

AFTER RECORDING, PLEASE RETURN TO:

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Salt Lake City, Utah 84111-1537

DECLARATION OF COVENANTS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS AND RESTRICTIONS (the "Declaration"), dated as of the 10th day of August, 2007, is executed by (i) Mountain Home Development Corporation ("Mountain Home"), (ii) L.H. Perry Investments, LLC ("L.H. Perry"), (iii) L.R.H. Perry Investments, LLC ("L.R.H. Perry"), (iv) Perry Homes Utah, Inc. ("Perry Homes Utah"), (v) Perry Development, LLC ("Perry Development"), and (vi) Perry Homes, Inc. ("Perry Homes"). Mountain Home, L.H. Perry, L.R.H. Perry, Perry Homes Utah, Perry Development, and Perry Homes are referred to in this instrument collectively as "Declarants".

RECITALS:

A. Pursuant to that certain Settlement and Performance Agreement, dated as of the date hereof (the "Settlement Agreement"), between L.H. Perry, L.R.H. Perry, Perry Homes Utah, Perry Development, Perry Homes, (collectively, "Perry"), Fox Ridge Investments, LLC ("Fox Ridge"), Solitude Investments, LLC ("Solitude"), and Mountain Home, Mountain Home has agreed to convey to Perry the CD-1 Parcel, more particularly described on the attached **Exhibit A**, incorporated by this reference (the "CD-1 Parcel"), the Micron Parcel, more particularly described on the attached **Exhibit B**, incorporated by this reference (the "Micron Parcel"), and the East MD Parcel, more particularly described on the attached **Exhibit C**, incorporated by this reference (the "East MD Parcel"). The CD-1 Parcel, the Micron Parcel, and the East MD Parcel are referred to in this instrument collectively as the "Parcels".

B. Pursuant to the terms of the Settlement Agreement, Declarants desire to establish, with respect to the Parcels, certain covenants and restrictions on the terms and conditions set forth in this Declaration.

NOW, THEREFORE, for the foregoing purposes, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Declarants make the following declarations, and establish the following covenants and restrictions, all of which apply to, bind, affect and run with title to each parcel.

1. Covenants and Restrictions. Perry and Mountain Home covenant and agree as follows, on their own behalf and on behalf of their heirs, successors and assigns (each, an "Owner"), and each Owner of the Parcels shall be deemed to have taken title subject to and in recognition of the following facts and circumstances:

1.1 The Parcels shall be developed for residential purposes only;

1.2 The CD-1 Parcel shall have a density of not more than ten (10) residential units per acre;

1.3 The Micron Parcel shall be developed with two hundred (200) multi-family “for rent” apartments and 60 “for sale” townhomes, with the remainder of the Micron Parcel consisting of single family lots with an average size of 9,200 square feet (8,000 square foot minimum with 80 foot frontages);

1.4 The East MD Parcel shall have a density of not more than six (6) single family residences per acre;

1.5 Neither Perry nor any of its affiliates shall oppose or interfere with the efforts of Mountain Home or its affiliates or successors or assigns, to obtain area plan amendments, zone, re-zone, plat or otherwise entitle any area within that certain master-planned development commonly known as the Traverse Mountain Project and located in Lehi City, Utah County, Utah (the “Traverse Mountain Project”), unless such zoning or rezoning or other entitlement project directly changes the zoning, platting or land use entitlements of the Parcels;

1.6 Perry shall cooperate with Mountain Home in Mountain Home’s efforts to secure the zoning and other entitlements that Mountain Home is required to secure for the Parcels in accordance with the Settlement Agreement and the restrictions and covenants on the Parcels set forth herein;

1.7 The restrictions set forth herein shall not be modified except upon the written agreement of Perry and Mountain Home or their respective successors and assigns, and any such termination, modification or amendment shall be effective on recordation in the official records of the Utah County Recorder. In the event that Mountain Home is unable to secure the necessary area map amendments from Lehi City to permit the development by Perry of the Parcels pursuant to the covenants and restrictions set forth in this Paragraph 1, the covenants and restrictions in this Paragraph 1 in relation to the Parcels shall be of no further force and effect.

