utility systems for power, light and water. The Association shall be responsible for maintenance and clean out of sewer laterals of the main sewer line. The Association shall be responsible for the maintenance and repair of the master water metering equipment. The foregoing items are referred to as the “**Area of Common Responsibility**”.

(b) Landscaping Restrictions. Owners shall not modify the landscaping, green space, sod, plant and flower beds, sprinkling system, or drainage in, on or about the Common Areas without the prior written consent of the Board of Directors, except that Owners shall have the right to plant flowers in approved and planned flower beds.

(c) Snow and Ice Accumulations. The Association shall remove all ice and snow accumulations from roads, streets, driveways, common walkways, and Common Areas. Each Owner shall remove all ice and snow accumulations from all other locations, including but not limited to all walkways (and steps) to the Unit’s main entrance and on the sides and to the rear of the Unit, decks, patios and landings.

(d) Garbage Removal. Each Owner shall be responsible to remove all garbage, debris and refuse from his Unit, and deposit it in an approved trash container. Trash containers shall be kept out of sight and inside the garage except on days when the trash is collected within the Community.

(e) Area of Personal Responsibility. Each Owner shall maintain, repair and replace all interior spaces and improvements constituting a part of such Owner's Unit. The following items are expressly included in the Area of Personal Responsibility: all interior walls and spaces of any Unit and its appurtenant garage, all individual utility services such as power, light, gas, hot and cold water, heating, refrigeration and air conditioning systems, fixtures, windows, doors, patios, balconies and decks, garage doors and garage door systems. If an item is not included in the foregoing description of Area of Common Responsibility and it is located within a Unit, then it shall be the responsibility of the Owner, unless otherwise determined in writing by the Board of Directors ("**Area of Personal Responsibility**").

(f) Utilities. The Association shall arrange for the provision by appropriate utility providers of any utility services not separately metered and billed to the individual Owners by the provider. The costs for all such utility services arranged by the Association shall be a Common Expense.

(g) Standard of Care/General. The Property shall be maintained in a usable, clean, functional, attractive and good condition, consistent with Community Standards. Aesthetic considerations alone, and matters of taste, are sufficient to enjoin a violation of this Declaration.

(h) Standard of Care/Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with Community Standards and the quality of design and construction originally established by Declarant. Specific guidelines and restrictions on landscaping may be established by the Board of Directors from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced within 6 months. All lawn areas shall be neatly mowed, and trees, shrubs and bushes shall be properly pruned and trimmed.

(i) Neglect. If the Board of Directors determines that any Owner has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder, or that the need for maintenance, repair, or replacement of the Common Areas is caused through the willful or negligent act of any Owner, his Family, Guests or lessees, and it is not covered or paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

(i) Assessment. Such costs as are incurred by the Association in the performance of an item included in the Area of Personal Responsibility shall be added to and become a part of the Assessment to which such Owner and Unit is subject, and shall be secured by a lien against his Unit regardless of whether a notice of lien is filed.

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

completion within such time period, to commence replacement or repair within ten (10) days and thereafter complete such replacement or repair in a prompt manner.

(iii) Emergency Situation. If the Board of Directors determines that an emergency situation exists, then notice to the Owner and an opportunity to cure the default is not necessary.

(iv) Optional Repairs. The Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above.

(v) Right of Entry. The Association or its agents or employees shall have a right to enter upon or into any Unit or Common Areas as necessary to perform such work and shall not be liable for trespass for such entry or work.

(j) Changes to Areas of Personal or Common Responsibility. The Board of Directors may, in its sole discretion, add items to or subtract items from the Areas of Personal or Common Responsibility upon at least thirty (30) days prior written notice to the Owners.

(k) Alterations to the Common Areas. Anything to the contrary notwithstanding and until the occurrence of the Events, the Declarant may make changes to the Common Areas without the consent of either the Association or the Board of Directors; provided, however, no Owner or resident may make any structural alterations, modifications, changes or improvements to the Common Areas, including but not limited to any additions, extensions, enclosures, fencing, decks, patios, walkways, structures or sheds not shown on the approved plans and specifications, without the prior consent of the Board of Directors. No fencing is allowed without the prior written consent of the Board of Directors.

3.18 Common Areas Expenses. Each Owner, upon receipt of a deed to a Unit, shall pay his Assessments subject to and in accordance with the restrictions set forth below; provided, however, anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Assessments until such time as any residential structure, Building or Unit is substantially complete and a permanent certificate of occupancy has been issued or, in the alternative, the Declarant elects in writing to commence payment, whichever first occurs.

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

(b) Creation of Common Area Assessments. The Assessments shall pay for the Common Expenses of the Association as may be from time to time specifically authorized by the Board of Directors. Each Owner, by acceptance of a deed for a Unit within the Project, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments assessed.

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

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

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

(d) Uniform Rate of Assessment. The annual Assessments shall be allocated to the Owners equally and may be collected on an annual, semi-annual, quarterly or monthly basis, as determined by the Board of Directors.

(e) Approval of Budget and Assessments. The proposed Budget and the Assessments shall become effective unless disapproved at the annual Owners' meeting by a vote of at least a Majority of the Owners or unless disapproved by a vote of at least a Majority of the Owners at a special meeting called for that purpose within 45 days after the date of the meeting at which the Board of Directors presented the proposed Budget to the Owners. Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and Assessments or the Board of Directors fails for any reason to establish the budget and Assessments for the succeeding year, then and until such time as a new budget and new Assessment schedule shall have been established, the budget and the Assessments that the Board of Directors last adopted that was not disapproved by at least a Majority of the Owners shall continue as the budget until and unless the Board of Directors presents another budget to the Owners and that budget is not disapproved.

