

**RECORDING REQUESTED BY:**  
Woodside Homes of Utah, LLC  
**WHEN RECORDED RETURN TO:**  
Woodside Homes of Utah, LLC  
Attn: Garrett Seely  
460 West 50 North, Suite 200  
Salt Lake City, UT 84101

E 2855938 B 6230 P 1068-1150  
RICHARD T. MAUGHAN  
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UTAH LLC

Serial #: 12-811-0501 through 12-811-0571  
12-812-0601 through 12-812-0624

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,  
RESERVATIONS, AND EASEMENTS  
OF  
THE COTTAGES AT STILL WATER**

This DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AND EASEMENTS OF THE COTTAGES AT STILL WATER (the "Declaration") is made this 12<sup>th</sup> day of March, 2015, by Woodside Homes of Utah, LLC, whose business address is 460 West 50 North, Suite 200, Salt Lake City, UT 84101, herein "Declarant."

**Recitals**

- A. Declarant is the owner of the real property in the City of Syracuse (the "City"), County of Davis (the "County"), State of Utah, described in Exhibit "A" and depicted in Exhibit "B" attached hereto (the "Property").
- B. The Property is subject to the Master Declaration.
- C. Declarant further reserves the right pursuant to the terms of this Declaration from time to time to add all or any portion of certain other real property to the Property.
- D. In order to efficiently manage and to preserve the value and appearance of the Community, it is necessary and desirable to create a nonprofit corporation to maintain Common Areas in the Community, to enforce the provisions of this Declaration, to collect assessments and disburse funds as hereinafter set forth, and to perform such other acts as shall generally benefit the Community and the Owners. The Cottages at Still Water Homeowners Association, Inc., a homeowners association and nonprofit corporation, has been or will be organized for the purpose of exercising the aforementioned powers and functions.
- E. Declarant desires, by filing this Declaration, to submit the Property and all Improvements now or hereafter constructed thereon to the Community Association Act, Utah Code §§57-8a-101 et seq. (the "Act") as well as the provisions and protective covenants set forth herein.

## DECLARATION

NOW, THEREFORE, Declarant hereby declares and certifies that the covenants, conditions, restrictions, reservations, and easements, hereinafter collectively referred to as the provisions of this Declaration, constitute a general scheme for use, occupancy, and enjoyment, and are placed on the Property for the protection of the Property and all future grantees ("Owners") thereof. Except as may be provided to the contrary herein, such provisions apply in their entirety to all Lots or parcels shown on any recorded map or plat that may now or hereafter subdivide the Property (the "Lots").

Each and all of the provisions contained in this Declaration, whether affirmative or negative in nature, shall be covenants running with the land. The Declaration and all provisions herein shall bind and inure to the benefit of Declarant and all Owners for the term hereof and shall be mutual equitable servitudes upon the Property and each part thereof in favor of and appurtenant to each and every other part thereof.

The Community is not a real estate cooperative.

### ARTICLE 1 DEFINITIONS

1.1 "Annual Assessment" shall mean the charge levied and assessed each year against each Lot pursuant to Sections 5.4 and 5.5 hereof.

1.2 "Architectural Review Committee" or "ARC" shall mean the committee established and described in Article 15 of this Declaration.

1.3 "Area of Common Responsibility" shall mean all of the properties and facilities owned by the Association, for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility (including any maintenance obligations) regardless of who owns them. The Area of Common Responsibility includes all of the Common Area.

1.4 "Articles" shall mean the Articles of Incorporation of the Association as filed or to be filed in the office of the Utah Department of Commerce, Division of Corporations, as such Articles may be amended from time to time.

1.5 "Association" shall mean The Cottages at Still Water Homeowners Association, Inc., a Utah nonprofit corporation, or such similarly named entity, organized or to be organized to administer and enforce the provisions of this Declaration and to exercise the rights, powers and duties set forth in this Declaration.

1.6 "Act" shall mean the Community Association Act, Utah Code §§ 57-8a-101 et seq., as the same may be amended from time to time.

1.7 "Board" shall mean the Board of Directors (also known as the Board of Trustees) of the Association.

1.8 "Builders" shall mean those Persons who purchase one or more unimproved or improved Lots within the Community for further subdivision or development and resale in the ordinary course of their business.

1.9 "Bylaws" shall mean and refer to the Bylaws of the Association, a copy of which is attached hereto as Exhibit "C".

1.10 "Common Area" shall mean all real property or interests therein (and any personal property) owned, leased, maintained, repaired, or administered by the Association, but shall exclude Lots except as specified herein. The Common Area shall include all of that real property designated on the Plat Map as a "Common Area," "Common Element," "Common Space," "Open Space," or such similar term, and shall constitute Common Area as to the Property. Without limiting the generality of the foregoing, Common Areas shall include the areas depicted on Exhibit "D".

1.11 "Common Expenses" shall mean all expenses for maintenance, repairs, landscaping, utilities and taxes incurred on or in connection with Areas of Common Responsibility within the Community and all other expenses which the Association is entitled to incur pursuant to the provisions of this Declaration or its Bylaws. Without limiting the generality of the foregoing, Common Expenses shall include all insurance premiums for all insurance that the Association is required or permitted to maintain, all expenses incurred in connection with enforcement of this Declaration, expenses of management, utility charges, all matters that the Plat Map requires to be maintained by the Association, including street lights on private streets and rear-Lot storm drain piping, all amounts which the Association agrees to pay by written agreement for services or amenities benefiting the Community, legal and accounting fees, any deficit remaining from a previous period, creation of an adequate contingency reserve or major maintenance reserve, creation of an adequate reserve fund for maintenance repairs, and all expenses expressly declared to be Common Expenses by this Declaration or the Bylaws of the Association.

1.12 "Community" shall mean the collective reference to all real, personal and mixed property shown on the Plat Map and governed by this Declaration.

1.13 "County" shall mean Davis County.

1.14 "Declarant" shall mean Woodside Homes of Utah, LLC, a Utah limited liability company, and any Declarant Successor.

1.15 "Declarant Affiliate" means any Person that is owned or controlled by the Declarant or is otherwise affiliated with Declarant through direct or indirect common ownership or control.

1.16 “Declarant Control Period” means the period of time described in Section 2.2 of this Declaration.

1.17 “Declarant Membership” has the meaning described in Section 3.2 of this Declaration.

1.18 “Declarant Successor” or “Successor” shall mean a Person and his or its successors and assigns, to which Declarant has assigned any or all of its rights and obligations by any express assignment incorporated in a deed, lease, option agreement, land sale contract, or assignment, as the case may be, transferring such interest if such assignee agrees in writing with Declarant to accept such assignment, except that any Owner who has acquired fee title to any of Declarant’s Lots by reason of a foreclosure of the lien of a first mortgage or by acquisition of a first mortgage by a deed in lieu of foreclosure shall automatically succeed to the rights and obligations of the Declarant notwithstanding that such rights may not have been expressly assigned or accepted.

1.19 “Design Standards” shall mean any standards and procedures, whether written or unwritten, which may be adopted by the ARC, whether formally or otherwise, pursuant to Article 15 of this Declaration.

1.20 “Development and Sale Period” means the period of time during which the Declarant or any Declarant Affiliate owns real property in the Community or has an unexpired option to expand the Community.

1.21 “Emergency Assessment” means an assessment levied and assessed as described in Section 5.7 of this Declaration.

1.22 “Family” means one natural person, or two or more natural persons related by blood, marriage, or adoption, living together in a single dwelling Lot and maintaining a common household. A Family may include four, but not more than four, non-related natural persons residing with the Family. The term “Family” shall not be construed to mean a group of non-related individuals, a fraternity, club or institutional group.

1.23 “Governing Documents” shall mean the Declaration, Plat Map, Articles, Bylaws, and Rules.

1.24 “Improvement” shall mean any structure or appurtenance thereto of every type and kind, whether above, on, or below the land surface, placed in the Community, including but not limited to Residences and other buildings, walkways, sprinkler pipes, swimming pools, spas and other recreational facilities, carports, garages, roads, driveways, parking areas, walls, private roads, fences, screening walls, block walls, retaining walls, stairs, decks, landscaping, antennae, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, storage areas, exterior air conditioning and water-softener fixtures or equipment.

1.25 “Individual Assessment” shall have the meaning set forth in Section 5.8.

1.26 "Lot" means any separately numbered or identified portion of a parcel of real property shown on any Recorded Plat Map of the Property. Each Lot shall be a separate freehold estate, which may be independently owned and conveyed and is zoned or otherwise intended for development, use, and occupancy as a detached residence for a single Family and is sometimes referred to as a "Residential Lot." The term "Lot" refers to the land, if any, which is part of the Lot, as well as to any structures or other Improvements on the Lot. The term "Lot" does not include Common Areas or real property dedicated to the public.

1.27 "Master Declarant" shall mean and refer to the "Declarant" as that term is used in the Master Declaration.

1.28 "Master Declaration" shall mean the Master Declaration of Restrictive Covenants for Still Water Lake Estates as Recorded in the official records of the Davis County Recorder on December 29, 2014 as instrument number 2840926 at book 6172 commencing on page 343.

1.29 "Member" shall mean any Person that is a member of the Association pursuant to the provisions of Section 3.1.

1.30 "Owner" means the Person or Persons, including Declarant, holding fee simple interest of record to any Lot. The term "Owner" includes a seller under an executory contract of sale but excludes mortgagees.

1.31 "Person" shall mean a natural person, a corporation, or any other entity with the legal right to hold title to real property.

1.32 "Plat Map" shall mean the plat maps of Still Water Lake Estates Ph 5 and Still Water Lake Estates Phase 6 each Recorded in the official records of the Davis County Recorder on December 29, 2014 as instrument numbers 2840922 and 2840924 respectively at book 6172 commencing on pages 337 and 340 respectively, copies of which are attached hereto as Exhibit "B", and any other plat map(s) of additional parcel(s) subsequently Recorded, as said plat map(s) may from time to time be amended or supplemented of record by Declarant, together with any plat map(s) which may, in the future, be Recorded with respect to annexed property.

1.33 "Proceeding" shall mean a lawsuit, arbitration, mediation, or administrative or governmental proceeding.

1.34 "Property" or "Properties" shall mean the real, personal, or mixed property described in Recital A above which is subject to this Declaration, and all property as may be brought within this Declaration by annexation pursuant to Article 11 of this Declaration.

1.35 "Record," "Recorded," "Recorder," "Filed" or "Recordation" shall mean, with respect to any document, the recordation of such document in the official records of the County Recorder of the County.

1.36 "Registered Address" shall mean the address of an Owner provided in accordance with Section 3.5 of this Declaration.

1.37 “Reserve Analysis” shall mean an analysis, as described in Section 5.11 of this Declaration, to determine: (a) the need for a Reserve Fund and (b) the appropriate amount of the Reserve Fund.

1.38 “Reserve Fund” shall mean a fund, as described in Section 5.12 of this Declaration, to accumulate money to cover the cost of repairing, replacing, and restoring Common Areas that have a useful life of three (3) years or more, but excluding any cost that can reasonably be funded from the Association’s general budget or from other Association funds.

1.39 “Reserve Fund Line Item” shall mean a line item in the annual budget of the Association that identifies the amount to be placed into the Reserve Fund.

1.40 “Residence” means a building located on a Lot designed and intended for use and occupancy as a residence by a single Family.

1.41 “Resident” shall mean any Owner, tenant, or other person, who is physically residing in a Residence.

1.42 “Rules” shall mean any rules or regulations adopted by the Association pursuant to this Declaration.

1.43 “Special Assessment” shall mean any assessment that is levied and assessed pursuant to Section 5.6 of this Declaration.

1.44 “Supplement” shall mean any document recorded by Declarant or a Declarant Affiliate that is meant to supplement the provisions of this Declaration, including the Supplementary Declaration described in Section 11.1 of this Declaration.

1.45 “Voting Interest” shall mean the voting right allocated to a Lot, which is one vote per Lot as provided in Section 3.3 of this Declaration.

## ARTICLE 2 COMMUNITY ADMINISTRATION

2.1 Declarant. The Declarant has reserved various rights in the Governing Documents with respect to the development and administration of the Community. The Declarant may exercise certain of these rights throughout the Development and Sale Period.

2.2 Declarant Control Period. The Declarant has reserved other rights that may be exercised during the Declarant Control Period. The Declarant Control Period begins on the date of the Association’s incorporation and terminates upon the first of the following to occur:

2.2.1 When seventy-five percent (75%) of the total number of Lots permitted by applicable zoning for the Property described in the Declarant’s or the Declarant Affiliate’s

master plan for the Community have certificates of occupancy issued thereon and have been conveyed to persons other than Builders holding title for purposes of construction and resale;

2.2.2 March 31, 2045; or

2.2.3 When, in its discretion, the Declarant so determines and declares in a recorded instrument.

2.3 Declarant Approval Rights. The Declarant has certain approval rights for a limited period after the termination of the Declarant Control Period as provided in this Declaration and in the Bylaws concerning the Declarant Membership.

2.4 Assignment of Declarant Rights. The Declarant may assign its status and rights as the Declarant under the Governing Documents to any Declarant Affiliate or any Person who takes title to any portion of the Property for the purpose of development and/or sale. Such assignment shall be made only in a recorded instrument signed by both parties, and shall not prevent Declarant from assigning its status and rights for any other property subject to this Declaration.

2.5 The Association. The Declarant has established or will establish the Association as the primary entity responsible for administering the Community in accordance with the Governing Documents. The Association may exercise all rights and powers that the Governing Documents and Utah law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege.

2.6 The Board. On most matters, the Association acts through the Board. However, in some instances the Governing Documents or applicable law limit the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Utah law specifically provide otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

2.6.1 Subject to Section 6.3 below, the Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or its members.

2.6.2 In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in the Bylaws.

2.7 Builders. Much of the responsibility and credit for helping to create the Community rests with the Builders. The Builders have the same privileges and responsibilities as Owners during the time that they own Lots for construction and resale, including the privileges of membership in the Association. In addition, the Declarant may extend any of the rights it has reserved under the Governing Documents with respect to development, marketing, and sale of property in the Community to such Builders as it may designate.

2.8 Priority of Governing Documents. If there exists any conflict or inconsistency between this Declaration and either the Articles of Incorporation or the Bylaws of the Association, then the terms and provisions of this Declaration shall prevail.

### ARTICLE 3 MEMBERSHIP AND VOTING

3.1 Membership. Every Owner shall be a Member of the Association. No evidence of membership in the Association shall be necessary other than evidence of ownership of a Lot. Membership in the Association shall be mandatory and shall be appurtenant to the Lot in which the Owner has the necessary interest. The ownership interest in the Association appurtenant to each Lot is equal. The ownership interest of each Lot and membership in the Association shall have a permanent character and shall not be altered without the unanimous affirmative consent of the Owners. The rights and obligations of a Member shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and any such transfer shall automatically transfer the membership appurtenant to such Lot to the new Owner thereof.

3.2 Classes of Membership. The Association initially has two classes of membership: the Owner membership, which is comprised of all Owners, including Builders, and the Declarant Membership, which consists solely of the Declarant:

3.2.1 Owner Membership. Every Owner is automatically a Member of the Association. However, there shall be only one membership per Lot. Thus, if a Lot has more than one Owner, all co-Owners of the Lot shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth below and in the Bylaws. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in writing to the Association's secretary, except that only the individuals residing in the Lot shall be entitled to use any Common Areas available for use by Owners.

3.2.2 Declarant Membership. The Declarant holds the sole "Declarant Membership." The Declarant Membership shall terminate two (2) years after expiration of the Declarant Control Period, or on such earlier date as the Declarant determines and declares in a recorded document.

3.2.3 Additional Classes of Membership. The Declarant may, by Supplement, create additional classes of membership comprised of the owners of Lots within any portion of the additional property submitted to this Declaration. The Declarant shall specify in any such



Supplement the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

3.3 Voting. Each Lot is assigned one equal vote, subject to the limitations on voting set forth in this Declaration and the other Governing Documents. No vote shall be exercised for any property exempt from assessment under Section 5.2. Further, during such time as there is a Declarant Membership, no vote shall be exercised for Lots that the Declarant or a Declarant Affiliate owns; rather, the Declarant's consent shall be required for various actions of the Board, the membership, and committees, as specifically provided elsewhere in the Governing Documents.

3.4 Voting of Multiple Ownership Interests. If there is more than one Owner of a Lot, the vote for such Lot may be exercised as the co-Owners holding a majority of the ownership interest in the Lot determine among themselves. Any co-Owner may cast the vote for the Lot and majority agreement shall be conclusively presumed unless another co-Owner of the Lot protests promptly to the president of the Association or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of a majority agreement, or if two or more co-Owners seek to vote independently, the Lot's vote shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

3.5 Records of Owners; Registered Address. Upon purchasing a Lot, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Lot has been vested in such Owner, which copy shall be maintained in the records of the Association. Each Owner shall register with the Association such Owner's current mailing address, which shall be the Owner's Registered Address. The Registered Address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, an Owner's Lot address shall be deemed to be the Owner's Registered Address. The Association shall maintain up-to-date records showing the name, Registered Address, and Lot of each Owner. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Association with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of Record. The Association may for all purposes act and rely on the information concerning Owners and Lot ownership provided by the Owners.

#### ARTICLE 4 ASSOCIATION

4.1 Formation of Association. The Association shall be a nonprofit Utah corporation or limited liability company charged with the duties and invested with the powers prescribed by law and set forth in its Articles and Bylaws. Neither the Articles nor Bylaws of the Association shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

4.2 Board of Trustees and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and Bylaws of the Association as the same may be amended from time to time. The initial Board

shall be composed of three (3) natural persons, who need not be members of the Association; provided that Declarant may serve as the sole member of the Board prior to the purchase of Lots by Owners, or Declarant may appoint non-Owners to serve on the Board until Owners qualified and willing to serve are available. The Board may also appoint various committees and may appoint and hire at the Association's expense, a manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the manager or any other employee of the Association. Until the end of the Declarant Control Period, the Declarant shall have the right to appoint, remove, and substitute all members of the Board.

4.3 Board Composition. Except for the initial Board and substitute Board members appointed by Declarant during the Declarant Control Period, all members of the Board must be Owners at the time of their election. Should any member move his or her residence outside of the Community, such member shall automatically be deemed to have resigned and the Board shall declare a vacancy. Upon expiration of the Declarant Control Period, all Board members appointed by the Declarant then serving shall be released from responsibility. The reorganization of the Board shall be by a vote of the then current Owners within the Community present at a duly called meeting of the Owners.

4.4 Term of Office. The term of office of each Board member elected following the termination of the Declarant Control Period shall be as follows: each such Board member shall serve for a term of two (2) years beginning immediately upon such Board member's election by the Owners; provided however that two (2) of the Board members elected at the first annual meeting at which Board members are chosen by a vote of the Owners shall serve for an initial term of one (1) year, and thereafter, all Board members elected shall serve for two (2) years, commencing on the date of election and extending until a successor is elected pursuant to the Bylaws of the Association. Any Board member may serve consecutive terms, and there shall be no limit to the number of terms a Board member may serve.

4.5 No Personal Liability. Neither the Declarant, any manager or member of Declarant, nor any member of the Board, officer, manager or other employee or committee member of the Association shall be personally liable to any Owner, or to any other Person, including the Association, for any damage, loss, claim or prejudice suffered or claimed on account of any act, omission to act, negligence, or other matter of any kind or nature related to his or her involvement in the affairs of the Association, except for acts of fraud or theft, or acts performed intentionally and with malice. The officers, managers and members of the Board shall not be liable for any mistake of judgment, negligent or otherwise, including any decision to not institute Proceedings, except for their own individual acts performed intentionally and with malice and any acts that are *ultra vires*. The officers, managers and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or members of the Board may also be Owners).

ARTICLE 5  
ASSESSMENTS

5.1 Obligation for Assessments. By accepting a deed or entering into a recorded contract to purchase any Lot, each Owner, except Declarant and the Declarant Affiliates to the extent permitted by Section 5.23, covenants and agrees to pay to the Association all assessments authorized in the Governing Documents. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable with the transferring Owner for any assessments and other charges due at the time of conveyance.

5.1.1 The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Annual Assessments and Special Assessments at the rate established for the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

5.1.2 No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Lot, or non-use of services provided to all Lots or to all Lots within the service area to which the Lot is assigned. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action the Association or Board takes.

5.1.3 Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate signed by an Association officer setting forth whether such assessment has been paid or any required payoff information for a transfer of a Lot. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate, which fee shall not exceed the maximum amount permitted by the Act.

5.1.4 Notwithstanding anything to the contrary herein, Declarant shall be exempt from the payment of Annual Assessments and Special Assessments to the extent permitted by Section 5.23.

5.2 Exempt Property. Subject to Section 5.23, the following property shall be exempt from payment of Annual Assessments and Special Assessments:

5.2.1 All Common Area and such portions of the property owned by the Declarant or any Declarant Affiliate as are included in the Area of Common Responsibility;

5.2.2 All Lots or portions of the Property owned by Declarant and the Declarant Affiliates;

5.2.3 Any property dedicated to and accepted by any governmental authority, public school, public utility, or service area; and

5.2.4 Any property owned by any religious organization or house of worship.

5.2.5 In addition, the Association may, by resolution, grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c) of the Internal Revenue Code.

5.3 Use and Consumption Fees. The Association may offer services or facilities for which it does not recover its costs through assessments under this Article. The Board may charge use, consumption, and activity fees to any Person using Association services or facilities or participating in Association-sponsored activities. The Board may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

5.4 Annual Assessments. Commencing on March 1, 2015, an Annual Assessment shall be made against each Lot, except any Lot owned by Declarant, for the purpose of paying (or creating a reserve for) Common Expenses. Prior to March 1, 2015, Declarant shall be responsible for all necessary expenses related to the Common Areas.

5.5 Amount of Initial Annual Assessments and Subsequent Increases.

5.5.1 The initial Annual Assessment for the Assessment Period beginning on March 1, 2015 shall be \$180 per Lot. Annual Assessments for each Assessment Period thereafter shall continue at the rate of \$180 per Lot unless and until increased or decreased in accordance with this Declaration.

5.5.2 After March 1, 2016, the Annual Assessment may be increased each year in the discretion of the Board by not more than twenty-five percent (25%) of the Annual Assessment for the previous year.

5.5.3 From and after March 1, 2016, the Annual Assessment may be increased above the twenty-five percent (25%) limit by a vote of sixty-six and two-thirds percent (66.66%) of the Voting Interests (voted in person or by proxy) at a meeting duly called for that purpose.

5.6 Special Assessments. In addition to the Annual Assessment authorized above, the Association may levy, except with respect to Lots owned by Declarant or a Declarant Affiliate to the extent permitted by Section 5.23, in any Assessment Period, a Special Assessment applicable to that period only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Common Area, or for the purpose of defraying other extraordinary expenses; provided that any such assessment shall have the assent of a majority of the total number of votes held by the Owners (voting in person or by proxy) at a meeting duly called for such purpose. Such Special Assessments shall be collected in monthly payments over a twelve-month period (or longer) unless the possibility of a

more accelerated collection plan is duly noted in the notice for the Owners meeting held for the passage of the Special Assessment, and the more accelerated collection plan is separately approved by the assent of a majority of the total number of votes held by the Owners (voting in person or by proxy) at a meeting duly called for the passage of the Special Assessment.

