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For WELLSVILLE CITY

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

FOR

STERLING RIDGE SUBDIVISION

a Residential Subdivision of 35 Single Family Lots
in the City of Wellsville, Cache County, State of Utah

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR STERLING RIDGE SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STERLING RIDGE SUBDIVISION ("Declaration") is made this _____ day of _____, 2009, by Sterling Ridge Developers, Inc., a Utah corporation (the "Declarant").

Recitals:

A. Declarant is the Owner of certain real property located in Wellsville City, Cache County, Utah, consisting of approximately 29.5 acres, more particularly described in Exhibit "A" to this Declaration. Wellsville City (the "City") has granted certain approvals for the Property to be subdivided into a total of thirty-five (35) single-family residential lots, as well as a church site lot. For purposes of this Declaration, the term "Property" shall mean and include all of the real property described in Exhibit "A" hereto except for the church site lot. This Declaration is being imposed on and recorded against the Property, and is intended to create binding servitudes that run with the land of the Property. This Declaration shall not be recorded against or otherwise encumber the church site lot.

B. Declarant intends to develop a residential subdivision on the Property, in two (2) or more phases, and to convey all lots therein subject to a general plan of development and to the covenants, conditions and restrictions in this Declaration.

Declaration:

NOW THEREFORE, Declarant declares as follows:

ARTICLE I
GENERAL PLAN OF DEVELOPMENT: DEFINITIONS

1.1 General Plan of Development. The Property that is subjected to this Declaration will be developed into a subdivision known as "Sterling Ridge Subdivision," which will contain thirty-five (35) single family residential lots. The roads within this subdivision will be public roads, and the City's ordinances and requirements for residential subdivisions regarding road-width, public rights-of-way, set backs, and other items shall apply, consistent with the plat approvals granted by the City for this subdivision.

1.2 Binding Servitudes that Run with the Land. All residential lots within the Property shall be held, sold, conveyed, encumbered, leased, used, occupied and improved subject to the protective covenants, conditions, restrictions and equitable servitudes set forth in this Declaration. It is the intention of the Declarant in imposing these covenants, conditions and restrictions to create a general plan of development, and to protect and enhance the property values and aesthetic values of the Property. The covenants, conditions and restrictions contained herein are intended to and shall run with the title of the land, and be binding upon the successors, assigns, heirs, and any other persons holding any ownership or possessory interest in the Property, and shall inure to the benefit of all other residential lots in the Property and to the benefit of the Association.

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1.3 Church Site Lot Excluded. Notwithstanding any other provision in this Declaration to the contrary, the church site lot, located within the subdivision and shown as Lot #5 on the Plat for Phase I of the

subdivision, shall not be subject to or encumbered by the provisions of this Declaration, nor shall it be a member of, governed by, or otherwise subject to the Association or the governing documents of the Association. This Declaration shall not be recorded against the church site lot. This Section 1.3 shall not be amended or modified without the prior written consent of the owner of the church site lot, which consent may be withheld for any reason or no reason, within the sole discretion of the owner of the church site lot. Nothing in this Declaration shall be construed to limit or restrict the ownership, uses, improvements, or activities of, at, or on the church site lot.

1.4 Declarant's Reserved Rights. These covenants, conditions, and restrictions shall be binding upon the Declarant and its successors in interest, and may be enforced by the Declarant, the Association, or by any Owner, as hereinafter defined. Notwithstanding the foregoing, no provisions of this Declaration shall prevent the Declarant or its successors or assigns from doing any of the following, which shall be deemed to be among Declarant's reserved rights in addition to such rights as may be described elsewhere in this Declaration: (1) Installation and completion of the Improvements, as hereinafter defined; (2) Use of any Lot owned by the Declarant as a model home, or for the placement of a temporary construction or sales office; (3) Installation and maintenance of signs incidental to sales or construction, subject to applicable laws and ordinances; and (4) Assignment of Declarant's rights under this Declaration in whole or part to one or more builders intending to construct homes on the lots within the Property.

1.4 Definitions. Unless the context clearly requires otherwise, the following terms used in this Declaration shall have the following meanings:

"Association" shall mean and refer to Sterling Ridge Subdivision Owners Association, Inc., a Utah non-profit corporation, its successors and assigns. The Association shall act by and through its Board of Directors and officers. The Association shall be governed by, and operated in compliance with, the terms and provisions of this Declaration, as well as the provisions of the Association's articles of incorporation and bylaws.

"City" shall mean the City of Wellsville, Utah, and its appropriate departments, officials and boards.

"Committee" shall mean the architectural review committee created under Article VI of this Declaration.

"Common Expenses" shall mean and refer to all costs reasonably incurred by the Association to pay for the administration of the Association and its affairs, to pay for the maintenance, repair and replacement of the Maintenance Areas, to pay for accounting and legal services, professional management fees and costs, insurance premiums, and any other costs or expenses reasonably incurred to administer the Association and maintain and repair the Maintenance Areas.

"Declarant" shall mean Sterling Ridge, Inc., a Utah corporation, and its successors and assigns.

"Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions, together with any subsequent amendments or additions.

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"Dwelling" shall mean the single family residence built or to be built on any Lot, including the garage.

"First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust or other security instrument encumbering a Lot recorded in the records of the Cache County Recorder's Office, having priority of record over all other recorded liens except those governmental liens made superior by statute.

"First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

"Improvement" shall mean all structures and appurtenances of every type and kind, including but not limited to buildings, dwellings, garages, storage buildings, walkways, retaining walls, sprinklers, pipes, driveways, fences, landscaping, pools, hot tubs, decks, stairs, poles, lighting, signs, satellite dishes or other antennas, and any mechanical equipment located on the exterior of a building.

"Lot" shall mean any numbered residential building Lot shown on any official plat of all or a portion of the Property. The term "Lot" shall not include the church site lot. It is intended that the Property be subdivided into a total of thirty-five (35) residential Lots.

"Maintenance Area" shall mean the landscaped screening area running along the edge of the Property bordering Mt. Sterling Road (on the South side of the Property) and the edge of the Property bordering Center Street (on the East side of the Property), as shown on the Plat. The Association shall have primary responsibility to maintain the Maintenance Area in a state of good condition. Nothing in this Declaration, however, shall be construed to prohibit Lot Owners from maintaining that portion of the Maintenance Area located within the boundaries of their respective Lots.

"Member" shall mean each Owner of a Lot that is subject to assessment hereunder and Declarant. Membership in the Association is appurtenant to, and may not be separated from, ownership of a Lot.

