

When Recorded, Mail to:
ODD Properties, L. L. C.
P. O. Box 361
Garden City, UT 84028

Recorded MAY 16 2003 Filing No. 61237
At 9:30 AM/PM in Book R9 Page 282
Fee 89.00 Debra L. Ames Rich County Recorder
Requested by Town of Garden City

DECLARATION OF COVENANTS, CONDITIONS, and RESTRICTIONS

OF

THE COTTAGES AT BLUE WATER PHASE 1

This Declaration of Covenants, Conditions and Restrictions, hereinafter referred to as the "Declaration," is made and executed this 2nd day of May, 2003 by ODD Properties, L. L. C., a Utah Limited Liability Company, hereinafter referred to as the "Declarant"

RECITALS

A. Description of Land. The Declarant is the record title owner of the following described parcel of land, referred to hereinafter as the "Land," which is located in Garden City, Rich County, State of Utah, to wit: (see Exhibit "C").

B. Buildings and Improvements. The Declarant has constructed or will construct on the Land certain buildings and other improvements as shown more specifically on the Record of Survey Map of the Cottages at Blue Water Phase 1, as defined below;

C. Record of Survey Map. The Declarant shall execute and record in the office of the Rich County Recorder concurrently with the recording of this Declaration, as defined below, an instrument entitled the "Record of Survey Map of the Cottages at Blue Water Phase 1, a Utah Planned Unit Development;

D. Intent and Purpose. Declarant, by recording this Declaration and the Record of Survey Map as required by statute, intends to submit the land, buildings and other improvements presently existing or to be constructed upon the land to the provisions of this Declaration, and to impose upon said Land mutually beneficial covenants, conditions and restrictions pursuant to a general plan of improvement for the benefit of all Units in the Project as well as the Owners thereof;

E. Bylaws. The administration of the Project shall be governed by this Declaration and the Bylaws of the Association, which Bylaws are attached hereto as Exhibit "B";

NOW THEREFOR, pursuant to the foregoing, Declarant hereby makes the following Declaration:

ARTICLE 1

DEFINITIONS

Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article 1.

1.01 "Additional Land" shall mean the real property described in Section 11.02 which has not yet been submitted to the provisions of the Act, but which may hereafter be added as a whole or in part to the project as provided in Article XI.

1.02 "Administrator" shall mean and refer to the Administrator of the Veterans Administration, as agency of the government of the United States of America.

1.03 "Association" shall mean the Cottages at Blue Water Owners Association, a Utah non-profit corporation, operating pursuant to the Articles of Incorporation and Bylaws thereof, together with this Declaration.

1.04 "Board of Directors" shall mean and refer to the Board of Directors as then constituted of the Cottages at Blue Water Owners Association, Utah non-profit corporation.

1.05 "Common Area and Facilities" or simply the "Common areas" shall mean and refer to:

- a. all physical portions of the Project except the deeded lots.
- b. those portions of the Project specifically set forth and designated on the Map as intended for common ownership;
- c. all streets, extra parking areas, sidewalks, fences, landscape features, sanitation areas outside of the deeded lots.
- d. all common areas and facilities, whether or not expressly listed herein; and all other parts of the Project normally in common use, or necessary or convenient to the use, existence, maintenance, safety or management of the common areas;
- e. generally all furniture, furnishings, equipment, facilities, and other property (real, personal, or mixed) and interests therein at any time leased, acquired, owned, or held by the Association for the use and benefit of all of the Owners and all other property (real, personal or mixed) hereafter purchased in accordance with this Declaration, with monies from

the Common Expense Fund. Common Facilities shall be deemed to be part of the Common Areas, except to the extent otherwise expressly provided in this Declaration.

1.07 "Common Expense Fund" shall mean the fund created or to be created pursuant to the provisions of Article VII of the Declaration and into which all monies of Association Shall be deposited.

1.08 "Residence" or "Residential Unit" or "Unit" shall mean (i) the fee simple interest in and to the lots and building or buildings thereon together with all improvements within the lot boundary and (ii) the undivided interest (expressed as a percentage of the entire ownership interest) in the Common Areas appurtenant to such Unit, as set forth in Exhibit "A", attached hereto and by this reference made a part hereof.

1.09 "Declarant" shall mean ODD Properties, L.L.C., a Utah Limited Liability Company, and its successors and assigns.

1.10 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions & Restrictions of The Cottages at Blue Water as the same may be hereafter modified, amended, supplemented or expanded in accordance with the provisions hereof.

1.11 "First Mortgagee" shall mean a Mortgagee which is a bank or savings and loan association or established mortgage company, other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency which has a first mortgage lien on any Residence in the Project.

1.12 "FHA" shall mean the Federal Housing Administration.

1.13 "FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

1.14 "FNMA" shall mean the Federal National Mortgage Association.

1.15 "Land" shall mean the land upon which the Project is situated, as more particularly described in Recital A above.

1.16 "Lease" shall mean any agreement for the leasing or rental of the Property or Residence.

1.17 "Manager" shall mean the person, firm or company, if any, designated from time by the Association to manage, in whole or in part, the affairs of the Association and the Project.

1.18 "Map" shall mean the Record of Survey Map for the Cottages Blue Water Phase 1, a Utah Planned Units Development, recorded contemporaneously with this Declaration, and

any Supplemental Maps pertaining to the Project and recorded or to be recorded in the Office of the County Recorder of Rich County, State of Utah.

1.19 "Mortgage" shall mean any mortgage, deed of trust, or other security instrument by which a Residential Unit, or any part thereof is encumbered.

1.20 "Mortgagee" shall mean (i) any persons or entities named as the mortgagee or beneficiary under any Mortgage or Deed of Trust by which the interest of any Owner is encumbered, (ii) any successor to the interest of such person or entity under such Mortgage or Deed of Trust.

1.21 "Mortgage Servicer" shall mean a Mortgagee who services any Mortgage or Deed of Trust on any individual Residential Unit in the Project on behalf of FHLMC, FNMA, or any other federal associated financing program, including Veterans Administration and/or Federal Housing Administration financing.

1.22 "Owner" or "Unit Owner" shall mean the person or persons including the Declarant, owning in fee simple a Residential Unit in the Project, as such ownership is shown by the records of the County Recorder of Rich County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) or to any person or persons purchasing a Residential Unit under contract (until such contract is fully performed and legal title conveyed of record or unless a written and notarized statement executed by the title owner is delivered to the Developer or Association which specifically allows the contract purchaser to exercise the Owner's rights under this Declaration and Bylaws. Under no circumstances shall such parties be entitled to more votes than the Residential Unit Owner is entitled to have.

1.23 "Project" shall mean the land, the buildings, and all improvements submitted by this Declaration and the Map.

1.24 "Total Votes of the Association" shall mean the total number of votes appertaining to all Residential Units in the project, as shown in Exhibit "A", attached hereto.

1.25 "Lot Number" shall mean and refer to the number, letter, or combination thereof which designate a Lot on the Map.

1.26 "VA" shall mean the Veterans Administration, an agency of the government of the United States of America.

ARTICLE IV

NATURE AND INCIDENTS OF UNIT OWNERSHIP

2.01 Interior of Units. Each Owner shall have the exclusive right to paint, repair, tile, wax, paper, carpet, or otherwise decorate the interior surfaces of the walls, ceilings, floors, and doors within such boundaries. Each Owner shall all have the right to construct partition walls, fixtures, and improvements within the boundaries of his Unit; provided, however, that such partition walls, fixtures and improvements (i) shall comply with all applicable laws, ordinances, and building codes, (ii) shall not interfere with facilities necessary use, or enjoyment of any other part of the Project, (iii) shall not encroach upon the Common Areas or required setbacks or any part thereof, unless the Association shall consent in writing to such encroachment. The Owner may not alter the exterior of any building without written consent of the Board of Directors or a committee appointed by the Board of Directors.

2.02 Maintenance and Alteration of Unit and Exteriors. Each Owner shall keep the exterior of his Unit in a clean and sanitary condition and in a state of good repair. In the event that any such Unit shall develop an unsanitary or unclean or unsafe condition or fall into a state of disrepair, and in the event that the Owner of such Unit shall fail to correct such condition or state of disrepair promptly following written notice and the hearing procedure provided for in the Bylaws of the Association, the Board of Directors, in behalf of the Association, shall have the right at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary or unclean condition or state of disrepair; provided, however, that the Association shall in no event have the obligation to correct or eliminate such condition or state of disrepair. Any and all alterations, maintenance, additions or repairs to the exterior of Residential Units, including but not limited to, roofs, siding, shutters, exterior doors, window, patios, decks, fences, driveways, landscaping must first be approved in writing by the Board of Directors.

2.03 Title. Title to a Residential Unit within the Project may be held or owned by any person or entity, or any combination thereof, and in any manner in which title to any other real property may be held or owned in the State of Utah, including without limitation joint tenancy or tenancy in common.