5.7 Emergency Assessments. If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's assessments on a current basis, the Board shall, as soon as practicable, determine the approximate amount of the inadequacy and adopt a resolution which establishes a supplemental budget and levies the additional assessment ("Emergency Assessment"). The resolution shall specify the reason for the Emergency Assessment.

Any Emergency Assessment which in the aggregate in any fiscal year would exceed an amount equal to five percent (5%) of the budgeted expenses of the Association for the fiscal year may be levied only if approved by not less than a majority of the Members other than the Declarant voting in person or by proxy, at a meeting duly called for such purpose and by the written consent of Declarant.

5.8 Individual Assessments. Any expenses benefiting or attributable to fewer than all of the Lots may be assessed exclusively against the Lots benefited ("Individual Assessment"). Individual Assessments shall include, but are not limited to:

5.8.1 Assessments levied against any Lot to reimburse the Association for costs incurred in bringing the Lot or its Owner into compliance with the provisions of this Declaration or the Rules and for fines or other charges imposed pursuant to this Declaration for violation of this Declaration, the Bylaws or any of the Rules (see Section 9.2 of this Declaration).

5.8.2 Expenses related to the costs of maintenance, repair, replacement and reserves of the Lots.

5.9 Initial Special Assessment. Upon the transfer of any Lot from Declarant or a Declarant Affiliate to a new Owner (including a Builder), the Association may charge a one-time Special Assessment against the new Owner, and his or her Lot, in an amount equal to one half (1/2) of the then-current Annual Assessment, to cover the costs of capitalizing the Association, to fund working capital needs of the Association, to perpetuate the reserve funds of the Association and to reduce the Common Expenses of the Community. Subject to the terms of this Declaration, the use of any funds generated by the Special Assessment described in this Section shall be at the sole discretion of the Association.

5.10 Transfer Fee. Upon any transfer, pledge, or alienation of a Lot, the Association may charge a transfer fee against any new Owner, and his or her Lot, in an amount equal to one-sixth (1/6) of the then-current Annual Assessment, to cover the costs to the Association of effectuating any such transfer of membership upon the books of the Association, to fund working capital needs of the Association, to perpetuate the reserve funds of the Association and or to reduce the Common Expenses of the Community. Subject to the terms of this Declaration, the use of any funds generated by the transfer fee shall be at the sole discretion of the Association.

5.11 Reserve Analysis. The Board shall cause a Reserve Analysis to be conducted to determine (a) the need for a Reserve Fund and (b) the appropriate amount of the Reserve Fund. The Board may conduct a Reserve Analysis itself or engage a reliable person or organization, as determined by the Board, to conduct the Reserve Analysis.

5.11.1 After the Declarant Control Period, the Board shall cause a Reserve Analysis to be conducted no less frequently than every six (6) years, and shall review and, if necessary, update a previously conducted Reserve Analysis no less frequently than every three (3) years.

5.11.2 During the Declarant Control Period the Reserve Analysis may include, and after the Declarant Control Period the Reserve Analysis shall include:

5.11.2.1 a list of the components identified in the Reserve Analysis that will reasonably require Reserve Funds;

5.11.2.2 a statement of the probable remaining useful life, as of the date of the Reserve Analysis, of each component identified in the Reserve Analysis;

5.11.2.3 an estimate of the cost to repair, replace, or restore each component identified in the Reserve Analysis;

5.11.2.4 an estimate of the total annual contribution to a Reserve Fund necessary to meet the cost to repair, replace, or restore each component identified in the Reserve Analysis during the component's useful life and at the end of the component's useful life; and

5.11.2.5 a plan that recommends how the Association may fund the annual contribution.

5.11.3 Each year during the Declarant Control Period the Association may provide, and each year after the Declarant Control Period the Association shall provide, a summary of the most recent Reserve Analysis, including any updates, to each Owner and shall provide a complete copy of the most recent Reserve Analysis, including any updates, to each Owner upon request.

5.12 Reserve Fund. This Section 5.12 applies after the Declarant Control Period unless otherwise indicated. The Association shall include a Reserve Fund Line Item in its annual budget, the amount of which Reserve Fund Line Item shall be determined by the Board, based on the Reserve Analysis and the amount that the Board determines is prudent under the circumstances.

5.12.1 Within forty-five (45) days after the day on which the Association adopts its annual budget, the Owners may veto the Reserve Fund Line Item by a vote of fifty-one percent (51%) of the Voting Interests in the Association at a special meeting called by the

Owners for the purpose of voting whether to veto the Reserve Fund Line Item. If the Owners veto a Reserve Fund Line Item and a Reserve Fund Line Item exists in a previously approved annual budget of the Association that was not vetoed, the Association shall fund the Reserve Fund account in accordance with that prior Reserve Fund Line Item.

5.12.2 The Board may not use money in the Reserve Fund for daily maintenance expenses unless a majority of the Association members vote to approve the use of the Reserve Fund for that purpose. The Board may not use money in the Reserve Fund for any purpose other than the purpose for which the Reserve Fund was established.

5.12.3 The Board shall maintain the Reserve Fund separate from other Association funds.

5.12.4 The Board may deposit the Reserve Fund with any banking institution, the accounts of which are insured by an agency of the United States of America or invest the Reserve Fund in obligations of, or in obligations whose principal is fully guaranteed by, the United States of America. This subsection 5.12.4 applies both during and after the Declarant Control Period.

5.12.5 The Reserve Fund shall be conclusively deemed to be a Common Expense of the Association. This subsection 5.12.5 applies both during and after the Declarant Control Period.

5.13 Other Reserves. The Association may establish such other reserves for such other purposes as the Board may from time to time consider to be necessary and appropriate.

5.14 Board Member Liability. Members of the Board shall not be personally liable for failure to adequately fund reserves absent evidence of gross mismanagement or willful misconduct.

5.15 Budget. At least annually the Board shall prepare and adopt a budget for the Association. The Board shall present the adopted budget to the Owners at a meeting of the Owners. A budget shall be deemed approved unless within forty-five (45) days after the date of the meeting of the Owners at which the Board presents the adopted budget, there is a vote of disapproval by at least fifty-one percent (51%) of all the Voting Interests of the Owners in the Association and the vote is taken at a special meeting called for that purpose by Owners under the Declaration, the Articles, or the Bylaws. If a budget is disapproved under the preceding sentence, the budget that the Board last adopted that was not disapproved by the Owners continues as the budget for the Association until and unless the Board presents another budget to the Owners and that budget is not disapproved. During the Declarant Control Period, the Owners may not disapprove a budget.

5.16 Failure of Notification. Written notice of the Annual Assessment shall be sent to each Owner. Failure of the Association to send a bill to any Owner shall not relieve the Owner of liability for payment of any assessment or charge. The due dates shall be established by the Board.

5.17 Assessment Lien. All assessments, together with interest thereon, late charges, fees, fines, Recording fees, and costs associated with collecting unpaid assessments, including court costs and reasonable attorney fees, and any other amount the Association is entitled to recover under this Declaration, the Act, or an administrative or judicial decision, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such assessments are made (the "Assessment Lien"). The Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. Notwithstanding such record notice and perfection, and without waiving its rights under this Article 5, the Association may, but shall not be required to, Record a notice of an Assessment Lien.

5.18 Effect of Nonpayment. Each assessment shall also be the personal obligation of the Owner of such Lot at the time the assessment becomes due. Any assessment or charge or installment thereof not paid when due shall be deemed delinquent and shall bear interest from fifteen (15) days after the due date until paid at the maximum legal rate of interest or other reasonable rate not to exceed the maximum legal rate, and the Owner shall be liable for such assessment, charge, or installment, together with interest thereon, late charges, fees, fines, Recording fees, and costs associated with collecting the same, including court costs and reasonable attorney fees, and any other amount the Association is entitled to recover under this Declaration, the Act, or an administrative or judicial decision. The Board may also Record a notice of delinquent assessment or charge against any Lot as to which an assessment or charge is delinquent. The notice shall be executed by an agent or officer of the Association or a member of the Board, set forth the amount of the unpaid assessment, the name of the delinquent Owner, and a description of the Lot. The Board may establish a fixed fee to reimburse the Association for the Association's cost in Recording such notice, processing the delinquency, and Recording a release of said notice, which fixed fee shall be treated as part of the assessment of the Association secured by the Assessment Lien.

5.19 Enforcement of Assessment Lien.

5.19.1 Foreclosure Methods. The Association may bring an action at law against the Owner personally obligated to pay the delinquent assessment or foreclose the Assessment Lien against such Owner's Lot in the same manner as mortgages or nonjudicial foreclosure of deeds of trust, as provided in the Act.

5.19.2 Nonjudicial Foreclosure.

5.19.2.1 At least thirty (30) calendar days before initiating a nonjudicial foreclosure, the Association shall provide notice to the Owner of the Lot that is the intended subject of the nonjudicial foreclosure, notifying the Owner that the Association intends to pursue nonjudicial foreclosure with respect to the Owner's Lot to enforce the Association's lien for an unpaid assessment or unpaid assessments and notifying the Owner of the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure. The notice shall be in substantially the following form:



NOTICE OF NONJUDICIAL FORECLOSURE AND RIGHT TO  
DEMAND JUDICIAL FORECLOSURE

The Cottages at Still Water Homeowners Association, the association for the project in which your lot is located, intends to foreclose upon your lot and allocated interest in the common areas using a procedure that will not require it to file a lawsuit or involve a court. This procedure is being followed in order to enforce the Association's lien against your lot and to collect the amount of an unpaid assessment against your lot, together with any applicable late fees and the costs, including attorney fees, associated with the foreclosure proceeding. Alternatively, you have the right to demand that a foreclosure of your property be conducted in a lawsuit with the oversight of a judge. If you make this demand and the Association prevails in the lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that "I demand a judicial foreclosure proceeding upon my lot," or words substantially to that effect. You must send this written demand by first class and certified U.S. mail, return receipt requested, within 15 days after the date of the postmark on the envelope in which this notice was mailed to you. The address to which you must mail your demand is (insert the Association's address for receipt of a demand).

The notice shall be sent to Owner by certified mail, return receipt requested and may be included with other Association correspondence to the Lot owner.

5.19.2.2 The Association may not use a nonjudicial foreclosure to enforce a lien if the Owner mails the Association a written demand for judicial foreclosure by U.S. mail, certified with a return receipt requested, to the address stated in the Association's notice described in this subsection, and within fifteen (15) days after the date of the postmark on the envelope of the Association's notice.

5.19.2.3 In the event a nonjudicial lien foreclosure is initiated, the Owner, by acceptance of a deed to the Lot, irrevocably appoints the Association's attorney to act as trustee for any such foreclosure. In compliance with the Act, the Declarant hereby conveys and warrants pursuant to U.C.A. Sections 57-1-20 and 57-8a-302 to the Association's attorney, with power of sale, the Lot and Improvements to the Lot for the purpose of securing payment of assessments under the terms of the Declaration. The trustee as designated under the prior two (2) sentences is hereby authorized with the power of substitution.

5.20 Priority of Lien. The Assessment Lien provided for herein shall be subordinate to a first or second security interest on the Lot secured by a mortgage or trust deed that is Recorded before a Recorded notice of lien by or on behalf of the Association and shall also be subject and

subordinate to a lien for real estate taxes or other governmental assessments or charges against the Lot. Except as provided above, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien.

5.21 Other Remedies. Nothing in this Article prohibits the Association from bringing an action against an Owner to recover an amount for which an Assessment Lien is created or from taking a deed in lieu of foreclosure, if the action is brought or the deed is taken before the sale or foreclosure of the Owner's Lot under this Article. By bringing such an action the Association does not waive the Assessment Lien. Nothing in this Article limits the Association's rights to recover delinquent assessments under other provisions of the Act, including, without limitation, Utah Code Sections 57-8a-309 and -310 or amendments thereto or replacements thereof.

Subject to the limitations set forth in Sections 4.03 and 5.03 of the Master Declaration, the Master Declarant shall have the right by assessment to enforce the Association's obligations with regard to maintenance of the Common Areas in the Property.

5.22 Budget Deficits During Declarant Control Period. During the Declarant Control Period, Declarant or a Declarant Affiliate may (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the Annual Assessments and Special Assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of Declarant or an affiliate of Declarant, or (b) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Community. Declarant or a Declarant Affiliate, in Declarant's sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no mortgage secured by the Common Area or any of the Improvements maintained by the Association shall be given in connection with such loan.

5.23 Obligation of Contribution By Declarant. Notwithstanding any other provision of this Declaration to the contrary, pursuant to the Master Declaration, Declarant shall be responsible for, and shall contribute such amounts as may be required for the maintenance, repair and replacement of the Common Areas within the Property until Declarant owns less than forty percent (40%) of the Property, at which time the Declarant shall only be required to pay the required assessments, based on Lot ownership as set forth in this Declaration.

## ARTICLE 6 RIGHTS AND POWERS OF ASSOCIATION

6.1 Association's Rights. The Association shall have all of the powers of a Utah nonprofit corporation, subject only to such limitations, if any, upon the exercise of such powers as are expressly set forth in the Governing Documents, or by applicable law. The Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any express powers of the Association. The Association shall own the Common Areas upon conveyance of the Common Areas from Declarant to the Association.

The Association's obligations to maintain the Common Areas shall commence on the date Annual Assessments commence on the Lots; until commencement of the Annual Assessments, the Common Areas shall be maintained by Declarant, at Declarant's expense. Without in any way limiting the generality of the foregoing provisions, the Association may act through the Board, and shall have:

6.1.1 Assessments. The power and duty to levy Assessments against the Owners of Lots, and to enforce payment of such Assessments in accordance with the provisions of Article 5.

6.1.2 Maintenance and Repair of Common Areas. The power and duty to maintain all Common Areas (and any Improvements thereon), in a neat and attractive condition, (in accordance with: (a) standards from time to time adopted by the ARC; or commonly accepted standards), and to pay utilities, landscaping, and other necessary services for the Common Areas. Notwithstanding the foregoing, the Association shall have no responsibility to provide any of the services referred to in this paragraph with respect to any Improvement which is accepted for maintenance by any state, local or municipal governmental agency or public entity. Such responsibility shall be that respectively of the applicable agency or public entity.

6.1.3 Insurance. The power and duty to cause to be obtained and maintained the insurance coverages in accordance with the provisions of Article 17 below.

6.1.4 Taxes. The power and duty to pay all taxes and similar assessments payable by the Association, and to timely file all tax returns required to be filed by the Association.

6.1.5 Easements and Rights-of-Way. The power, but not the duty, to grant and convey to any Person: (i) easements, licenses and rights-of-way in, on, over or under the Common Areas, and (ii) with the consent of sixty-seven percent (67%) of the voting power of the Association, fee title to parcels or strips of land which comprise a portion of the Common Area, for the purpose of constructing, erecting, operating or maintaining thereon, therein, and thereunder: (A) roads, streets, walks (if any), driveways (if any), and slope areas; (B) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, television, telephone and other similar purposes; (C) sewers, storm and water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and (D) any similar public or quasi-public Improvements or facilities.

6.2 Requirements of Governing Documents. The Association shall have the authority and right to carry out all other actions reasonably required by the Governing Documents.

6.3 Proceedings. The Association, acting through the Board, shall have the power and the duty to reasonably defend the Association (and, in connection therewith, to raise counterclaims) in any pending or potential Proceeding. The Association, acting through the Board, shall have the power, but not the duty, to reasonably institute, prosecute, maintain and/or intervene in a Proceeding, in its own name, but only on matters affecting or pertaining to this Declaration or the Common Areas and as to which the Association is a proper party in interest, and any exercise of such power shall be subject to full compliance with the following provisions:

6.3.1 Operational Proceedings. Any Proceeding commenced by the Association to: (i) enforce the payment of an assessment or an Assessment Lien or other lien against an Owner as provided for in this Declaration, (ii) otherwise enforce compliance with the Governing Documents by, or to obtain other relief from, any Owner who has violated any provision thereof, (iii) protect against any matter which imminently and substantially threatens the health, safety and welfare of the Owners, (iv) pursue a supplier, vendor, contractor or provider of services, pursuant to a contract or purchase order with the Association and in the ordinary course of business, or (v) recover money damages wherein the total amount in controversy for all matters arising in connection with the action is not likely to exceed Ten Thousand Dollars (\$10,000.00) in the aggregate, shall be referred to herein as an "Operational Proceeding." The Board from time to time may cause an Operational Proceeding to be reasonably commenced and prosecuted, without the need for further authorization.

6.3.2 Non-Operational Controversy. Any and all pending or potential Proceedings other than Operational Proceedings shall be referred to herein as a "Non-Operational Controversy" or "Non-Operational Controversies." To protect the Association and the Owners from being subjected to potentially costly or prolonged Non-Operational Controversies without full disclosure, analysis and consent; to protect the Board and individual members of the Board or its appointed officers and agents from any charges of negligence, breach of fiduciary duty, conflict of interest or acting in excess of their authority or in a manner not in the best interests of the Association and the Owners; and to ensure voluntary and well-informed consent and clear and express authorization by the Owners, strict compliance with all of the following provisions of this Section shall be mandatory with regard to any and all Non-Operational Controversies commenced, instituted or maintained by the Board:

6.3.3 Dispute Resolution. The Board shall first endeavor to resolve any Non-Operational Controversy by good faith negotiations with the adverse party or parties. In the event that such good faith negotiations fail to reasonably resolve the Non-Operational Controversy, the Board shall then endeavor in good faith to resolve such Non-Operational Controversy by mediation, provided that the Board shall not incur liability for or spend more than Five Thousand and No/100 Dollars (\$5,000.00) or an amount the Board determines after consultation with the Association's attorney in connection therewith; provided that, if more than said amount is reasonably required in connection with such mediation, then the Board shall be required first to reasonably seek approval of a majority of the voting power of the Owners for such additional amount for mediation before proceeding to either arbitration or litigation. In the event that the adverse party or parties refuse mediation, or if mediation fails to reasonably resolve the Non-Operational Controversy, the Board shall not be authorized to commence, institute or maintain any arbitration or litigation of such Non-Operational Controversy until the Board has fully complied with the following procedures:

6.3.3.1 The Board shall first investigate the legal merit, feasibility and expense of prosecuting the Non-Operational Controversy, by obtaining the written opinion of a licensed Utah attorney regularly residing in Salt Lake County, Davis County, or Utah County, Utah, with a Martindale-Hubbell rating of "AV" or such alternative rating or qualification as the Board determines after consultation with the Association's attorney, expressly stating that such

attorney has reviewed the underlying facts and data in sufficient, verifiable detail to render the opinion, and expressly opining that the Association has a substantial likelihood of prevailing on the merits with regard to the Non-Operational Controversy, without substantial likelihood of incurring any material liability with respect to any counterclaim which may be asserted against the Association. The Board shall be authorized to spend up to an aggregate of Five Thousand and No/100 Dollars (\$5,000.00) or an amount the Board determines after consultation with the Association's attorney to obtain such legal opinion, including all amounts paid to said attorney therefor, and all amounts paid to any consultants, contractors and/or experts preparing or processing reports and/or information in connection therewith. The Board may increase said limit of Five Thousand and No/100 Dollars (\$5,000.00) or other amount the Board determines after consultation with the Association's attorney, with the express consent of more than fifty percent (50%) of all of the Owners at a special meeting called for such purpose;

6.3.3.2 Said attorney opinion letter shall also contain the attorney's best good faith estimate of the aggregate maximum "not-to-exceed" amount of legal fees and costs, including, without limitation, court costs, costs of investigation and all further reports or studies, costs of court reporters and transcripts, and costs of expert witnesses and forensic specialists (all collectively, "Quoted Litigation Costs") which are reasonably expected to be incurred for prosecution to completion (including appeal) of the Non-Operational Controversy. Said opinion letter shall also include a draft of any proposed fee agreement with such attorney. If the attorney's proposed fee arrangement is contingent, the Board shall nevertheless obtain the Quoted Litigation Costs with respect to all costs other than legal fees, and shall also obtain a written draft of the attorney's proposed contingent fee agreement. (Such written legal opinion, including the Quoted Litigation Costs, and also including any proposed fee agreement, contingent or non-contingent, are collectively referred to herein as the "Attorney Letter");

6.3.3.3 Upon receipt and review of the Attorney Letter, if two-thirds (2/3) or more of the Board affirmatively vote to proceed with the institution or prosecution of, and/or intervention in, the Non-Operational Controversy, the Board thereupon shall duly give notice of, and call, a special meeting of the Owners. The written notice to each Owner shall include a copy of the Attorney Letter, including the Quoted Litigation Costs and any proposed fee agreement, contingent or non-contingent, together with a written report ("Special Assessment Report") prepared by the Board: (A) itemizing the amount necessary to be assessed to each Owner ("Special Litigation Assessment"), on a monthly basis, to fund the Quoted Litigation Costs, and (B) specifying the probable duration and aggregate amount of such Special Litigation Assessment. At said special meeting, following review of the Attorney Letter, Quoted Litigation Costs, and the Special Assessment Report, and full and frank discussion thereof, including balancing the desirability of instituting, prosecuting and/or intervening in the Non-Operational Controversy against the desirability of accepting any settlement proposals from the adversary party or parties, the Board shall call for a vote of the Owners. Only if more than fifty percent (50%) of the total Voting Interests of the Association (i.e., more than fifty percent (50%) of all the votes of the Association) affirmatively vote in favor of pursuing such Non-Operational Controversy, and in favor of levying a Special Litigation Assessment on the Owners in the amounts and for the duration set forth in the Special Assessment Report, shall the Board be authorized to proceed to institute, prosecute, and/or intervene in the Non-Operational Controversy. In such event, the Board shall engage the attorney who gave the opinion and quote

set forth in the Attorney Letter, which engagement shall be expressly subject to the Attorney Letter. The terms of such engagement shall require (i) that said attorney shall be responsible for all attorneys' fees, costs and expenses whatsoever in excess of one hundred twenty percent (120%) of the Quoted Litigation Costs, and (ii) that said attorney shall provide, and the Board shall distribute to the Owners, not less frequently than quarterly, a written update of the progress and current status of, and the attorney's considered expectations for, the Non-Operational Controversy, including any offers of settlement and/or settlement prospects, together with an itemized summary of the attorney's fees and costs incurred to date in connection therewith; and

6.3.3.4 In the event of any bona fide settlement offer from the adverse party or parties in the Non-Operational Controversy, if the Association's attorney advises the Board that acceptance of the settlement offer would be reasonable under the circumstances, or would be in the best interests of the Association, or that said attorney no longer believes that the Association is assured of a substantial likelihood of prevailing on the merits without prospect of material liability on any counterclaim, then the Board shall have the authority to accept such settlement offer. In all other cases, the Board shall submit any settlement offer to the Owners, who shall have the right to accept any such settlement offer upon a vote of a majority of the total number of votes held by the Owners voting.

6.3.3.5 In no event shall any Association working capital fund be used as the source of funds to institute, prosecute, maintain and/or intervene in any Proceeding (including, but not limited to, any Non-Operational Controversy).