"Owner" shall mean the person or persons having title to any Lot (except that the term "Owner" as used in this Declaration shall not apply to the owner of the church site lot located within the subdivision). Owner shall mean the person holding fee simple title, including the Declarant, and buyers under any contract for deed. The term Owner shall not mean or include the mortgagee or beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure, trustee's sale, or any arrangement or proceeding in lieu thereof.

"Plat" shall mean an official subdivision plat of any portion of the Property, as approved by the City and recorded in the office of the Cache County Recorder, as such plat may be amended from time to time.

"Property" shall have the meaning set forth in the Recitals.

"Storm Water Permit" shall mean the UPDES Storm Water General Permit For Construction Activities which the buyer or Owner of each Lot shall be required to obtain from the Division of Water Quality of the Utah Department of Environmental Quality, as set forth in Section 10.5 below.

"Subdivision Improvements" shall mean all improvements and facilities to be installed outside of the boundaries of Lots, as identified on the Plat, including those items that are necessary to provide access and utility service to the Lots and items required by the City as a condition of its approval of subdivision of the Property.

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ARTICLE II RESTRICTIONS ON ALL LOTS

2.1 Zoning Regulations. The zoning ordinances of the City and any applicable building, fire, and health codes are in full force and effect in the Property, and no Lot may be occupied or used in a manner that is in

violation of any such ordinances or codes. All City ordinances apply to the Property and the Lots. The use restrictions and other provisions of this Declaration may be more restrictive than the City's ordinances, but not less restrictive.

2.2 Business or Commercial Uses. No portion of the Property may be used for any commercial, mining, or business use. Nothing in this provision is intended to prevent (a) the Declarant from using one or more Lots for purposes of a construction office or sales office during construction of the Subdivision Improvements or until the Lots are sold, whichever occurs later, (b) the conduct of a home occupation entirely within a Dwelling, or (c) use of the church-site lot by an ecclesiastical organization for church or church-related purposes. No home occupation will be permitted which requires or encourages clients, customers, patients or others to come to a Dwelling to conduct business, or which requires any employees outside of the Owner's immediate family or household.

2.3 Restriction on Signs. No signs will be permitted on any Lot within the Property, except for (a) traffic control signs placed by the City, temporary signs warning of some immediate danger, (b) signs not in excess of six square feet identifying the contractor and/or architect of any Dwelling unit while it is under construction, (c) signs indicating the Lot is for sale, (d) signs stating the address or the name of the owner of a Lot, subject to the consent of the Committee, and (e) signs approved in advance by the Committee. Notwithstanding the foregoing, the Declarant may erect and maintain a sign at the entrances to the Property for a period of no more than seven (7) years after the recordation of the Plat for the final phase of the subdivision, announcing the availability of Lots and giving sales information; provided, however, Declarant shall comply with the City's ordinances regarding signs..

2.4 Completion Required Before Occupancy. No Dwelling may be occupied prior to its completion and the issuance of a certificate of occupancy by the City.

2.5 Dwelling to be Constructed First. No garage, storage unit, or other out-building may be constructed prior to the construction of the Dwelling on a Lot.

2.6 Livestock and Pets. No animals or livestock shall be raised, bred or kept on any Lot, except as follows: dogs, cats or other household pets may be kept so long as they are not kept, bred or maintained for any commercial purpose. Any other animals or pets shall not be kept on any Lot unless approved in advance by the Board, and only so long as they comply with the City's ordinances.

2.7 Underground Utilities. All gas, electrical, telephone, television, and any other utility lines in the Property are to be underground, to the fullest extent reasonably possible, including lines within any Lot which service Improvements within that Lot. No propane tanks or oil tanks may be installed on any Lot except for temporary heat during construction.

2.8 Service Yards. No clothes lines, service yards, or storage yards shall be permitted. Exterior mechanical equipment must be screened in a manner approved by the Committee so that it is not visible from adjoining Lots, except as provided herein.

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2.9 Maintenance of Property: Cleanliness. All Lots and the Improvements and landscaping on them shall be maintained in a clean, sanitary, and attractive condition at all times. No unsightliness is permitted on any Lot. This shall include, without limitation, the open storage of any building materials (except during construction of Improvements) open storage or parking of farm or construction equipment, inoperable motor vehicles; accumulations of construction debris or waste; and household refuse or garbage except as stored in tight containers in an enclosure such as a garage. Notwithstanding the preceding sentence, Owners may store

boats, trailers, recreational vehicles and similar items on their Lots so long as such items are located to the side of, or behind, the Dwelling. Each Lot Owner shall be responsible to maintain his or her Lot and all Improvements and landscaping on the Lot in an attractive manner so as to not detract from the appearance and ambiance of the subdivision. Vacant Lots shall be clean in appearance and shall be kept free from refuse, debris, unsightly weeds, and potential fire hazards. If any Lot is not maintained in accordance with these standards, the Board may notify the Owner of the offending Lot. If the Owner of the offending Lot does not remedy the violation(s) within thirty (30) days of such notice, the Board may perform the maintenance and other actions reasonably necessary to bring the Lot into compliance with the provisions of this Declaration, in which case all costs and expenses incurred by the Association in remedying the violations shall be assessed against the Lot and the Owner of the offending Lot, and shall be collected, enforced and secured by the same assessment lien and enforcement provisions securing payment of regular assessments under the provisions of Article V of this Declaration. The City shall have the right, but not the obligation, to enforce the provisions of this Section 2.9.

2.10 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried out on any Lot, including the creation of loud or offensive noises or odors that detract from the reasonable enjoyment of nearby Lots.

2.11 No Hazardous Activity. No activity may be conducted on any Lot that is, or would be considered by the Board or the City to be unreasonably dangerous or hazardous, or which would cause the cancellation of conventional homeowner's insurance policy. This includes, without limitation, the storage of caustic, toxic, flammable, explosive or hazardous materials in excess or those reasonable and customary for household uses, and setting open fires (other than properly supervised and contained barbecues).

2.12 Exterior Lighting. Any outdoor lighting shall be subject to approval by the Committee, and no outdoor lighting shall be permitted except for lighting that is designed to aim downward and limit the field of light to the confines of the Lot on which it is installed. This restriction shall not prevent street lighting maintained by the City. All exterior lighting shall comply with City standards.

2.13 Annoying Sounds. No speakers, wind-bells, wind chimes, or other noise making devices may be used or maintained on any Lot which create noise that might reasonably be expected to be unreasonably or annoyingly loud to adjoining Lots, except for security or fire alarms.