2.04 Ownership of Common Area. The undivided interest in the Common Areas appurtenant to each Residential Unit in the Project shall be as set forth in Exhibit "A" attached hereto. The percentages appurtenant to each Unit as shown in said Exhibit "A" shall have a permanent character and shall not be altered (a) except with the unanimous written consent of all Owners expressed in an amendment to this Declaration duly recorded, or (b) except to the extend necessary to allow for the expansion or phasing of the project as provided in Article XI of this Declaration. Except as otherwise provided in this Declaration, any Owner shall be entitled to nonexclusive use of the Common Areas in any manner that does not hinder

or encroach upon the rights of the other Owners and is not contrary to any rules and regulations promulgated by the Association.

2.05 Inseparability. Title to no part of a Residential Unit within the Project may be separated from any other part thereof, and each Residential Unit and the undivided interest in the Common areas appurtenant to each Residential Unit shall always be conveyed, devised, encumbered, and otherwise affected only as a complete Residential Unit. Every devise, encumbrance, conveyance, or other disposition of a Residential Unit, or any part thereof, shall be construed to be a devise, encumbrance, conveyance, or other disposition, respectively, of the entire Residential Unit; together with all appurtenant rights created by law or by this Declaration, including appurtenant Membership in the Association as hereinafter set forth.

2.06 No Partition. The Common Areas shall be owned in common by all the Owners, and no Owner may bring any action for partition thereof.

2.07 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Residential Unit. No Owner shall attempt to or have the right to mortgage or otherwise encumber Common Areas or any part thereof, except the undivided interest therein appurtenant to his Residential Units. Any mortgage or other encumbrance of any Residential Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power sale, judicial foreclosure, or otherwise.

2.08 Special Taxation. Each Residential Unit within the Project including each Residential Unit and appurtenant undivided interest in the Common Areas, shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any other taxing or assessing authority. For the purposes of such assessment, the valuation of the Common Areas shall be apportioned among the Residential Units in proportion to the undivided interests in Common Areas appurtenant to such Residential Units. All such taxes, assessments, and other charges on each respective Unit shall be separately levied against the Owner thereof. No forfeiture or sale of any Residential Unit for delinquent taxes, assessments, or other government charges shall divest or in any way affect the title to any other Residential Unit.

2.09 Mechanics Liens. No labor performed or materials furnished for use in connection with any Residential Unit with the consent or at the request of an Owner or his agent or subcontractor shall create any right to file a statement of mechanic's lien against the Residential Unit of any other Owner not expressly consenting to or requesting the same or against any interest in the Common Areas, except the undivided interest therein appurtenant to the Residential Unit of the Owner for whom such labor shall have been performed and such materials shall have been furnished.

2.10 Description of Residential Unit. Every contract for the sale of a Residential Unit and every other instrument affecting title to a Residential Unit within the Project may describe a Unit by its identifying number or symbol as indicated in this Declaration or as shown on the Map. Such description will be construed to describe the Unit, together with its appurtenant undivided interest in the Common Areas, and to incorporate all of the rights incident to ownership of a Residential Unit within the Project and all of the limitations on such ownership.

ARTICLES III

EASEMENTS

3.01 Right to Ingress. Egress. Each Owner shall have the right to ingress and egress over, upon, and across the Common Areas as necessary for access to such Owner's Unit.

3.02 Association's Right to Use. The Association shall have an easement to make such use of the Common Areas as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including without limitation the right to construct and maintain in the Common Areas facilities and utilities for use by Owners generally or by the association and its agents exclusively.

3.03 Easement for Completion of Project. The Declarant shall have a transferable easement over and on the Common Areas for the purpose of completing construction of the Project and making improvements therein as shown on the Map and for the purpose of doing all things reasonably necessary or appropriate in connection therewith. To the extent that damage is inflicted on any part of the Project by any person utilizing said easement, the Declarant and the person causing the damage shall be liable to the Association for the prompt repairs of such damage.

3.04 Adjacent Development. Declarant and affiliated companies are developing certain improvements on real property adjacent to or in the area of the Project which improvements are anticipated to include certain recreational amenities such as one or more swimming pools, an RV park, a Hotel, a beach area, playground and walking paths and lawns and shall be collectively referred to herein as the "Blue Water Resort Facilities" or BWR Facilities". Declarant does hereby specifically reserve the right to grant to each and all Owner(s) any and all easement and use rights fo BWR Facilities. Such use rights may be granted, conveyed, and/or reserved as applicable upon the payment of the annual fee and specific use fees as established by Blue Water Resort, L.L.C. The granting of the use rights of BWR Facilities to an Owner shall not be construed as granting of such use to any other Owner, nor shall it be construed as a granting of the use to that Owner for subsequent years unless specified in writing.

ARTICLE IV

RESTRICTIONS ON USE

4.01 Residential Use-No Short Term Rental. All Units within the Project shall be used exclusively for residential purposes and for no other purpose. Occupancy of a Unit for residential use, whether by the Owner, a Tenant under long term lease or rental agreement, shall all be deemed to be residential occupancy. Short term lease or rental (anytime period less than 1 year) of Units shall not be permitted. Any lease of a Unit which shall be for a period of 1 year or longer, shall be deemed to be residential occupancy.

4.02 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on, in or upon any part of the Project which is or may become a nuisance or which may cause disturbance or annoyance to Owners. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

4.03 Restrictions on Signs. No signs, flags, or advertising devices of any nature, including without limitation, commercial, political, real estate sales, informational, or directional signs or devices, shall be erected or maintained on any part of the Project or displayed to the public view, without prior inspection and written approval of the Board of Directors, except as may be necessary temporarily to caution or warn of danger; provided however, that the restrictions of this paragraph shall not apply to any professionally painted and maintained sign or notice seven square feet or smaller in size which states that the premises are for rent or sale, or which identifies the residents owners. Declarant reserves the right to place real estate sales signs until all Units of the Project are initially sold. If the Association consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Association. All such signs or devices must also comply with applicable zoning ordinances. No signs, posters, displays or other advertising devices of any character shall be erected or maintained on, or shown or displayed to the public view on any lot without written approval having been first obtained from the Board of Directors. The Association may cause all unauthorized signs to be removed.

4.04 Pets and Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot or exterior of any Residential Unit or in the Common Areas except that household pets may be kept or housed on the interior of Residential Units. Exterior dog houses or runs shall not be allowed. In no event shall any pet be permitted in any portions of the Common Areas unless carried or on a Leash. Each Owner who keeps a pet in a Unit shall indemnify and hold all others Owners harmless against any loss or liability of any kind or character whatsoever arising from or as a result of having such pet in the Project. If a pet disturbs other Owners by barking or biting or in other ways become obnoxious, the Board of Directors will give notice to the owner of such pet to cause such annoyance to be discontinued

and corrected, the Board of Directors may revoke its permission to keep the pet in the Project and the pet shall be removed therefrom.

4.05 Use of Exterior Patios and Decks. Exterior patios or decks which are part of a Unit may be used for such purposes as may normally be associated with the use thereof, provided, however, that said decks and patios shall not be used for storage.

4.06 Driveways. In the event that any driveway is provided for the specific use and benefit of any Residential Unit, such driveway shall not be used for storage. All motor vehicles, campers, boats and trailers which are located upon said driveway must be and continue to be in good mechanical working order, licensed in accordance with applicable law. No vehicle, camper, boat, trailer or any other item located upon said driveway shall be permitted to extend into any roadway or Common Area.

4.07 Parking. Parking shall be permitted only in areas of the Project designated for such use as evidenced by parking stalls painted upon parking surfaces or by signs otherwise designating specified areas for such parking. No parking shall be permitted upon any roadway, upon any lawns or upon any other area of the Project unless such area shall be specifically designated for such purpose.

4.08 ATV's and Snowmobiles. No ATV's or snowmobiles shall be operated on the Project except on the streets for immediate ingress and egress from outside the Project to the Owners Unit. Such ingress and egress shall adhere to all laws regarding the operation of said ATV or snowmobile and any and all regulations as may be adopted by the Association.

4.09 No Alterations. No Owner shall, without the prior written consent of the Board of Directors in each specific instance, make or cause to be made any alteration, addition, removal, or improvement in or to the Common Areas or any part thereof, or jeopardize the safety of persons or property or impair any easement or hereditament appurtenant to the Project.

4.10 Scope. No building, residence, dwelling, garage, carport roof, wind generation device, accessory building or fence, wall, non-living screen or any other structure or landscaping shall be commenced, erected, placed or meaningfully altered on any lot until the plans, specifications and plot plans showing the location and nature of such structure, building, landscaping or other improvement or meaningful alteration have been submitted to and approved in writing by the Board of Directors, which may consider factors such as (but not limited to) the quality of workmanship and materials, design, harmony of external design with existing project, structures, location with respect to topography and finish grade, elevation, preservation and enhancement of natural beauty of the area and safety. All materials including color, style and textures to be used on the exterior of any building or external device shall conform with the general architectural style and colors of the Project as originally constructed.

The Board of Directors may condition such approval on the lot owner depositing cash in the sum of not to exceed Five Hundred Dollars (\$500.00) with the Board of Directors, the purpose of which shall be to further ensure that the lot owner (1) fulfills his responsibility to keep his lot in a condition so as to prevent the rubbish and debris which accumulates during the construction process from blowing or collecting on neighboring lots, and (2) reasonably cleans up his lot at or near the completion of the construction process. If the lot owner fails in either of these two responsibilities, the deposit may be kept by the Architectural Control Committee as a fine upon such lot owner or as liquidated damages. If any such failure is not remedied within 14 days after written notice thereof, the Board of Directors may remedy such condition itself and shall charge the lot owner for the cost of the remedy, in which case the provisions of Article VII shall be applicable.