6.3.3.6 Any provision in this Declaration notwithstanding: (i) other than as set forth in this Section 6.3, the Association shall have no power whatsoever to institute, prosecute, maintain, or intervene in any Proceeding, (ii) any institution, prosecution, or maintenance of, or intervention in, a Proceeding by the Board without first strictly complying with, and thereafter continuing to comply with, each of the provisions of this Section, shall be unauthorized and *ultra vires* (i.e., an unauthorized and unlawful act, beyond the scope of authority of the Association or of the person(s) undertaking such act) as to the Association, and shall subject any member of the Board who voted or acted in any manner to violate or avoid the provisions and/or requirements of this Section 6.3 to personal liability to the Association for all costs and liabilities incurred by reason of the unauthorized institution, prosecution, or maintenance of, or intervention in, the Proceeding; and (iii) this Section 6.3 may not be amended or deleted at any time without both (1) the vote of not less than seventy-five percent (75%) of the total Voting Interests of the Association, and (2) not less than seventy-five percent (75%) of the votes of the Board; and any purported amendment or deletion of this Section, or any portion hereof, without both of such votes shall be void.

6.3.4 Continuing Rights of Declarant. Declarant reserves the right, without obligation, to enforce the Governing Documents (including, without limitation, the Association's duties of maintenance and repair and the Association's Reserve Analysis and Reserve Fund obligations). After the end of the Declarant Control Period, and throughout the term of this Declaration, the Board shall deliver to Declarant notices and minutes of all Board meetings and meetings of the Owners, and Declarant shall have the right, without obligation, to attend such meetings, on a non-voting basis. Declarant shall also receive notice of, and have the right,

without obligation, to attend all inspections of the Property or any portion(s) thereof. The Board shall also, throughout the term of this Declaration, deliver to Declarant (without any express or implied obligation or duty on Declarant's part to review or to do anything) all notices and correspondences to Owners, all inspection reports, any Reserve Analyses, maintenance reports, and audited or reviewed annual reports. Such notices and information shall be delivered to Declarant at its most recently designated address.

## ARTICLE 7 PROPERTY USAGE

7.1 Use of Lots. No Lot shall be used for anything other than residential purposes. No building shall be erected, altered, placed or permitted to remain on a Lot other than one (1) detached single-family dwelling not to exceed two (2) stories in height with a private garage, capable of housing not less than two (2) standard sized automobiles. Accessory structures may be located in the rear yard and must not exceed thirty-two (32) feet in height from existing grade for accessory structures with livable space above and twenty (20) feet for all other accessory structures, and must be at least twelve (12) feet from the rear and side property lines.

7.2 Access. Each Owner, by accepting conveyance of a Lot, agrees to permit free access by Owners of adjacent or adjoining Lots to slopes or drainage paths located on that Owner's Lot, when such access is reasonably necessary for the maintenance or permanent stabilization of slopes or maintenance of the drainage facilities for the protection of any portion of the Property.

7.3 Improvements.

(a) All Improvements erected on any Lot shall be of new construction and must be consistent in appearance and materials with the existing Residence on the Lot. However, this subparagraph shall neither prevent the use of used brick or any other materials that may be attractive and preservative of property values. When the construction of an Improvement is begun on a Lot, work shall be pursued diligently and continuously to completion, subject to weather, strikes, acts of God, and other matters beyond the control of the Owner.

(b) No Lot shall be improved except with one (1) Residence, plus a garage, fencing and/or wall, and such other Improvements as are necessary or customarily incident to a detached Residence. No part of the construction on any Lot shall exceed the height limitations set forth in the applicable provisions of the Governing Documents, or any applicable governmental regulation(s). No projections of any type shall be placed or permitted to remain above the roof of any building within any Lot, except one or more chimneys or vent stacks. Without the prior written approval of the ARC, no basketball backboard, jungle gym, play equipment, or other sports apparatus, whether temporary or permanent, shall be constructed, erected, or maintained on any Lot. Apart from any installation by Declarant as part of its original construction, no patio cover, antennae, wiring, air conditioning fixture, water softeners or other devices shall be installed on the exterior of a Residence or allowed to protrude through the walls or roof of the Residence (with the exception of items installed by Declarant during the original

construction of the Residence), unless the prior written approval of the ARC has been obtained, subject to applicable law.

(c) Garages shall be used only for their ordinary and normal purposes. Unless constructed or installed by Declarant as part of its original construction, no Owner or Resident may convert the garage or other structure on his or her Lot into living space or otherwise use or modify a garage so as to preclude regular and normal parking of vehicles therein, without the prior written approval of the ARC. The foregoing notwithstanding, Declarant may convert a garage located on any Lot owned by Declarant into a sales office or other purposes.

7.4 Building Location. No building shall be located on any Lot nearer than the minimum standard established by the County for front, side, and rear setbacks unless shown otherwise on the Recorded Plat Map for the Property. On all Lots adjacent to block walls, setbacks shall be measured from the inside face of the block wall. On corner Lots that face toward arterial or collector street intersections, driveways shall be located away from the intersection

7.5 Landscaping Requirements. Every owner of a Lot shall be responsible for installing, within ninety (90) days of occupancy (weather permitting) or as soon thereafter as is reasonably practicable, and maintaining in good and attractive condition, landscaping on those portions of the Lot, which are visible from any street within the Property. All such landscaping must be completed no later than one (1) year from the date of occupancy. The Board is authorized to promulgate rules and standards for pre-approved landscaping configurations that do not require ARC approval provided that such rules and standards are fully complied with.

7.6 High Water Table. Owners are advised that the Property is located in an area with a high water table which may not provide optimal conditions for certain plants. Before landscaping Owner's Lot, Owner is advised to consult a local nursery or landscaping professional of Owner's choice. Owner is responsible to promptly replace any dead or unsightly plants.

7.7 Watering. To help prevent and/or control water damage to foundations and/or walls, each Owner covenants, by acceptance of a deed to his or her Lot, whether or not so stated in such deed, to not cause or permit spray irrigation water or sprinkler water or drainage on his or her Lot to seep or flow onto, or to strike upon, any foundation, slab, side or other portion of a Residence exterior concrete flatwork, wall (including, but not necessarily limited to, a party wall and/or perimeter wall), and/or any other Improvement. Without limiting the generality of the foregoing or any other provision in this Declaration, each Owner shall at all times ensure that there are no unapproved grade changes (including, but not necessarily limited to, mounding), within three (3) feet of any such foundation or wall located on or immediately adjacent to the Owner's Lot. If any of the foregoing at any time appears to not be the case, then such Owner must promptly report such discrepancy to the ARC.

7.8 Fences. No fences composed of chain link or woven wire shall be allowed on a Lot or parcel if visible from the public streets or other Lots or parcels. Any visible fencing shall be composed of wood, vinyl, and/or simulated wood vinyl. No fencing that exceeds three (3)



feet in height shall be allowed to extend into a front yard (i.e., beyond the front of a Residence). The Owner of each Lot shall be responsible to maintain all fencing installed on such Owner's Lot.

7.9 Garages and Vehicles. All driveways and garages shall be maintained in a neat and orderly condition. No Person shall park, store or keep, anywhere within any Lot, any inoperable or similar vehicle, or any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck); any recreational vehicle (including, but not limited to, any camper unit, house car or motor home); or any bus, trailer, trailer coach, camp trailer, boat, aircraft or mobile home; provided that:

(a) A pickup truck or van up to and including one (1) ton, when used for daily transportation (and occasional incidental personal hauling of items) of the Owner or occupants of the Residence respectively thereof, may be kept or parked entirely within a driveway (so as not to extend beyond the driveway) or an enclosed garage (note: the preceding portion of this subsection shall not be construed to permit other commercial-type vehicles of one (1) ton or less).

(b) RVs shall not be permitted on any Lot unless the RV can be and is parked wholly within enclosed garages as originally constructed by Declarant or approved by the ARC, or by fencing or landscaping or a combination thereof that minimizes the view of the RV from adjacent Lots in a manner acceptable to the ARC. No more than a total of two (2) RVs may be parked on any Lot as permitted by the preceding sentence. No RV shall be permitted to be parked in a driveway (except reasonably for temporary and short loading or unloading periods). Any covers for RVs shall be fitted covers and not unfitted tarps. "RV" is hereby defined as a recreational vehicle, boat, camper, motor home, or other similar vehicle or item specifically designed or intended for recreational use and not for normal every-day transportation.

(c) Without limiting the foregoing, or any other provision herein, no Owner or any other Person may park or keep any motor vehicle, boat, trailer, or similar item on any landscaping in view of a street, without the specific prior written approval of the ARC in its sole discretion.

(d) No Person shall park, store or keep anywhere within any Lot any vehicle or vehicular equipment, mobile or otherwise, which is deemed by the Board to be a nuisance. Garages shall normally be kept closed at all times, except as reasonably required for ingress to and egress from the interior thereof.

(e) No Person shall conduct repair or restoration of any motor vehicle, boat, trailer, aircraft, or other vehicle upon any Lot; provided that repair and/or restoration of one (1) such item only shall be permitted within an Owner's garage so long as the garage door remains closed; provided further that such activity may be prohibited entirely by the Board if the Board determines in its reasonable discretion that such activity constitutes a nuisance. Vehicles owned, operated or within the control of any Owner or of a Resident of such Owner's Residence shall be parked in the garage of such Residence to the extent of the space available therein. All garages shall be kept neat and free of stored materials so as to permit the parking of at least one (1) standard sized American sedan automobile therein at all times. Garage doors shall not remain

open for prolonged periods of time, and must be closed when not reasonably required for immediate ingress and egress. The Association, through the Board, is hereby empowered to establish and enforce any additional parking limitations, rules and/or regulations (collectively, "parking regulations") which it may deem necessary, including, but not limited to, the levying of fines for violation of parking regulations, and/or removal of any violating vehicle at the expense of the owner of such vehicle.

(f) The Board shall have the power, but not the obligation, from time to time to establish rules and regulations further governing parking and/or vehicle restrictions.

(g) Notwithstanding the foregoing, these restrictions shall not be interpreted in such a manner as to permit any activity which would be prohibited by applicable law or ordinance. The Association shall not have jurisdiction over, and these restrictions shall not be enforced on, any public road, street, or other thoroughfare, the right-of-way of which is accepted by the State of Utah or a local government for dedication for public use.

7.10 Drainage. For purposes of this Declaration, "established" drainage is defined as the drainage, which existed at the time the overall grading of the Property was completed by Declarant or its agents. Each Owner, by accepting conveyance of a Lot, agrees to accept the burden of, and not in any way interfere with, the established drainage pattern over such Lot from adjoining or other Lots in the Property.

7.11 Business or Commercial Activity. No part of the Property shall ever be used, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purposes, except that professional and administrative occupations without external evidence thereof may be conducted by Owners so long as such occupations are in conformance with local governmental ordinances, and such activities are merely incidental to the use of the Lot as a single Family Residence. No Lot or Residence in the Property may be used for any use not permitted by local law.

7.12 Water Supply and Sewer Systems. No individual water supply system, or cesspool, septic tank, or other sewage disposal system, or exterior water softener system, shall be permitted on any Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Board, any water or sewer district serving the Properties, the local health department, and any applicable utility and governmental health authorities having jurisdiction, and has been approved in advance and in writing by the Board or the ARC.

7.13 No Mining or Drilling. No derrick or other structure designed for use in boring, mining, or quarrying for oil, natural gas or precious metals shall ever be erected, maintained, or permitted upon the surface of any Lot in the Property.

7.14 Nuisance. No rubbish, clippings, refuse, scrap lumber or metal; no grass, shrub or tree clippings; and no plant waste, compost, bulk materials or other debris of any kind; (all, collectively, hereafter, "rubbish and debris") shall be placed or permitted to accumulate anywhere within the Properties unless stored within an enclosed structure or container which has

been approved by the ARC, or unless such matter is screened from view in a manner approved by the ARC, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, or offensive. Without limiting the foregoing, all rubbish and debris shall be kept at all times in covered, sanitary containers or enclosed areas designed for such purposes. Such containers shall be exposed to the view of the neighboring Units only when set out for a reasonable period of time to permit garbage or trash pickup. No noxious or offensive activities (including, but not limited to the repair of motor vehicles) shall be carried out on the Properties. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot so as to be offensive or detrimental to any other Lot or to occupants thereof, or to the Common Areas. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other similar or unusually loud sound devices (other than devices used exclusively for safety, security, or fire protection purposes), noisy or smoky vehicles, inoperable vehicle, unlicensed off-road motor vehicle, or other item or equipment which may unreasonably disturb other Owners or Residents, or any equipment or item which unreasonably interferes with regular television or radio reception within any Lot, shall be located, used or placed on any portion of the Properties without the prior written approval of the Board. No unusually loud motorcycles, dirt bikes or other loud mechanized vehicles may be operated on any portion of the Common Areas without the prior written approval of the Board and/or ARC, which approval may be withheld for any reason whatsoever. Alarm devices used exclusively to protect the security of a Residence and its contents shall be permitted, provided that such devices do not produce frequently occurring false alarms in a manner annoying to neighbors. The Board shall have the right to determine if any noise, odor, activity or circumstance reasonably constitutes a nuisance. Each Owner and Resident shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Lot, including a Residence. Each Owner and Resident shall be accountable to the Association and other Owners and Residents for the conduct and behavior of children and other Family members or persons residing in or visiting his or her Lot; and any damage to the Common Areas, personal property of the Association or property of another Owner or Resident, caused by such children or other Family members, shall be repaired at the sole expense of the Owner of the Lot where such children or other Family members or persons are residing or visiting.

7.15 Animals. A reasonable number of normal household pets (generally including dogs, cats, household birds, or fish) may be kept on a Lot, provided that they are not kept, bred or maintained for any commercial purpose, nor in violation of any applicable ordinance or any other provision of this Declaration, and are subject to such limitations as may be set forth in the Rules. As used in the preceding sentence, "reasonable number" shall ordinarily mean not more than four (4) normal household pets per Residence; provided, however, that the Board or ARC may determine that a reasonable number in any instance may be more or less, subject to applicable ordinances. The Association, acting through the Board, shall have the right to prohibit maintenance of any animal on any Lot which constitutes, in the opinion of the Board or ARC, a nuisance to other Owners or Residents. Without limiting the foregoing, or any other provision herein, excessively barking dog(s) may be prohibited or restricted by the ARC and/or Board, if either the ARC or the Board determines in its respective business judgment that such dog(s) is or are barking excessively, with regard to times of the day, duration of time periods, and/or level of noise, and that such dog(s) constitute a nuisance or unreasonable annoyance to the neighbor(s) of

the Owner of the excessively barking dog(s) and/or to the Community. Subject to the foregoing, animals belonging to Owners, Residents, or their respective families, households, licensees, tenants or invitees within the Property must be either kept within an enclosure, an enclosed yard or on a leash or other restraint being held by a person capable of controlling the animal. Furthermore, it shall be the absolute duty and responsibility of each Owner and Resident to clean up after his or her animals in the Property. Without limiting the foregoing: (a) no "dog run" or similar Improvement pertaining to animals shall be placed or permitted in any Lot, unless approved by the ARC in advance and in writing (and, in any event, any such "dog run" or similar Improvement shall not exceed the height of any party wall on the Lot, and shall otherwise not be permitted, or shall be immediately removed, if it constitutes a nuisance in the judgment of the ARC or Board); and (b) all Owners shall comply fully in all respects with all applicable ordinances and rules regulating and/or pertaining to animals and the maintenance thereof on the Owner's Lot and/or any other portion of the Property.

7.16 Signs. No sign, poster, announcement, proclamation, personal statement, billboard, advertising device, or other display of any kind shall be displayed to the public view, provided, however, this prohibition shall not apply to signs on any Owner's Lot or on a Lot owned by another with that person's consent, of reasonable dimensions and design typical of signs used in the general vicinity for the real estate resale business, advertising the Lot for sale, rent or exchange. Such sign may also provide directions to the Lot or give the Owner's or agent's name, address, or telephone number. Such restrictions shall not apply to signs used only in connection with the development and sale of any Lots owned by Declarant or a Successor. Notwithstanding the foregoing, nothing herein contained shall be construed in such a manner as to permit the maintenance of any sign which is not in conformance with any ordinance of the local government agency having jurisdiction thereof.

7.17 No Unsightly Articles. Trash, garbage, or other waste shall be disposed of only by depositing the same into a trash container, which shall be screened from view of other Lots and all streets. No portion of the Property shall be used for the deposit or storage of building materials, other than in connection with approved construction. No rubbish, brush, weeds, undergrowth, or debris of any kind or character shall ever be placed or permitted to accumulate upon any Lot or any portion thereof so as to render said premises a fire hazard, or unsanitary, unsightly, offensive, or detrimental to any other Lot in the vicinity or the occupants thereof. No unsightly article, facility, equipment, object, or condition (including, but not limited to, clothes lines, garden and maintenance equipment, and inoperable vehicles) shall be permitted to remain on any Lot so as to be visible from any street, or from any other Lot, Common Area, or neighboring property. Storage containers such as sea trains or pods shall not be placed on any Lot except while moving or construction activities requiring such items are being actively conducted on a regular basis, and shall be removed if such activities are not being diligently pursued to completion or if such activities cease for more than five (5) consecutive business days. There shall be no placement of indoor furniture (including, but not limited to, couches, sofas, and similar items) in any area outside the interior of the Residence as to be visible from any street or from any other Lot or from any Common Area. Only curtains, drapes, shutters or blinds may be installed as window coverings, and shall be placed in those windows. No window shall be covered with aluminum foil, newspaper, sheets, or any similar material. The Board shall

have authority to issue rules and regulations to restrict or prohibit any other unsightly landscaping, lawn art, features, or monumentation on any Lot that is viewable from the street.

7.18 Holiday Lights. Traditional holiday lights and/or decorations which may be viewed from other portions of any Lot may be attached or installed by an Owner in a reasonable manner and in reasonable locations on the exterior of his or her Residence or other portion of a Lot, provided that such installation shall not be permitted to alter or damage the Residence or any Improvement on the Lot itself. Such holiday lights and/or decorations must be installed and removed in a reasonably seasonal manner (but in any event not earlier than thirty (30) days before and not later than thirty (30) days after the holiday), and, during the appropriate period of display, shall be maintained in a neat and orderly manner, and shall be subject to all applicable ordinances and subject further to such Rules as may be promulgated from time to time by the Board in its reasonable discretion.

7.19 Temporary Buildings. No tent, shack, outbuilding or other temporary building or improvement of any kind may be located or built on any portion of a Lot, whether intended to be used temporarily or permanently. No type of motor vehicle whatsoever, operative or inoperative, which is otherwise permitted by the terms of this Declaration, may be used as a temporary or permanent residence anywhere within the boundaries of the Property.

7.20 Line of Sight Limitations. No fence, hedge, or shrub planting which obstructs line of sight at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a round property corner, from the intersection of the street property lines extended. The same line of sight limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such lines of sight.

7.21 Radio and Television Antennas and Satellite Dishes. Subject to applicable law, no Owner shall construct or use an external radio or television antenna or satellite dish except for one (1) exterior single-family residential television satellite dish per Lot. Satellite dishes may be installed without ARC approval, if all of the following conditions are met: (a) the satellite dish shall be no larger than thirty-nine (39) inches in diameter; (b) the satellite dish cable/cord color shall reasonably match the body color of the home; (c) the cable wiring casing must be installed in a professional manner and cord, cables, wires and dish must be properly and tightly mounted and secured with gap; and (d) the satellite dish must be located in an inconspicuous location at the rear of the Residence near the roof eaves. If all of these conditions cannot be met, then ARC review and approval will be required, subject to applicable law.

7.22 Right to Lease. The Lots shall be used only as single-family residences, and shall not be rented for transient purposes (defined as rental for a period of less than thirty (30) days). Subject to the foregoing restrictions, the Owners of the Lots shall have the right to lease same provided that the lease is in writing, expressly provides that the tenancy is made subject to the covenants, conditions, limitations, and restrictions contained in this Declaration, and provides

that any failure by the tenant to comply with the terms of this Declaration shall be deemed to be a default under the lease.

7.23 No Subdivision. No Lot shall be further subdivided by any Owner into smaller lots or parcels and no portion less than all of any such Lot shall be conveyed, transferred or hypothecated by any Owner. Nothing in the foregoing shall preclude Declarant from replatting the Property or re-subdividing any Lot.

7.24 Maintenance by Owner. No Improvement anywhere within the Property shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair. If any Owner or Resident shall permit any Improvement, the maintenance of which is the responsibility of such Owner or Resident, to fall into disrepair so as to create a dangerous, unsafe, or unsightly condition, the Board, after affording such Owner or Resident reasonable notice, shall have the right but not the obligation to correct such condition, and to enter upon such Owner's Lot, for the purpose of so doing, and such Owner or Resident shall promptly reimburse the Association for the cost thereof. Such cost may be assessed as an Individual Assessment pursuant to Section 5.8 above, and, if not paid timely when due, shall constitute an unpaid or delinquent assessment for all purposes of Article 5 above. The Owner and/or Resident of the offending Lot shall be personally liable for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner and/or Resident shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or action may be taken against the Owner in the manner set forth in this Declaration. The Association and its directors, officers, employees and agents shall have no liability whatsoever for any damage done to an Owner's Unit in connection with or as a result of such entry and/or repair, provided that the Association acted in good faith and without gross negligence. All slopes on any Lot shall be maintained so as to prevent any erosion thereof upon adjacent streets or adjoining property. Each Owner shall maintain, to the point where it meets the curb, all front yard and side yard landscaping, and other landscaping extending beyond such Owner's property line/fence lines. This includes any landscaping located between the curb and sidewalk on County property.

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

7.26 Declarant Exemption. Each Lot owned by Declarant shall be exempt from the provisions of this Article 7, until such time as Declarant conveys title to the Lot to an unaffiliated third-party purchaser, and activities of Declarant related to Declarant's development, construction, repair, advertising, marketing and sales efforts, within, upon, across, over, underneath, or related to all or any portion(s) of any Lot or Common Areas, shall be exempt

from the provisions of this Article 7, for a period of twelve (12) years after conveyance of the last Lot in the Properties to an unaffiliated third-party purchaser. Until the end of such time period, this Article 7, including but not limited to this Section 7.26, may not be amended without Declarant's prior written consent, in its sole discretion, and any purported amendment without Declarant's written consent shall be null and void.

7.27 Trees. Each Owner of a Lot shall be required to install the type and number of tree(s) at the location(s) indicated on the landscape plan attached hereto as Exhibit "E". Such tree(s) shall be installed by the Owner no later than six (6) months after the close of escrow on the Lot by such Owner. Each Owner shall be responsible for the continued maintenance of such tree(s) on such Owner's Lot and shall promptly repair or replace any damaged or destroyed tree(s).

## ARTICLE 8 RULEMAKING AUTHORITY

8.1 Rule Making Authority. The Governing Documents establish a framework of covenants and conditions that govern the Community. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Community. Therefore, the Board is authorized to make and change Rules in accordance with the following procedures, subject to the limitations set forth in this Article 8.

8.1.1 Board Authority. Subject to the notice requirements in Section 8.1.3 and the Board's duty to exercise judgment and reasonableness on behalf of the Association and the Owners, the Board may adopt new Rules and modify or rescind existing Rules by majority vote of the Board members at any Board meeting.