(f) Payment of Common Area Assessments. The Board of Directors has the sole authority and discretion to determine how and when the annual Assessments are paid.

(g) Personal Obligation of Owner. Owners are liable to pay all Assessments assessed, accruing interest, late Assessment and collection costs, including attorneys' fees. Provided, however, no Mortgagee or beneficiary under a first deed of trust (but not the Seller under an executory contract of sale such as a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Unit pursuant to the remedies provided in the Mortgage or trust deed shall be liable for unpaid Assessments which accrued prior to the

acquisition of title. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to: (i) the Owner of both the legal and equitable interest in any Unit, (ii) the owner of record in the Office of the Recorder of Utah County, Utah, and (iii) both the Buyer and Seller under any executory sales contract or other similar instrument.

(h) Equitable Changes. If the aggregate of all monthly payments on all of the Units is too large as a result of unanticipated expenses, the Board of Directors may from time to time effect an equitable change in the amount of said payments. Owners shall be given at least thirty (30) days written notice of any changes.

(i) Dates and Manner of Payments. The dates and manner of payment shall be determined by the Board of Directors.

(j) Reserve Accounts. The Board of Directors shall establish and maintain at least two (2) reserve accounts: one to pay for unexpected operating expenses and the other to pay for Capital Improvements. The reserve accounts shall be funded out of regular Assessments.

(k) Acceleration. Assessments shall be paid in the manner and on dates fixed by the Board of Directors who may, at its option and in its sole discretion, elect to accelerate the entire annual Assessment for delinquent Owners. If, however, the Assessment is accelerated and an Owner subsequently files bankruptcy or the Board of Directors otherwise decides acceleration is not in its best interest, the Board of Directors, at its option and in its sole discretion, may elect to decelerate the obligation.

(l) Statement of Common Areas Assessments Due. Upon written request, the Board of Directors shall furnish to any Owner a statement of Assessments due, if any, on his Unit. Failure to provide the certificate within ten (10) days after a written request, shall be deemed conclusive evidence that all Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$10.00 for the issuance of such certificate.

(m) Superiority of Common Areas 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.

(n) Termination of Delinquent Owner's Rights. Provided that the Board of Directors complies with the requirements of Section 57-8a-309 of the Utah Code, as such Section may be amended, supplemented or replaced from time to time, the Board of Directors may terminate an Owner's right to receive a utility service for which the Owner pays as a Common Expense through such Owner's Assessments and also an Owner's right of access to and use of any recreational facilities within the Project, if an Owner is delinquent in the payment of the Assessments payable by such Owner.

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

(p) Failure to Assess. The omission or failure of the Board of Directors to fix the Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

(q) Reserve Fund. The Association shall maintain an adequate and reasonable Reserve Fund for maintenance, repairs and replacement of the Improvements within the Common Areas that are to be maintained by the Association that must be replaced on a periodic basis, and such reserves shall be funded from the Assessments. The Reserve Fund shall be maintained by the Association in a bank account separate from the bank account maintained by the Association for the other funds of the Association. The Reserve Fund shall be created by the Association to cover the cost of repairing, replacing and restoring portions of the Common Areas, but excluding any cost that can reasonably be funded from the other funds of the Association. Pursuant to Section 57-8a-211 of the Utah Code, the Board shall cause a Reserve Fund analysis to be conducted on a periodic basis according to Utah Code section 57-8a-211. After the initial Reserve Fund analysis is conducted, the Board shall review and, if necessary, update a previously conducted Reserve Fund analysis on a periodic basis. The Board may conduct a Reserve Fund analysis itself or may engage a reliable person or organization, as determined by the Board, to conduct the Reserve Fund analysis. The Board may not use money in the Reserve Fund: (a) for daily maintenance expenses, unless a majority of the Members vote to approve the use of the Reserve Fund money for that purpose; or (b) for any purpose other than the purpose for which the Reserve Fund was established. The Board shall maintain the Reserve Fund separately from other funds of the Association. The foregoing may not be construed to limit the Board from prudently investing money in the Reserve Fund, subject to any investment constraints imposed by the Articles of Incorporation or the Bylaws of the Association. The Association shall: (a) annually, at the annual meeting of Owners or at a special meeting of Owners: (i) present any Reserve Fund analysis conducted; and (ii) provide an opportunity for Owners to discuss reserves and to vote on whether to fund a Reserve Fund and, if so, how to fund it and in what amount; and (b) prepare and keep minutes of each such meeting held and indicate in the minutes any decision relating to funding a Reserve Fund.

3.19 Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special assessments in any year, subject to the following:

(a) Board of Directors Based Assessment. So long as the special assessment does not exceed the sum of One Hundred Dollars (\$100.00) (the “**Special Assessment Limit**”) per Unit in any one fiscal year, the Board of Directors may impose the special assessment without any additional approval.

(b) Association Approval. Any special assessment which would exceed the Special Assessment Limit shall be effective only if approved by a Majority of the Members of the Association. The Board of Directors in its discretion may allow any special assessment to be paid in installments.