2.14 Fuel Storage. No fuel oil, gasoline, propane, or other fuel storage tanks may be installed or maintained on any Lot, provided, however, reasonable amounts of propane (or similar fuel) may be stored for emergency heating purposes and for use in connection with barbecue grills. Dwellings shall be heated with natural gas, solar, electric heat, or geothermal heating. Propane or other such containerized fuels may be used only during construction of the Dwelling until the permanent heating system is installed and operational.

2.15 Transient Lodging Prohibited. Lots are to be used for residential housing purposes only, and shall not be rented in whole or in part for transient lodging purposes, boarding house, "bed and breakfast," or other uses for providing commercial accommodations. No lease of any Dwelling shall be for a period of less than 30 days. No Dwelling on a Lot shall be subjected to time interval or time fractional ownership.

2.16 Re-Subdivision. No Lot may be re-subdivided without the prior consent and approval of the Board and the City, and no re-subdivision of any Lot may result in the construction of any additional Dwellings within the Lot.

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2.17 Recontouring, Excavation and Grading. No Lot shall be recontoured, excluding grading for purposes of basement construction, without the prior written approval of the Committee. Among other matters, the Committee's approval may be conditioned on the requirement that the proposed grading conform to the general grading plan applicable to the Property (the "General Grading Plan"). Plans for excavation, grading and installation of rock retaining walls shall be submitted to the Committee at the time of submission of construction plans, in accordance with the provisions of Article VI. Anywhere cuts exceed a 3 to 1 slope, Lot Owners shall do one of the following until the disturbed area is properly revegetated: (i) use silt fencing, (ii) use erosion blankets, or (iii) as approved by the Committee, construct a decorative wall or use natural rock retaining walls. All disturbed areas must be covered with natural soil and planted with grasses or other appropriate plant material. Owners must retain or mitigate cuts or fills that impact any adjacent Lots. Owners are fully responsible to assure that drainage issues and flood control are handled appropriately and mitigated during grading, excavation and construction to avoid flooding of neighboring Lots and to avoid flooding of the Owner's own construction site and Dwelling. Each Owner is fully responsible to grade his or her Lot to the required specifications, and shall have no claims against Declarant for any drainage on or off the Lot or flooding. Each Lot Owner shall be responsible to minimize surface water run-off within his or her own Lot boundaries. Lot Owners should consider installation of French drains in locations where drainage may be at issue or problematic. All grading associated with construction of a Dwelling shall be completed prior to occupancy.

2.18 Drainage. In addition to the requirements set forth in the preceding provision, no Owner shall alter the direction of natural drainage from his or her Lot, nor permit accelerated storm run-off to leave his or her Lot without first using reasonable means to dissipate the flow and mitigate the run-off. Each Owner shall require its builder to deliver finished grades designed to convey storm water runoff to streets and other common water carriers, such as trails, paths, creeks, canals or ditches.

2.19 Sewer Connection Required. All Lots are served by sanitary sewer service, and no cesspools, septic tanks, or other types of waste disposal systems are permitted on any Lot. All Dwelling units must be connected to the sanitary sewer system.

2.20 Trash and Rubbish. All Lots (improved or unimproved) shall be kept free of rubbish, weeds, and other unsightly items, and shall be maintained in such a manner as not to detract from the residential quality of the Property. Trash, rubbish, garbage or other waste shall not be kept except in covered containers. Garbage and trash receptacles shall be permitted when kept in a visually screened enclosure, such that the garbage and trash receptacles are not visible from the improved roads within the Property.

2.21 Vehicles Restricted to Roadways. No motor vehicle (except motorized lawn and garden equipment) will be operated on the Property except on improved roads and driveways. No snowmobiles or motorcycles will be operated on any Lot except for ingress and egress or while loading the equipment for lawful transport on public streets. No vehicle parking shall be permitted in front yards or visible side yards other than on designated driveways.

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2.22 Kennels. No kennel or dog run may be placed or maintained closer than 30 feet to any Dwelling other than the Dwelling on the Lot where the kennel or dog run is maintained. Any and all Kennels must be screened from view by adjoining Lots and from the street by appropriate fencing or other materials, which must receive prior approval from the Committee prior to installation.

ARTICLE III
PROPERTY RIGHTS IN THE MAINTENANCE AREA

3.1 Owners' Right of Enjoyment. Subject to the provisions of this Section, every Owner shall have the right to enjoy and use that portion of the Maintenance Area located within the boundaries of the Owner's Lot. Nevertheless, the Maintenance Area has been designed and constructed in accordance with the requirements of the City to limit the visibility of the backyards of Lots that are adjacent to Mt. Sterling Road and Center Street. The Maintenance Area (also referred to in the City approvals as the "Buffer Strip" or "Screening Requirement") is forty (40) feet deep from the edge of the City's existing right of way on Mt. Sterling Road and Center Street, as depicted on the Plat. By taking title to a Lot, Owners acknowledge and agree that they understand the purposes of the Maintenance Area, and they will not do anything to alter or modify the design, construction, or landscaping of the Maintenance Area, unless approved in advance by the Board. Screening requirements are imposed by the City. Except as specified in Section 3.3(c) below, the Association shall not relinquish, sell, trade, deed or in any manner transfer to any other person or entity control of, or the maintenance obligations relating to, the Maintenance Area.

3.2 Extent of Owners' Right. The right of use and enjoyment of the Maintenance Area shall be subject to the following:

(a) No Owner shall alter or modify the design, construction or landscaping of the Maintenance Area located within the boundaries of the Owner's Lot;

(b) To the extent that the Maintenance Area within an Owner's Lot is damaged, altered, or changed in any manner, as a result of actions of the Owner or any guests, invitees, tenants, family members, or licensees of the Owner, such that the Maintenance Area does not fully serve the purposes described in Section 3.1 above, the Owner of such Lot shall be responsible to take the necessary actions (at the Owner's expense) to remedy and restore the Maintenance Area to its proper condition. If the Owner fails to remedy and restore the Maintenance Area as required herein within thirty (30) days after written request from the Association, the Association (through the Board) may hire a contractor to perform the necessary work to remedy and restore the Maintenance Area, in which case all costs and expenses incurred by the Association shall be assessed against the Lot and the Owner of the offending Lot, and shall be collected, enforced and secured by the same assessment lien and enforcement provisions securing payment of regular assessments under the provisions of Article V of this Declaration;

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(c) The right of the Association to enter onto, make access of, close, or limit the use of the Maintenance Area while maintaining, repairing, and/or making replacements in the Maintenance Area; and,

(d) Any Owner who desires to install a fence in the backyard area of a Lot shall install such fence no closer than twenty-five (25) feet to the City's existing right of way on Mt. Sterling Road and Center Street, as depicted on the Plat, and such fences shall comply with the following requirements:

- (i) The fence lines shall form a continuous line that is uniform and consistent with the location of the fences in the backyards of adjacent Lots, taking into account the berms and contours of the landscape within the "buffer strip;" and,
- (ii) The fencing materials shall be consistent and visually compatible with the fencing materials of the fences in adjacent Lots.