8.1.2 Owner Authority. Subject to the notice requirements in Section 8.1.3, the Owners of a majority of the Voting Interests in the Association may also adopt new Rules and modify or rescind existing Rules at any meeting of the Association duly called for such purpose, regardless of the manner in which the original Rule was adopted. However, as long as the Declarant owns at least one Lot, any such action shall also be subject to the Declarant's approval.

8.1.3 Notice. The Board shall send notice to all Owners as provided in Section 14.13 of this Declaration concerning any proposed Rule or Rule change at least fifteen (15) days prior to the meeting of the Board or Owners at which such action is to be considered. The notice must provide reasonably specific detail of the proposed Rule or Rule change being considered and the proposed Rule or Rule change. At any such meeting, Owners shall have a reasonable opportunity to be heard before the proposed action is put to a vote. This notice requirement does not apply to administrative and operating policies that the Board may adopt relating to the Common Areas, such as the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times, notwithstanding that such policies may be published as part of the Rules. Notwithstanding the foregoing, the Board may adopt a Rule without first giving notice to the Owners as described in this subsection 8.1.3 if there is an imminent risk of harm to a Common Area, an Owner, an occupant of a Lot, a Lot, or a Residence, and the Board provides notice of the Rule so adopted by delivering a copy of the Rule to the Owners as

provided in Section 14.13 of this Declaration within fifteen (15) days after the date the Rule was adopted.

8.1.4 Copy of Rule. The Board shall deliver a copy of the Rule or Rule change to the Owners as provided in Section 14.13 of this Declaration within fifteen (15) days after the date of the meeting of the Board or Owners at which the Rule was adopted or changed.

8.1.5 Disapproval. Action by the Board pursuant to subsection 8.1.1 is disapproved if (a) within sixty (60) days after the date of the Board meeting where the action was taken there is a vote of disapproval by at least fifty-one (51%) percent of all the Voting Interests of the Owners in the Association and the vote is taken at a special meeting called for that purpose by the Owners under this Declaration, Articles, or Bylaws, or (b) the Declarant delivers to the Board a writing of disapproval during the Declarant Control Period or the Development and Sale Period.

8.1.6 Conflicts. No action taken under this Section shall have the effect of modifying or repealing any provision of this Declaration other than the Rules. In the event of a conflict between the Rules and any provision of this Declaration (exclusive of the Rules), this Declaration shall control.

8.2 Protection of Owners and Others. Except as may be set forth in this Declaration (either initially or by amendment), all Rules shall comply with the following provisions:

8.2.1 Similar Treatment. Similarly situated Lots shall be treated similarly; however, the Rules may vary according to location, use, or other distinct characteristics of areas within the Community.

8.2.2 Displays. No Rule shall prohibit an Owner or occupant from displaying political, religious, or holiday symbols and decorations on such Owner's Lot of the kinds normally displayed in single-family residential neighborhoods, nor shall any Rule regulate the content of political signs. However, the Association may adopt time, place, and manner restrictions with respect to signs, symbols, and displays visible from outside the Lot, including reasonable limitations on size and number. Notwithstanding the above regulation, an Owner or occupant may display one portable and removable United States flag on the Owner's Lot by a bracket or other device mounted to the dwelling, provided the flag is displayed in a respectful manner and provided further that the Association may adopt reasonable time, place, and manner restrictions with respect to the display of the United States flag, including a reasonable limitation on size.

8.2.3 Household Composition. No Rule shall interfere with an Owner's freedom to determine household composition, except that the Association may impose and enforce reasonable occupancy limitations and conditions based on Lot size and facilities and the Lot's fair share use of the Common Areas.

8.2.4 Activities Within Residence. No Rule shall interfere with the activities carried on within a Residence, except that the Association may prohibit activities not normally



associated with residential property. It may also restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible from outside the Residence, or that are an unreasonable source of annoyance. The Association's authority to impose such Rules shall in no way lessen the effect of any ordinances or regulations of the County.

8.2.5 Allocation of Burdens and Benefits. No Rule shall alter the allocation of financial burdens among the various Lots or rights to use the Common Areas to the detriment of any Owner over that Owner's objection expressed in writing to the Board. Nothing in this provision shall prevent the Association from changing the Common Areas available to an Owner, from adopting generally applicable Rules for use of Common Areas, or from denying use privileges to Owners that are delinquent in paying assessments, abuse the Common Areas, or violate the Governing Documents.

8.2.6 Leasing and Transfer of Lots. Except as expressly authorized by this Declaration, no Rule shall prohibit leasing or transfer of any Lot or require approval prior to leasing or transferring a Lot.

8.2.7 Abridging Existing Rights. No Rule shall require that an Owner dispose of personal property kept in or on a Lot in compliance with the Rules in effect at the time such personal property was brought onto the Lot. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who take title to the Lot after adoption of the Rule.

8.2.8 Reasonable Rights to Develop. No Rule may unreasonably interfere with the ability of the Declarant or any Declarant Affiliate to develop, market, and sell property in the Community.

8.2.9 Interference with Easements. No Rule may unreasonably interfere with the exercise of any easement.

8.3 Owners' Acknowledgment and Notice to Purchasers. By accepting a deed, each Owner acknowledges and agrees that the use, enjoyment, and marketability of his or her Lot is limited and affected by the Rules, which may change from time to time. All Lot purchasers are hereby notified that the Association may have adopted changes to the Rules and that such changes may not be set forth in a recorded document. A copy of the current Rules and all administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

8.4 Declarant's Exemption from Rules and Rulemaking Procedure. Declarant hereby reserves to itself the right, during the Declarant Control Period, to exempt itself from the Rules and from the Rule-making procedures in this Article.

ARTICLE 9  
COMPLIANCE AND ENFORCEMENT

9.1 Compliance. Every Owner, tenant, occupant and visitor to a Lot must comply with the Governing Documents and shall be subject to sanctions for violations as described in this Article. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants, tenants, guests, or invitees to the Owner's Lot and for any damage to the Area of Common Responsibility that such Persons may cause.

9.2 Remedies for Non-Compliance. The Association, the Declarant, any Declarant Affiliate, and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents. In addition, the Board may impose sanctions for violation of the Governing Documents, including those sanctions listed below and any others described elsewhere in the Governing Documents.

9.2.1 Sanctions Requiring Prior Notice and Hearing. After written notice and an opportunity for an informal hearing in accordance with this subsection 9.2.1 and subsection 9.3, the Board may impose the following sanctions.

9.2.1.1 The Board may impose reasonable monetary fines, which shall constitute a lien upon the violator's Lot. Before assessing a fine, the Board shall notify the Owner of the violation and inform the Owner that a fine will be imposed if the violation is not remedied within five (5) days. In the event that any occupant, tenant, guest, or invitee of a Lot violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, which shall not be less than five (5) days, the Owner shall pay the fine upon notice from the Board. Unpaid fines shall be collected as an Individual Assessment with all available remedies applicable thereto. An Owner who is assessed a fine may request an informal hearing to protest or dispute the fine within 30 days after the date on which the fine is assessed. No interest or late fees may accrue until after the informal hearing has been conducted and a final decision has been rendered. Notice of the informal hearing shall be given in accordance with subsection 9.3.1 and the informal hearing shall be in accordance with subsection 9.3.2.

9.2.1.2 If an Owner fails to pay an assessment when due, the Board may, where applicable, terminate an Owner's right (a) to receive utility service for which the Owner pays as a Common Expense or (b) of access to and use of recreational facilities. Before terminating a utility service or right of access to and use of recreational facilities, the Board shall give the Owner written notice, which shall state (a) that the Association will terminate the Owner's utility service or right of access to and use of recreational facilities, or both, if the Association does not receive payment of the assessment within 14 days of the date of the notice, (b) the amount of the assessment due, including any interest or late payment fee, and (c) the Owner's right to request an informal hearing. The notice may include the estimated cost to reinstate a utility service if service is terminated. The notice shall be sent by first class mail, certified mail return receipt requested, or by hand delivery, to the last known address of the Owner shown on the Association's records. An Owner may submit a written request to the Board for an

informal hearing to dispute the assessment, which request shall be submitted within 14 days after the date on which the Owner receives the notice from the Board described in this subsection 9.2.1.2. The Board shall give notice of the informal hearing and conduct the informal hearing in accordance with subsection 9.3. If the Owner requests an informal hearing, the Association may not terminate a utility service or right of access to and use of recreational facilities until after the Board conducts the hearing and enters a final decision. If the Association terminates a utility service or right of access to and use of recreational facilities, the Association shall take immediate action to reinstate the service or right of access following the Owner's payment of the assessment, including any interest and late payment fee. The Association may assess an Owner for the cost associated with reinstating a utility service terminated by the Association as provided in this subsection 9.2.1.2, and may require that the estimated cost to reinstate the utility service be paid before the service is reinstated, if the estimated cost of reinstating the service is included in the notice provided under this subsection 9.2.1.2.

9.2.2 Sanctions Requiring Prior Notice and an Opportunity to Cure. Except as provided in subsection 9.2.1., after written notice and an opportunity to cure in accordance with this subsection 9.2.2 and subsection 9.4, the Board may impose the following sanctions.

9.2.2.1. Suspend an Owner's right to vote (except that no notice or opportunity to cure is required if the Owner is more than 90 days delinquent in paying any Annual Assessment or Special Assessment);

9.2.2.2 Suspend any Person's right to use any Common Area other than a recreational facility (A) for any period during which any charge against such Owner's Lot remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation (except that no notice or opportunity to cure is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed the Association); provided, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot;

9.2.2.3 Suspend services the Association provides other than a utility service for which the Owner pays as a Common Expense (except that no notice or opportunity to cure is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);

9.2.2.4 Exercise self-help or take action to abate any violation of the Governing Documents in a non-emergency situation (including removing personal property that violates the Governing Documents);

9.2.2.5. Require an Owner, at its own expense, to remove any structure or improvement on such Owner's Lot in violation of the Governing Documents and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed, with all charges and fees associated with such action being charged to the Owner as an Individual Assessment, and any such action shall not be deemed a trespass;

9.2.2.6 Without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of the Governing Documents from continuing or performing any further activities in the Community;

9.2.2.7 Levy Special Assessments to cover costs the Association incurs in bringing a Lot into compliance with the requirements under the Governing Documents; and

9.2.2.8. Record a notice of violation or notice of non-compliance with respect to any Lot on which a violation exists.

9.2.3 Other Sanctions. Except as provided in subsection 9.2.1, the Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:

9.2.3.1 Exercise self-help or take action to abate a violation on a Lot in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

9.2.3.2 Exercise self-help or take action to abate a violation on the Common Area under any circumstances;

9.2.3.3 Require an Owner, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Lot, that is in violation of the Governing Documents and to restore the property to its previous condition;

9.2.3.4 Enter the property and exercise self-help to remove or cure a violating condition if an Owner fails to take action as required pursuant to subsection 9.2.3.3 above within ten (10) days after receipt of written notice to do so, and any such entry shall not be deemed a trespass; or

9.2.3.5 Bring suit at law for monetary damages or in equity to stop or prevent any violation, or both.

### 9.3. Notice and Informal Hearing.

9.3.1 Notice of an informal hearing shall be in writing and shall state that the hearing will be before the Board and that the Owner may have witnesses at the hearing. Notice of the hearing shall be sent by first class mail, certified mail return receipt requested, or by hand delivery, to the last known address of the Owner shown on the Association's records. If the Owner attends the hearing, the Owner is deemed to have waived any objections related to the notice.

9.3.2 The date for the hearing may be no less than ten (10) days after the date the notice of hearing is mailed or delivered to the Owner. The hearing shall be before the Board, which shall meet in executive session if requested by the Owner. The Owner shall be entitled to present a statement of defense and present supporting witnesses at the hearing. The Board may

restrict the number of witnesses and limit the duration of the hearing in a reasonable manner commensurate with the nature of the matter and the circumstances of the Board members. If the Owner attends the hearing with an attorney the Board may postpone the hearing to allow the Association's attorney to be present at the hearing. If the Owner fails to attend the hearing, no sanction may be imposed unless proof of notice of the hearing is placed in the minutes of the hearing. Such proof is adequate if a copy of the notice and a statement of the date and manner of delivery by the Person who mailed or delivered the notice are entered in the minutes. The minutes of the hearing shall contain a written statement of the decision of the Board and the sanction, if any, imposed.

9.4. Notice and Opportunity to Cure. Notice of an opportunity to cure shall be in writing and shall state in ordinary language (a) the acts or omissions with which the Owner is charged, (b) a reference to the specific provisions of the Governing Documents which the Owner is alleged to have violated, (c) the date and time by which the violation is to be cured, and (d) the sanctions which may be imposed if the violation is not cured in the time specified. The notice shall be sent by first class mail, certified mail return receipt requested, or hand delivery, to the last known address of the Owner shown on the Association's records.

9.5. Board Decision to Pursue Enforcement Action. The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

9.5.1. The Association's position is not strong enough to justify taking any or further action;

9.5.2. The covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

9.5.3. Although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; and/or

9.5.4. That it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

9.6 Attorneys Fees and Costs. In any Proceeding to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such Proceeding.

9.7 Enforcement of Ordinances. The Association, by contract or other agreement, may enforce applicable County ordinances. In addition, the County may enforce ordinances within the Community.

ARTICLE 10  
EASEMENTS

10.1 Utility Easements. Each Owner agrees, by acceptance of his deed, that his Lot is granted subject to easements for utility installations and maintenance as shown on the Plat Map for the Property or otherwise Recorded on any Lot. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities. These utility easement areas and all improvements therein shall be maintained continuously by the Owner of such Lot, except for those improvements for which a public authority or utility company is responsible.

10.2 Reservation of Easements. Easements for installation and maintenance of utilities and drainage facilities, if any, are reserved as shown on the Recorded Plat Map or appearing in the public records of the County. Declarant hereby reserves a temporary blanket easement, subject to automatic termination as provided in this Article 10, upon, across, over, through, and under each Lot for ingress, egress, construction, installation, operation, replacement, repair, and maintenance of all utility and service lines, systems, and other devices and improvements which may be reasonably necessary or beneficial to the development, marketing and sale of the Lots within the Property, including, but not limited to, water, sewer, gas, telephone, electricity, television, cable and/or communication lines and systems, and storm and water drains and pipes (each a "Facility") as further provided below.

10.2.1 Declarant shall have the power to grant and convey to any third party one or more particularly described easements and rights-of-way in, on, over, or under each Lot ("Special Easement(s)") for the purposes described above. Each Owner, in accepting a deed to a Lot, expressly consents to such easements and rights-of-way and authorizes and appoints Declarant (so long as Declarant owns one or more Lots in the Property) as attorney-in-fact of such Owner to execute any and all instruments particularly describing and conveying such easements or rights-of-way. Each such Owner specifically recognizes that more than one particularly described Special Easement may be reasonably necessary or beneficial to the development, marketing and sale of the Lots within the Property.

10.2.2 The locations of each Special Easement shall be fixed at the earlier of (a) Recordation of a document whereby the Special Easement is granted, in which case the Special Easement shall be located at the location referenced in such document, or (b) initial construction or installation of the Facility, in which case the Special Easement shall be located at the location where the Facility is actually installed; provided, however, that such Special Easement locations may be moved or altered upon reconstruction of the Facility.

10.2.3 Within the locations of each Special Easement so fixed, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the permitted use of such Special Easement or the operation of the applicable Facility, which may be in violation of any ordinance or resolution of a governmental agency, or which may change the direction or flow of drainage channels or may obstruct or retard the flow of water through such channels; provided, however, that an Owner may install property-line fencing

or walls subject to removal or destruction at the Owner's risk and expense if necessary to accommodate the purposes of this Section.

10.2.3.1 The easement area of each Lot, as set forth on the Recorded Plat Map or other Recorded document or established herein, and all Improvements on it shall be maintained continuously in good condition and repair by the Owner of said Lot, except for those Improvements which a public authority or utility is responsible to maintain.

10.2.3.2 The grantee of each Special Easement shall, after exercising its rights under the Special Easement, expeditiously repair, replace, and reconstruct any damage to a Lot caused by the exercise of such rights to at least the condition existing prior to such exercise.

10.2.3.3 Upon Declarant's sale of the last Lot owned by Declarant in the Property, the blanket easement described in the first paragraph of this Section shall terminate and each Owner's Lot shall be subject only to the particularly described Special Easement(s) actually conveyed by Declarant prior to the sale of such last Lot as otherwise provided in this Section.

10.3 Encroachment Easements. Should any Improvement made by Declarant or an Owner on a Lot, including walls or fences, encroach on any portion of the Property adjacent thereto due to engineering errors, errors in original construction, settlement or shifting of structures, or any other inadvertent cause, the Owner of the adjacent portion of the Property shall be deemed to have granted an appurtenant easement for such encroachment for so long as said Improvement, as constructed or reconstructed, shall remain in a useful state, provided, however, that no valid easement for encroachment shall exist if said encroachment occurred due to negligence or willful misconduct of the Owner of the portion of the Property to be benefited thereby.

10.4 Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant without prior approval of Declarant and any attempt to do so shall have no effect. Any attempt to modify or eliminate this Article 10 shall likewise require the prior written approval of Declarant.

10.5 Nature of Easements. Unless otherwise set forth herein any easement reserved to Declarant herein shall be nonexclusive.

10.6 Emergency Vehicle Access. There is hereby reserved to Declarant, together with the right to grant and transfer the same to its successors and assigns, easements over the Property, for fire department and other emergency vehicle access, as needed to service the Property and/or the Lots, provided, however, such easements shall not unreasonably interfere with the use and enjoyment by the Owners of their Lots.

10.7 Drainage and Overland Release Easements. There is hereby reserved to the Declarant together with the right to transfer and grant same, easements in and over portions of Lots for the purpose of: (i) the drainage of water from one Lot over one or more of the other Lots

within the Property (including but not limited to sheet flow drainage, drainage from streets or open space) and (ii) installation and placement of drainage pipes in order to drain water from the roof of a Lot. No Owner shall interfere with the operation of such drainage or such drainage pipes, gutters or other drainage device. These drainage and overland release easement areas and all Improvements therein shall be maintained continuously by the Owner of such Lot, except for those Improvements for which a public authority or utility company is responsible.

## ARTICLE 11 INTEGRATED NATURE OF THE NEIGHBORHOOD

Declarant reserves the option to expand or reduce the Community. The Property and/or any other real property may be annexed to, or de-annexed from, and become subject to, or relieved of, this Declaration by any of the methods set forth hereinafter in this Article 11, as follows:

11.1 Supplementary Declarations. A "Supplementary Declaration" shall be a writing in recordable form which annexes real property to the plan of this Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration and shall contain such other provisions as set forth in this Declaration relating to Supplementary Declarations. Such Supplementary Declarations may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration.

11.2 Annexation Pursuant to General Plan. All or any part of any future annexed property may be annexed to and become subject to this Declaration, provided that a Supplementary Declaration covering the portion of the property to be annexed shall be executed and Recorded by Declarant. The Recordation of said Supplementary Declaration shall constitute and effectuate the annexation of the said real property described therein, making said real property subject to this Declaration.

11.3 De-Annexation. Any property that is subject or annexed to the Property by the Declarant in accordance with the provisions of this Declaration, may be removed by the Declarant at any time by the Recordation of any appropriate declaration of removal, provided that such removal shall take place before any Lot in the annexed parcel has been sold by Declarant to an Owner. Any property which is removed by Declarant may be annexed, at a future date, to the Property in accordance with the provisions of this Declaration.

## ARTICLE 12 EXEMPTION AND RIGHTS OF DECLARANT/SUCCESSOR

12.1 Declarant's Reserved Rights. Any other provision herein notwithstanding, Declarant reserves, in its sole discretion, subject to applicable law, the following developmental rights and other special Declarant's rights, on the terms and conditions and subject to the expiration deadlines, if any, set forth below:



12.1.1 Right to Complete Improvements and Construction Easement. Declarant reserves, for a period terminating at the end of the Declarant Control Period, the right, in Declarant's sole discretion, to complete the construction of the Improvements on the Properties and an easement over the Properties for such purpose.

12.1.2 Exercise of Developmental Rights. Declarant reserves the right to annex all or portions of the annexable area to the Community, pursuant to the provisions of Article 11 hereof, during the Declarant Control Period. No assurances are made by Declarant with regard to the boundaries of those portions of the Properties which may be annexed or the order in which such portions may be annexed. Declarant also reserves the right to withdraw real property from the Community.

12.1.3 Offices, Model Homes and Promotional Signs. Declarant reserves the right to install and maintain models, sales offices, management offices, construction trailers, and/or related private parking areas on any Lot owned or leased by Declarant in the Properties, and to install and maintain signs, flags, and/or banners anywhere on the Common Areas, respectively during the Declarant Control Period. Declarant further expressly reserves the right during such period to use said signs, flags, and/or banners, offices, models, construction trailers, and/or private parking areas (which are not Common Areas, and are not Association areas), in connection with marketing and/or sales of other projects of Declarant. Without limiting the foregoing, during the Declarant Control Period, Declarant reserves the right and an easement to place and maintain signs, flags and banners throughout the Properties for Declarant's marketing and advertising purposes, and to periodically enter upon the Properties to maintain said signs, flags, and banners and to keep them in good repair.

12.1.4 Appointment and Removal of Directors. Declarant reserves the right to appoint and remove members of the Board as set forth in Article 4 hereof, during the Declarant Control Period.

12.1.5 Amendments. Declarant reserves the right to amend this Declaration from time to time, as set forth in detail in Article 13 below, and any other provision of this Declaration, during the time periods set forth therein.

12.1.6 Appointment and Removal of ARC. Declarant reserves the right to appoint and remove the ARC during the Declarant Control Period.

12.1.7 Easements. Declarant has reserved certain easements, and related rights, as set forth in this Declaration.

12.1.8 Conveyance to City or Other Governmental Authority. Declarant hereby reserves, for itself, and/or for the Association, the unilateral right, power, and authority to convey portion(s) of Common Areas to the City or applicable governmental entity or entities with jurisdiction, and/or utility, at the request or with the consent of the City or governmental entity or utility (as applicable); and each Owner covenants to sign such documents and to perform such acts as may be reasonably required by Declarant to effectuate the foregoing.

12.1.9 Certain Other Rights. Notwithstanding any other provision of this Declaration, Declarant additionally reserves the right (but not the obligation), in its sole and absolute discretion, at any time and from time to time, to unilaterally: (1) supplement and/or modify of Record all or any parts of the descriptions set forth in the exhibits hereto; and/or (2) modify, expand, or limit, by Recorded instrument, the maximum total number of Residences which may be constructed in the Community.