4.11 No Obstruction. No Owner shall obstruct the Common Areas or any part thereof. No Owner shall store or cause to be stored in the Common Areas any property whatsoever, unless the Board of Directors shall consent thereto in writing.

4.12 Prohibition of Damage and Certain Activities. Except with the prior written consent of the Board of Directors, nothing shall be done or kept in any Unit, in the Common Areas, or in any other part of the Project that would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit that would increase the rate of insurance on the Project or any part thereof over that which increase the Association, but for such activity, would pay. Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental authority or the Association. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or guest of any Owner, and each Owner shall indemnify and hold harmless the Association and the other Owners from and against all loss resulting from any such damage or waste caused by such Owner or by the guest, tenants, licensees, or invites of such Owner.

4.13 No Commercial Business. No Commercial business shall be permitted within the Project unless the same is permitted and approved by the appropriate municipalities, lenders, the Association, and, if applicable, VA, FHA, FNMA, and FHLMC.

4.14 Rules and Regulations. Each Owner shall comply strictly with all rules and regulations adopted by the Association for the governance of the Units, the Common Areas, and the Project, as such rules and regulations may be modified, amended, and construed by the Association in the sole discretion of its Board of Directors.

4.15 Construction Period Exemption. During the course of actual construction of any permitted structure or improvements within the Project, the provisions, covenants, conditions, and restrictions contained in this Declaration shall be deemed waived to the extent necessary or convenient to permit such construction; provided, however, that during the course of such

construction, nothing shall be done which will result in a violation of any said provisions, covenants, conditions, or restrictions upon completion of the construction.

ARTICLE V

THE ASSOCIATION

5.01 Membership. Each Owner shall be entitled and required to be a Member of the Association. Membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Residential Unit is held by more than one person, the Membership appurtenant to the Unit shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Unit is held. An Owner shall be entitled to one Membership for each Unit owned by him. Each Membership shall be appurtenant to the Unit to which it relates and shall be transferred automatically by conveyance of the Unit. Ownership of a Unit within the Project cannot be separated from Membership in the Association appurtenant thereto, and any attempted devise, encumbrance, conveyance, or other disposition, respectively, of the Owner's Membership in the Association and rights appurtenant thereto separate to Unit ownership shall be null and void, ab inito. No person or entity other than an Owner may be a Member of the Association, and Membership in the Association may not be transferred except in connection with the transfer of a Unit.

5.02 Board of Directors. Until such time as the responsibility for appointing the Board of Directors of the Association is turned over to the Owners in accordance with Utah law, the Declarant shall have the exclusive right to appoint and to remove all such Directors. This exclusive right shall terminate after the first to occur of the following:

(a) Six (6) years from the date on which the first Unit in the Project is conveyed; or

(b) The date of the sale of Unit to which three-fourths (3/4) of the undivided interest in the Common Areas in the Project have been conveyed, or after all Additional Land has been added to the Project, whichever last occurs.

The termination of the exclusive right shall not, however, affect Declarant's right, as a Unit Owner, to exercise the votes allocated to Units which Declarant owns.

5.03 Right of Board of Directors to Bind Association. Until such time as the responsibility for electing the Board of Directors of the Association is turned over to the owners in accordance with section 5.02, the Board of Directors shall not have any authority to enter into any contracts, agreements or leases on behalf of the Association, either directly

or indirectly, unless such contracts, agreements or leases may be terminated by the Association at any time without cause or penalty after such transfer of control upon ninety (90) days prior written notice.

5.04 Votes. The number of votes appurtenant to each respective Unit shall be set forth in Exhibit "A". The number of votes appurtenant to each Unit as set forth in said Exhibit "A" shall have a permanent character and shall not be altered without the unanimous written consent of all Owners expressed in a duly recorded amendment to this Declaration, except as provided in Section 11.01 (b) (ii) herein.

5.05 Amplification. The provisions of this Article V may be amplified by the Articles and Bylaws; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in this Declaration.

ARTICLE VI

CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION AND BOARD OF DIRECTORS

6.01 The Common Areas. The Board of Directors, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in the Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including the Common Facilities), and shall keep the same in good clean, attractive, safe, and sanitary condition, order, and repair. The association shall be responsible for the maintenance and repair of the streets, perimeter fences, other improvements and grounds, including without limitation the painting thereof, fences, and maintenance of landscaping, walkways, driveways, and parking areas. The Board of Directors shall also be responsible for maintenance, repair, and replacement of Common Facilities, and all improvements and other items located within or used in connection with the Common Areas. The specification of duties of the Board of Directors with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas. All goods and services procured by the Board of Directors in performing its responsibilities under this Section shall be paid for with funds from the Common Expense Fund. No Owner may alter the Common Areas without the express written approval of the Board of Directors.

6.02 Manager. If required by a First Mortgagee, or if desired by the Board of Directors, the Board of Directors shall retain the services of an experienced, professional Manager to manage the Project. The Board of Directors may by written contract delegate in whole or in part to a Manager such of the duties, responsibilities, functions, and powers hereunder of the Board of Directors as are. The services of any Manager retained by the Board of Directors shall be paid for with funds from the Common Expense Fund. Any management agreement or contract providing services of Declarant for the Project will be terminable by the

Board of Directors for cause upon thirty (30) days written notice thereof, and such Agreement may be terminated by either party without cause and without payment of a termination fee on ninety (90) days written notice. The terms of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

6.03 Miscellaneous Goods and Services. The Board of Directors may, on behalf of the Association, obtain and pay for the services of such personnel as the Board of Directors shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Board of Directors may, on behalf of the Association, obtain and pay for the legal and accounting services necessary or desirable in connection with the operation of the Project or the enforcement of this Declaration. In addition to the foregoing, the Board of Directors may, on behalf of the Association, acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, electrical, gas, and other necessary or desirable utility services for the Common Areas (and for the Units to the extent not separately metered or billed), insurance, bonds, and other goods and services common to the Units.

6.04 Real and Personal Property. The Board of Directors may acquire and hold on behalf of the Association real, personal, and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise; provided that any acquisition or disposition of any real, personal or mixed property by the Board of Directors wherein the value of such property exceeds \$5000.00 must be approved by a vote of at least fifty-one percent (51%) of the Total Votes of the Association at a meeting duly called for that purpose. All such property, including Common Facilities, shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall be part of such fund.

6.05 Rules and Regulations. The Board of Directors may make reasonable rules and regulations governing the use of the Units, the common Areas and all parts of the Project, which rules and regulations shall be consistent with the rights and duties established by this judicial action against any Owner to enforce compliance with such rules and regulations or other obligations of such Owner arising hereunder, or to obtain such damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorney's fees, from the offending Owner.

6.06 Granting Easements. The Board of Directors may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable, easements, licenses and rights-of-way over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the property maintenance or operation of the Project.

6.07 Implied Rights. This Association may exercise any right, power, or privilege given

to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE VII

ASSESSMENTS

7.01 Agreement to Pay Assessments. The Declarant, for each lot owned within the Project is not liable for any annual assessments or any special assessments. This provision for the Declarant may not be changed by any amendment or supplement to this Declaration unless Declarant agrees in writing to such amendment or supplement. Each Owner of any Lot, by acceptance of a deed or conveyance thereof, whether or not it shall be so expressed in any such deed or instrument of conveyance, is deemed to covenant and agree to pay to the Association (1) annual assessments or charges, and (2) special assessments for capital improvements. Such assessments shall be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge upon the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney fees, shall be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The nature of this personal obligation shall in no way however remove the lien upon the property until such assessment and all related expenses are paid in full.

7.02 Annual Assessments. Annual assessments shall be computed and assessed against all Units in the Project as follows:

(a) Common Expense. Annual assessments shall be based upon advance estimates of the Association's cash requirements to provide for maintenance and operation of the Common Areas and Facilities and/or furnishing utility services and other common items to the Units. Such estimated expenses may include, without limitation, the following: expenses of management; premiums for all insurance that the Association is required or permitted to maintain including fees for a Manager (if any); utility charges, including charges for utility services to the Units to the extent not separately metered or billed; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas and Facilities that must be replaced on a periodic basis, and such reserve shall be funded by monthly payments rather than extraordinary special assessments; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration. Such shall constitute the Common Expense, and all funds received from assessments under this Section 7.02 shall be part of the Common Expense Fund.

(b) Apportionment. Expenses attributable to the Common Expense or the Project as a whole shall be apportioned among and assessed to all Owners in proportion to their respective undivided interests in the Common Areas.

(c) Annual Budget. Annual assessments shall be determined on the basis of a fiscal year beginning January 1, and ending December 31 next following; provided the first fiscal year shall begin on the date of this Declaration. On or before December 15 of each year thereafter, the Board of Directors shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operation budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any), and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the annual assessment for the upcoming fiscal year and as the major guideline under which the project shall be operated during such annual period. Such budgets shall be unnecessary for annual assessments relative to, or for operation of the Project during, any operation period ending before January 1, 2004.