3.20 Specific Assessments. The Board of Directors shall also have the power specifically to assess the Owners in a particular area pursuant to this Section (“**Specific Assessment**”) as, in its discretion, it shall deem necessary or appropriate, subject to the following:

(a) No Obligation or Waiver. Failure of the Board of Directors to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board of Director’s right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board of Directors has not previously exercised its authority under this Section.

(b) Enabling Power. The Board of Directors may specifically assess an Owner in a particular area in the manner set forth below; provided, however, the Specific Assessment is not for any maintenance, repair or replacement ordinarily required by this Declaration, and the Owner has the choice to accept or reject the benefit:

(i) Benefit Only To Specific Unit. If the expense benefits less than all of the Units, then those Units benefited may be specifically assessed, and the Specific Assessment shall be equitably apportioned among those Units according to the benefit received.

(ii) Unequal or Disproportionate Benefit. If the expense benefits all Units, but does not provide an equal benefit to all Units, then all Units shall be specifically assessed, but the Specific Assessment shall be equitably apportioned among all Units according to the benefit received.

3.21 Individual Assessments. Individual Assessments shall be levied by the Board of Directors against a Unit and its Owner to reimburse the Association for:

- (a) fines levied and costs incurred in enforcing Project Documents;
- (b) costs associated with the maintenance, repair or replacement of that for which the Owner is responsible;
- (c) any other charge, fee, dues, expense, or cost designated as an Individual Assessment in the Project Documents; and
- (d) attorneys’ fees, interest, and other charges relating thereto as provided in this Declaration.

3.22 Collection of Common Areas Assessments. All Assessments must be paid in a timely manner and shall be collected as follows:

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

(b) Delinquent Assessments. Any Assessments which are not paid when due are delinquent, and a lien against the Unit affected shall attach automatically, regardless of whether a notice of lien is recorded.

(c) Late Assessment and Accruing Interest. Any Assessments delinquent for a period of more than ten (10) days shall incur a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the delinquent amount, whichever is greater. Interest at the rate of one and 1/2 percent (1.5%) per month shall accrue on all delinquent accounts. The Board of Directors may, in its sole discretion, change the amount of the late fee or waive late Assessments and accruing interest but is not required to do so.

(d) Notice of Delinquency. The Association shall give a notice of delinquency to any Owner who has not paid his Assessments in a timely manner.

(e) Notice of Lien. If any Assessment in a notice of lien evidencing the unpaid amounts, accruing interest, late charges, attorneys' fees, the cost of a foreclosure or abstractor's report, and any other Additional Charges permitted by law should be filed with the County Recorder, then the lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. It may be executed by the Association's attorney, manager, Board of Directors member or other designated agent.

(f) Foreclosure of Lien and/or Collection Action. If any Assessments remain unpaid, the Association may, as determined by the Board of Directors, institute suit to collect the amounts due and/or to foreclose the lien.

(g) Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against him or her personally for the collection of the charges as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, deeds of trust or encumbrances may be foreclosed.

(h) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein by the non-use of Common Areas or by the abandonment of his Unit.

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

(j) Application of Payments. All payments shall be applied as follows: Additional Charges, Delinquent Assessments and current Assessments.

(k) Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Board of Directors. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including

but not limited to the cost of a foreclosure report and reasonable attorneys' fees. The Board of Directors may bid for the Unit at foreclosure or other sale and hold, lease, mortgage, or convey the same.

(l) Appointment of Trustee. Declarant hereby conveys and warrants, pursuant to Sections 57-1-20, 57-8a-302 and 57-8a-402 of the Utah Code, to Highland Title Agency, Inc., a Utah corporation, as trustee, with power of sale, all of the Units within the Project and all of the Improvements to the Units within the Project for the purpose of securing payment of all of the Assessments under the terms of this Declaration. Each Owner, by accepting a deed to the Unit, also hereby conveys and warrants to Highland Title Agency, Inc., a Utah corporation, as trustee, with power of sale, each Unit acquired by such Owner and all of the Improvements thereon for the purpose of securing payment of all of the Assessments under the terms of this Declaration and such Owner's performance of such Owner's obligations set forth herein.

(m) Attorney in Fact. To the extent not prohibited by the Utah Community Association Act set forth in Section 57-8a-101 et seq. of the Utah Code, as amended from time to time, each Owner by accepting a deed to a Unit hereby irrevocably appoints the Association as his attorney in fact to collect rent from any Person renting his Unit, if the Unit is rented and if the Owner is delinquent in his Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current; and the Owner shall credit the Renter, against rent due, for the amount of money paid to the Association.

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

3.24 Use of Limited Common Areas. Subject to the limitations contained in this Declaration, each Owner shall have the exclusive right to use and enjoy the Limited Common Areas allocated on the Plat to the Unit owned by such Owner. If a Limited Common Area is allocated to the exclusive use of more than one Unit, the Owner of each of the Units so designated shall have the equal right to use and enjoy such Limited Common Areas. An Owner shall not make modifications to any of the Limited Common Areas allocated to his Unit without the prior written approval of the Association's Board of Directors. The Board of Directors may

designate additional Limited Common Areas as such are added or constructed after the recording of this Declaration.