(e) All fences or other Improvements within the Maintenance Area must be approved in

advance by the Committee and shall otherwise comply with the requirements of Sections 6.2, 6.4 and 9.4 of this Declaration.

3.3 Use and Maintenance of Maintenance Area.

(a) No use shall be made of the Maintenance Area which will in any manner violate the conditions of approval imposed by the City on this subdivision.

(b) No Owner shall place or install any Improvements on any portion of the Maintenance Area, without the prior written approval of the Board.

(c) If an Owner installs a fence within the Maintenance Area of a Lot (as allowed under Section 3.2(d) above), the Owner of the Lot shall be responsible for maintaining and repairing the fence, as well as that portion of the Maintenance Area located on the Dwelling-side of the fence (as opposed to the street-side of the fence).

(d) The Association shall ensure that the Maintenance Area is maintained in good condition. Native grasses in the Maintenance Area shall be maintained and mowed as needed to maintain a clean and well-kept appearance. Trees and shrubs within the Maintenance Area shall be replaced if and when they die. The sprinkling system that provides water to the vegetation, shrubs and trees within the Maintenance Area shall be maintained in good working order. The Association shall take such other measures as are reasonably necessary for the Maintenance Area to have a clean and well-kept appearance.

3.4 Maintenance Endowment. Section 11-5-4(C)(2)(b)(6) of the City Code requires subdivision developers to endow the Association with funds equal to ten percent (10%) of the development cost of the common improvements of the Maintenance Area. To satisfy this requirement, Declarant shall deposit payment of 1/36th of such amount into an Association-controlled bank account at the closing of each sale of a Lot by Declarant.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS: THE ASSOCIATION

4.1 Membership. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Each Lot shall be entitled to one vote, and the vote for such Lot shall be exercised by the Owner or Owners as they determine.

4.2 Directors of the Association. The affairs of the Association shall be managed initially by a board of three (3) directors (the "Board"). When Declarant relinquishes control of the Board to the Owners pursuant to Section 4.3 below, the Board shall be managed by at least three (3) and no more than five (5) directors. Directors shall meet the qualifications described in the Articles of Incorporation and Bylaws of the Association.

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4.3 Management of the Association. From the date of formation of the Association until the termination of Declarant's control as provided below, Declarant shall have the right to appoint and remove any and all members of the Board and all officers of the Association. The period of Declarant's control of the Association shall terminate upon the last conveyance of all thirty-six (36) Lots in the subdivision by Declarant to a Lot purchaser in the ordinary course of business, or sooner if Declarant elects, in its sole discretion, to terminate the period of Declarant sooner. Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Board before termination of the period

of Declarant's control, but in that event Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Association or Board, as described in an instrument executed and to be recorded by Declarant, be approved by Declarant before they become effective. During the period of Declarant control of the Association, Declarant may appoint people to the Board and to serve as Officers who are not Owners of Lots.

4.4 Officers of the Association. The officers of this Association shall be as set forth in the Bylaws of the Association.

4.5 Association Right to Enforce Covenants. The Association, Declarant, and the City shall have the right, separate and apart from any individual Owner's right, to enforce any of the covenants, conditions and restrictions contained in this Declaration.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

5.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments, and (3) all costs or expenses incurred by the Association as a result of the actions or inactions of an Owner, including, without limitation, all costs and expenses incurred by the Association pursuant to the provisions of Sections 2.9, 3.2(b), and 10.2 herein or in otherwise enforcing the provisions of this Declaration. These assessments (general and special) and costs and expenses, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessments, costs or expenses are made. The obligation for such payments by each Owner to the Association is an independent covenant and obligation of the Owner, with all amounts due from time to time payable in full without notice (except as otherwise expressly provided in this Declaration) or demand, and without setoff or deduction. The lien may be enforced by foreclosure of the defaulting Owner's Lot by the Association in like manner as a mortgage or deed of trust (with power of sale) on real property. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees. The Board of Directors or managing agent of the Association may prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Lot and a description of the Lot. Such a notice may be recorded in the Cache county recorder's office. The lien for each unpaid assessment attaches to each Lot at the beginning of each assessment period and shall continue to be a lien against such Lot until paid. The costs and expenses for filing any notice of lien shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof. Each assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass from them. The Association's lien on a Lot for assessment shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Utah or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien.

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5.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively (i) to pay for the Common Expenses of the Association, including, without limitation, the costs and expenses incurred to maintain the Maintenance Area and any other areas within the subdivision that are the responsibility of the Association to maintain (i.e., the storm drainage area shown on the Plat), (ii) to pay for the costs and expenses of administering the Association, managing the affairs of the Association, and

enforcing the provisions of this Declaration, and (iii) to promote the health, safety and welfare of the residents of the Property.

5.3 Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date thereof shall bear interest from the due date at the rate of eighteen percent (18%) per annum, or at such lesser rate as may be set from time to time by the Association, and the Association may also assess a monthly late charge thereon. The Association may bring an action at law against the Owner personally obligated to pay the same, and may foreclose the lien against such Owner's Lot, and in the event a judgment is obtained, such judgment shall include interest on the assessment and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Maintenance Area or abandonment of his Lot. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, costs or fees, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. In any action brought by the Association (or counterclaim or cross claim brought by the Association) to collect assessments or to foreclose a lien for unpaid assessments, the Association shall be entitled to have a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's assessments of any kind or nature permitted hereunder.