(d) Notice and payment. Except with respect to the first fiscal year, the Board of Directors shall notify each Owner as to the amount of the annual assessment against his Unit on or before December 15 each year for the fiscal year beginning on January 1 next following. Each annual assessment shall be payable in twelve equal monthly installments, unless other arrangements are made, one such installment due on the first day of each calendar month during the fiscal year to which the assessment relates; provided, however, the annual assessment for the first fiscal year shall be based upon such portion of the first fiscal year. The Owners shall commence payment of the full monthly assessments against their respective Unit no later than (60) sixty days after the conveyance of the First Unit in the Project or phase. All unpaid installments of any annual assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date each such installment became due until paid. The failure of the Board of Directors to give timely notice of any annual assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in this Declaration.

(e) Inadequate. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including non-payment of any Owner's assessment, the Board of Directors may on behalf of the Association levy additional assessments in accordance with the procedure set forth in Section 7.03 below, except that the vote therein specified shall be unnecessary.

7.03 Special Assessments. In addition to annual assessments authorized by this Article, the Board of Directors may, on behalf of the Association, levy, at any time and from time to

time, upon affirmative vote of a least fifty-one percent (51%) of the Total Votes of the Association, Special Assessments, payable over such periods as the Board of Directors may determine or the purpose of defraying, in whole or in part, the cost of any or any part thereof, or of any other expenses incurred or to be incurred as provided in this Declaration (including without limitation Common Expenses). This section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections or Articles hereof. Any amounts assessed pursuant hereto shall be assessed to owners in proportion to their respective undivided interests in the Common Areas. Notice in writing of the amount of each such Special Assessment and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any Special Assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date such portions become due until paid. All funds received from assessments under this Section shall be part of the Common Expense Fund.

7.04 Lien for Assessments. All sums assessed to Owners of any Unit within the Project pursuant to the provisions of this Article VII, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Unit in favor of the Association. To evidence a lien for sums assessed pursuant to this Article VII, the Board of Directors may prepare a written notice of lien setting forth the amount of the Assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit, and a description of the Unit. Such notice shall be signed and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the County Recorder of Rich County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law by the Association in the same manner in which mortgages on real property may be foreclosed under the laws of the State of Utah. In any such foreclosure, the Owner shall also be required to pay the costs and expenses of such proceedings (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall be required to pay to the Association any assessments against the Unit which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Directors shall have the right and power in behalf of the Association to bid in at any foreclosure sale, and to hold, lease, mortgage, or convey the subject Unit in the name of the Association.

7.05 Personal Obligation of Owner. The amount of any annual or special assessment against any Units shall be the personal obligation of the Owner of such Units to the Association. Suit to recover a money judgement for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money

judgement for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorney's fees.

7.06 Statement of Account. Upon payment of a reasonable fee not to exceed \$10.00 and upon written request of any Owner, Mortgagee, or prospective purchaser of a Unit, the Board of Directors shall issue a written statement setting forth the following: The amount of the unpaid assessments, if any, with respect to such Unit; the amount of the current annual assessment and the date or dates upon which installments thereof become due; credit for advanced payments or prepaid items, including without limitation the Owner's share of prepaid insurance premiums. Such statements shall be conclusive upon the Association in favor of persons who rely thereon in good faith. In the event that the Board of Directors fails upon written request to issue such a written statement, any unpaid assessments with respect to such Unit which became due prior to the written receipt of such written request by the Board of Directors shall become subordinate to a lien held by the person or entity requesting such statement.

7.07 Personal Liability of Purchaser. Subject to the provisions of Section 7.06, a purchaser of a Unit shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Unit up to the time of the grant or conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

7.08 Reserves and Working Capital. The Association shall establish the following funds:

(a) Capital Reserve Fund. The Association shall establish and maintain an adequate capital reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas and Facilities the Association may be obligated to maintain. The reserve fund shall be maintained out of regular assessments for common expenses. The purpose of the capital reserve fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services, deemed necessary or desirable by the Association, or to pay the cost of periodic anticipated major repairs or improvements due to normal wear and tear to the Common Areas and Facilities. Amounts paid into the capital reserve fund are not to be considered adverse payment of any regular assessment. Each budget shall disclose that percentage of the annual assessment, which shall be added to the capital reserve fund and each Owner shall be deemed to make a capital contribution to the Association equal to such percentage multiplied by each installment of the annual assessment paid by such owner.

(b) Working Expense Fund. The Association shall also establish and maintain for the

initial months of the Project, a working expense fund equal to at least (2) months' Common Area Charges for each Unit. The purposes of this fund are to provide for the normal day-to-day expenses of operation of the Association and the Project. Each Units share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Unit. The working expense fund must be budgeted for separately and maintained in a segregated account for the use and benefit of the Association.

Amendment of Article. This Article VII shall not be amended unless seventy-five (75%) of the Owners of the Units in the Project consent and agree to such amendment in a duly recorded instrument.

ARTICLE VIII

INSURANCE

8.01 Types of Insurance. The Association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies licensed to do business in the State of Utah:

(a) Public Liability Insurance. The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all of the Common Areas and Common Facilities, commercial spaces and public ways (if any) in the Project, whether or not they are leased to a third party. Such insurance policy shall contain a Severability of Interest Endorsement or equivalent coverage which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner. The scope of coverage shall include, without limitation:

(i) Legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas and Facilities and legal liability arising out of law suits related to employment contracts of the Association; and

(ii) Additional coverages as may be required to include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location and use, any other coverage in the kinds and amounts required by private institutional mortgage investors for such projects, including, but not limited to, host liquor liability, contractual and all-written contract insurance, and comprehensive automobile liability insurance. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location and use; provided, however, that such coverage shall be for at least \$1,000,000. For bodily injury, including deaths of persons, and property damage arising out of a single occurrence.

(b) Workman's Compensation Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance and all similar insurance, with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

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

8.03 Owner's Own Insurance. Each Owner, at his own expense, may procure and maintain at all times fire and extended coverage insurance covering personal property of such Owner and additional fixtures, and improvements added by such Owner against loss by fire or other casualties, including, without limitation, vandalism and malicious mischief. All policies providing such casualty insurance shall provide that they do not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Article. Notwithstanding the provisions hereof, each Owner may obtain insurance at his own expenses providing such other coverage upon his Residential Unit, lot, his personal property, for his personal liability, and covering such other risks as he may deem appropriate; provided that each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this Article. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's right of subrogation against the Association, the Declarant, the Manager, other Owners, and their respective servants, agents and guests.

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

ARTICLE IX

DAMAGE OR DESTRUCTION

9.01 Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the Common Areas of the project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of the deed from the Declarant or from any Owner shall constitute an appointment by said grantee of the Association as his attorney-in-fact, as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver

and contract, deed, or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted.

ARTICLE X

COMPLIANCE WITH DECLARATION AND BYLAWS

10.01 Compliance. Each Owner shall comply strictly with the provision of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association, and the decisions and resolution of the Association adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief or for both, maintainable by Association or, in proper case, by the aggrieved Owner.

10.02 Enforcement and Remedies. The obligations, provisions, covenants, restrictions, and conditions contained in this Declaration, or in any supplemental or amended declaration, with respect to the Association or Residential Units within the Project shall be enforceable by the Declarant or by any Owner of a Residential Unit within the Project, subject to this Declaration, by a proceeding for a prohibitive or mandatory injunction or by suit or action to recover damages or to recover any amount due or unpaid. The obligations, provisions, covenants, restrictions, and conditions contained in this Declaration, or in any Supplementary or future Declaration, with respect to a person or entity or property of a person or entity other than the Association shall be enforceable by the Amended Declarant or by the Association or, in a proper case, by an aggrieved Owner by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid. No summary abatement or similar procedure may be utilized through non-judicial means to alter or demolish items or construction.

ARTICLE XI

EXPANDABLE PROJECT

11.01 Reservation of Right to Expand. The Declarant hereof expressly reserves the option and right to expand the Cottages at Blue Water pursuant to the provisions of this Article:

(a) Consent of Owners Not Required. The consent of the Owners in the Project shall not be required for such expansion and the Declarant may proceed with such

expansion at its sole option. No signature of any Owner shall be required for such expansion, including the execution of any document including, without limitation, a Supplemental Map or an amendment to this Declaration made for such purpose.

(b) Preparation and Recording of Supplemental Map and Amendment. Prior to adding all or any portion of the Additional Land or any other land to the Project, the Declarant shall:

(i) record, with regard to the Additional Land or any portion thereof that is being added to the Project, a supplemental record of survey map (the "Supplemental Map") which shall describe the land added to the Project and comply in all respects with this Article XI. Each such Supplemental Map shall be certified as to its accuracy by the land surveyor who prepared or supervised the preparation thereof; and

(ii) record concurrently with each Supplemental Map an amendment to the Declaration (the "Amendment") which shall contain a legal description by metes and bounds of the land added to the Project, shall reallocate individual interest in the Common Areas, and shall designate the number of votes that the Owner of each respective Units shall be entitled to vote as a member of the Association. Dilution of each individual interest in the Common areas shall be based upon the total number of the Units covered by this Declaration.