2. Covenants to Run with Land. This Declaration and the covenants and restrictions created by this Declaration are intended by the Declarants to be and shall constitute covenants running with the land as to each of the Parcels, and shall be binding upon and shall inure to the benefit of each Owner any person or legal entity that acquires or comes to have any interest in a Parcel, and their respective grantees, transferees, lessees, heirs, devisees, personal representatives, successors, and assigns. This Declaration and all of the covenants, provisions, and requirements hereof shall also inure to the benefit of each and every person or legal entity owning any interest in or occupying any portion of any of the Parcels. Each Owner shall comply with, and all interests in all Parcels shall be subject to, the terms of this Declaration. By acquiring, in any way coming to have an interest in, or occupying a Parcel, the Person so acquiring, coming to have such interest in, or occupying a Parcel, shall be deemed to have consented to, and shall be bound by, each and every provision of this Declaration.

3. Enforcement. The Owner of a Parcel or any portion of a Parcel shall have the right to enforce, through any permitted proceeding at law or in equity, the terms, provisions, restrictions and requirements of this Declaration. Any failure to insist upon the strict performance of or compliance with any of the terms, provisions, covenants and requirements of this Declaration shall not result in or be construed to be an abandonment or termination of this Declaration or any waiver of the right to insist upon such performance or compliance with the terms of this Declaration in the future. If any action or proceeding is brought because of a default under, or to enforce or interpret any of the covenants, provisions, or requirements of, this Declaration, the party prevailing in such action or shall be entitled to recover from the unsuccessful party reasonable attorneys' fees (including those incurred in connection with any appeal), the amount of which shall be fixed by the court and made a part of any judgment rendered.

4. Effective Date. This Declaration, any amendment or termination hereof, and any supplement hereto shall take effect upon its being filed for record in the office of the County Recorder of Utah County, Utah.

5. Titles, Captions and References. All Section titles or captions in this Declaration are for convenience only, shall not be deemed part of this Declaration and in no way define, limit, extend or describe the scope or intent of any provisions of this Declaration. When this Declaration refers to a Section by number or other designation, such reference shall be deemed to be to the correspondingly numbered Section of this Declaration unless the context refers to another agreement, document or instrument.

6. Pronouns and Plurals. Whenever the context may require, any pronoun used in this Declaration shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

7. Applicable Law. This Declaration shall be construed in accordance with and governed by the laws of the State of Utah, without reference to its choice of law rules. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be valid under applicable law; but, if any provision of this Declaration shall be invalid or prohibited under applicable law, such provision shall be ineffective to the extent of such invalidity or prohibition without invalidating the remainder of such provision or the remaining provisions of this Declaration.

8. Counterparts. This Declaration may be executed in any number of counterparts. Each such counterpart of this Declaration shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement.

9. Exhibits. All exhibits annexed to this Declaration are expressly made a part of and incorporated in this Declaration as fully as though completely set forth in this Declaration.

[Signatures and notary blocks appear on the following pages.]



MOUNTAIN HOME DEVELOPMENT CORPORATION, a Utah corporation,

By [Signature]
Name Stephen L. Christensen
Its CEO

State of UTAH)
County of Utah) ss.

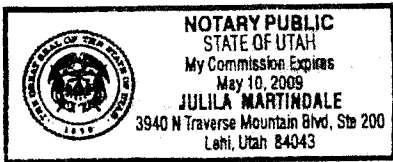
The foregoing instrument was acknowledged before me this 10 day of August, 2007, by Stephen L. Christensen, the CEO of Mountain Home Development Corporation.

(Seal)

[Signature]
Notary Public

My Commission Expires:
May 10, 2009

Residing at:
Lehi, Utah



PERRY HOMES, INC., a Utah corporation,

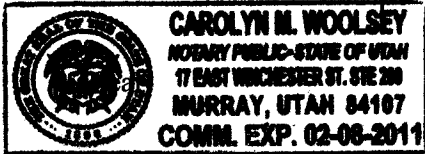
By William D. Perry

Name WILLIAM D. PERRY

Its ~~MANAGER~~ ^{CEO} CEO

State of UTAH)
) ss.
County of SALT LAKE)

The foregoing instrument was acknowledged before me this 10 day of August, 2007, by WILLIAM D. PERRY, the CEO of Perry Homes, Inc.



Carolyn M Woolsey
Notary Public

My Commission Expires:
02-08-2011

Residing at:
Salt Lake County

wp

PERRY DEVELOPMENT, LLC., a Utah limited liability company,

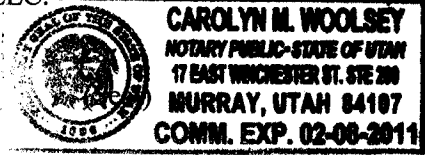
By William O. Perry

Name WILLIAM O. PERRY

Its MANAGER

State of UTAH)
) ss.
County of SALT LAKE)

The foregoing instrument was acknowledged before me this 10 day of August, 2007, by WILLIAM O. PERRY, the MANAGER of Perry Development, LLC.