5.4 Successor's Liability for Assessments. Notwithstanding any terms and provisions of this Declaration to the contrary, the sale or transfer of any Lot shall not affect the lien for assessments, charges, costs or fees levied hereunder, except that sale or transfer of a Lot pursuant to foreclosure of a First Mortgage or any proceeding in lieu thereof, shall extinguish the lien of Association assessments, but not the personal obligation of the Owner for the payment of assessments, which became due after the recording of the First Mortgage and prior to any such sale or transfer or foreclosure, or any proceeding in lieu thereof except to the extent the lien of the Association has priority over the First Mortgage under the provisions of this Article 5; provided, however, that any such assessments, charges, costs or fees which are extinguished as provided herein may be reallocated and assessed to all Lots. A First Mortgagee may be personally liable for any unpaid assessments, charges, costs or fees, or portion thereof, accruing against a Lot prior to the time such First Mortgagee takes title to such Lot, but only to the extent that the lien of the Association has priority over the First Mortgage under Section 11 herein. No such sale, transfer, foreclosure or any proceeding in lieu thereof, shall relieve any Owner from liability for any assessments, charges, costs or fees, or any portion thereof, thereafter becoming due, nor such Owner's Lot from the lien for such subsequent assessments, charges, costs and fees.

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5.5 Statement Regarding Assessments. The Association shall furnish to an Owner or such Owner's designee or to a holder of a Security Interest or its designee upon written request, delivered personally or by certified mail, first class, postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of any unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within fourteen (14) business days after receipt of the request and is binding on the Association, the Board and every Owner. If no statement is furnished to the Owner or holder of a Security Interest or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a priority lien upon the Lot for unpaid assessments which were due as of the date of the request. "Security Interest" as used herein shall mean an interest in real estate or personal property created by contract or conveyance

which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association, and any other consensual lien or title retention contract intended as security for an obligation.

ARTICLE VI COMMITTEE

It is the intention and purpose of this Declaration to impose architectural standards on the Improvements to any Lot of a type and nature that result in buildings which are architecturally compatible in terms of lot coverage, proportion, materials, colors and general appearance, while at the same time allowing for appropriate diversity in style and design. To accomplish this goal, the Declarant hereby establishes the Committee, which is empowered to oversee and enforce the Architectural Design Standards set forth in this Declaration.

6.1 Committee Composition. The architectural control committee (the "Committee") will consist of three (3) members, who may or may not be Owners. The initial Committee shall be appointed by the Declarant or its successor or assigns. Following the termination of Declarant's control of the Association pursuant to Section 4.3 above, or at such earlier date as is selected by Declarant in its sole discretion, the Board shall appoint the members of the Committee. Board members may also serve as members of the Committee. Prior to the termination of Declarant's control of the Association, Declarant shall have the right to appoint the members of the Committee. The right to appoint the membership of the Committee also includes the right to remove one or more members of the Committee and to fill vacancies. The Committee shall act by a majority vote of those present in any meeting duly called for conducting official business.

6.2 Approval by Committee Required. No Improvements of any kind, including without limitation the construction or installation of any Dwelling, garage, guest house, outbuilding, parking enclosure, driveway, tennis court, deck, gazebo, basketball court, any hard surfaced area in excess of 100 square feet, swimming pool, outdoor hot tub or spa, fence, wall, curb, satellite dish or antenna, solar panel, or any other permanent or temporary structure, may be constructed, erected, or installed in the Property or on or within any Lot without the prior written consent of the Committee. No excavation, grading, filling, draining, landscaping, shall be made without the advance written consent of the Committee. Approval of the Committee will be sought in the following manner:

(a) Plans Submitted. Plans for the construction of any new Dwelling must be submitted to the Committee for review. It is recommended that a preliminary plan be submitted before the expense of final construction drawings is incurred. The plan must be in sufficient detail to show the location on the Lot of the exterior walls of the Dwelling and all other structures to be built with it; detailed drawings of all elevations of all buildings showing locations of windows, doors, roof pitches, decks and other exterior elements; a list of exterior materials and roofing materials and/or a sample, including color samples; and a landscaping plan showing the location of landscaped areas, fences (including fence design), driveways, walkways, patios, decks and other hard surfaced or irrigated areas. In the case of an addition or modification of an existing Dwelling, the Committee may waive any of the forgoing it determines to be unnecessary for its review. Submission of plans may be made in two parts, that is, architectural plans without landscape plans and then a separate, second submission of the landscape plans. Notwithstanding any review and approval of plans by the Committee, each Owner shall be responsible for the design and placement of improvements on Lots to avoid damage from ground and drainage water, and neither the Committee nor the Developer shall have any responsibility or liability with respect thereto.

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(b) Review Fee. The applicant will pay a review fee to the Committee in an amount reasonably necessary to cover the costs of review and the administration of the program in an amount to be established from time to time by the Architectural Committee. As of the date hereof, the amount of the fee is one hundred fifty dollars (\$150.00).

(c) Review. Within 15 days from receipt of a complete submission (which shall include payment of the review fee), the Committee will review plans and make an initial determination whether or not the plans comply with the conditions imposed by the Declaration. If they do not, the plans will be rejected. If they are in compliance, the Committee will approve the plans. The Committee may also approve the plans subject to specific modifications or conditions. Owners may desire to submit preliminary plans for review. The committee will review preliminary plans, without fee, and make its comments known to the Owner provided, however, that no preliminary approval is to be considered a final approval, and no final approval will be granted on less than a complete submission. Upon approval, the Committee and the Owner will each sign a copy of the plans, which shall be left with the Committee. No construction that is not in strict compliance with the approved plans will be permitted.

(d) Written Record. The Committee will maintain a written record of its actions, and maintain in its files a copy of all plans approved or rejected for a period of five years.

(e) Failure to Act. If the Committee has not approved or rejected any submission within 30 days after payment of the review fee and submission of complete plans, the submission is deemed to have been approved.

(f) Board Review. Any Owner who is dissatisfied with a determination or decision by the Committee may seek review of the same by the Board. The Board is authorized to make final determinations regarding the issue or dispute, and the Board is authorized to make decisions that overturn, modify, reverse or confirm the decisions or actions of the Committee.

6.3 Variances. Variances to the design standards contained in this Declaration may be granted in the sole discretion of the Committee, but only if strict application of the design standards would create an unreasonable hardship to the Owner of any Lot. The Committee cannot grant any variance that has the effect of modifying applicable zoning or building code regulations.

6.4 General Design Review. The Committee will use its best efforts to provide a consistent pattern of development, and consistent application of standards of this Declaration. These standards are, of necessity, general in nature, and it is the Committee's responsibility to apply them in a manner that results in a high quality, attractive, and well designed community.

6.5 Declarant and Committee Not Liable. There shall be no liability imposed directly or indirectly on any member of the Committee for any loss, damage, or injury arising out of or in any way connected with the performance of the duties of the Committee unless due to the willful misconduct or bad faith of such member. In reviewing any matter, the Committee shall not be responsible for reviewing, nor shall its approval of any building, structure, or other item be deemed approval of, the building, structure, or other item from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations.