3.25 Insurance. The Board of Directors shall at all times purchase, maintain in force, and pay the premium for insurance on all Buildings and all Common Areas within the Project satisfying the insurance requirements set forth in Sections 57-8a-401 through 57-8a-407 of the Utah Code, as such Sections may be amended, supplemented or replaced from time to time (the "Statutory Insurance Requirements") and to the extent not contrary to nor inconsistent with the Statutory Insurance Requirements, satisfying at least the following requirements:

(a) Fire and Extended Coverage. The Board of Directors shall have the authority to and shall obtain insurance for all Buildings, and also for all structures, fixtures and equipment, and common personal property and supplies now or at any time hereafter constituting a part of the Common Areas, including the Limited Common Areas, or common property of the Association, against loss or damage by fire, lightning, and such other perils as are ordinarily insured against by standard extended coverage endorsements, and all other perils which are customarily covered with respect to projects similar in construction, location, and use, including all perils normally covered by the standard "all risk" endorsement, where such is available, issued in the locale of the Property, or, if the policy does not include an "all risks" endorsement, a policy that includes the "broad form" covered causes of loss, in amounts at all times (i) that are sufficient to prevent the Owners from becoming co-insurers under the terms of any applicable coinsurance clause or provision and (ii) that are not less than one hundred percent (100%) of the current insurable replacement cost of such items (exclusive of land, foundations, footings, excavations, and other items normally excluded from coverage). This insurance shall also:

(i) provide coverage for built-in or installed improvements, fixtures, and equipment that are part of a Unit, and shall provide for coverage of interior walls, windows and doors, and the frames, sashes, jambs and hardware therefor, even though these Improvements may be parts of Units;

(ii) provide that no assessment may be made under the policy against a first mortgage lender, or its insurer or guarantor, and, that any assessment under such policy made against others may not become a lien on a Unit and its appurtenant interests superior to an interest of the first mortgage lender;

(iii) be written in the name of the Association for the use and benefit of the Owners, or its authorized representative, including any insurance trustee with whom the Association has entered into an insurance trust agreement, or any successor to such trustee, for the use and benefit of the individual Owners;

(iv) have a deductible amount in a reasonable amount approved by the Board of Directors;

(v) be paid for by the Association through annual assessments of the Owners;

(vi) contain a waiver of subrogation of rights by the carrier as to the Association, to its officers and directors, and to all Owners; and

(vii) be primary, even if an Owner has other insurance that covers the same loss.

(b) Liability Insurance. The Association shall obtain and maintain a commercial policy of general liability insurance covering all of the Common Areas, Units, public ways, and any other areas under the Association's supervision, and Units, if any, owned by the Association, even if leased to others, insuring the Association, the directors of the Board, and the Owners and Occupants, with such limits as the Board may determine, but not less than the greater of (i) the amounts generally required by institutional first mortgage holders, insurers, and guarantors for projects similar in construction, location and use, and (ii) one million dollars, for bodily injury, including deaths of persons, and property damage, arising out of a single occurrence. This insurance shall contain a "severability of interest" provision, or, if it does not, an endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, the Board, or other Owners, and shall include, without limitation, coverage for legal liability of the insureds for property damage, bodily injuries and deaths of persons resulting from the operation, maintenance or use of the Common Areas, Units and Buildings, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party.

(c) Fidelity Coverage. The Board shall obtain and maintain fidelity insurance providing coverage for the Association against dishonest acts on the part of directors, managers, trustees, employees, agents, and volunteers responsible for or handling funds belonging to or administered by the Association. The fidelity insurance policy must name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is in no event less than the greater of (i) an amount equal to the Association's reserve funds plus three months' assessments on all Units, and (ii) the maximum amount that will be in the custody of the Association or the Manager at any time while the policy is in force. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The policy shall provide that it shall not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association and any insurance trustee. Any Manager who handles funds of the Association shall maintain a policy of fidelity insurance providing coverage not less than that required of the Association, which bond or insurance policy names the Association as an additional obligee.

(d) Hazard Insurance Carrier. Each policy of hazard insurance obtained pursuant hereto shall be obtained from an insurance company authorized to write such insurance in the State of Utah which has a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports-international edition, a "BBBQ" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service. Insurance issued by a carrier that does not meet the foregoing rating requirements will be acceptable if the carrier is covered by reinsurance with a company that meets either one of the A.M. Best general policyholder's ratings or one of the Standard and Poor's claims-paying ability ratings mentioned above.

(e) Other Association Insurance. In addition, the Board may purchase and maintain contractual liability insurance, trustees' and officers' liability insurance, and such other insurance as the Board may determine.

(f) Insurance Representative: Power of Attorney. There may be named, under any policy obtained by the Association, as an insured on behalf of the Association, its authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement, or any successor to such trustee, who shall have exclusive authority to negotiate losses under any such policy. Each Owner, by acceptance of a deed to a Unit, irrevocably appoints the Association or such designated representative, or such successor, 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. The Association, or such designated representative, or such successor, shall receive, hold, or otherwise properly dispose of any proceeds of insurance, in trust, for the Owners, as their interests may appear. This power is for the benefit of each and every Owner, the Association, and the Project, and runs with the land, and is coupled with an interest.