Carolyn M Woolsey
Notary Public

My Commission Expires:
02-08-2011

Residing at:
Salt Lake County

mp

L.H. PERRY INVESTMENTS, LLC., a Utah limited liability company,

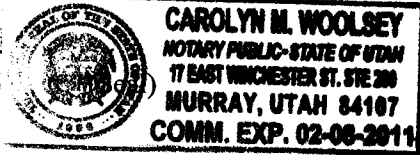
By William O. Perry

Name WILLIAM O. PERRY

Its MANAGER

State of Utah)
) ss.
County of Salt Lake)

The foregoing instrument was acknowledged before me this 16 day of August, 2007, by WILLIAM O. PERRY, the MANAGER of L.H. Perry Investments, LLC.



Carolyn M Woolsey
Notary Public

My Commission Expires:
02-08-2011

Residing at:
Salt Lake County

mp

EXHIBIT A

to

DECLARATION OF COVENANTS AND RESTRICTIONS

Legal Description of CD-1 Parcel

Beginning a point which is West 4183.77 feet and North 6484.25 feet from the Southeast Corner of Section 30, Township 4 South, Range 1 East Salt Lake Base and Meridian; To a point of curvature; thence along the arc of a 272.00 foot radius curve to the right 80.19 feet, through a central angle of 16°53'27", chord of which bears N 84°34'12" W 79.90 feet; thence N 76°07'28" W 645.62 feet, thence N 16°13'13" E 368.29 feet; thence S 77°02'55" E 818.55 feet; thence S 30°17'36" W 385.15 feet; to the POINT OF BEGINNING.

Containing 6.60 acres



EXHIBIT C

to

DECLARATION OF COVENANTS AND RESTRICTIONS

Legal Description of East MD Parcel

PARCEL MD-1

Beginning at a point which is North 1242.85 feet and West 300.95 feet from the Southeast Corner of Section 30, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence along an arc 102.50 feet to the right, having a radius of 541.23 feet and a central angle of 10°51'03", the chord of which is South 75°49'53" East for a distance of 102.35 feet; thence South 70°24'22" East a distance of 676.95 feet to a point of curvature; thence along an arc 213.52 feet to the right, having a radius of 401.00 feet and a central angle of 30°30'28", the chord of which is South 55°09'08" East for a distance of 211.00 feet; thence South 50°06'10" West a distance of 31.00 feet to a point of curvature; thence along an arc 223.18 feet to the right, having a radius of 370.00 feet and a central angle of 34°33'36", the chord of which is South 22°37'06" East for a distance of 219.81 feet to a point of curvature; thence along an arc 43.26 feet to the right, having a radius of 26.00 feet and a central angle of 95°20'19", the chord of which is South 42°19'50" West for a distance of 38.44 feet; thence West a distance of 493.84 feet to a point of curvature; thence along an arc 451.39 feet to the left, having a radius of 8545.00 feet and a central angle of 3°01'36", the chord of which is South 88°29'12" West for a distance of 451.34 feet; thence North a distance of 635.76 feet to the POINT OF BEGINNING.

The above described parcel contains 10.00 acres (435,600.83 sq. ft.)

Basis of Bearing being North 0°17'58" West 2648.83 feet between the Southeast Corner of Section 30, and the East Corner of Section 30, Township 4 South, Range 1 East, Salt Lake Base and Meridian.

PARCEL MD-2

Beginning at a point which is North 1277.15 feet and West 180.58 feet from the Southeast Corner of Section 30, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence South 89°41'23" East a distance of 1497.58 feet; thence South 0°14'39" East a distance of 650.04 feet; thence West a distance of 513.19 feet to a point of curvature; thence along an arc 39.20 feet to the right, having a radius of 26.00 feet, and a central angle of 86°22'25" the chord of which is North 46°48'48" West for a distance of 35.59 feet to a point of curvature; thence along an arc 303.87 feet to the left, having a radius of 480.00 feet and a central angle of 36°16'19", the chord of which is North 21°45'45" West for a distance of 298.82 feet; thence South 50°05'56" West a distance of 16.00 feet to a point of curvature; thence along an arc 247.06 feet to the left, having a radius of 464.00 feet and a central angle of 30°30'28", the chord of which is North 55°09'08" West for a distance of 244.15 feet; thence North 70°24'22" West a distance of 676.95 feet to the POINT OF BEGINNING.

The above described parcel contains 12.20 acres (531,376.76 sq. ft.)