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6.6 Limitations on Review. The Committee's review is limited to those matters described in this Declaration. The Committee shall have no responsibility to enforce building codes, zoning ordinances, or other statutes, laws, or ordinances affecting the development or improvement of real property and shall have

no liability to any Owner whose plans were approved in a manner that included any such violation.

ARTICLE VII ARCHITECTURAL RESTRICTIONS

All Improvements on any Lot shall be subject to the following restrictions and design standards:

7.1 Number of Dwellings. Only one single family residence may be constructed on any Lot. All Dwellings shall have an attached garage for at least two cars.

7.2 Guest Houses, Barns and Out Buildings. Guest houses, barns, out buildings and all other storage buildings must conform to the Dwelling on the Lot in style and materials, including roof material.

7.3 Dwelling Size. Dwelling size requirements are as follows:

(a) A Rambler, One-story home shall have not less than 1,500 square feet of space on the main floor.

(b) A two-story home shall have not less than 1,200 square feet on the main floor, and not less than 2,000 square feet of finished living area. In the Committee's review of plans for any two-story home, particular attention to the design of the rear of the homes shall be required.

Notwithstanding the foregoing, the Committee may, in its sole and absolute discretion, grant variances to the minimum dwelling sizes requirements provided in Section 7.3(a) and (b) above; provided, however, that no such variance may be considered or granted unless the Owner seeking a variance agrees to include enhanced architectural features or landscaping acceptable to the Committee, which enhancements may include, by way of example, a three-car garage, increased roof pitch, enhanced landscaping or other enhanced architectural features.

7.4 Height and Width. No Dwelling structure shall exceed two stories above the main floor or ground level for living space or be more than thirty-five feet above a point representing the average grade at the front setback line, without prior written approval of the Committee. Minimum building length on all Lots shall be the lesser of 50 feet or 60% of the frontage, as measured at the setback line, provided, however, that the minimum Dwelling structure length may be reduced based on the Committee's review and approval of enhancements consistent with Section 7.3 above. All accessory buildings and structures shall comply with the City's ordinances.

7.5 Dwelling Setback and Placement. All residential dwellings shall be constructed in compliance with the City's set-back requirements.

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7.6 Exterior Requirement. No structure shall be built with less than 100% of all the faces of the structure being constructed of brick, stone, stucco, or other siding material approved by the Committee, nor shall any structure be built with less than 35% of the front being either brick or stone, unless otherwise approved in advance by the Committee. The use of fiber cement materials (such as Hardy Board or other similar products) is also permitted. The color of all masonry used shall be disclosed to the Committee, and Owners are encouraged to submit samples. The use of metal soffit or fascia sections is required. Wainscot is acceptable. White trim is permitted but white, bright, or dramatic colors shall not be used as primary exterior colors. All exterior colors and materials must be approved by the Committee prior to installation or application.

7.7 Roof Design. Roof pitches must be within a range of 6/12 to a 12/12 slope. All roofs shall be pitched. All roofing materials must be of architectural grade asphalt shingles or better, i.e. shake, tile, etc., as approved by the Committee. Mansard, fake mansard, A frame, gambrel, flat, curve-linear, and domed roof designs are prohibited. All roof metal such as flashing, vent stacks, gutters, and chimney caps shall be made of anodized aluminum or galvanized metal painted to match the adjoining roof color.

7.8 Windows. All windows must be at least double glazed.

7.9 Chimney, Vents. Chimneys must be enclosed in an approved material. Vent stacks must be combined to the extent possible to minimize the number of roof penetrations, and should generally not be visible from the street.

7.10 Antennas. All antennas other than dish antennas must be enclosed within the Dwelling. Satellite dishes or other communication dish antennas shall not exceed three feet in height and must be located and screened in a manner approved in advance by the Committee so that they are not directly visible from the street in front of the Dwelling. No satellite dishes shall be located in visible front or side yards. Solar panels will be permitted only with the consent of the Committee, and if permitted at all, must lie flat against the roof and may not differ in pitch or color from the roof surface on which they are mounted.

7.11 No Used or Temporary Structures. No previously erected, used, or temporary structure, mobile home, trailer house, or any other non-permanent structure may be installed or maintained on any Lot. No metal building or metal storage sheds are allowed.

7.12 Balconies and Decks. Any balcony or deck that is more than twenty-four inches above the natural grade must be constructed in compliance with the following: All posts, pillars and columns supporting any deck must be between at least eight inches in width. All handrails must be made of iron or synthetic vinyl. Any other materials must be approved in advance by the Committee before installation or use. The area under any ground-level deck must be either landscaped or screened from view so that there is no view of the underside of the deck from adjoining Lots or from the streets. The area under any deck shall not be used for storage of equipment, firewood, building material, or similar material. The underside of any deck that is exposed (as in the case of a second story deck or balcony) must be finished and painted or stained.

7.13 Driveways. Every garage shall be serviced by a driveway, which shall be of sufficient width and depth so as to park two vehicles side by side completely out of the street right of way. All driveways are to be constructed only of concrete, provided that all driveways to street connections shall be constructed in compliance with the City's code.

7.14 Ground Water. In the event the Declarant or any other party installs a ground water drainage system for any portion of the Property, Owners shall be required to obtain the approval of the Committee prior to diverting water into such system.

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7.15 Variances. The Board may grant variances to any of the architectural restrictions set forth in this Article VII when, in its discretion, strict application of the requirements would cause hardship or when, in the Board's reasonable opinion, the home and neighborhood would be enhanced by granting a variance or other relief in exchange for enhancements to the home or the Lot.

ARTICLE VIII
CONSTRUCTION COVENANTS

In order to minimize the inconvenience to neighboring Owners during periods of construction within the Property, the following construction regulations shall be enforced. These regulations shall be made a part of the construction contract between the Owner and the Builder of each Dwelling or other Improvements on a Lot. The Owner shall be bound by these regulations, and violations committed by the Builder or its employees, subcontractors or others shall be deemed a violation by the Owner for which Owner is liable.

8.1 Portable Office or Trailer. A builder or general contractor constructing a home on a Lot may utilize a portable office or trailer during the construction period only. The portable office must be located within the Owner's Lot. The temporary office may not be installed prior to the commencement of construction, and must be removed upon the first to occur of: (1) the issuance of a Certificate of Occupancy, (2) the termination, expiration, or cancellation of the Building Permit, (3) the suspension of construction activities for a period of 60 days, or (4) one year after the commencement of construction.