12.1.10 Marketing Names and Certain Other Rights. During the Declarant Control Period, Declarant shall have the right (but not the obligation), at any time and from time to time, in its sole and absolute discretion, to: (a) design, build, market, and/or sell new homes in the Community from time to time as or under separate or different neighborhoods or areas and/or marketing names, which may, but need not necessarily, include "THE COTTAGES AT STILL WATER" and/or any other name(s), in Declarant's sole discretion; (b) design, build, market, and/or sell different or varying product types, plans, or designs for new homes and/or other Improvements in the Community and/or portions thereof (including, but not limited to, new homes in the Community from time to time significantly different in size, number of bedrooms or other rooms, number of floors or height, architectural styling or features, embellishments, price, value, and/or any other feature or aspect of any future product); (c) establish and/or adjust sales prices or price levels up or down for homes and/or Lots; (d) have the Association budget initially and from time to time computed on numbers of Lots significantly less than the maximum number of Residences in the Community; (e) supplement and/or modify of Record all or any parts of the descriptions and/or depictions set forth in Exhibit "A" and/or "B" hereto; (f) unilaterally modify and/or limit, by Recorded instrument, the maximum total number of Lots which may be constructed in the Community, and the annexable area which may, but need not necessarily, from time to time be annexed hereto; and/or (g) unilaterally sell in bulk and/or convey, to a third party or parties, and/or to delete or de-annex of Record, all or any parcel(s) or any part(s) of the Property, provided that at such time, no Lot to be de-annexed has already been conveyed to a third party purchaser.

12.1.11 Control of Private Parking Areas and Parking Spaces. During the Declarant Control Period, Declarant reserves the sole right to control all private parking areas and all parking spaces located on Lot(s) owned and/or controlled by Declarant, and related to Declarant's models, offices, and/or construction trailers, and to tow unauthorized vehicles at such vehicle owner's expense. Such private parking areas are located on Lots owned or controlled by Declarant, and are not Common Areas, and not Association areas. Declarant shall have the sole right to control parking on such privately owned areas.

12.1.12 Certain Property Line Adjustments. Declarant reserves the right to adjust the boundary lines between Lots, and/or between Lots and Common Areas shown on the Plat prior to conveyance of an affected Lot by Declarant to a third party purchaser.

12.1.13 Amendment of Plat. To the maximum extent not prohibited by applicable Utah law, Declarant reserves the right from time to time to unilaterally execute, process through appropriate governmental authority, and Record amended plat map(s) for the Community; provided that any such amended plat map shall not amend any property already conveyed to a third party purchaser without the written approval of such third party purchaser,

which approval shall not be unreasonably delayed or withheld. Upon request by Declarant, the Association and each Owner shall promptly sign, acknowledge (as may be appropriate or required) and deliver to Declarant all documents reasonably required and to promptly do all other things reasonably required by Declarant in connection with or related to amendment of the plat map(s).

12.1.14 Additional Reserved Rights. Declarant reserves all other rights, powers, and authority of Declarant set forth in this Declaration, and, to the maximum extent not expressly prohibited by applicable law, further reserves all other rights, powers, and authority, in Declarant's sole discretion, of a declarant under applicable Utah law.

12.1.15 Notwithstanding anything to the contrary in this Declaration, the following shall apply:

12.1.15.1 Nothing in this Declaration shall limit, and no Owner or the Association shall do anything to interfere with, the right of Declarant to complete excavation and grading and the construction of Improvements to and on any portion of the Properties, or to alter the foregoing and Declarant's construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Properties, for so long as any Lot owned by Declarant remains unsold.

12.1.15.2 This Declaration shall in no way limit the right of Declarant to grant additional licenses, easements, reservations and rights-of-way to itself, to governmental or public authorities (including without limitation public utility companies), or to others, as from time to time may be reasonably necessary to the proper development and disposal of Lots; provided, however, that if FHA or VA approval is sought by Declarant, then the FHA and/or the VA shall have the right to approve any such grants as provided herein.

12.1.15.3 Prospective purchasers and Declarant shall have the right to use all and any portion of the Common Areas for access to the sales facilities of Declarant and for placement of Declarant's signs.

12.1.15.4 Without limiting Section 12.1.3, above, or any other provision herein, Declarant may use any Lots owned or leased by Declarant, as models, construction trailer sites, sales offices, management offices, and/or related private parking areas (which are not Common Areas, and are not Association areas) for this Community or for any other project of Declarant and/or its affiliates, subject to the time periods set forth herein. By not later than the end of such relevant time periods, Declarant shall restore or improve the relevant Lot to the condition necessary for the issuance of a final certificate of occupancy by the appropriate governmental entity.

12.1.15.5 All or any portion of the rights of Declarant in this Declaration may be assigned by Declarant to any successor in interest, by an express and written Recorded assignment which specifies the rights of Declarant so assigned.

12.1.15.6 The prior written approval of Declarant, as developer of the Properties, shall be required before any amendment to the Declaration affecting Declarant's rights or interests (including, without limitation, this Article 12) can be effective.

12.1.15.7 The rights and reservations of Declarant referred to herein, if not earlier terminated pursuant to the Declaration, shall terminate at the end of the Declarant Control Period. Developmental rights may be exercised with regard to different parcels of real estate at different times, and no assurances are made in regards to the boundaries of those portions or regulating the order in which those portions may be subjected to the exercise of any developmental right. If any developmental right is exercised in any portion of the real estate subject to that developmental right, that developmental right need not be exercised in all or in any other portion of the remainder of that real estate.

12.2 Limitations on Amendments. In recognition of the fact that the provisions of this Article 12 operate in part to benefit the Declarant, no amendment to this Article 12, and no amendment in derogation of any other provision of this Declaration benefitting the Declarant, may be made without the written approval of the Declarant, and any purported amendment of Article 12, or any portion thereof, or the effect respectively thereof, without such express prior written approval, shall be void; provided that the foregoing shall not apply to amendments made by Declarant.

12.3 Exemption and Rights of Declarant Successor. Nothing in this Declaration shall limit, condition or abridge the unfettered right of Declarant to specify and approve the design for the complete construction of Improvements on Lots owned by Declarant, or to alter or modify completed Improvements or to construct such additional Improvements as Declarant deems advisable prior to the final sale by Declarant of all of the Lots in the Property. Such right shall include, but shall not be limited to, designing, erecting, constructing, and maintaining on any portion of the Property owned by Declarant such structures and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease, or otherwise. Declarant specifically reserves the right to use any unsold Lots on the Property for models, construction offices, trailers, and sales offices, and further reserves the right to rent any unsold Lots and the Improvements thereon. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title by a third party purchaser from Declarant to establish on the Property additional easements, reservations, and rights of way for itself, utility companies, or others as may from time to time be reasonably necessary for the proper development and disposal of the Lots. Declarant reserves the right to alter its construction plans and designs as it deems appropriate. Any rights of Declarant under this Declaration may be assigned by Declarant to a Declarant Successor.

## ARTICLE 13 TERM OF DECLARATION, TERMINATION, AND AMENDMENTS

13.1 Term and Termination. This Declaration and all provisions herein shall bind and inure to the benefit of Declarant and all Owners for a term of twenty (20) years from the date this Declaration is Recorded. At and after that initial twenty (20) year term, this Declaration shall be automatically extended for successive terms of ten (10) years unless an instrument signed by

Owners owning a majority of the Lots in the Community agreeing to terminate this Declaration at the end of the term then in effect has been Recorded; provided, however, as long as Declarant or a Declarant Successor is the Owner of a Lot this Declaration shall not be terminated without the prior written consent of Declarant and such Successor(s).

13.2 Amendment.

13.2.1 By Declarant. In addition to specific amendment rights granted elsewhere in this Declaration, until termination of the Declarant Control Period, the Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to correct any scrivener's error; (c) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (d) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots; or (e) to satisfy the requirements of any local, state, or federal governmental agency. However, any amendment under this paragraph shall not adversely affect the title to any Lot unless the Owner shall consent in writing.

13.2.2 By Owners. This Declaration may be amended prior to the expiration date herein established only by the affirmative vote or written assent of at least sixty-seven percent (67%) of the Voting Interests in the Association, and further, this amendment provision shall not itself be amended to allow amendments by vote of less than sixty-seven percent (67%) of the Voting Interests in the Association. However, notwithstanding the above, as long as Declarant or a Declarant Successor is the Owner of a Lot the provisions of this Declaration shall not be amended without the prior written consent of Declarant and such Successor(s). Notwithstanding the above, the percentage of votes necessary to amend a specific clause of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

13.2.3 Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege. If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment. Any amendment shall become effective upon Recording unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six (6) months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

13.3 Exhibits. The exhibits attached hereto are hereby incorporated by this reference as if set forth in full and may be amended as described in this Declaration.

ARTICLE 14  
GENERAL PROVISIONS

14.1 Enforcement by City. The City shall be a third-party beneficiary to the duties and covenants imposed by this Declaration and shall be entitled, without obligation, to take appropriate legal action to enforce such duties and covenants. If an action is commenced, the City shall be entitled to recover costs including reasonable attorneys' fees. The provisions of this paragraph may not be amended or rescinded without the prior written approval of the City.

14.2 No Waiver. Failure by any Owner or Mortgagee to enforce any covenant, condition, or restriction herein contained in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition, or restriction.

14.3 Cumulative Remedies. All rights, options and remedies of the Association, Declarant, Owners, or Mortgagees under this Declaration are cumulative, and not one of them shall be exclusive of any other. The Association, Declarant, Owners and Mortgagees shall have the right to pursue any one or all of such rights, options, and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

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

14.5 Covenants to Run with the Land. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property and each Lot within the Property, and shall inure to the benefit of and be enforceable by the Association and any Owner or the Owner's legal representatives, heirs, successors and assigns for the term of this Declaration and any extension thereof.

14.6 Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and in addition to the disclaimers respecting drainage as set forth above, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the Property can, or will be, carried out, or that any land now owned or hereafter acquired by Declarant is, or will be, subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is, or will be, committed to, or developed for, a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect. Declarant makes no representations or warranties that the use of any Property subject to this Declaration will not be changed in the future and Declarant makes no representations or warranties with regard to any neighboring property. Nothing contained in this Declaration and nothing which may be represented to a purchaser of a Lot by real estate brokers or salesmen representing the Declarant shall be deemed to create any implied covenants or restrictions with respect to the use of any Property. Each Owner acknowledges that Declarant may undertake development of the Property in phases and that by undertaking development of a phase, Declarant is making no representation that such phase or any other phase will be completed.

14.7 References to the Covenants in Deeds. Deeds to, and instruments affecting, a Lot or any part of the Property, may contain the covenants herein set forth by reference to this Declaration, but regardless of whether any such reference is made in any deed or instrument, each and all of the covenants shall be binding upon the grantee/Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

14.8 Exempt Rights. Notwithstanding anything contained in this Declaration to the contrary, restrictions contained in this Declaration shall not be construed or deemed to limit or prohibit any act of Declarant or its employees, agents and subcontractors or parties designated by it in connection with the construction or completion of improvements upon or sale or leasing of the Lots or any other real property in the Property.

14.9 Sale or Title Transfer. Any Owner, prior to the sale or transfer of his interest, must provide the prospective purchaser with a copy of this Declaration.

14.10 Construction. The Section headings have been inserted for convenience only, and shall not be considered in resolving questions of interpretation or construction.

14.11 Singular Includes Plural. Whenever the context of this Declaration requires, the singular shall include the plural and the masculine shall include the feminine and the neuter.

14.12 Nuisance. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement, or reservation contained in this Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result, and may be exercised by the Association and any Owner. Such remedies shall be deemed cumulative and not exclusive.

14.13 Notice. Any notice to be given to an Owner or a Mortgagee or mortgage servicing contractor under the provisions of this Declaration shall comply with the requirements of the Act, Utah Code Section 57-8a-214. Subject to the foregoing, the following shall constitute fair and reasonable notice.

14.13.1 Notice shall be in writing unless oral notice is reasonable under the circumstances.

14.13.2 Notice may be communicated in person, by telephone or fax, by any form of electronic communication, including email, text message, or the Association's website, or by mail or private carrier; provided, however, if an Owner requests in writing that notice be given by mail, the Association shall provide notice by mail.

14.13.3 Without limiting the reasonableness or effectiveness of other forms of delivery, notice to an Owner shall be deemed to have been properly delivered when delivered to the Owner's Registered Address. Any notice addressed to the Registered Address and deposited in the mail within the County shall be deemed delivered three (3) days after such deposit in the mail. Any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed to be effective delivery on all such co-Owners.

14.13.4 Without limiting the reasonableness or effectiveness of other forms of delivery, notice to a Mortgagee or its mortgage servicing contractor shall be deemed to have been properly delivered when placed in first class United States mail, postage prepaid, to the address furnished by such Mortgagee or such contractor for the purposes of notice or, if no such address is furnished, to any office of the Mortgagee or contractor in the County, or if no such office is located in the County, to any office of such Mortgagee or contractor.

14.14 Effect of Declaration. This Declaration is made for the purposes set forth in the Recitals to this Declaration and Declarant makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances and regulations applicable thereto.

14.15 Personal Covenant. To the extent the acceptance of a conveyance of a Lot creates a personal covenant between the Owner of such Lot and Declarant or other Owners, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be an Owner, except with respect to such Owners' personal liability and obligation for assessments as provided in Article 5.

14.16 Right to Cure Alleged Defects. In the event that any Owner or Owners (collectively "Claimant") claim, contend or allege that any portion of any Lot, and/or any Improvements constructed on the Property are defective or that Declarant, its agents, consultants, contractors or subcontractors (collectively "Agents") were negligent in the planning, design, engineering, grading, construction or other development thereof (collectively an "Alleged Defect"), Declarant hereby reserves and is granted the right for itself and any Successor or assign to inspect, repair, and/or replace such Alleged Defect as set forth herein.

14.16.1 Notice. In the event that a Claimant discovers any Alleged Defect, Claimant shall, within a reasonable time after discovery, but in no event later than fifteen (15) days after discovery, notify Declarant, in writing, of discovery of the Alleged Defect and of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

14.16.2 Right to Enter, Inspect, Repair, and/or Replace. Within a reasonable time after the receipt by Declarant of a Notice of Alleged Defect or the independent discovery of any Alleged Defect by Declarant, as part of Declarant's reservation of right, Declarant shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, any Lot including any Residence and Improvements thereon, for the purposes of inspecting and, if deemed necessary by Declarant, repairing and/or replacing such Alleged Defect. In conducting such inspection, repairs and/or replacement, Declarant shall be entitled to take any actions it shall deem reasonable and necessary under the circumstances.

14.16.3 Legal Actions. In the event that a Claimant initiates any Proceeding against Declarant alleging damages (1) for the costs of repairing or the replacement of any Alleged Defect, (2) for the diminution in value of any real or personal property resulting from such Alleged Defect, or (3) for any consequential damages resulting from such Alleged Defect, any judgment or award in connection therewith shall first be used to correct and/or repair



such Alleged Defect or to reimburse the Claimant for any costs actually incurred by such Alleged Defect in correcting and/or repairing the Alleged Defect.

14.16.4 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in this Section 14.16 shall be construed to impose any obligation on Declarant to inspect, repair or replace any item or Alleged Defect which Declarant is not otherwise obligated to do under applicable law or any warranty provided by Declarant in connection with the sale of the Lots or the Improvements constructed thereon. The right of Declarant to enter, inspect, repair, and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and Recorded by Declarant.

#### 14.17 MANDATORY BINDING ARBITRATION FOR MATTERS INVOLVING DECLARANT

The Association is bound by the terms of this Declaration. By acceptance of a deed to a Lot, each Owner is deemed to have accepted and agreed to comply with the terms of this Declaration, including the terms of this Section 14.17.

14.17.1 ANY AND ALL CLAIMS, CONTROVERSIES, BREACHES OR DISPUTES (EACH A "DISPUTE") INVOLVING THE DECLARANT OR ANY DECLARANT AFFILIATE, AND ANY OWNER OR THE ASSOCIATION ARISING OUT OF OR RELATED TO THIS DECLARATION, THE LOTS, THE SALE OF THE LOT AND PROPERTY BY DECLARANT, OR ANY TRANSACTION RELATED HERETO, WHETHER SUCH DISPUTE IS BASED ON CONTRACT, TORT, STATUTE OR EQUITY, INCLUDING, WITHOUT LIMITATION, ANY DISPUTE OVER (1) THE DISPOSITION OF ANY DEPOSITS HEREUNDER, (2) BREACH OF CONTRACT, (3) NEGLIGENT OR INTENTIONAL MISREPRESENTATION OR FRAUD, (4) NONDISCLOSURE, (5) BREACH OF ANY ALLEGED DUTY OF GOOD FAITH AND FAIR DEALING, (6) ALLEGATIONS OF LATENT OR PATENT CONSTRUCTION DEFECTS, OR (7) ANY OTHER MATTER ARISING OUT OF OR RELATED TO THE INTERPRETATION OF ANY TERM OR PROVISION OF THIS OFFER OR THE AGREEMENT, OR ANY DEFENSE GOING TO THE FORMATION OR VALIDITY OF THIS DECLARATION, OR ANY PROVISION RELATED TO THE SALE OF THE LOTS, INCLUDING, WITHOUT LIMITATION, ALLEGATIONS OF UNCONSCIONABILITY, FRAUD IN THE INDUCEMENT, OR FRAUD IN THE EXECUTION, SHALL BE ARBITRATED PURSUANT TO THE FEDERAL ARBITRATION ACT (9 U.S.C. §1, ET SEQ.) AND SUBJECT TO THE PROCEDURES SET FORTH IN THIS SECTION 14.17.

14.17.2 SUCH DISPUTE SHALL BE SUBMITTED TO BINDING ARBITRATION BY AND PURSUANT TO THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"), PURSUANT TO ITS CONSTRUCTION ARBITRATION PROGRAM, OR SUCH ALTERNATIVE AS MUTUALLY AGREED BY THE PARTIES. IF AAA IS NOT AVAILABLE AND BUYER AND SELLER ARE UNABLE TO AGREE ON ANOTHER ALTERNATIVE, THEN EITHER PARTY MAY, PURSUANT TO THE APPLICABLE PROVISIONS OF THE FEDERAL ARBITRATION ACT (9 U.S.C. § 1, ET SEQ.), APPLY TO A COURT OF COMPETENT JURISDICTION TO DESIGNATE AN

ARBITRATION SERVICE PROVIDER, WHICH DESIGNATION SHALL BE BINDING UPON THE PARTIES. THE RULES AND PROCEDURES OF SUCH ALTERNATIVE ARBITRATION SERVICE IN EFFECT AT THE TIME THE REQUEST FOR ARBITRATION IS SUBMITTED SHALL BE FOLLOWED.

GENERAL ARBITRATION PROVISIONS.

14.17.3 THE MATTERS HEREIN INVOLVE AND CONCERN INTERSTATE COMMERCE AND ARE GOVERNED BY THE PROVISIONS OF THE FEDERAL ARBITRATION ACT (9 U.S.C. §1, ET SEQ.) NOW IN EFFECT AND AS THE SAME MAY FROM TIME TO TIME BE AMENDED, TO THE EXCLUSION OF ANY DIFFERENT OR INCONSISTENT STATE OR LOCAL LAW, ORDINANCE, REGULATION, OR JUDICIAL RULE. ACCORDINGLY, ANY AND ALL DISPUTES SHALL BE ARBITRATED – WHICH ARBITRATION SHALL BE MANDATORY AND BINDING – PURSUANT TO THE FEDERAL ARBITRATION ACT (9 U.S.C. § 1, ET SEQ.).

14.17.4 TO THE EXTENT THAT ANY STATE OR LOCAL LAW, ORDINANCE, REGULATION, OR JUDICIAL RULE SHALL BE INCONSISTENT WITH ANY PROVISION OF THE RULES OF THE ARBITRATION SERVICE UNDER WHICH THE ARBITRATION PROCEEDING SHALL BE CONDUCTED, THE LATTER RULES SHALL GOVERN THE CONDUCT OF THE PROCEEDING.

14.17.5 THIS SECTION 14.17 SHALL INURE TO THE BENEFIT OF, AND BE ENFORCEABLE BY, DECLARANT'S AFFILIATES, SUBCONTRACTORS, AGENTS, VENDORS, SUPPLIERS, DESIGN PROFESSIONALS, INSURERS AND ANY OTHER PERSON WHOM THE ASSOCIATION OR OWNER CONTENDS IS RESPONSIBLE FOR ANY ALLEGED DEFECT IN OR TO THE PROPERTY OR ANY IMPROVEMENT OR APPURTENANCE THERETO.

14.17.6 IN THE EVENT ANY DISPUTE IS SUBMITTED TO ARBITRATION, EACH PARTY SHALL BEAR ITS OWN ATTORNEYS' FEES AND COSTS (INCLUDING EXPERT COSTS) FOR THE ARBITRATION, UNLESS THE ARBITRATOR ORDERS OTHERWISE.

14.17.7 THE ARBITRATOR SHALL BE AUTHORIZED TO PROVIDE ALL RECOGNIZED REMEDIES AVAILABLE IN LAW OR IN EQUITY FOR ANY CAUSE OF ACTION THAT IS THE BASIS OF THE ARBITRATION. THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING. BUYER AND SELLER EXPRESSLY AGREE THAT AN APPLICATION TO CONFIRM, VACATE, MODIFY OR CORRECT AN AWARD RENDERED BY THE ARBITRATOR SHALL BE FILED IN ANY COURT OF COMPETENT JURISDICTION IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED.

14.17.8 THE PARTICIPATION BY ANY PARTY IN ANY JUDICIAL PROCEEDING CONCERNING THIS SECTION 14.17 OR ANY MATTER ARBITRABLE HEREUNDER SHALL NOT BE ASSERTED OR ACCEPTED AS A REASON TO DELAY,

TO REFUSE TO PARTICIPATE IN, OR TO REFUSE TO ENFORCE THIS SECTION 14.17. ATTORNEYS FEES AND COSTS SHALL BE BORNE PURSUANT TO SECTION 14.17.6

14.17.9 THE FEES TO INITIATE THE ARBITRATION SHALL BE ADVANCED BY THE SELLER OF ANY LOT AND/OR RESIDENCE AND SUBSEQUENT FEES AND COSTS OF THE ARBITRATION AND/OR THE ARBITRATOR SHALL BE BORNE EQUALLY BY THE PARTIES TO THE ARBITRATION; PROVIDED, HOWEVER, THAT THE FEES AND COSTS OF THE ARBITRATION AND/OR THE ARBITRATOR SHALL ULTIMATELY BE BORNE AS DETERMINED BY THE ARBITRATOR.

14.17.10 THE ARBITRATOR APPOINTED TO SERVE SHALL BE A NEUTRAL AND IMPARTIAL INDIVIDUAL.

14.17.11 THE VENUE OF THE ARBITRATION SHALL BE IN DAVIS COUNTY OR SALT LAKE COUNTY UNLESS THE PARTIES AGREE IN WRITING TO ANOTHER LOCATION...

14.17.12 IF ANY PROVISION OF THIS SECTION 14.17 SHALL BE DETERMINED TO BE UNENFORCEABLE OR TO HAVE BEEN WAIVED, THE REMAINING PROVISIONS SHALL BE DEEMED TO BE SEVERABLE THEREFROM AND ENFORCEABLE ACCORDING TO THEIR TERMS.

14.17.13 ALL PARTIES GOVERNED BY THIS DECLARATION ACKNOWLEDGE AND AGREE THAT THEY ARE WAIVING ANY RIGHTS TO HAVE THE DISPUTES DESCRIBED BY THIS SECTION 14.17 DECIDED IN A COURT OR BY A JURY TRIAL.