(g) Owners' Insurance. Any Owner may carry such insurance in addition to that provided by the Association pursuant hereto as that Owner may determine, subject to the provisions hereof, and provided that no Owner may at any time purchase individual policies of insurance against loss by fire or other casualty covered by the insurance carried pursuant hereto by the Association which diminishes the Association's hazard insurance. In the event any Owner violates this provision, any diminution in insurance proceeds resulting from the existence of such other insurance shall be chargeable to the Owner who acquired such other insurance, who shall be liable to the Association to the extent of any diminution and/or loss of proceeds. Without limiting the foregoing, an Owner may obtain insurance against liability for events occurring within a Unit, losses with respect to personal property and furnishings, and losses to improvements owned by the Owner, provided that, if the Association obtains insurance for permanent improvements and built-in fixtures and equipment, then the insurance obtained by the Owner with respect to improvements within the Unit shall be limited to the type and nature of coverage commonly referred to as "tenants" improvements and betterments. All such insurance separately carried shall contain a waiver of subrogation rights by the carrier as to the Association, its officers and directors, and all other Owners and occupants.

(h) Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Section may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner, and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

(i) Worker's Compensation and Employer's Liability Insurance. The Board shall acquire workmen's compensation and employer's liability insurance and all other similar insurance in respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(j) Directors and Officers Liability. The Association shall obtain and continue in effect insurance for the protection of the directors and officers of the Association from personal liability in the management of the Association's affairs.

3.26 Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

(a) Definitions. Each of the following terms shall have the meaning indicated.

(i) "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.

(ii) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(iii) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part 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.

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

(v) "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.

(vi) "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

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

(viii) "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

(ix) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payment in lieu of condemnation, and any uncommitted funds of the 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.

(b) Determination by Board of Directors. 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 of Directors shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Board of Directors shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Board of Directors may retain and rely upon one or more qualified appraisers or other professionals.

(c) Restoration of the Project. Restoration of the Project shall be undertaken by the Board of Directors 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 a vote of at least 67% of the Owners collectively and is further consented to by Eligible Mortgagees holding Mortgages on 51% of the Units which are then subject to Mortgages held by Eligible Mortgagees.

(d) Notice of Destruction or Obsolescence. Within thirty (30) days after the Board of Directors 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.

(e) Excess Insurance. If the insurance proceeds, condemnation awards, or payments in lieu of condemnation actually received by the Association exceed the cost of Restoration when Restoration is undertaken, then the excess funds shall be placed in the capital improvement reserve account and retained by and for the benefit of the Association. This covenant is also for the benefit of the Association and any Mortgagee, and, therefore, may also be enforced by them. Payment to any Owner whose Unit is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

(f) Inadequate Insurance. In the event the cost of restoration exceeds Available Funds, all of the Units shall be assessed equally for the deficiency.

(g) Sale of Project. Unless restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, ownership under this Declaration and the Plat shall terminate, and the proceeds of sale and any Available Funds shall be distributed by the Board of Directors to the Owners of all of the Units equally. Payment to any Owner whose Unit is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

(h) 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.

(i) Restoration Power. The Board of Directors, 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.

(j) Right of Entry. 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.

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

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

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

3.28 Mortgagee Protection. The lien or claim against a Unit for unpaid Common Areas Assessments levied by the Board of Directors or by the Association pursuant to this Declaration shall be subordinate to any Mortgage recorded on or before the date such Common Areas Assessments become due, subject to the following:

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

(b) Books and Records Available for Inspection. The Board of Directors or the Association shall make available to the Owners, to Mortgagees, and lenders, and to holders, insurers, or guarantors of any mortgage, current copies of the Declaration, Bylaws, Articles of Incorporation, and administrative rules and regulations concerning the Project, as well as the books, records, and financial statements of the Board of Directors and the Association. The term "available", as used in the Paragraph, shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

(c) Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

(d) Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Board of Directors or the Association shall provide or be deemed to provide hereby that either party may terminate the contract with or without cause upon at least thirty (30) days prior written notice to the other party thereto.

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

(i) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a Mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer or guarantor.

(ii) Delinquency. Any delinquency in the payment of Common Area Assessments owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed for such Eligible Mortgagee or Eligible Insurer or guarantor, which delinquency remains uncured for a period of sixty (60) days.

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

(iv) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

(f) No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Unit shall not be subject to any right of first refusal or similar restriction.

3.29 Amendment. The affirmative vote of at least sixty seven percent (67%) of the Owners shall be required and shall be sufficient to amend the Declaration. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument the Association shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained.

3.30 Notice and Hearing. If an Owner or resident is charged with a material violation of the Project Documents, then:

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

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

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

3.31 Declarant's Sales Program. Notwithstanding anything to the contrary set forth in this Declaration, until the happening of the earlier to occur of the Events set forth in Section 3.13(b), neither the Owners, the Association, the Board of Directors nor any Member thereof shall interfere with the completion of improvements and sale of all remaining 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:

(a) 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 Declarant, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing.

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

(c) Common Areas Use. Declarant shall have the right to use the Common Areas of the Project to facilitate sales.

(d) Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, 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 the earlier to occur of the Events, Declarant shall have the right to remove from the Project any signs, banners, flags or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

3.32 Limitation on Improvements by Association. Until the happening of the earlier to occur of the Events set forth in Section 3.13(b), neither the Association nor the Board of Directors shall, without the written consent of Declarant, make any Improvement to or alteration in any of the Common Areas created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

3.33 Declarant's Rights Assignable. All of the rights of Declarant under this Document 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, protection and controls which are accorded to Declarant (in its capacity as Declarant) herein.