8.2 Construction Debris Removal. The Builder must comply with City ordinances requiring the placement and maintenance of a trash container or dumpster on the Lot. The Builder shall collect trash at the end of each work day and deposit construction trash, packing material, unusable scraps, and other debris in a suitable container, protected from the wind, and regularly serviced. No trash may be burned, buried, or otherwise disposed of within the Property. No concrete trucks may be cleaned out on the Lot or elsewhere within the Property.

8.3 Construction Area Appearance. The Lot must be maintained in a reasonably organized and neat condition at all times during the construction of a Dwelling or other Improvements. Once the Dwelling is enclosed, materials shall be stored inside, and out of sight, whenever practical and possible.

8.4 Sanitary Facilities. The Builder is responsible for the installation and maintenance of an approved portable toilet facility during construction.

8.5 Construction Sign. During periods of actual construction on the Dwelling, the Owner or Builder may install a sign not to exceed six square feet in area identifying the Lot and the Builder. The sign must also comply with any sign ordinance enacted by the City after the date of this Declaration. The sign must be removed upon completion or abandonment of construction.

8.6 Hours of Work. Daily working hours on the site shall be limited to the period beginning at 7:00 AM and ending at 9:00 PM, or such lesser period as is allowed by City ordinances. The Builder is responsible for controlling noise emanating from the site.

8.7 Removal of Mud. The Builder is responsible for cleaning up and removing mud that is deposited on the roadways of the Property by their construction operation at least once each week.

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8.8 Duration of Construction. No construction shall occur without a building permit and all other necessary permits from the City and any other governmental entity having jurisdiction over construction on the site. No materials, tools, temporary offices or portable toilets, excavation or construction equipment, or similar materials or equipment may be delivered to this site prior to the issuance of the building permit. It is the obligation of the Owner to complete construction with all reasonable speed once construction has commenced, and in any event, all exterior surfaces of the building shall be substantially completed within a period of six (6) months from the date that the foundation is complete. All soil stabilization work must be

completed as soon as possible after completion of the exterior of the Dwelling, but in no event later than the summer following completion of the exterior of the Dwelling.

ARTICLE IX LANDSCAPE STANDARDS

It is the intent of this Declaration to require appropriate landscaping of Lots following construction of any Improvements, and to encourage the use of appropriate plant materials. The use and Improvement of each Lot is subject to the following Landscape Standards:

9.1 Lawn and Landscaping Required. Landscaping of all yards must be installed in accordance with a landscaping plan approved by the Committee (the "Landscaping Plan") as soon as practical following completion of the construction of the Dwelling, but in no event later than twelve (12) months from the date of occupancy. Trees, lawns, shrubbery and other plantings provided by each Owner shall be properly nurtured and maintained at the Owner's sole expense, including replacement of the same at the Committee's request. The selection and planting of trees shall also comply with the requirements of the City's Shade Tree and Beautification Committee, in accordance with the City code.

9.2 Placement of Trees and Shrubs. Planting of at least four (4) trees (including street trees) and at least eight (8) two-gallon shrubs in the front and/or visible side yard within each Lot is required. When used to meet the minimum requirement, conifers shall be a height of at least six feet and deciduous trees shall be at least two-inch caliper. The planting and placement of the trees shall comply with the Landscaping Plan submitted to and approved by the Committee (per Section 9.1 above).

9.3 Sprinkler System. All landscape and lawn areas, including those in the landscape strip, shall be provided with permanent automatically controlled underground sprinkler systems.

9.4 Fences. Fencing shall be permitted in the Property only in accordance with applicable City ordinances and this Declaration. No fences may be constructed without the prior written approval of the Committee, which may include in its approval criteria considerations of style, material, height, color, and effect on neighboring properties. Fencing shall be compatible in appearance and design with fencing in adjacent Lots. Fencing of front yards shall not be permitted; side yards may be fenced with a full height fence up to a point which is no closer than the midpoint of the distance between the front of the Dwelling and the edge of the City street right of way in front of the Dwelling. From that point to the City street right of way, open-style fences such as picket fence that are no taller than 36 inches may be installed in accordance with City standards. Barb wire and field fence on posts are prohibited. No chain link is permitted as cross-fencing or in back and side yards where it is visible from roads. The Committee may approve wood fences, if provisions for proper maintenance are made.

9.5 Fires. No exterior fires whatsoever, except barbecue fires contained in receptacles provided therefor, shall be allowed.

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ARTICLE X OWNERS' OBLIGATIONS

10.1 Duty to Install and Maintain. The Owner of each Lot shall maintain his or her Lot and the Improvements thereon in a good state of repair and an attractive, safe, and healthy condition, as required by the provisions of Section 2.9 and elsewhere in this Declaration. The Owners of each Lot shall also comply with the landscaping installation and maintenance requirements set forth in Article IX above. The remaining

provisions of this Article X are intended to secure the timely performance of all such obligations, and to require performance of additional items.

10.2 Repair by Committee. In the event that an Owner fails to timely satisfy any of the obligations referenced in Section 10.1 above, or otherwise permits his or her Lot or Improvements to fall into a state of disrepair that is in a dangerous, unsafe, unsanitary, or unsightly condition, or otherwise fails to comply with any other covenant or restriction of this Declaration, the Committee may give written notice to the Owner describing the condition complained of and demanding that the offending Owner correct the condition within 30 days. If the offending Owner fails to take appropriate corrective action, the Committee shall have the right, but not the obligation, to enter upon the offending Owner's Lot and take corrective action to abate the condition. All costs of abatement shall be charged to the offending Owner, who agrees to promptly pay the reasonable costs of any work performed under this provision. In addition, each Owner hereby grants to the Committee a lien on his or her Lot and the Improvements on such Lot to secure repayment of any sums advanced pursuant to this section, which lien may be foreclosed by the Committee in the manner prescribed in Utah for the foreclosure of deeds of trust or mortgages. Alternatively, without requiring foreclosure, the Committee may seek collection of sums advanced directly from the Owner of the Lot in question. In order to claim such a lien, the Committee shall record a notice of lien in the office of the Cache County Recorder, setting forth the amount claimed and the work performed for which such lien is asserted. Unpaid amounts will bear interest from the date advanced at the rate of ten percent (10%) per annum until paid in full.

10.3 Alteration of Exterior Appearance. The Owners will maintain their Lots and Improvements in substantially the same condition and appearance as that approved by the Committee. No subsequent exterior alterations, improvements or remodeling, whether structural or changes in landscaping, paint color or materials will be made without the advance consent of the Committee.