(c) Expiration of Right to Expand. This option to expand the Project shall expire twelve (12) years after the recording of this Declaration; however, the Declarant, may, at any time prior to the expiration of such period, terminate its option to expand by recording among the land records wherein this Declaration is recorded an executed and notarized document terminating this option.

(d) No Effect on Title. This Declarant shall not be deemed to constitute a lien, encumbrance, covenant, easement or restriction on the title to all or any part of the Additional Land nor shall this Declaration be deemed to create any rights in and to such Additional Land unless and until such time as a supplemental Map and the Amended Declaration shall actually be placed of record. At the time of the recording of the "Supplemental Map or Amended Declaration, said Supplemental Map and Amended Declaration shall be subordinate to any and all matters of record in accordance with applicable provisions of Utah Law.

11.02 Description of Additional Land. The additional Land which may, at the option of Declarant, be made part of the Project is located in the City of Garden City, Rich County, State of Utah, and is more particularly described as follows, to-wit: (see Exhibit "D") Land other than that described in Exhibit D may, at the option Declarant, also be made part of the project.

11.03 Declarant's Right to Add All or Portions of Additional Land. The Declarant need not add all or any portion of the Additional Land to the Project; however, the Declarant may, at its sole discretion and without limitation, add all or any portion or portions of the Additional Land to the Project and may do so at different times and on one or more occasions as Declarant may determine. Such additional Land may be added to the Declaration in any order and in any configuration that Declarant shall determine.

11.04 Location of Improvements. Declarant makes no representations or assurance as to the location of any improvements that may be constructed on any portions of the Additional Land.

11.05 Maximum Number of Units. The improvement to be placed on the Additional Land shall contain no more than fifteen (15) Units per-acre.

11.06 Other Improvements. No assurance is given with respect to other improvements that may or may not be placed on the Additional Land.

11.07 Units Not Identical to Initial Units. Although Declarant intends to create Units in the Improvements on the Additional Land that will be compatible with the Units initially constructed within the Project, Declarant makes no assurance as to whether Units that may be created in the improvements on the Additional Land will be compatible with or identical to Units initially constructed within the Project; provided, however, that the Units which may be created on the Additional Land shall be consistent with the Units initially constructed in the Project in terms of quality of construction.

11.08 Liens and Liability Insurance. All liens which arise pursuant to Declarant's Ownership of, and construction of improvements upon, any Additional Land, shall not adversely affect the rights of existing Owners, or the priority of first mortgages on Units in the Project. All taxes, assessments, mechanics' liens and other charges affecting such additional property shall either be paid or otherwise satisfactorily provided for by the Declarant.

11.09 Common Areas. The Declarant reserves the right, in sole discretion and without limitation, to create Common Areas within any portion of the Additional Land. No assurance is made as to the nature, type, size, configuration or existence of any such common areas.

11.10 Reservation for Residential Use. Any portion of the Additional Land which is hereafter added to the Project and any Units created thereon shall be restricted primarily to residential purposes. Occupancy of a Units for residential use, whether by the Owner, a Tenant under long term lease or rental agreement, shall all be deemed to be residential occupancy.

ARTICLE XII

GENERAL PROVISION

12.01 Intent and Purpose. The provisions of this Declaration, and any Supplemental or Amended Declaration, shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a Planned Unit Development. Failure to enforce any provision, restriction, covenant, or condition in this Declaration, or in any supplemental or amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant, or condition or of any other provisions, restrictions, covenants, or conditions.

12.02 Construction. The provisions of this Declaration shall be in addition and supplemental to all other provisions of law. Whenever used herein, unless the context shall otherwise require, 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 Article and Section headings set forth herein are for convenience and reference only and are not intended to expand, limit, or otherwise affect the meaning or interpretation of this Declaration or any provision hereof. The provisions hereof shall be deemed independent and severable, and the invalidity or unenforceability of any one provision or portion thereof shall not effect the validity or enforceability of any other provisions hereof.

12.03 Notices and Registration of Mailing Address. Each Owner shall register from time to time with the Association his current mailing address. All notices, demands, and other communications to any Owner provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first class U.S. mail, postage prepaid, addressed to the Owner at his registered mailing address or if no address has been registered, to the Unit of such Owner. All notices, demands, and other communications to the Association as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first class U.S. mail postage prepaid, addressed to the Association at its offices at P.O. Box 361 Garden City, UT 84028, or to such other address as the Association may hereafter specify to the Owners in writing. Any notice, demand, or communication referred to in this Declaration shall be deemed to have been given and received when personally served or when deposited in the U.S. mail, postage prepaid, as the case may be.

12.04 Audit. Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association. The Association, at the expense of the Common Expense Fund, shall obtain an audit, on all books and records pertaining to the Project at no greater than annual intervals, and copies thereof shall be furnished to the Owners.

12.05 Amendment. Except as otherwise provided herein, this Declaration may be amended if Owners holding at least two-thirds (2/3) of the total votes in the Association consent and agree to such amendment by instruments which are duly recorded in the office of the County Recorder of Rich County, State of Utah.

12.06 Effective Date. This Declaration shall take effect upon recording.

12.07 Agent for Service. A. Ray Elliott, whose business address is 10 S. Bear Lake Blvd., Garden City, UT 84028, is the person to receive service of process. The Board of Directors shall, however, have the right to appoint a successor substitute process agent. Such successor or substitute agent and his address shall be specified by an appropriate instrument filed in the office of the County Recorder of Rich County, State of Utah. Provided, however, that the agent for service of process named in the Supplementary Declaration relating to the Land most recently added to the Project shall automatically replace any agent previously named by the Board of Directors or any agent designated in any enabling declaration relating to a previously added Land.

12.08 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service (if any) to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in or upon the Project, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or improvements to or maintaining the project or any part thereof, or from any action taken to comply with the provisions of this amended Declaration or with the laws, ordinances, regulations, rules, or order of any governmental authority.

12.09 Owner's Obligation. All obligations of an Owner, under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may be leasing, renting, or selling under contract his Unit. The Owner of a Unit within the Project shall have no obligation for expenses or other obligations accruing after he conveys such Unit. Further, no Unit Owner may exempt himself from liability for common expenses by waiver of use or enjoyment of any of the Common Areas and facilities or by abandonment of his Units.

12.10 Model Units. Sales Offices and Advertising Signs. Declarant and Declarant's duly authorized agents, representatives and employees shall have the right to establish and maintain such model Units and sales offices on the land within the project as are reasonably necessary to market the Units, and Declarant shall have the right to use such model Units and sales offices during the period that Units in the Project remain unsold. No more than four model Units and one sales office will be established and maintained by the Declarant in the project. Following the completion of sales, all Units may thereafter be

used only for residential purposes. Declarant reserves the right to relocate the same from time to time within the Project. Declarant further reserves the right to maintain advertising signs on the Project and to place the same in any location, and to relocate, replace and remove the same at the sole discretion of Declarant during the period that Units in the Project remain unsold. All such signs shall comply with applicable zoning ordinances.

12.11 Termination. The Total Votes in Association shall be required before the Project may be abandoned or terminated, except as provided by law and in this declaration.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

DECLARANT: ODD PROPERTIES, L.L.C.

By: A. Ray Elliott
A. Ray Elliott, manager

ATTEST:

By: Wendy Nelson

LIMITED LIABILITY ACKNOWLEDGMENT

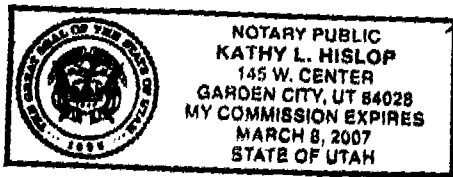
STATE OF UTAH)

)ss.

County of Rich)

On the 2nd day of May, A.D. 2003, personally appeared before me, A. Ray Elliott, who, being by me duly sworn, did say, each for himself, that he is the member/manager of ODD PROPERTIES, L.L.C., a Utah Limited Liability Company and that the within and foregoing instrument was signed on behalf of said Limited Liability Co. by authority of its Articles of Organization and each duly acknowledged to me that said Limited Liability Company executed the same.

Residing in: Garden City, Utah
Commission expires: March 8, 2007



Kathy L. Hislop
Notary Public

EXHIBIT "A"

TO

DECLARATION OF COVENANTS, CONDITIONS, and RESTRICTIONS

OF

THE COTTAGES AT BLUE WATER PHASE 1

<u>Units No.</u>	Undivided Ownership Interest In Common <u>Area Percentage</u>	<u>Votes</u>
1	3.572	3.572
2	3.572	3.572
3	3.572	3.572
4	3.572	3.572
5	3.572	3.572
6	3.572	3.572
7	3.572	3.572
8	3.572	3.572
9	3.572	3.572
10	3.572	3.572
11	3.572	3.572
12	3.572	3.572
13	3.572	3.572
14	3.572	3.572
15	3.572	3.572
16	3.572	3.572
17	3.572	3.572
18	3.572	3.572
19	3.572	3.572
20	3.572	3.572
21	3.572	3.572
22	3.572	3.572
23	3.572	3.572
24	3.572	3.572
25	3.572	3.572
26	3.572	3.572
27	3.572	3.572
28	3.572	3.572

Total Votes of the Association 100

EXHIBIT "B"

BYLAWS

OF

THE COTTAGES AT BLUE WATER OWNERS ASSOCIATION

a Utah Non-Profit Corporation

1. APPLICATION OF BYLAWS.

All present and future Units owners, mortgagees, and lessees and occupants of Units and their employees, and any other persons who may use the facilities of the property in any manner are subject to the declaration, these Bylaws and all rules made pursuant hereto and any amendments hereof. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that the provisions of the Declaration, the Articles of Incorporation, and these Bylaws and any rules and regulations made pursuant hereto, as they may be amended from time to time, are accepted, ratified and will be complied with.