3.34 Certain Provisions Applicable to Declarant. Notwithstanding any other provision herein contained, for so long as Declarant continues to own any of the Units 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 Common Area Assessments or Assessments, except as herein otherwise provided, as to each Unit owned by Declarant in accordance with the Declaration.

(a) Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Unit, and no person shall rely upon any warranty or representation not so specifically made therein.

(b) No amendment may be made to the Declaration without the written consent of Declarant so long as Declarant retains the ownership of one (1) or more Units; provided, however, that the obligation to acquire said written consent of Declarant shall cease on the happening of the earlier to occur of the Events.

3.35 Interpretation. To the extent Utah law is consistent with the Project Documents, such provisions of Utah law shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of the Project Documents are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The

unenforceability or invalidity of any portion of the Project Documents shall not affect the validity or enforceability of the remainder hereof.

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

3.37 Enforcement and Right to Recover Attorney's Fees. The Association or the Board of Directors may take action, at law or in equity, to enforce the terms, covenants or conditions of the Project Documents. Should the Association or the Board of Directors be required to take action to enforce the Project Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including reasonable attorneys' fees, which may arise or accrue.

3.38 Security. The Association may, but shall not be obligated to, maintain or support any systems, programs or activities within the Project designed to make the Project safer than it otherwise might be. Neither Declarant, the Association nor the Board of Directors shall in any way be considered insurers or guarantors of security within the Project, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and residents, as well as their Guests, where applicable, acknowledge by taking occupancy of a Unit or entering the Project that neither Declarant, the Association nor the Board of Directors represent or warrant that any security measures undertaken will insure their safety, and further acknowledge that neither Declarant, the Association nor the Board of Directors are insurers or guarantors of their safety, and they hereby expressly assume all risks for loss or damage to their person or property, and they further acknowledge that neither Declarant, the Association nor the Board of Directors have made any representations or warranties, nor have they relied upon any representations or warranties, expressed or implied, including any warranty of merchantability.

3.39 Agent for Service. The person to receive service of process for the Association shall be the then current registered agent of the Association as shown on the records maintained in the Office of the Utah Department of Commerce.

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

EXECUTED the day and year first above written.

DECLARANT:

D.R. HORTON, INC.
a Delaware corporation

By: BA Martin
Name B.A. MARTIN
Title: V.P. & DIVISION PRESIDENT

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 7th day of January, 2014,
by B.A. Martin in his capacity as the
V.P. & DIVISION PRESIDENT of D.R. Horton, Inc., a Delaware corporation.

Delisa Solia
NOTARY PUBLIC
Residing at: Utah County

My Commission Expires:

06/12/2017



**EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
STIRLING POINTE AT SKYE ESTATES**

LEGAL DESCRIPTION OF LAND

That certain real property located in Highland City, Utah County, Utah more particularly described as follows:

BEGINNING AT A POINT WHICH IS SOUTH 89°52'52" WEST 589.81 FEET, ALONG THE SECTION LINE, FROM THE SOUTHEAST CORNER OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 1 EAST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE SOUTH 89°52'52" WEST, ALONG THE SECTION LINE, 641.12 FEET TO THE EAST RIGHT OF WAY LINE OF HIGHLAND BOULEVARD; THENCE ALONG SAID EAST RIGHT OF WAY LINE NORTH 00°07'27" EAST 623.98 FEET TO THE SOUTH RIGHT OF WAY LINE OF GRANT BLVD.; THENCE ALONG SAID SOUTH RIGHT OF WAY LINE THE FOLLOWING FIVE (5) COURSES; 1) NORTHEASTERLY 21.32 FEET ALONG THE ARC OF A 21.00 FOOT NON-TANGENT RADIUS CURVE TO THE RIGHT (CHORD BEARS NORTH 61°02'21" EAST 20.42 FEET); 2) SOUTH 89°52'27" EAST 32.53 FEET; 3) NORTH 83°43'02" EAST 40.32 FEET; 4) SOUTH 89°52'27" EAST 31.91 FEET; 5) SOUTHEASTERLY 356.83 FEET ALONG THE ARC OF A 1874.00 FOOT TANGENT RADIUS CURVE TO THE RIGHT (CHORD BEARS SOUTH 84°25'10" EAST 356.29 FEET); THENCE SOUTH 12°49'34" EAST 99.16 FEET; THENCE SOUTH 17°25'13" EAST 95.69 FEET; THENCE SOUTH 14°13'41" EAST 83.40 FEET; THENCE SOUTH 15°36'08" EAST 73.01 FEET; THENCE SOUTH 18°51'36" EAST 68.58 FEET; THENCE SOUTH 00°25'01" EAST 106.38 FEET; THENCE SOUTH 28°07'43" EAST 104.02 FEET TO THE POINT OF BEGINNING.

CONTAINS 7.95 ACRES MORE OF LESS

**EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
STIRLING POINTE AT SKYE ESTATES**

**BYLAWS OF STIRLING POINTE AT SKYE ESTATES HOME OWNERS
ASSOCIATION, INC.**

A UTAH NONPROFIT CORPORATION

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act, the following are the Bylaws of the Association, which is obligated to operate, manage and regulate the Project. Unless otherwise defined below, the capitalized terms set forth in these Bylaws shall have the same meanings ascribed to them in the Declaration of Covenants, Conditions and Restrictions for Stirling Pointe at Skye Estates (the “**Declaration**”).