14.17.14 No Waiver. If any Owner, the Association, or the Declarant files a proceeding in any court to resolve any Dispute, such action shall not constitute a waiver of the right of such party or a bar to the right of any other party to seek arbitration of that or any other Dispute, and the court shall, upon motion of any party to the proceeding, direct that such Dispute be arbitrated in accordance therewith.

14.17.15 Amendment Requires Consent of Declarant. Notwithstanding any other provision of this Declaration, this Article and its Sections may not be amended except with the written consent of the Declarant.

14.18 View Obstructions. Each Owner, by accepting a deed to a Lot, hereby acknowledges that (a) there are no protected views within the Property, and no Lot is assured the existence or unobstructed continuation of any particular view or any particular source of natural light, and (b) any construction, landscaping, or other installation of Improvements by Declarant or other Owners may impair the view from any Lot. Each Owner, by accepting a deed to a Lot, hereby consents to such impairment or elimination of views or sources of natural light, and releases Declarant and the Association and their respective members, managers, directors, officers, employees, and agents from any and all claims for or related to view impairment or elimination.

ARTICLE 15  
ARCHITECTURAL CONTROL

15.1 Architectural Control. No Owner, except Declarant, shall, without the prior written approval of the Architectural Review Committee (the "Committee" or "ARC"), granted in accordance with the provisions of this Article 15, undertake or permit others to undertake upon said Owner's Lot: (i) the construction, installation, erection or expansion of any Residence or other Improvements, including utility facilities; (ii) the voluntary demolition or destruction of any Residence or other Improvements; (iii) the grading, excavation, filling or similar disturbance of the surface of the land, including, without limitation, changes of grade or drainage pattern, (iv) planting or other installation of landscaping, except as may be consistent with the pre-approved standards provided by the Board pursuant to Section 7.5 above; or (v) any change or alteration of any previously approved Improvements, including any change of exterior appearance, color or texture or approved landscaping. Approval shall be requested and granted or denied in accordance with this Article 15. If the Committee should determine, in accordance with the provisions of this Declaration, that a proposed Improvement or alteration of the same is not consistent with the Design Standards, if any, such Improvement or alteration shall not be made. Declarant and the Board shall have the standing and authority to enforce the Design Standards, if any, and the decisions of the Committee.

15.2 Architectural Review Committee. There shall be established a three (3) member Committee to administer the provisions of this Article 15. The creation and composition of the Committee shall be as provided in the Bylaws.

15.3 Purpose of Committee. The purpose of the Committee is to assure that all Residences and other Improvements which shall be constructed or installed in the Community (i) shall be of good quality and sound construction, (ii) shall harmonize with the existing surroundings and Improvements which have been or will be constructed in the Community, (iii) are located upon the applicable Lot in such manner as to enhance the overall design of the Community, (iv) shall be in compliance with Design Standards adopted by the Committee, and (v) shall not detract from the overall quality and design of the Community. Notwithstanding the foregoing, the Committee shall be permitted to approve such plans and specifications as it shall have determined, in its best judgment, will promote the development and maintenance of the Community as a first-class development, whether or not such plans and specifications comply strictly with the Design Standards, if any, formally adopted by the Committee as set forth in this Article 15. Compliance of proposed plans and specifications with applicable zoning requirements, building codes and other laws shall not necessarily mean that such plans and specifications shall be permitted to be developed and implemented pursuant to this Declaration. Approval of the plans and specifications may be withheld not only because of noncompliance with any of the specific conditions, covenants and restrictions contained in this Declaration, but also by virtue of the reasonable dissatisfaction of the Committee with the location of the Improvements on the Lot, the elevation, the color scheme, the finish, design, proportions, architecture, drainage plan, shape, height, style and appropriateness of the proposed Improvements or alteration to existing Improvements, the materials used therein, the landscaping, including size, height or location of vegetation on the Lot, or because of the Committee's reasonable dissatisfaction with any other matters which, in the reasonable judgment of the Committee, will render the proposed Improvements to be not in harmony with the Community or not in keeping with the Design Standards, if any. Notwithstanding any provision

to the contrary contained herein, the Committee may, in its discretion, issue blanket approval of any single-family Residence to be constructed according to a standard set of plans and specifications submitted in advance by a Builder and approved by the Committee in accordance with the procedures set forth in Section 15.5.

15.4 Design Standards. The Committee may, but shall not be required to, adopt such Design Standards as it reasonably deems necessary to inform Owners of the standards which will be applied in approving or disapproving proposed Improvements. Such Design Standards may be written or unwritten and may be adopted formally or otherwise, and the term "Design Standards" shall refer to any such standards as are adopted by the Committee. Any requirements imposed by the Committee as a condition for approval of any proposed Improvements shall be in compliance with existing law, but may impose additional requirements not otherwise imposed by law. The Committee shall have the right to amend or revise the Design Standards from time to time, in writing or otherwise, as the Committee may determine upon a majority vote of its members; provided, however, that no amendment or revision shall require an Owner to alter or modify either (i) any existing Improvement or landscaping constructed in accordance with the provisions of this Article 15 upon said Owner's Lot, or (ii) plans and specifications which shall have been approved by the Committee within six (6) months of the date of the adoption of such amendment or revision, pursuant to which plans and specifications construction shall have commenced, but may not be completed. The different, additional or revised Design Standards shall become effective as to all matters requiring Committee approval from and after the date of adoption of the revised Design Standards by the Committee. Design Standards may amplify but may not be less restrictive than the regulations and restrictions contained in this Declaration and shall be binding upon all Owners. Review and approval by the Committee shall be based upon the standards set forth in this Declaration, the Committee's reasonable judgment, and in the Design Standards, if any. The Committee shall consider not only the quality of the specific proposal, but also its effect and impact on neighboring Lots, existing Residences and the entire Community. In no event shall any Improvement be constructed which shall not be in compliance with engineering, architectural or building codes or any other code design requirements and zoning or other applicable municipal, state or federal laws, ordinances or regulations.

15.5 Design Review Procedures. The Design Standards, if any, may specifically set forth the procedures of the Committee with respect to the submission of plans and specifications for approval and may provide such other rules, regulations, policies and recommendations which the Committee will consider in approving or disapproving proposed construction or alteration of Improvements; provided, however, that such procedures shall not be less restrictive than the procedures required in this Article 15. Whether the Committee adopts formal Design Standards or not, an Owner shall submit to the Committee three (3) copies of plans and specifications for any Improvements to be constructed upon its Lot, which plans and specifications shall, unless otherwise specified by the Committee, include site plans, maps, dimension drawings, exterior elevations, drainage plans, parking plans, exterior colors, materials and textures and other data sufficient to adequately disclose the scope and design of the proposed Improvements and a detailed landscape plan. Within five (5) days of its receipt of a submission from an Owner, the Committee shall advise such Owner in writing whether the Committee considers the materials sufficiently complete to permit review by the Committee. If the Committee determines the submission to be insufficient, such notice shall specify the information that will be required to permit the Committee to begin its review. If an Owner desires to construct Improvements

according to plans and specifications for which the Committee has previously issued a blanket approval as set forth in Section 15.3, the provisions of this Section 15.5 shall not apply. Instead, such Owner shall proceed to prepare and submit final construction plans and specifications as set forth in Section 15.8.

15.5.1 Review Period. All such plans and specifications submitted to the Committee shall be approved or disapproved by the Committee in writing within thirty (30) business days after its receipt of a complete submission. In the event that additional information is requested by the Committee, the approval period will be extended accordingly. The Committee shall provide written notification of approval or disapproval. In the event that the plans and specifications are not approved as submitted, such written notification shall also include a reasonably detailed explanation of the reasons for such disapproval. The Committee shall have the right to approve submitted plans and specifications subject to specified conditions. Upon approval, two (2) copies of the plans and specifications and related materials shall be returned to the Owner and one (1) copy shall be retained by the Committee.

15.5.2 Term of Approval. Approval by the Committee shall be effective for a period of six (6) months from the date the approval is given, or six (6) months from the expiration of the thirty (30) day period specified where approval is not expressly granted or denied. If construction has not commenced within said six (6) month period, the approval shall be deemed expired and no construction shall thereafter commence without written renewal of such prior approval and such renewal shall be upon such terms as shall be imposed by the Committee pursuant to Design Standards, if any, then in effect.

15.6 Required Vote. The act, concurrence or determination of any two (2) or more members of the Committee shall constitute and shall be necessary for the Committee to act. Such concurrence or action of said two (2) or more members of the Committee may occur with or without a meeting, and at the same time or at different times. The Committee shall maintain such records as it shall deem necessary to record actions taken or determinations made by it. The Committee shall give notice to the Board of the Committee's decisions and the Board may review, vacate, modify or sustain a decision of the Committee within ninety (90) days of receipt of notice of decision.

15.7 Variances. The Committee may from time to time authorize variances from compliance with any provision of the Design Standards, if any, when circumstances such as topography, natural obstructions, or aesthetic, environmental or planning objectives or considerations may so warrant; provided, however, that no variance granted shall, in the reasonable opinion of the Committee, constitute a material violation of the standards for the Community set forth in Section 15.4 of this Declaration. Each such variance must be approved by a majority of the members of the Committee. If such a variance is granted, no violation of this Declaration or the Design Standards, if any, shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of a variance shall not operate to waive or to render unenforceable any of the terms and provisions of this Declaration for any purpose except as to the particular Lot and the provisions and circumstances covered by the variance, nor shall the granting of a variance be deemed to set a precedent with respect to any subsequent requests for variances. The Committee shall not delegate to any single member or group of members of the Committee or to any other person the power to grant variances pursuant to this Section 15.7. Any request for variance must be in writing and specify the variance requested and

the reasons for such variance. A request for a variance shall be reviewed by the Committee within thirty (30) business days after its receipt of a written request for the same. The Committee shall provide written notification of approval or disapproval. Notification of disapproval shall include a reasonably detailed explanation of the reasons for such disapproval. In the event that the Committee shall fail to act within said thirty (30) day period, the requested variance shall be deemed disapproved, and within fifteen (15) days from said date the Committee shall provide written notification of the reasons for such disapproval.

15.8 Inspection. The Committee shall have the right and authority to monitor construction of the Improvements to see that such Improvements are in compliance with the plans and specifications which have been approved by the Committee. The Committee shall notify the Owner in writing of any failure to comply with the plans and specifications approved by the Committee. This right of inspection shall expire thirty (30) days after the Committee shall have received a written notice of completion of construction from the Owner.

15.9 Notice of Noncompliance. If the Association or the Committee determines that any Improvements have been constructed without approval of the Committee or were not constructed in substantial compliance with the description and materials furnished to and any conditions of approval imposed by the Committee, then the Association or the Committee shall notify the Owner in writing of such noncompliance. Such notice shall specify the noncompliance and shall require the Owner to take such action as may be necessary to remedy the noncompliance within thirty (30) days of the date of such notice or in the event such noncompliance is not reasonably capable of being remedied within said thirty (30) days, then within such time, the Owner shall have commenced such action as shall be required to remedy the noncompliance and shall diligently prosecute the same to completion.

15.10 Correction of Noncompliance. If the Owner does not comply with the notice sent pursuant to Section 15.9, then the Association may, in its discretion, record a notice of noncompliance against the Lot on which the noncompliance exists, may remove or correct the noncomplying Improvement and, in such event, the Owner shall reimburse Declarant or the Association, as applicable, upon demand, for any and all expenses incurred in connection therewith. If such expenses are not reimbursed within thirty (30) days of notice thereof, the Board shall levy an Individual Assessment in accordance with the provisions of Section 5.8 of this Declaration. The Association shall have standing and authority to enforce in courts of competent jurisdiction the Design Standards, if any, and the decisions of the Committee. The right to remedy or remove any noncomplying Improvement shall be in addition to all other rights and remedies which the Association may have at law, in equity or under this Declaration, including specifically, but without limitation, the right to injunctive relief from a court of competent jurisdiction to stay construction or compel removal of a noncomplying Improvement. Should the Association be required to enforce the provisions hereof by legal action, the attorneys' fees and costs incurred, whether or not judicial proceedings are involved, shall be collectible from the Owner.

15.11 No Liability. No member of the Committee shall be personally liable for civil claims arising from acts or omissions made in the performance of duties as a member of the Committee, unless the acts or omissions are the result of the intentional misconduct of such member. Plans and specifications are not reviewed for (i) engineering, architectural, building code or any other code design requirements, (ii) compliance with zoning or other applicable

municipal ordinances or regulations, or (iii) compliance with the requirements of any public utility. Neither the approval of plans and specifications by the Committee, nor the compliance of such plans and specifications with the Design Standards, if any, shall be construed to constitute any acknowledgement, warranty or representation by Declarant, the Association or the Committee as to the technical sufficiency, adequacy or safety of any Improvement or the compliance with applicable building codes, regulations or laws, including specifically, but without limitation, the Americans With Disabilities Act of 1990, as amended, and any regulations adopted pursuant thereto.

15.12 Application to Declarant. The provisions of this Article 15, including specifically the Design Standards, if any, shall not be applicable to any Residence or related Improvements that Declarant intends to construct upon a Lot owned by Declarant unless Declarant consents in writing to submit itself hereto.

## ARTICLE 16 MORTGAGEE PROTECTION

16.1 Priority of Mortgage Lien. A breach of any of the provisions of this Declaration shall not affect, impair, or render invalid the lien or charge of any bona fide mortgage or deed of trust (the holder of which is defined as "Mortgagee") made in good faith and for value encumbering any Lot or Lots or portions of Lots in the Property, and it is expressly understood and agreed that a violation of any of said provisions shall not result in a re-entry, forfeiture, or reversion of title. All Owners shall be bound by this Declaration, whether such Owner's title was acquired by foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise.

16.2 Curing Defaults. A Mortgagee, or the immediate transferee of such Mortgagee, who acquires title by judicial foreclosure, deed in lieu of foreclosure, or trustee's sale shall not be obligated to cure any breach of the provisions of this Declaration which is not reasonably economically feasible to cure.

16.3 Resale. It is intended that any loan to facilitate resale of any Lot after judicial foreclosure, deed in lieu of foreclosure, or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other mortgages.

16.4 Conflicts. In the event of any conflict between any of the provisions of this Article 16 and any of the other provisions of this Declaration, the provisions of this Article 16 shall control.

## ARTICLE 17 INSURANCE

17.1 Duty to Obtain Insurance; Types. Anything in this Article 17 to the contrary notwithstanding, the Board shall obtain and maintain insurance in accordance with the provisions of the Act, including Utah Code sections 57-8a-403, 405 and 406 and related provisions, as amended. Each Owner may also insure its own Lot for its benefit and may be required to obtain insurance to meet the Owner's portion of any deductible on the Association's policy. Consistent with the foregoing requirements of law, the Association shall satisfy at least the following



minimum requirements to the extent such insurance is reasonably available (as the term “reasonably available” is defined in the Act, Utah Code Section 57-8a-401, as amended) and subject to reasonable deductibles:

17.1.1 Commercial General Liability Insurance. The Board shall cause to be obtained and maintained adequate commercial general liability insurance covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas, in an amount determined by the Board but with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate or as may be considered acceptable to the Federal National Mortgage Association (“FNMA”). Each Owner shall be an insured under the liability insurance policy obtained by the Association, but only for liability arising from the Owner’s interest in the Common Areas, maintenance, repair, or replacement of the Common Areas, and the Owner’s membership in the Association.

17.1.2 Property Insurance.

17.1.2.1 The Board shall cause to be obtained and maintained blanket property insurance or guaranteed replacement cost insurance on the Common Areas insuring against risks of direct physical loss commonly insured against, which insurance, after application of any deductibles, must not be less than one hundred percent (100%) of the full replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of items normally excluded from property policies.

17.1.2.2 Each Owner shall be an insured under the property insurance policy obtained by the Association.

17.1.2.3 The Association shall set aside an amount equal to the amount of the Association’s property insurance policy deductible or, if the deductible exceeds \$10,000, an amount not less than \$10,000.

17.1.2.4 If, in the exercise of the business judgment rule, the Board determines that a covered loss is likely not to exceed the Association’s property insurance policy deductible, and until it becomes apparent the covered loss exceeds the Association’s property insurance deductible and a claim is submitted to the Association’s property insurance insurer, the Association is responsible for any covered loss to any Common Area and the Association need not tender the claim to the Association’s insurer.

17.1.2.5 The insurance proceeds for a loss under the Association’s property insurance policy are payable to an insurance trustee that the Association designates or, if no trustee is designated, to the Association and may not be payable to a holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association. If damaged property is to be repaired or restored, insurance proceeds shall be disbursed first for the repair or restoration of the damaged property. After such disbursement is made and the damaged property has been completely repaired or restored or the Community is terminated, any surplus proceeds are payable to the Association.

17.1.3 Fidelity Bonds. The Board shall cause to be obtained and maintained fidelity bond coverage which names the Association as an obligee for any Person handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including Reserve Funds, in the custody of the Association at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the reserves and operating capital of the Association.

17.1.4 Directors and Officers Insurance. The Board shall cause to be obtained and maintained directors and officers liability insurance in a coverage amount not less than \$1,000,000.

17.1.5 Insurance Required by FNMA, the Government National Mortgage Association ("GNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). The Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the insurance and fidelity bond requirements established by FNMA, GNMA and FHLMC, so long as any of such entities is a Mortgagee or Owner of a Lot within the Property, except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

17.1.6 Other Insurance. The Association may purchase such other insurance as the Board deems necessary, including but not limited to errors and omissions, medical payments, and umbrella or excess liability insurance, and such other risks as are customarily covered with respect to projects similar in construction, location, and use.

## 17.2 Other Requirements.

17.2.1 If the Association becomes aware that property insurance or liability insurance as described in this Article 17 is not reasonably available, the Association shall, within seven (7) days of becoming aware, give all Owners notice, as provided in Section 14.13 of this Declaration, that the insurance is not reasonably available.

17.2.2 Except as otherwise required by the Act or as provided in this Declaration, the deductible for all insurance policies shall be as determined by the Board.

17.2.3 Nothing contained in this Article should be interpreted as releasing the Owner or occupant from the duty to insure the Lot and other Improvements located thereon.

17.2.4 Insurance shall be maintained for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear as named insured, subject, however, to loss payment requirements as set forth herein.

17.3 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby

waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of, or breach of any agreement by, any of said Persons.

17.4 Right and Duty of Owners to Insure. Each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of the Residence and all insurable Improvements on his Lot, less a reasonable deductible. It is the responsibility of each Owner to provide insurance on its personal property. Nothing herein shall preclude any Owner from carrying any public liability insurance as such Owner deems desirable to cover the Owner's individual liability for damage to person or property occurring upon the Owner's Lot. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by the Owner to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

17.5 Notice of Expiration Requirements. If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be canceled, terminated, materially modified or allowed to expire by its terms without thirty (30) days prior written notice to the Board and Declarant, and to each Owner and beneficiary, insurer, and guarantor of a first mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be canceled or substantially modified without thirty (30) days prior written notice to any insurance trustee named pursuant to this Declaration and to each FNMA servicer that has filed a written request with the carrier for such notice. Notwithstanding the foregoing, any cancellation of insurance coverage for nonpayment of a premium shall require not less than ten (10) days prior written notice.

17.6 Insurance Premiums. Insurance premiums for any insurance coverage obtained by the Association shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners.

17.7 Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the coverage referred to in this Article 17. The Board may, but is not obligated to, obtain a current appraisal of the full replacement value of the Common Areas from a qualified independent insurance appraiser, prior to each such annual review.

17.8 Required Waiver. All policies of physical damage and liability insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

17.8.1 subrogation of claims against the Owners and tenants of the Owners;

17.8.2 any defense based upon co-insurance;

17.8.3 any right of setoff, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;

17.8.4 any invalidity or other adverse effect or defense on account of any breach of warranty or condition caused by any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any Owner or any tenant of any Owner or their respective agents, contractors and employees;

17.8.5 notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot; and

17.8.6 any right to require any assignment of any mortgage to the insurer.

17.9 Damage to Community.

17.9.1 If all or any part of the Common Areas is damaged or destroyed, the Association shall repair or replace the same within a reasonable time unless (a) the Community is terminated, (b) repair or replacement would be illegal under a state statute or City ordinance, or (c) at least seventy-five percent (75%) of the Voting Interests of the Owners in the Association vote not to repair or replace the damage.

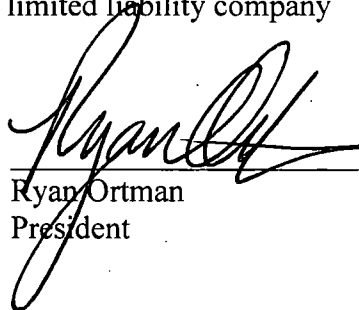
17.9.2 Repair or replacement of the damaged Common Areas shall mean to restore the Common Areas to a condition reasonably similar to the condition of the Common Areas before the damage.

17.9.3 The cost of repair or replacement of any Common Areas in excess of insurance proceeds and reserves is a Common Expense.

**IN WITNESS WHEREOF**, the Declarant has caused this Declaration to be signed as of the day and date first set forth above.

**DECLARANT**  
**WOODSIDE HOMES OF UTAH, LLC,**  
a Utah limited liability company

By



Ryan Ortman  
President

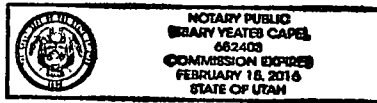
Its

STATE OF UTAH )  
 )§  
COUNTY OF SALT LAKE )

On this 12<sup>th</sup> day of March, 2015, before me, Briary Yeates Capel, a Notary Public in and for said County and State, personally appeared Ryan Ortman, personally known to me to be the President of Woodside Homes of Utah, LLC, a Utah limited liability company, and acknowledged that he is the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entity upon behalf of which he acted, executed the within instrument.