2. BOARD OF DIRECTORS

2.1 The management and maintenance of the property and the administration of the affairs of The Cottages at Blue Water Owners Association (herein after called the "Association") shall be conducted by the Board of Directors consisting of five natural persons who need not be Unit Owners. The rights, duties and functions of the Board of Directors may be exercised by Declarant until the earlier of 120 days after the date by which 75% of the Units have been conveyed to Unit purchasers, or seven (7) years from the date of the first conveyance to a Unit purchaser, unless it should, at its sole option, turn over such rights, duties and functions to the Board of Directors at an earlier date.

2.2 Beginning with the first annual meeting and at every annual meeting thereafter, the Association shall elect the members of the Board of Directors to fill those positions becoming vacant at such meeting. At least thirty (30) days prior to any annual meeting of the Association, the Board of Directors shall elect from the Unit Owners a nominating committee of not less than three (3) members, none of whom shall be members of the then Board of Directors. The nominating committee shall recommend to the Association one nominee for each position on the Board of Directors to be filled at that particular annual meeting. Nominations for positions on the Board of Directors may also be made by petition filed with the secretary of the Association at least seven (7) days prior to the

annual meeting of the Association., which petition shall be signed by four (4) or more Units owners and signed by the nominee named therein indicating his willingness to serve as a member of the Board of Directors, if elected.

2.3 Members of the Board of Directors shall serve for terms of three (3) years beginning immediately upon their election by the Association; provided, however, that two Board of Directors elected at the first annual meeting at which directors are chosen by vote of Units owners shall serve for an initial term of one (1) year, two other directors shall serve for an initial term of two (2) years, and the remaining director serve for an initial term of three (3) years. Thereafter, all directors elected shall serve for three year terms. The members of the Board of Directors shall serve until their respective successors are elected, or until their death, resignation or removal. Any Director who fails to attend three consecutive Board of Directors meetings or fails to attend at least 25% of the Board of Directors meetings held during any fiscal year shall be deemed to have rendered his resignation, and thereupon his position shall be vacant.

2.4 Any Director may resign at any time by giving written notice to the president of the Association or to the remaining Directors. Any Director may be removed from membership on the Board of Directors by a two-thirds majority vote of the Association. Whenever there shall occur a vacancy on the Board of Directors due to death, resignation, removal or any other cause, the remaining Directors shall elect a successor director to serve until the next annual meeting of the Association, at which meeting said vacancy shall be filled by the Association for the unexpired term, if any.

2.5 The Directors shall receive no compensation for their services unless expressly approved by a majority of the Association; provided, however, that any Director may be employed by the Association in another capacity and receive compensation for such employment; provided further, that such employment shall be approved by vote or in writing by all Directors not including the director to be employed.

2.6 The Board of Directors, for the benefit of the property and the Association, shall manage the business, property and affairs of the property and the Association and enforce the provisions; of the declaration, the Articles of Incorporation, these Bylaws, and the rules and regulations governing the property. The Board of Directors committee shall have the powers, duties, and responsibilities with respect to the property as contained in the Declaration, the Articles of Incorporation and these Bylaws.

2.7 The meetings of the Board of Directors shall be held at such places within the State of Utah as the Board of Directors shall determine. A majority of the members of the Board of Directors shall constitute a quorum, and if a quorum is present the decision of a majority of those present shall be the act of the Board of Directors. The Board of Directors shall annually elect all of the officers of the Association. The meetings for the election of officers shall be held at the first meeting of the Board of Directors immediately following the annual meeting of the Association.

2.8 Special meetings of the Board of Directors may be called at the request of the president or any two Directors. The secretary shall then give notice thereof in writing at least five (5) days before the meeting. Such notice shall specify the purpose for which the meeting is called, and the meeting shall be restricted to discussions of those items listed on the agenda.

2.9 Regular meetings of the Board of Directors may be held with five (5) days prior written notice, except in case of emergency.

2.10 Any Director may, at any time waive notice of any meeting of the Board of Directors in writing. Any such waiver shall be deemed equivalent to giving of such notice. Attendance by a Director at a meeting shall constitute a waiver of notice to him of such meeting unless such Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

2.11 After the election of the Directors at the first annual meeting of the Association, Declarant shall execute, acknowledge and record an affidavit stating the names of the Directors of the newly elected Board of Directors. Thereafter, any two (2) persons who are designated of record as being Directors of the most recent Board of Directors, whether or not they shall still be Directors, may execute, acknowledge and record an affidavit stating the names of all of the Directors of the then current Board of Directors. The most recently recorded of such affidavits shall be prima facia evidence that the persons named therein are all of the incumbent members of the Board of Directors and shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

2.12 The fiscal year shall be set as the calendar year.

3. MEETINGS OF THE ASSOCIATION.

3.1 The first annual meeting of the Association shall be held within ten months after sales of the Units are completed. Thereafter there shall be an annual meeting of the Association on the first Tuesday of February at 7:00 p.m. at the property or at such other reasonable place or time not more than sixty (60) days before or after such date as may be designated by written notice by the Board of Directors delivered to the Unit Owners not less than fifteen (15) days prior to the date set for said meeting. At or prior to an annual meeting, the Board of Directors shall furnish to the Unit Owners (i) a list of the names of the nominees for the positions on the Board of Directors to be filled at that meeting; (ii) a budget for the coming fiscal year which shall itemize the estimated allocation thereof to each Unit Owner; and (iii) an audited statement of the common expenses itemizing receipts and disbursements for the previous and current fiscal year, together with the allocation thereof to each Unit Owner. Within ten (10) days after the annual meeting, the

budget and the statements of common expenses shall be delivered to the Unit Owners who were not present at the annual meeting.

3.2 Special meetings of the Association may be held at any time at the property or at such other reasonable place to consider matters which, by the terms of the Declaration, require the approval of all or some of the Unit Owners or for any other reasonable purpose. Special meetings shall be called upon written request signed by a majority of the Board of Directors or by Unit Owners representing at least one-third (1/3) or more of the undivided interests in the common areas and facilities. The secretary of the Association shall then prepare a written notice which shall be delivered to all Unit Owners not less than fifteen (15) days prior to the date fixed for said meeting. Such notice shall specify the date, time and place of the meeting and the matters to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the Unit Owner at his registered address, with first class postage thereon prepaid. Each Unit Owner shall register with the Association his current mailing address for the purpose of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association the Unit address of such Owner shall be deemed to be his registered address for purposes of notice hereunder.

3.3 The presence in person or by proxy of Unit Owners holding fifty percent (50%) of the undivided interests in the property at any meeting of the Association held in response to notice to all Unit Owners of record property given shall constitute a quorum. In the event that a quorum is not present in person or by proxy, the meeting shall be adjourned for twenty-four (24) hours, after which time it shall reconvene and any number of Unit Owners present at such subsequent meeting shall constitute a quorum. Unless otherwise expressly provided in the Declaration, the Articles of Incorporation, and these Bylaws, and action may be taken at any meeting of the Unit Owners upon a majority vote of the Unit Owners who are present in person or by proxy and who are voting.

3.4 Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration, the Articles of Incorporation or these Bylaws.

4. OFFICERS.

4.1 All officers and employees of the Association shall serve at the will of the Board of Directors. The officers shall be President, Vice President, Secretary and Treasurer. The offices of Secretary and Treasurer may be combined at the option of the Board of Directors. The Board of Directors may appoint such other assistant officer as the Board of Directors may deem necessary. No officer shall be required to be a Unit Owner, but the President and Vice-President must be members of the Board of Directors. No officer shall receive compensation for serving as such. Officers shall be annually elected

by the Board of Directors. The Board of Directors shall require that officers (and other employees of the Association) be subject to fidelity bond coverage, as set forth in the Declaration.

4.2 The President shall also be the chairman of the Board of Directors and shall preside at all meetings of the Association and the Board of Directors and may exercise the power ordinarily allowable to the presiding officer of an Association, including the appointment of committees. The President shall exercise general supervision over the property and its affairs. He shall sign on behalf of the Association all conveyances, mortgages and contract of material importance to its business. He shall do and perform all acts which the Board of Directors may require.

4.3 The Vice-President shall perform the functions of the President in his absence or inability to serve.

4.4 The Secretary shall keep minutes of all proceedings of the Board of Directors and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Unit Owners and the Board of Directors.