**ARTICLE 1
PLAN OF LOT OWNERSHIP AND INCORPORATION**

1.1 Submission. These Bylaws are referred to and incorporated by reference in the Declaration. The Project is located in the Highland City, Utah County, State of Utah. These Bylaws shall govern the administration of the Project and the Association.

1.2 Organizational Form. If the Association is incorporated, then these Bylaws shall also function as the bylaws of the corporation.

1.3 Bylaws Applicability. All present and future Owners, residents, occupants, tenants, renters, lessees, and their Guests, licenses, invitees, servants, agents or employees, and any other person or persons who shall be permitted entrance to the Project shall be subject to and shall abide by these Bylaws.

**ARTICLE 2
ASSOCIATION**

2.1 Composition. The Association is a mandatory association consisting of all Owners of Units within Stirling Pointe at Skye Estates.

2.2 Voting. Each Unit shall have one (1) vote. Multiple Owners must elect a representative to cast their vote. A vote cast, without objection, by an apparent representative of multiple owners shall be binding upon the parties. Organizational Owners may vote by means of an authorized agent.

2.3 Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors from time to time and stated in the notice of meeting.

2.4 Annual Meeting. Unless otherwise designated by the Board of Directors, the annual meeting of the Association shall be held at 7:00 p.m. on the first Tuesday of October of each year, or at such other suitable date as may be designated by the Board of Directors from time to time. When such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be the principal office of the Association unless otherwise specified in the notice of meeting.

2.5 Special Meetings. The President of the Association, or a Majority of the members of the Board of Directors, may call a special meeting of the Association, or if the President of the Association is so directed by resolution of the Board of Directors or upon receipt of a petition signed and presented to the Secretary of the Board of Directors by at least twenty five percent (25%) of the members of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2.6 Notice of Meeting. It shall be the duty of the Secretary to hand deliver or mail, by regular U.S. mail postage prepaid, a notice of: (a) each annual meeting of the Owners not less than ten (10) and not more than thirty (30) days in advance of such meeting; and (b) each special meeting of the Owners. The notice shall be delivered at least three (3) days and not more than twenty (20) days in advance of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of his respective Unit or such other address as each Owner may have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

2.7 Voting Requirements. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association, if, and only if, he shall be in full compliance with all of the terms, covenants, and conditions of the Project Documents, and shall have fully paid all Common Areas Assessments and/or Additional Charges due.

2.8 Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies fully executed by or on behalf of the Owner, or in cases where the Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual written notice to the person presiding over the meeting, by the Owner or Owners that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice, or if it is not signed by the Owner or Owners as the case may be.

(a) Executive Session. The Board of Directors may, with approval of a majority of a quorum, adjourn a meeting and reconvene in an executive session to discuss and vote upon private, confidential, sensitive or personnel matters, litigation, and orders of business of a similar nature. The nature of any and all business to be considered in an executive session shall first be announced in open session.

(b) Action Without a Formal Meeting. Any action to be taken at a meeting of the Board of Directors may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all members of the Board of Directors.

ARTICLE 3

BOARD OF DIRECTORS

3.1 Powers and Duties. The affairs and business of the Association shall be managed by the Board of Directors in accordance with the Declaration. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things appropriate and necessary to operate, manage, maintain, control and regulate the Project. The Board of Directors shall have the power from time to time to adopt any rules and regulations deemed proper for the exercise of its management powers. The Board of Directors may delegate its authority to a manager or managers.

3.2 Composition of Board of Directors. The Board of Directors shall be composed of at least three (3) but no more than nine (9) members. Only individual Owners or officers or agents of organizational Owners shall be eligible for Board of Directors membership.

3.3 Election and Terms of Office of the Board of Directors. The election and terms of the Board of Directors shall be carried out in accordance with the provisions of the Declaration. The term of office of membership on the Board of Directors shall be two (2) years. At the expiration of the member's term, a successor shall be elected.

3.4 Initial Meeting. The first meeting of the members of the Board of Directors shall be immediately following the annual meeting of the Association, or at such other time and place designated by the Board of Directors.

3.5 Regular Meetings. Regular meetings of the Board of Directors shall be held from time to time and at such time and place as shall be determined by a Majority of the members of the Board of Directors.

3.6 Special Meetings. Special meetings of the Board of Directors may be called by the President, Vice-President or a Majority of the members on at least forty-eight (48) hours prior notice to each member. Such notice shall be given personally, by regular U.S. mail postage prepaid, or by telephone, and such notice shall state the time, place and purpose of the meeting. Any meeting attended by all members of the Board of Directors shall be valid for any and all purposes.

3.7 Waiver of Notice. Before or at any meeting of the Board of Directors, any member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board of Directors shall constitute a waiver of notice. If all the members are present at any meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.

3.8 Board of Director's Quorum. At all meetings of the Board of Directors, a Majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the Majority of all the Board of Directors members present at a meeting at which a quorum is present shall be deemed to be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the Majority of those present may

adjourn the meeting from time to time but for no longer than two days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.9 Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a member by a vote of the Association shall be filled by vote of the Majority of the remaining members of the Board of Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the total members remaining may constitute less than a quorum of the Board of Directors; and each person so elected shall be a member for the remainder of the term of the member so replaced and until a successor is elected at the next annual meeting of the Association. A vacancy created by the removal of a member by a vote of the Association shall be filled by the election and vote of the Association.