WITNESS my hand and official seal

Briary Yeates Capel  
Notary Public



(this area for official notary seal)

EXHIBIT "A"  
Covered Property

13/20

E 2840922 B 6172 P 337  
RICHARD T. HAUGHAN  
DAVIS COUNTY, UTAH RECORDER  
12/29/2014 10:46 AM  
FEE \$131.00 Pgs: 1  
DEP RTT REC'D FOR SYRACUSE CITY

December 12, 2014  
WOODSIDE HOMES OF UTAH LLC

STILL WATER LAKE ESTATES PHASE 5  
LOTS 501 THRU 567 AND DETENTION POND  
PARCELS A & D AND COMMON AREA B & C  
22 T4N R2W SE

Out of 12-106-0050

New # 12-811 +  
File # 5466

BOUNDARY DESCRIPTION

PART OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 4 NORTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN, U.S. SURVEY, BEGINNING AT A POINT WHICH IS SOUTH 89°59'22" EAST 100.00 FEET ALONG SECTION LINE AND NORTH 00°11'53" EAST 33.00 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 22, AND RUNNING THENCE NORTH 00°11'53" EAST PARALLEL WITH QUARTER SECTION LINE 157.05 FEET; THENCE SOUTH 89°56'37" EAST 304.17 FEET; THENCE 45.63 FEET ALONG THE ARC OF A 327.38 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 07°59'07" (CHORD BEARS NORTH 03°47'41" WEST 45.59 FEET); THENCE NORTH 00°11'53" EAST 45.46 FEET; THENCE NORTH 84°49'42" EAST 60.26 FEET; THENCE SOUTH 89°52'28" EAST 200.00 FEET; THENCE NORTH 89°37'36" EAST 60.00 FEET; THENCE SOUTH 89°52'28" EAST 200.00 FEET; THENCE NORTH 89°37'36" EAST 60.00 FEET; THENCE SOUTH 89°52'28" EAST 100.00 FEET; THENCE NORTH 00°11'53" EAST 504.08 FEET; THENCE NORTH 02°18'01" EAST 53.56 FEET; THENCE NORTH 15°48'34" EAST 61.42 FEET; THENCE SOUTH 70°34'24" EAST 32.00 FEET; THENCE NORTH 19°25'36" EAST 100.00 FEET; THENCE NORTH 19°25'36" EAST 100.00 FEET; THENCE SOUTH 70°34'24" EAST 435.99 FEET; THENCE SOUTH 00°11'53" WEST 863.58 FEET; THENCE NORTH 89°59'22" WEST 1501.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 704,179 SQ. FT. (16.17 ACRES) - 67 LOTS

12/29/14  
7:00

E 2840924 B 6172 P 340  
RICHARD T. MAUGHAN  
DAVIS COUNTY, UTAH RECORDER  
12/29/2014 10:47 AM  
FEE \$84.00 Pgs: 1  
DEP RTT REC'D FOR SYRACUSE CITY

December 12, 2014  
WOODSIDE HOMES OF UTAH LLC

STILL WATER LAKE ESTATES PHASE 6

LOTS 601 THRU 624

22 T4N R2W SE

Out of 12-106-0050

New # 12-812 +

File # 5467

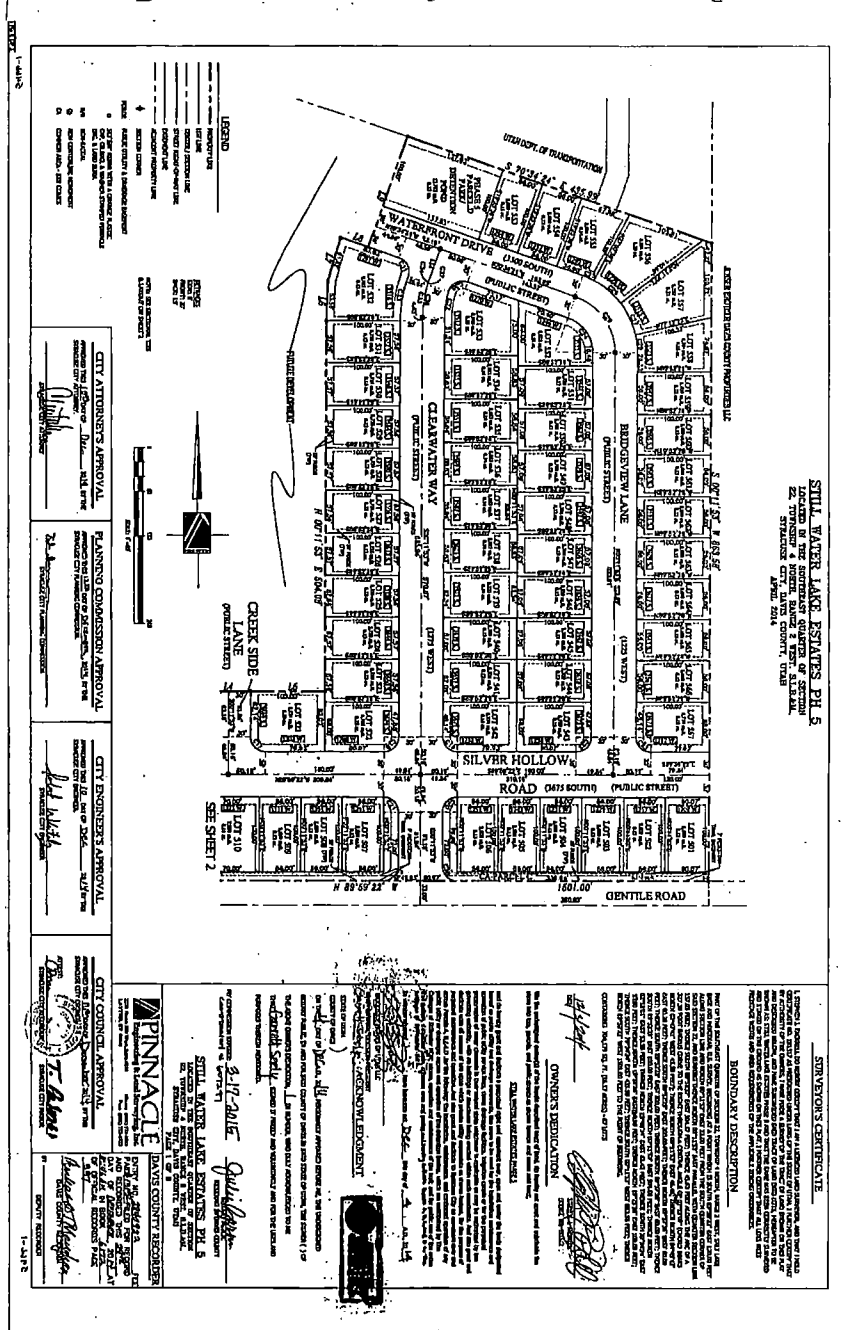
BOUNDARY DESCRIPTION

PART OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 4 NORTH, RANGE 2 WEST, SALT LAKE BASE AND MERIDIAN, U.S. SURVEY, BEGINNING AT A POINT WHICH IS LOCATED SOUTH 89°59'22" EAST 821.00 FEET ALONG SECTION LINE AND NORTH 00°11'53" EAST 287.00 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 22, AND RUNNING THENCE NORTH 00°11'53" EAST PARALLEL WITH QUARTER SECTION LINE 560.00 FEET; THENCE NORTH 07°40'02" EAST 69.10 FEET; THENCE NORTH 13°57'27" EAST 78.82 FEET; THENCE SOUTH 70°34'24" EAST 21.86 FEET; THENCE NORTH 19°25'36" EAST 160.00 FEET; THENCE SOUTH 70°34'24" EAST 283.07 FEET; THENCE SOUTH 19°25'36" WEST 160.00 FEET; THENCE NORTH 70°34'24" WEST 39.34 FEET; THENCE SOUTH 15°48'34" WEST 61.42 FEET; THENCE SOUTH 02°18'01" WEST 53.56 FEET; THENCE SOUTH 00°11'53" WEST 504.08 FEET; THENCE NORTH 89°52'28" WEST 100.00 FEET; THENCE SOUTH 89°37'36" WEST 60.00 FEET; THENCE NORTH 89°52'28" WEST 100.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 218,094 SQ. FT. (5.0 ACRES) - 24 LOTS

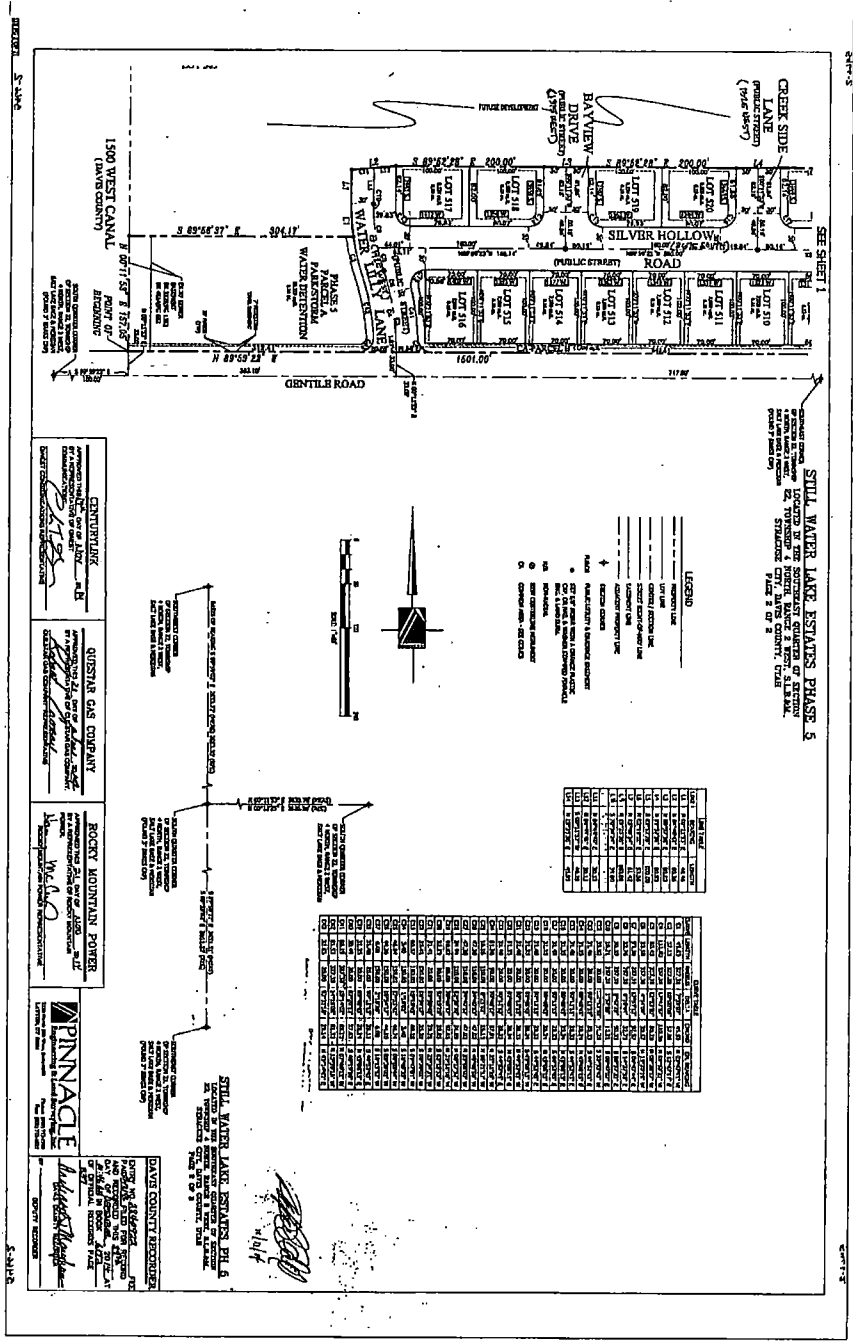
Exhibit "B"  
Plat Map

5466-1





5466-2



**CENTURIX**  
CENTURIX, INC.  
REGISTERED PROFESSIONAL ENGINEER  
No. 37188  
STATE OF MISSISSIPPI

**QUESTAR GAS COMPANY**  
QUESTAR GAS COMPANY  
REGISTERED PROFESSIONAL ENGINEER  
No. 48174  
STATE OF MISSISSIPPI

**ROCKY MOUNTAIN POWER**  
ROCKY MOUNTAIN POWER  
REGISTERED PROFESSIONAL ENGINEER  
No. 22109  
STATE OF MISSISSIPPI

**Pinnacle**  
Pinnacle  
REGISTERED PROFESSIONAL ENGINEER  
No. 25153  
STATE OF MISSISSIPPI

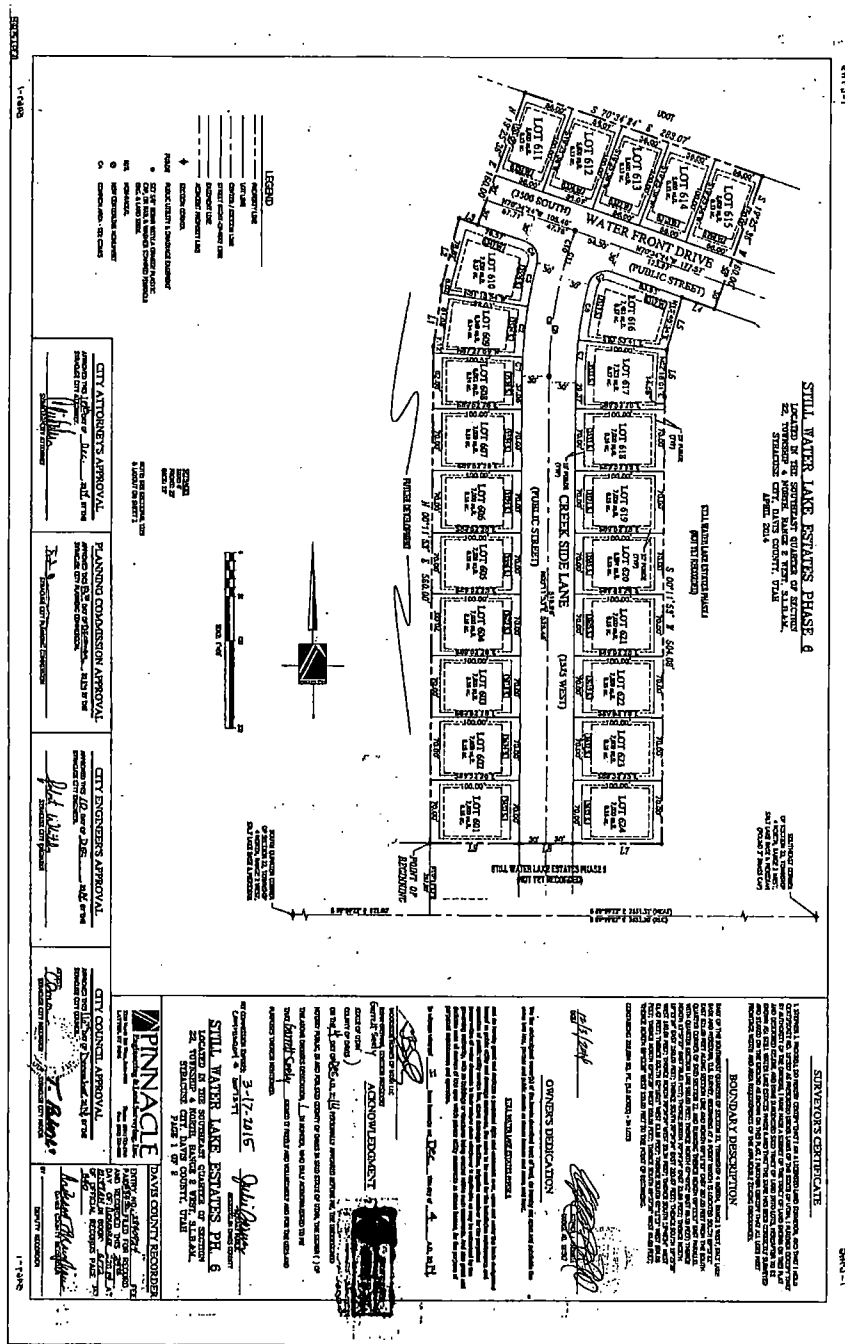
**DAVIS COUNTY ASSOCIATION**  
DAVIS COUNTY ASSOCIATION  
REGISTERED PROFESSIONAL ENGINEER  
No. 28104  
STATE OF MISSISSIPPI

**STILL WATER LAKE ESTATES PHASE 5**  
LOCATED IN THE SOUTHWEST QUARTER OF SECTION  
33 T36N R14E W2E  
DAVIS COUNTY, MISSISSIPPI  
PLAT 2 OF 2

- LEGEND**
- SOLID LINE: PROPERTY LINE
  - DASHED LINE: CENTER LINE
  - DOTTED LINE: RIGHT-OF-WAY LINE
  - THICK SOLID LINE: EXISTING DRIVE
  - THIN SOLID LINE: PROPOSED DRIVE
  - THIN DOTTED LINE: EXISTING WATER
  - THICK DOTTED LINE: PROPOSED WATER
  - THICK DASHED LINE: EXISTING UTILITY
  - THIN DASHED LINE: PROPOSED UTILITY
  - CIRCLE WITH 'X': EXISTING CURB
  - CIRCLE WITH 'O': PROPOSED CURB
  - CIRCLE WITH 'C': EXISTING CENTER
  - CIRCLE WITH 'R': PROPOSED CENTER
  - CIRCLE WITH 'E': EXISTING EASEMENT
  - CIRCLE WITH 'P': PROPOSED EASEMENT

LOT NO.	AREA (SQ. FT.)	PERCENTAGE
510	10,120.00	10.00%
511	10,120.00	10.00%
512	10,120.00	10.00%
513	10,120.00	10.00%
514	10,120.00	10.00%
515	10,120.00	10.00%
516	10,120.00	10.00%
517	10,120.00	10.00%
518	10,120.00	10.00%

5467-1



5467-2

2-14-12

2-14-12

LINE #	START	END	DESCRIPTION
1	0.00	10.00	EXISTING EASEMENT
2	10.00	20.00	PROPOSED EASEMENT
3	20.00	30.00	PROPOSED LOT
4	30.00	40.00	PROPOSED LOT
5	40.00	50.00	PROPOSED LOT
6	50.00	60.00	PROPOSED LOT
7	60.00	70.00	PROPOSED LOT
8	70.00	80.00	PROPOSED LOT
9	80.00	90.00	PROPOSED LOT
10	90.00	100.00	PROPOSED LOT
11	100.00	110.00	PROPOSED LOT
12	110.00	120.00	PROPOSED LOT
13	120.00	130.00	PROPOSED LOT
14	130.00	140.00	PROPOSED LOT
15	140.00	150.00	PROPOSED LOT
16	150.00	160.00	PROPOSED LOT
17	160.00	170.00	PROPOSED LOT
18	170.00	180.00	PROPOSED LOT
19	180.00	190.00	PROPOSED LOT
20	190.00	200.00	PROPOSED LOT

LINE #	START	END	DESCRIPTION
1	0.00	10.00	EXISTING EASEMENT
2	10.00	20.00	PROPOSED EASEMENT
3	20.00	30.00	PROPOSED LOT
4	30.00	40.00	PROPOSED LOT
5	40.00	50.00	PROPOSED LOT
6	50.00	60.00	PROPOSED LOT
7	60.00	70.00	PROPOSED LOT
8	70.00	80.00	PROPOSED LOT
9	80.00	90.00	PROPOSED LOT
10	90.00	100.00	PROPOSED LOT
11	100.00	110.00	PROPOSED LOT
12	110.00	120.00	PROPOSED LOT
13	120.00	130.00	PROPOSED LOT
14	130.00	140.00	PROPOSED LOT
15	140.00	150.00	PROPOSED LOT
16	150.00	160.00	PROPOSED LOT
17	160.00	170.00	PROPOSED LOT
18	170.00	180.00	PROPOSED LOT
19	180.00	190.00	PROPOSED LOT
20	190.00	200.00	PROPOSED LOT

**STILL WATER LAKE ESTATES PH. 8**  
 14 THUNDERBOLT & BROTHER, LAND & BLDG. SURVEYORS  
 14 THUNDERBOLT & BROTHER, LAND & BLDG. SURVEYORS  
 14 THUNDERBOLT & BROTHER, LAND & BLDG. SURVEYORS

**CENTENNIAL**  
 APPROVED TO THE ORDER OF THE BOARD OF SUPERVISORS  
 COUNTY OF BUTTE, CALIFORNIA  
 DATE: 11/15/11  
*[Signature]*

**QUESTAR GAS COMPANY**  
 APPROVED TO THE ORDER OF THE BOARD OF SUPERVISORS  
 COUNTY OF BUTTE, CALIFORNIA  
 DATE: 11/15/11  
*[Signature]*

**ROCKY MOUNTAIN POWER**  
 APPROVED TO THE ORDER OF THE BOARD OF SUPERVISORS  
 COUNTY OF BUTTE, CALIFORNIA  
 DATE: 11/15/11  
*[Signature]*

**PINNACLE**  
 APPROVED TO THE ORDER OF THE BOARD OF SUPERVISORS  
 COUNTY OF BUTTE, CALIFORNIA  
 DATE: 11/15/11  
*[Signature]*

**DAVIS COUNTY RECORDS**  
 APPROVED TO THE ORDER OF THE BOARD OF SUPERVISORS  
 COUNTY OF BUTTE, CALIFORNIA  
 DATE: 11/15/11  
*[Signature]*

Exhibit "C"  
Bylaws

**BYLAWS**  
**OF**  
**COTTAGES AT STILL WATER HOMEOWNERS ASSOCIATION, INC.**

A Utah Nonprofit Corporation

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act, Utah Code §§ 16-6a-101 *et. seq.* (as amended from time to time, the “Act”), the following Bylaws are hereby adopted as the Bylaws of Cottages at Still Water Homeowners Association, Inc., a Utah nonprofit corporation.

ARTICLE 1

NAME AND PRINCIPAL OFFICE

1.1 Name. The name of the nonprofit corporation is **Cottages at Still Water Homeowners Association, Inc.** (the “Association”).

1.2 Offices. The initial principal office of the Association shall be at 460 West 50 North, Suite 200, Salt Lake City, Utah 84101.

ARTICLE 2

DEFINITIONS

2.1 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in the Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements of the Cottages at Still Water executed by Woodside Homes of Utah, LLC, a Utah limited liability company, and as it may be amended from time to time (the “**Declaration**”), shall have such defined meanings when used in these Bylaws. References to “Declarant” in this document shall refer to Woodside Homes of Utah, LLC. “Director” “Trustee” and “Directors” or “Trustees” and “Board of Directors,” “Board of Trustees,” or “Board” are all used interchangeably as defined in the Declaration.

ARTICLE 3

MEETINGS OF MEMBERS

3.1 Annual Meetings. The annual meeting of Members shall be held on the first Wednesday of April of each year at 7:00 p.m., or at such other day and time as the Board of Directors shall fix by resolution. If the election of Directors shall not be held on the day designated herein for the annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members to be convened as soon thereafter as may be convenient.

3.2 Special Meetings. Special meetings of the Members may be called by the Board of Directors or the president or upon the written request of Members holding not less than thirty percent (30%) of the total voting interests of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Board of Directors or the president.

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

3.4 Notice of Meetings. The Board of Directors shall cause written or printed notice of the time, place and purposes of all meetings of the Members (whether annual or special) to be delivered not more than sixty (60) nor less than ten (10) days prior to the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the Member at the Member's Registered Address, with first-class postage thereon prepaid.

3.5 Members of Record. Upon purchasing a Lot, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such Lot has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining Members entitled to notice of or to vote at any meeting of the Members, or any adjournment thereof, the Board of Directors may designate a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the meeting, for determining Members entitled to notice of or to vote at any meeting of the Members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining Members entitled to notice of or to vote at the meeting. The Persons appearing in the records of the Association on such record date as the Owners of record of Lots in the Community shall be deemed to be the Members of record entitled to notice of and to vote at the meeting of the Members.

3.6 Quorum. At any meeting of the Members, the presence of Members holding, or holders of proxies entitled to cast, more than twenty-five percent (25%) of the total voting interests of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the Members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a date no less than five (5) and no more than thirty (30) days from the date of the originally scheduled meeting. If the time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be delivered to the Members in the manner prescribed for regular meetings of the Association. At the reconvened meeting, a quorum shall be established with the presence, in person or by proxy, of no fewer than ten percent (10%) of the total voting interests of the Association.