4.5 The Treasurer shall be responsible for the fiscal affairs of the Association, but may delegate the daily handling of funds and the keeping of records to a managing company.

5. COMMON EXPENSES: ASSESSMENTS.

5.1 All assessments shall be made in accordance with the general provisions of Article VII of the Declaration.

5.2 Not less than thirty (30) days prior to the annual meeting of the Association, the Board of Directors shall estimate the common expenses and capital contributions for the coming fiscal year. The estimated capital contributions may include such amounts as the Board of Directors may deem proper for general working capital, for the general operating reserve, and shall take into account any expected income, surplus or deficit in the common expenses for any prior year. These estimated capital contributions and common expenses shall be assessed on a monthly basis to the Unit Owners in proportion to their percentages of undivided interest in the Common Areas and Facilities as set forth in Exhibit "A" of the Declaration. If the estimated common expenses prove inadequate for any reason, including nonpayment of any Unit Owner's assessment, the Board of Directors may, by resolution duly adopted, make additional assessments, which shall be assessed to the Unit Owners in the same manner as the estimated common expenses. Each Unit Owner shall be obligated to pay the Board of Directors' assessments made pursuant to this paragraph on or before the first day of each month, or in such other reasonable manner as the Board of Directors shall designate. The funds received by the Board of Directors from

assessments shall be kept in either capital accounts or in the common expense fund and shall be expended by the Board of Directors only in accordance with the provision of the Declaration, the Articles of Incorporation and these Bylaws.

5.3 The failure by the Board of Directors before the expiration of any fiscal year to estimate the common expenses as required herein shall not be deemed a waiver or modification in any respect of the provisions of the Declaration or these Bylaws or a release of the Unit Owner from the obligation to pay any past or future assessments, and in the estimated common expenses fixed for the previous and current year shall continue until a new estimate is made.

5.4 No Unit Owner may exempt himself from liability for common expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by abandonment of his Unit.

5.5 The Treasurer shall keep detailed records of all receipts and expenditures, including expenditures affecting the Common Areas and Facilities, specifying and itemizing the maintenance, repair and replacement expenses of the common areas and facilities and any other expenses incurred. Such records shall be available for examination by the Units Owners during regular business hours. In accordance with the actions of the Board of Directors assessing common expenses against the Units and Unit Owners, the Treasurer shall keep an accurate record of such assessments and of the payments thereof by each Units Owner.

5.6 All common assessments shall be separate, distinct and a personal liability of the Owner of the Units at the time each assessment is made. The Board of Directors shall have the rights and remedies contained in the Declaration to enforce the collection of assessments for common expenses.

5.7 Any person who shall have entered into a written agreement to purchase a Unit shall be entitled to obtain in a written statement from the Treasurer setting forth the amount of unpaid assessments charged against the Unit and its Owners, and if such statement does not reveal the full amount of the unpaid assessments as of the date it is rendered, neither the purchaser nor the Unit shall be liable for the payment of an amount in excess of the unpaid assessment shown thereon, provided that the former Unit Owner shall remain so liable. Any such excess which cannot be promptly collected from the former Unit Owner-grantor shall be reassessed by the Board of Directors as a common expense to be collected from all Unit Owners, including without limitation the purchaser of the Unit, his successors and assigns. The new Unit Owner shall, and the former Unit Owner shall not, be liable for any assessment made after the date of transfer of title of a Unit, even though the common expenses and such other expenses incurred or the advances made by the Board of Directors for which the assessment is made relate in whole or in part to any period prior to that date.

5.8 In addition to the statements issuable to purchasers of Units, the Board of Directors shall provide to the Unit Owner, to any person who shall have entered into a binding agreement to purchase the Unit land to any mortgagee on request at reasonable intervals, a current statement of unpaid assessments for common expenses and for any expenses of any advances by the Board of Directors with respect to the Unit.

5.9 In all cases where all or part of any assessments for common expenses and for any expenses of and advances by the Board of Directors cannot be collected within sixty (60) days of the date due from the persons or entities liable therefore under the act, the Declaration or these Bylaws, the Board of Directors may reassess the same as a common expense without prejudice to its rights of collection against such persons or entities, or without prejudice to its lien for such assessments.

5.10 Amendments to this Section 5 shall be effective only upon unanimous written consent of the Units Owners and their mortgagees.

6. LITIGATION.

6.1 If any action is brought by a Member of the Board of Directors on behalf of the Association and recovery is had, the expenses of suit, including reasonable attorney's fees, shall be a common expense. If any action is brought against the Units Owners or against the Board of Directors or the officers, employees, or agents thereof in their capacities as such, with the result that the ultimate liability asserted would if proved, be borne by all the Units Owners, the expenses of suit, including attorney's fees, shall constitute a common expense and be borne by the Association.

6.2 Any action brought against the Association, the Board of Directors or the officers, employees or agents thereof, in their respective capacities as such, or the property as a whole, shall be directed to the Board of Directors, which shall promptly give written notice thereof to the Unit Owners and any mortgagees and shall be defended by the Board of Directors; and the Unit Owners and mortgagees shall have no right to participate in such defense other than through the Board of Directors. Action against one or more, but less than all Unit Owners shall be directed to such Unit Owners, who shall promptly give written notice thereof to the Board of Directors and to the mortgagees of such Units, and shall be defended by such Unit Owners.

7. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS.

7.1 The violation of any rules or regulations adopted by the Board of Directors, the breach of any provision contained herein or the breach of any provision of the Declaration shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws:

7.1.1 To enter the Unit in which such violation or breach exists after a hearing opportunity before the Board of Directors when five days prior notice has been given to the Unit Owner, and to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty of any manner of trespass; and/or

7.1.2 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

7.2 These remedies are cumulative to other remedies provided in the Declaration and these Bylaws or in any other applicable form.

8. ACCOUNTING.

8.1 The books and accounts of the Association shall be kept in accordance with generally accepted accounting procedures under the direction of the Treasurer.

8.2 At the close of each fiscal year, the books and records of the Board of Directors shall be audited by a public accountant approved by the Association.

8.3 The books and accounts of the Association shall be available for inspection at the office of the Association by any Unit Owner or his authorized representative during regular business hours.

9. SPECIAL COMMITTEES.

9.1 The Board of Directors by resolution may designate one or more special committees, each committee to consist of two (2) or more Unit Owners, which to the extent provided in said resolution shall have and may exercise the powers set forth in said resolution shall have such name or names as may be determined from time to time by the Board of Directors. All special committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such special committee or committees designated shall be appointed by the Board of Directors or the President. The Board of Directors or the President may appoint Unit Owners to fill vacancies on each of said special committees occasioned by death, resignation, removal or inability to act for any extended period of time.

10. RENTAL OR LEASE OF UNITS BY UNIT OWNERS.

10.1 Any Unit Owner who rents or leases his Unit shall file with the Board of Directors or manager a copy of the rental or lease agreement affecting said Unit. The provisions of these Bylaws shall apply with equal force to renters or lessees of Units.

10.2 Any Unit Owner who rents or leases his Unit shall be responsible for the conduct of his tenants, and upon written notice from the Board of Directors or the manager, said Unit Owner shall be responsible for correcting violations of the Declaration, Bylaws or rules and regulations committed by such tenants.

10.03 If a Unit Owner fails to correct violations by tenants within 72 hours of such notice, the Board of Directors or manager shall give the Unit Owner opportunity for a hearing before the Board of Directors, with five days prior notice thereof. Following such hearing and the finding that violations do exist, the Board of Directors or manager shall be deemed to be the agent of the Unit Owner and empowered to take any enforcement action the Unit Owner would be entitled to take, the cost of such action to be assessed to the Unit Owner and payable within 30 days of assessment. Such costs shall be collected and enforced in the same manner as common assessments under Section 5 of these Bylaws.

10.04 The power of the management committee or manager hereunder shall include, but not be limited to, any and all legal remedies available under the laws of the State of Utah. Any Unit Owner by the act of renting or leasing his Unit shall be deemed to have consented to these procedures and shall indemnify and save harmless the Board of Directors and the manager from and against any and all liability therefor. It is expressly understood that the remedies available to the Board of Directors or manager shall include but not be limited to the right to seek eviction of the tenant without any liability to the Unit Owner.

11. AMENDMENT OF BYLAWS.

Except as otherwise provided in the declaration or these Bylaws, the Bylaws may be amended by a vote of Owners holding two-thirds (2/3) or more of the undivided interests in person or by proxy at a meeting duly called for such purpose. Upon such an affirmative vote, the Board of Directors shall acknowledge the amended Bylaws, setting forth the fact of the required affirmative vote of the Unit Owners, and the amendment shall be effective upon recording.