3.10 Removal of Board of Directors Member. A member may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum of the Association is present, by an affirmative vote of a Majority of the members of the Association. Any member whose removal has been proposed by the Owners shall be given at least thirty (30) days notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Board of Directors member who fails on three successive occasions to attend Board of Directors meetings (whether regular or special) or who has failed to attend at least twenty-five percent (25%) of all Board of Directors meetings (whether regular or special) held during any twelve (12) month period shall automatically forfeit his seat. In such cases, the remaining Board of Directors members shall elect a replacement to sit on the Board of Directors until the next meeting of the Association.

3.11 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a Minute Book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

3.12 Report of Board of Directors. The Board of Directors shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Association.

ARTICLE 4

OFFICERS

4.1 Designation. The principal officers of the Association shall be a President, a Vice-President, and a Secretary/Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint assistant secretaries and such other officers as in its judgment may be necessary. All officers shall also be members of the Board of Directors. Two (2) or more offices may be held by the same person, except that the President shall not hold any other office.

4.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors and shall hold office at the

pleasure of the Board of Directors. Any vacancy in an office shall be filled by the Board of Directors at a regular meeting or special meeting called for such purpose.

4.3 Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the Board of Directors, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purposes. Provided, however, if a member of the Board of Directors is removed as an officer, he shall continue to be a member of the Board of Directors.

4.4 President. The President shall be the chief executive officer; he shall preside at meetings of the Association and the Board of Directors and shall be an ex-official member of all committees; he shall have general and active management of the business of the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the use of president of a stock corporation organized under the laws of the State of Utah.

4.5 Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors or the President shall prescribe. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint a member of the Board of Directors to do so on an interim basis.

4.6 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notices for all meetings of the Association and the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors. The Secretary shall compile and keep current at the principal office of the Association, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Board of Directors including resolutions.

4.7 Treasurer. The Treasurer shall have custody of all funds and securities that are not under the control of the Manager, and with the assistance of the Manager shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable effects in such federally insured depositories as may be designated by the Board of Directors. He shall disburse funds as ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and members, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Project.

ARTICLE 5

FISCAL YEAR

The fiscal year of the Association shall be the calendar year consisting of the twelve (12) month period commencing on January 1 of each year terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Board of Directors should it be deemed advisable or in the best interests of the Association.

ARTICLE 6

AMENDMENT TO BYLAWS

6.1 Amendment. These Bylaws may be modified or amended, in compliance with the requirements of Section 16-6a-1010 of the Utah Code, as such Section may be amended, supplemented or replaced, either by the affirmative vote of a Majority of the Members of the Association or pursuant to a written instrument of consent duly executed by a Majority of the Members of the Association provided all of the written consents are obtained within a ninety (90) day period.

6.2 Recording. An amendment to these Bylaws shall become effective immediately upon recordation in the Office of the Recorder of Utah County, Utah.

ARTICLE 7

NOTICE

7.1 Manner of Notice. All notices, demands, bills, statements, or other communications provided for or required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by regular U.S. Mail postage prepaid, a) if to an owner, at the address of his Unit and at such other address as the Owner may have designated by notice in writing to the Secretary; or b) if to the Board of Directors or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

7.2 Waiver of Notice. Whenever any notice is required to be given by the Project Documents, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE 8

COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

8.1 Compliance. These Bylaws are set forth in compliance with the requirements of the Declaration.

8.2 Conflict. These Bylaws are subordinate to and subject to all provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control.

8.3 Severability. If any provision of these Bylaws or any section, sentence, clause, phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby and, to this end, the provisions hereof are declared to be severable.

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

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

8.6 Gender and Grammar. Whenever in these Bylaws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine.

8.7 Liability of Board of Directors Members. Neither the members of the Board of Directors nor the officers of the Association shall be liable to any Owner, resident or person for any damage, loss or liability arising out of or caused by their voluntary participation as a member of the Board of Directors, including but not limited to any claims due to negligence, mistake of judgment, or for any acts or omissions made in good faith. In addition, the Owners and residents, by virtue of their taking title to or possession of a Unit, agree to indemnify, defend and hold harmless the members of the Board of Directors and officers of the Association from and against any and all claims arising out of or caused by their voluntary participation as a member of the Board of Directors or officer of the Association to the extent any damage, loss or liability is not covered by insurance, unless caused by gross negligence or willful neglect.

8.8 Attorneys' Fees, Assessments and Costs. If an Owner or resident, or their families, guests or invitees shall, at any time, violate the terms, covenants or conditions of these Bylaws, and the Board of Directors shall be required to take action to enforce the same, regardless of whether a lawsuit is commenced, the Owner or resident shall reimburse the Board of Directors for all costs and expenses, including but not limited to reasonable attorneys' fees. To secure payment of any unpaid costs or Assessments, the Board of Directors shall have the right and power to file a lien against the Unit owned or occupied, and may proceed to collect the same by judgment or foreclosure. In the event of a breach or anticipated breach by an Owner or resident, or by their family, guests or invitees, of any of the terms, covenants, or conditions of these Bylaws, the Board of Directors shall have, in addition to any other remedies provided by law equity, the right to injunctive relief and damages.

8.9 Persons Bound. All references herein to an Owner, resident, tenant, renter, lessee, Guest, or invitee shall be deemed to include their respective executors, administrators, employees, representatives, successors and assigns, and the terms, covenants, and conditions herein contained shall apply to and be binding upon them.