3.7 Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member or by the Member's attorney duly authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such

membership or their attorney duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the secretary of the Association or to such other officer or natural person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

3.8 Votes. Each Lot is assigned one equal vote, subject to the limitations on voting set forth in the Governing Documents. With respect to each matter submitted to a vote of the Members, the Owners of each Lot entitled to vote at the meeting shall have the right to cast, in person or by proxy, the number of votes appertaining to membership. The affirmative vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the Members, unless a greater proportion is required by the Governing Documents or Utah law. The election of Directors shall be by secret ballot.

3.9 Voting of Multiple Ownership Interests. If a membership is jointly held, all or any holders thereof may attend each meeting of the Members. The vote for such membership may be exercised as the co-Owners holding a majority of the ownership interest in the Lot determine among themselves. Any co-Owner may cast the vote for the Lot and majority agreement shall be conclusively presumed unless another co-Owner of the Lot protests promptly to the president of the Association or other natural person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of a majority agreement, or if two (2) or more co-Owners seek to vote independently, the Lot's vote shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

3.10 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting form of proxies, and method of ascertaining Members present, shall be deemed waived if no objection is made at the meeting.

3.11 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

3.12 Action by Written Ballot. Any action that may be taken by a meeting may also be taken by the Association delivering a ballot to every Member entitled to vote. An action by written ballot shall pass if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the action at a meeting. Any solicitation of votes by written ballot must (1) indicate the number of responses needed to meet quorum requirements; (2) state the percentage of approvals necessary to approve each matter; (3) specify the time by which the Association must receive the ballots to be counted; and be accompanied by sufficient written information so that the Member can reach an informed decision on the matter.

3.13 Meetings by Telecommunication. Members may participate in a meeting by any means of communication, so long as all natural persons participating in such meeting can hear

one another. Participation in a meeting through the above means shall constitute presence in person at such meeting.

3.14 Presumption of Assent. A Member of the Association who is present at a meeting of the Members at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the natural person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Association immediately after the adjournment of the meeting. No Member may dissent regarding action for which the Member voted in favor.

## ARTICLE 4

### BOARD OF DIRECTORS

4.1 General Powers. The property, affairs, and business of the Association shall be managed by its Board of Directors. The Board of Directors may exercise all of the powers of the Association, except such powers as are by the Act or the Governing Documents vested solely in the Members and/or the Declarant. The Board of Directors may by written contract delegate, in whole or in part, to a professional management organization or Person such of its duties, functions, and powers as are properly delegable.

4.2 Number, Tenure and Qualifications. The number of Directors of the Association shall be no fewer than three (3) and no more than five (5), provided that the Declarant may serve as the sole member of the Board prior to the purchase of Lots by Owners, or Declarant may appoint non-Owners to serve on the Board until Owners qualified and willing to serve are available. The number of Directors on the Board may be changed only by the approval of sixty-seven percent (67%) of the voting interests of the Association. The initial Board of Directors appointed by Declarant and substitute Board members appointed during the Declarant Control Period shall serve until the expiration of the Declarant Control Period, and new Directors shall be elected at a duly called meeting of the Members. At the meeting of the Members for the reorganization of the Board after the Declarant Control Period, three (3) new Directors shall be elected, one (1) to a term of two (2) years, and two (2) to a term of one (1) year. Each Director elected thereafter shall serve for a term of two (2) years, so that each year at least one Director shall be elected. All Directors, other than Directors elected during the Declarant Control Period, shall be Members of the Association and there shall be no limit to the number of terms of any such Member.

4.3 Regular Meetings. The regular annual meeting of the Board of Directors shall be held without other notice than these Bylaws immediately after, and at the same place as, the annual meeting of the Members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings without other notice than such resolution.

4.4 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any Director. The Person or Persons authorized to call special meetings of the Board of Directors may fix any place reasonably convenient to the Directors, as the place for



holding any special meeting of the Board of Directors called by such Person or Persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally or mailed to each Director at his Registered Address. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed, with first class postage thereon prepaid. Any Director may waive notice of a meeting.

4.5 Quorum and Manner of Acting. A majority of the then authorized number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. The Directors shall act only as a Board, and individual Directors shall have no authority to act alone except to carry out the decisions of the Board duly enacted.

4.6 Compensation. No Director shall receive compensation for any services that he or she may render to the Association as a Director; provided, however, that a Director may be reimbursed for expenses incurred in performance of his or her duties as a Director to the extent such expenses are approved by the Board of Directors and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his or her capacity as a Director (e.g., as a manager).

4.7 Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the president or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director, except a Director appointed by the Declarant, may be removed at any time, for or without cause, by the affirmative vote of seventy-five percent (75%) of the total votes that are cast at a special meeting of the Members duly called for that purpose at which a quorum is present.

4.8 Vacancies and Newly Created Directorships. If vacancies shall occur in the Board of Directors by reason of the removal, death, resignation or disqualification of a Director (other than a Director appointed by Declarant), the Directors then in office shall continue to act, and such vacancies shall be filled by a vote of the Members at a special meeting called for such purpose or at the next annual meeting. If the authorized number of Directors shall be increased, such newly created Directorships shall be filled by election of the Members at a special meeting or annual meeting of the Members. If vacancies shall occur in the Board of Directors by reason of death, resignation or removal of a Director appointed by the Declarant, such vacancies shall be filled by appointments to be made by the Declarant. Any Director elected or appointed hereunder to fill a vacancy shall serve the unexpired term of his or her predecessor or for the term of the newly created Directorship, as the case may be.

4.9 Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

ARTICLE 5

OFFICERS

5.1 Officers. The officers of the Association shall be a president, a secretary and a treasurer. The Association may also have such other officers as may from time to time be appointed by the Board of Directors.

5.2 Election, Tenure and Qualifications. The officers of the Association shall be chosen by the Board of Directors annually at the regular annual meeting of the Board of Directors. In the event of failure to choose officers at such regular annual meeting of the Board of Directors, officers may be chosen at any regular or special meeting of the Board of Directors. Each officer shall hold office until the officer's successor is elected at the next ensuing regular annual meeting of the Board of Directors, or until the officer's death, or until the officer's resignation, disqualification or removal in the manner provided in these Bylaws, whichever first occurs. Any one natural person may hold any two (2) or more of such offices, except that the president may not also be the secretary. The president shall be and remain a Director of the Association during the entire term of his or her respective office. No other officer need be a Director.

5.3 Subordinate Officers. The Board of Directors may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority and perform such duties as the Board of Directors may from time to time determine. The Board of Directors may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not be Members or Directors of the Association.

5.4 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the president or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board of Directors at any time, for or without cause.

5.5 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Directors at any regular or special meeting.

5.6 The President. The president shall preside at meetings of the Board of Directors and at meetings of the Members. The president shall sign on behalf of the Association all conveyances, mortgages, documents and contracts and shall do and perform all other acts and things that the Board of Directors may require of him or her.

5.7 The Secretary. The secretary shall keep the minutes of the Association and shall maintain such books and records as the Governing Documents or any resolution of the Board of Directors may require the Association to keep. The secretary shall also act in the place and stead of the president in the event of the absence of the president or the president's inability or refusal

to act. The secretary shall perform such other duties as the Board of Directors may require of him or her.

5.8 The Treasurer. The treasurer shall have the custody and control of the funds of the Association, subject to the action of the Board of Directors, and shall, when requested by the president to do so, report the state of the finances of the Association at each annual meeting of the Members and at any meeting of the Board of Directors. The treasurer shall perform such other duties as the Board of Directors may require of him or her.

5.9 Compensation. No officer shall receive compensation for any services that the officer may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of the officer's duties as an officer to the extent such expenses are approved by the Board of Directors and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his or her capacity as an officer (e.g., as a manager).

## ARTICLE 6

### COMMITTEES

6.1 Architectural Control Committee. In order to create, maintain and improve the Community as a pleasant and desirable environment, to establish and preserve a harmonious design for the Community and to protect and promote the value of the Property, all exterior design, landscaping and changes or alterations to existing use, landscaping and exterior design and development shall be subject to design review by the Architectural Review Committee (for purposes of this Section 6.1, the "Committee").

(a) Creation. The Committee shall consist of three (3) natural persons, the majority of whom shall constitute a quorum, and the concurrence of the majority shall be necessary to carry out the provisions applicable to the Committee. The initial Committee will consist of three (3) natural persons appointed by Declarant in its sole discretion for so long as there is Declarant Membership. At such time that the Declarant Membership shall have ceased to exist, the initial Committee shall be released from responsibility and a new Committee shall be selected which shall consist of three (3) Members. The Committee members shall be chosen by the Board of Directors annually at the regular annual meeting of the Board of Directors. In the event of failure to choose Committee members at such regular annual meeting of the Board of Directors, Committee members may be chosen at any regular or special meeting of the Board of Directors. Each Committee member shall hold office until the next ensuing regular annual meeting of the Board of Directors and until his or her successor shall have been chosen and qualified, or until his or her death, resignation, disqualification, or removal in the manner provided in these Bylaws, whichever first occurs. Except for the initial Committee appointed by Declarant, all members of the Committee must be Owners at the time of their selection. Should any Committee member move his or her residence outside of the Community, such member shall automatically be deemed to have resigned and the Committee shall declare a vacancy.

(b) Powers. The Committee is hereby authorized to perform the design review functions described in the Governing Documents and to carry out the provisions set forth

therein. The Committee is also authorized to retain the services of one or more consulting architects, landscape architects, or urban designers, who need not be licensed to practice in the State of Utah, to advise and assist the Committee in performing the Committee's functions.

(c) Design Review Fee. Each Lot Owner shall be required to pay a Three Hundred Dollar (\$300) design review fee to the Committee before any alteration, remodeling or other construction plans shall be reviewed or approved by the Committee. The Three Hundred Dollar (\$300) fee will be used by the Committee to pay the costs of architects and other professionals retained by the Committee to review plans.

6.2 Designation of Committees. The Board of Directors may from time to time by resolution designate such other committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. The membership of each such committee designated hereunder shall include at least one (1) Director. No committee member shall receive compensation for services that he or she may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his or her duties as a committee member to the extent that such expenses are approved by the Board of Directors and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his or her capacity as a committee member.

(a) Proceedings of Committees. Each committee designated hereunder by the Board of Directors may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Directors.

(b) Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Directors, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two (2) members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Directors hereunder shall act only as a committee and the individual members thereof shall have no authority to act alone except to carry out the decisions of the committee duly enacted.

(c) Resignation and Removal. Any member of any committee designated hereunder by the Board of Directors may resign at any time by delivering a written resignation to the president, the Board of Directors, or the presiding officer of the committee. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Directors may at any time, for or without cause, remove any member of any committee designated by it hereunder.

(d) Vacancies. If any vacancy shall occur in any committee designated by the Board of Directors hereunder, due to disqualification, death, resignation, removal or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two (2) or more members are

remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Directors.

## ARTICLE 7

### INDEMNIFICATION

7.1 Indemnification of Third Party Actions. The Association shall indemnify any natural person who was or is a party or is threatened to be made a party to any threatened, pending or completed Proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association), by reason of the fact that such person is or was a Director, officer or committee member of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another entity, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or Proceeding, had no reasonable cause to believe such Person's conduct was unlawful. The termination of any action, suit or Proceeding by an adverse judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or Proceeding, had reasonable cause to believe that the conduct was unlawful.

7.2 Indemnification of Association Actions. The Association shall indemnify any natural person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was a Director, officer or committee member of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner reasonably believed by such person to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

7.3 Determinations. To the extent that a natural person has been successful on the merits or otherwise in defense of any action, suit or Proceeding referred to in Sections 7.1 or 7.2 above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Any other indemnification under Section 7.1 or 7.2 above shall be made by the Association only upon a determination that indemnification of such person is proper in the

circumstances because such person has met the applicable standard of conduct set forth respectively in Sections 7.1 or 7.2 above. Such determination shall be made either by (i) the Board of Directors by a majority vote of disinterested Directors, (ii) independent legal counsel in a written opinion, or (iii) the Members by the affirmative vote of at least fifty percent (50%) of the total voting interests of the Association at any meeting duly called for such purpose.

7.4 Advances. Expenses incurred in defending a civil or criminal action, suit or Proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit or Proceeding upon a majority vote of a quorum of the Board of Directors and upon receipt of an undertaking by or on behalf of the natural person to repay such amount or amounts unless it ultimately be determined that such person is entitled to be indemnified by the Association as authorized by this Article or otherwise.

7.5 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Governing Documents, agreements, vote of disinterested Members or Directors or otherwise, both as to actions taken by a natural person in an official capacity and as to action taken in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Directors, officers, committee members, employees and agents of the Association and shall continue as to such persons who cease to be Directors, officers, committee members, employees or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.6 Insurance. The Association may purchase and maintain insurance on behalf of any natural person who was or is a Director, officer, committee member, employee or agent of the Association, or who was or is serving at the request of the Association as a Director, officer, employee or agent of another entity (whether for profit or not for profit), as may be deemed appropriate by the Board of Directors and as may be required by the Declaration and Utah law.

7.7 Payments and Premiums. All indemnification payments made and all insurance premiums for insurance maintained pursuant to this Article shall constitute Common Expenses, and shall be paid with funds from the general assessments referred to in the Governing Documents.

## ARTICLE 8

### FISCAL YEAR

8.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January each year and end on the last day of December next following, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE 9

RULES AND REGULATIONS

9.1 Rules and Regulations. The Board of Directors may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Common Areas of the Property, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Governing Documents. The Members shall be provided with copies of all rules and regulations adopted by the Board of Directors and with copies of all amendments and revisions thereof.

ARTICLE 10

AMENDMENTS

10.1 Amendments. During the Declarant Control Period, the Declarant may amend these Bylaws without the consent of the Members. After the Declarant Control Period, and except as otherwise provided by law or by the Governing Documents, these Bylaws may be amended, altered or repealed and new bylaws may be made and adopted only upon the approval of at least sixty-seven percent (67%) of the voting interests of the Association.

ARTICLE 11

GENERAL

11.1 Conflicts. These Bylaws are subordinate and subject to all provisions of the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control.

11.2 Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections, or Sections of these Bylaws shall not affect the remaining portions of these Bylaws or any part thereof, and in the event that any portion or portions of these Bylaws should be invalid or should operate to render these Bylaws invalid, these Bylaws shall be construed as if such invalid portion had not been included.

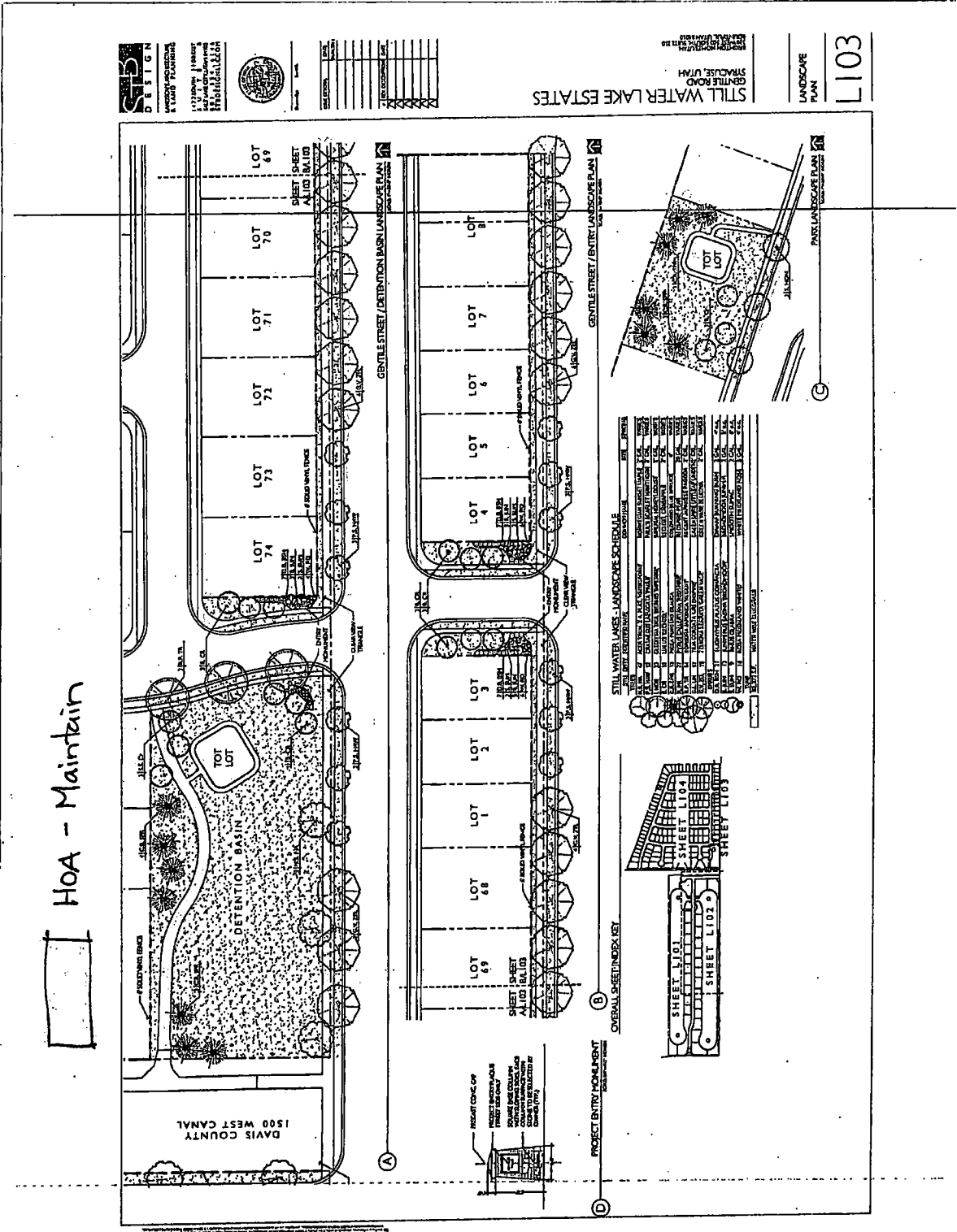
IN WITNESS WHEREOF, the undersigned, being the sole incorporator of the Association does hereby approve these Bylaws and adopt the same pursuant to §16-6a-205 of the Act as the Bylaws of the Association as of the date of incorporation of the Association.

INCORPORATOR



Ryan Ortman

Exhibit "D"  
Common Areas







**CDPS**  
DESIGN  
INC.

ARCHITECTURE  
LANDSCAPE ARCHITECTURE  
PLANNING  
ENGINEERING

11155 N. 19th Ave., Suite 100  
Denver, CO 80202  
Tel: (303) 751-1111  
Fax: (303) 751-1112  
www.cdpsdesign.com



DATE	DESCRIPTION

STILL WATER LAKE ESTATES  
GENTLE ROAD  
STRADDLE, UTM

SECTION  
ELEVATION  
L1015

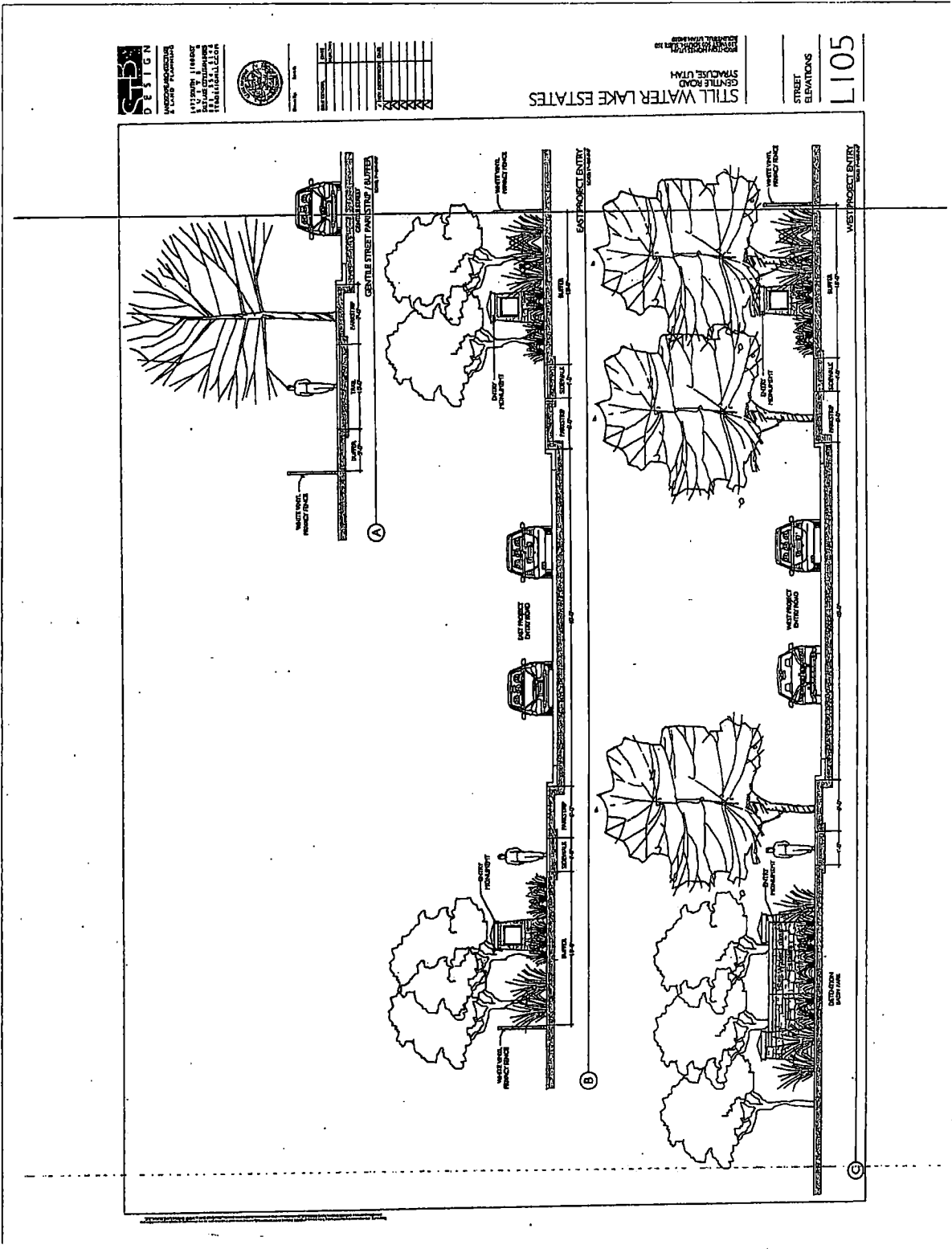


Exhibit "E"  
Landscape Plan

STP DESIGN  
LANDSCAPE ARCHITECTURE  
11330 N. 18800 E  
SUITE 100  
SALT LAKE CITY, UT 84141  
PHONE: 313.555.5555  
WWW.STPDESIGN.COM

NO.	DATE	DESCRIPTION
1	11/15/11	PRELIMINARY LAYOUT
2	12/15/11	REVISED LAYOUT
3	01/15/12	FINAL LAYOUT

STILL WATER LAKE ESTATES  
GENTILE ROAD  
SYRACUSE, UTAH  
PROJECT NO. 2855938  
DATE: 11/15/11

LANDSCAPE PLAN  
L104