12. SEVERABILITY.

The provisions hereof shall be deemed independent and severable, and the invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

13. CAPTIONS.

The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

EXHIBIT "C"

TO

DECLARATION OF COVENANTS, CONDITIONS, and RESTRICTIONS

OF

THE COTTAGES AT BLUE WATER PHASE 1

Legal Description

PHASE 1

AS SURVEYED LEGAL DESCRIPTION

A PARCEL OF GROUND LOCATED IN THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 14 NORTH, RANGE 5 EAST, OF THE SALT LAKE BASE AND MERIDIAN. DESCRIBED AS FOLLOWS:

COMMENCING AT THE BRASS CAP MONUMENT FOUND AT THE SOUTHWEST CORNER OF SECTION 33, TOWNSHIP 14 NORTH, RANGE 5 EAST OF THE SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE SOUTH $89^{\circ}20'35''$ EAST ALONG THE SOUTH LINE OF SAID SECTION AS CURRENTLY MONUMENTED 2640.33 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION; THENCE CONTINUING SOUTH $89^{\circ}20'35''$ ALONG SAID SOUTH SECTION LINE 357.72 FEET; THENCE LEAVING SAID SECTION LINE NORTH $00^{\circ}39'25''$ EAST 1,618.90 FEET TO A POINT ON THE NORTHEASTERLY RIGHT OF WAY LINE OF STATE HIGHWAY 30, A POINT OF A NON TANGENT CURVE, THE RADIUS POINT OF WHICH BEARS NORTH $54^{\circ}04'07''$ EAST 1,096.28 FEET; THENCE ALONG SAID RIGHT OF WAY LINE THE FOLLOWING THREE COURSES, 1) SOUTHEASTERLY 321.50 FEET ALONG THE ARC OF A 1,096.28 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $16^{\circ}48'10''$ AND A LONG CHORD THAT BEARS SOUTH $44^{\circ}19'58''$ EAST 320.35 FEET; 2) THENCE SOUTH $53^{\circ}34'47''$ EAST 48.55 FEET TO THE POINT OF NON TANGENT CURVE THE RADIUS POINT OF WHICH BEARS NORTH $34^{\circ}46'01''$ EAST 3,616.33 FEET; 3) THENCE SOUTHEASTERLY 122.78 FEET ALONG THE ARC OF A 3,616.33 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $01^{\circ}56'43''$ AND A LONG CHORD THAT BEARS SOUTH $56^{\circ}12'21''$ EAST 122.77 FEET TO THE END OF THE CURVE, SAID POINT BEING THE TRUE POINT OF BEGINNING; AND RUNNING THENCE NORTH $25^{\circ}32'34''$ EAST 166.73 FEET; THENCE SOUTH $64^{\circ}27'26''$ EAST 9.73 FEET; THENCE NORTH $25^{\circ}32'34''$ EAST 75.34 FEET; THENCE NORTH $41^{\circ}18'19''$ EAST 87.64 FEET; THENCE NORTH $77^{\circ}32'44''$ EAST 15.22 FEET; THENCE NORTH $41^{\circ}18'19''$ EAST 65.00 FEET; THENCE NORTH $48^{\circ}41'41''$ WEST 28.63 FEET TO A POINT OF CURVE; THENCE NORTHWESTERLY 7.21 FEET ALONG THE ARC OF A 278.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $01^{\circ}29'11''$ AND A LONG CHORD THAT BEARS NORTH $49^{\circ}26'17''$ WEST 7.21 FEET; THENCE NORTH $39^{\circ}49'08''$ EAST 341.27 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF HODGES LANE; THENCE FOLLOWING SAID SOUTHERLY AND WESTERLY RIGHT OF WAY LINE THE FOLLOWING FOUR COURSES, 1) SOUTH $54^{\circ}25'30''$ EAST 194.79 FEET; 2) THENCE SOUTH $26^{\circ}31'41''$ EAST 49.89 FEET; 3) THENCE SOUTH $00^{\circ}34'28''$ WEST 168.61 FEET; 4) THENCE SOUTH $24^{\circ}33'08''$ WEST 550.34 FEET TO A POINT ON THE AFOREMENTIONED NORTHEASTERLY RIGHT OF WAY LINE OF STATE HIGHWAY 30 AND THE POINT OF A NON TANGENT CURVE, THE RADIUS POINT OF WHICH BEARS NORTH $26^{\circ}04'25''$ EAST 3,616.33 FEET; THENCE NORTHWESTERLY 425.93 FEET ALONG THE ARC OF A 3,616.33 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF $06^{\circ}44'54''$ AND A LONG CHORD THAT BEARS NORTH $60^{\circ}33'08''$ WEST 425.69 FEET TO THE POINT OF BEGINNING. CONTAINING 6.23 ACRES, MORE OR LESS.

EXHIBIT "D"

TO

DECLARATION OF COVENANTS, CONDITIONS, and RESTRICTIONS

OF

THE COTTAGES AT BLUE WATER PHASE 1

REMAINDER PARCEL-ADDITIONAL LAND AS SURVEYED LEGAL DESCRIPTION

A PARCEL OF GROUND LOCATED IN THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 14 NORTH, RANGE 5 EAST, OF THE SALT LAKE BASE AND MERIDIAN. DESCRIBED AS FOLLOWS:

COMMENCING AT THE BRASS CAP MONUMENT FOUND AT THE SOUTHWEST CORNER OF SECTION 33, TOWNSHIP 14 NORTH, RANGE 5 EAST OF THE SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE SOUTH $89^{\circ}20'35''$ EAST ALONG THE SOUTH LINE OF SAID SECTION AS CURRENTLY MONUMENTED 2640.33 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION; THENCE CONTINUING SOUTH $89^{\circ}20'35''$ ALONG SAID SOUTH SECTION LINE 357.72 FEET; THENCE LEAVING SAID SECTION LINE NORTH $00^{\circ}39'25''$ EAST 1,618.90 FEET TO A POINT ON THE NORTHEASTERLY RIGHT OF WAY LINE OF STATE HIGHWAY 30, A POINT OF A NON TANGENT CURVE, THE RADIUS POINT OF WHICH BEARS NORTH $54^{\circ}04'07''$ EAST 1,096.28 FEET; THENCE ALONG SAID RIGHT OF WAY LINE THE FOLLOWING THREE COURSES, 1) SOUTHEASTERLY 321.50 FEET ALONG THE ARC OF A 1,096.28 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $16^{\circ}48'10''$ AND A LONG CHORD THAT BEARS SOUTH $44^{\circ}19'58''$ EAST 320.35 FEET; 2) THENCE SOUTH $53^{\circ}34'47''$ EAST 48.55 FEET TO THE POINT OF NON TANGENT CURVE THE RADIUS POINT OF WHICH BEARS NORTH $34^{\circ}46'01''$ EAST 3,616.33 FEET; 3) THENCE SOUTHEASTERLY 122.78 FEET ALONG THE ARC OF A 3,616.33 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $01^{\circ}56'43''$ AND A LONG CHORD THAT BEARS SOUTH $56^{\circ}12'21''$ EAST 122.77 FEET TO THE END OF THE CURVE, SAID POINT BEING THE TRUE POINT OF BEGINNING; AND RUNNING THENCE NORTH $25^{\circ}32'34''$ EAST 166.73 FEET; THENCE SOUTH $64^{\circ}27'26''$ EAST 9.73 FEET; THENCE NORTH $25^{\circ}32'34''$ EAST 75.34 FEET; THENCE NORTH $41^{\circ}18'19''$ EAST 87.64 FEET; THENCE NORTH $77^{\circ}32'44''$ EAST 15.22 FEET; THENCE NORTH $41^{\circ}18'19''$ EAST 65.00 FEET; THENCE NORTH $48^{\circ}41'41''$ WEST 28.63 FEET TO A POINT OF CURVE; THENCE NORTHWESTERLY 7.21 FEET ALONG THE ARC OF A 278.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $01^{\circ}29'11''$ AND A LONG CHORD THAT BEARS NORTH $49^{\circ}26'17''$ WEST 7.21 FEET; THENCE NORTH $39^{\circ}49'08''$ EAST 341.27 FEET TO A POINT ON THE SOUTHERLY BOUNDARY LINE OF THE HODGES BEACH SUBDIVISION; THENCE FOLLOWING SAID SOUTHERLY SUBDIVISION LINE THE FOLLOWING TWO COURSES, 1); THENCE NORTH $54^{\circ}25'30''$ WEST 551.40 FEET; 2) THENCE NORTH $39^{\circ}00'30''$ WEST 339.47 FEET TO THE COMMON CORNER BETWEEN LOTS 73 & 74 OF SAID SUBDIVISION; THENCE LEAVING SAID SUBDIVISION LINE SOUTH $45^{\circ}42'42''$ WEST 47.99 FEET; THENCE NORTH $38^{\circ}27'04''$ WEST 103.73 FEET; THENCE SOUTH $82^{\circ}49'12''$ WEST 116.87 FEET; THENCE SOUTH $15^{\circ}24'28''$ EAST 302.09 FEET; THENCE NORTH $75^{\circ}37'43''$ EAST 11.49 FEET; THENCE SOUTH $48^{\circ}14'16''$ EAST 21.35 FEET; THENCE SOUTH $14^{\circ}12'30''$ EAST 381.85 FEET; THENCE SOUTH $85^{\circ}23'15''$ WEST 89.41 FEET; THENCE SOUTH $23^{\circ}13'51''$ EAST 200.00 FEET; THENCE SOUTH $65^{\circ}19'09''$ WEST 109.11 FEET TO THE POINT OF BEGINNING. CONTAINING 11.77 ACRES, MORE OR LESS.