10.4 Repair Following Damage. In the event of casualty loss or damage to the Improvements, the Owner will be entitled to reconstruct the Improvements as they existed prior to the damage or loss without review by the Committee, provided however that alterations or deviations from the original approved plans will require review. Nothing in this Declaration is intended to prevent an Owner who has suffered property damage or loss from taking temporary measures to secure the property and prevent further damage, or to prevent injury or dangerous conditions following loss or damage, before reconstruction begins. Such temporary measures may be taken without the consent or approval of the Committee, provided that any such measures must be of a temporary nature, and repair or reconstruction must begin as soon as circumstances will permit. No damaged structure will be permitted to remain on any Lot for more than 90 days without repairs commencing, and any damaged structure which remains unrepaired after 90 days following the occurrence of damage shall be deemed a nuisance.

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10.5 Storm Water Permits. All Owners who acquire title to a Lot (whether the Owner is a builder, individual person, entity or otherwise) shall obtain their own Storm Water Permits (as defined in Article I above) from the Division of Water Quality (Utah Department of Environmental Quality) prior to commencing any construction-related activities for which a Storm Water Permit is required (including, without limitation, excavating, grading, or otherwise disturbing the surface materials or vegetation on the Lot). The Storm Water Permit may be obtained by filling out an application form online at www.waterquality.utah.gov/updes/stormwater.htm or contacting the Division by telephone at (801) 538-6146. All Owners who seek to engage in any construction-related activities requiring a Storm Water Permit covenant and agree to comply with the Storm Water Permit requirements, including, without limitation, the requirement to develop and implement a Storm Water Pollution Prevention Plan. In addition to the requirements and provisions of Sections 2.17 and 2.18 of this Declaration, Owners shall be fully and solely responsible for preventing rain and snowmelt from carrying sediment or pollutants into the streets or any

storm drain facilities from any un-landscaped areas of their Lots. Owners covenant and agree not to stockpile any landscaping materials, dirt, gravel or other such materials in the streets. Owners other than Declarant, following their purchase of a Lot, hereby indemnify and hold Declarant harmless from and against any and all claims, liabilities, fines, costs, fees, expenses, judgments, losses and damages resulting from or relating to any failure to comply with the Storm Water Permit requirements for the Owner's Lot or from any storm water drainage or run-off from Owner's Lot, including, without limitation, any and all claims, fines, costs of remediation or clean up, or other expenses imposed by the Division or required or incurred as a result of any action or orders of the Division. The preceding sentence shall not apply, however, when the failure to comply with the Storm Water Permit requirements is a direct result of Declarant's activities.

ARTICLE XI FIRST MORTGAGEES

11.1 First Mortgagee Protection. The breach of any of the foregoing covenants shall not defeat or render invalid the lien of any mortgage or deed of trust lien on the Property that is made in good faith and for value; provided, however, that all of the covenants contained herein shall be binding upon and effective against any owner of a Lot whose title thereto is acquired by foreclosure, trustee's sale or other foreclosure proceeding, from and after the date of such foreclosure, trustee's sale or other foreclosure proceeding. The lien provided for in Section 5.1 hereof shall be subordinate to the lien of any first mortgage or deed of trust which was recorded before any Notice of Lien became recorded.

11.2 Notice of Action. Upon written request to the Association, identifying the name and address of the First Mortgagee or insurer or guarantor of the First Mortgage and the residence address of the property which is subject to such First Mortgage, each such First Mortgagee or insurer or guarantor of such a First Mortgage, shall be entitled to timely written notice of:

(a) any condemnation loss or casualty loss which affects a material portion of the Property or any Lot subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor of a First Mortgage;

(b) any delinquency in the payment of assessments or charges owed to the Association by the Owner of the Lot subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or guarantor, or any default by such Owner in any obligation under the Declaration, Articles of Incorporation or Bylaws of the Association and the Board of Directors of the Association has actual knowledge of such default, when such delinquency and/or default remains uncured for a period of sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

11.3 Financial Statement. The Association shall provide a financial statement for the immediately preceding fiscal year free of charge to any First Mortgagee, insurer or guarantor of a First Mortgage within a reasonable time after written request therefor.

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ARTICLE XII GENERAL PROVISIONS

12.1 Violation Deemed a Nuisance. Any violation of these Covenants which remains on the property is deemed a nuisance, and is subject to abatement by the Association, in addition to all other remedies

available to the Association under this Declaration or by law..

12.2 Remedies.

(a) Any single or continuing violation of the Covenants contained in this Declaration may be enjoined in an action brought by the Declarant (for so long as the Declarant is the Owner of any Lot), by any other Owner, by the Committee in its own name, or by the Association. In any action brought to enforce these Covenants, the prevailing party shall be entitled to recover as part of its judgment the reasonable costs of enforcement, including attorney fees and costs of court.

(b) Nothing in this Declaration shall be construed as limiting the rights and remedies that may exist at common law or under applicable federal, state or local laws and ordinances for the abatement of nuisances, health and safety, or other matters. These covenants, conditions and restrictions are to be construed as being in addition to those remedies available at law.

(c) The remedies available under this Declaration and at law or equity generally are not to be considered as exclusive, but rather as cumulative.

(d) The failure to take enforcement action shall not be construed as a waiver of the Covenants contained in this Declaration in the future or against other similar violations.

12.3 Severability. Each of the covenants, conditions and restrictions contained in this Declaration shall be independent of the others, and in the event that any one is found to be invalid, unenforceable, or illegal by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

12.4 Limited Liability. Neither the Declarant, the Committee or its individual members, nor any other Owner shall have personal liability to any other Owner for actions or inactions taken under these Covenants, provided that any such action or inaction is the result of the good faith exercise of their judgment or authority, under these Covenants, and without malice.

12.5 Amendment. At any time while this Declaration is in effect, the Owners of 60% of the Lots may amend the provisions of this Declaration, provided that so long as Declarant owns any portion of the Property or one Lot, Declarant's approval to any amendment shall be required. Any amendment must be in writing. No such amendment will be binding upon the holder of any mortgage or trust deed unless the holder joins in the amendment. The 60% owner-approval requirement of this provision requires owners of 60% of the then-existing finished Lots to sign a written instrument confirming their approval of, or consent to, the amendment.

12.6 Constructive Notice. Every person who owns, occupies, or acquires any right, title or interest in any Lot in the Property is conclusively deemed to have notice of this Declaration and its contents, and to have consented to the application and enforcement of each of the covenants, conditions, and restrictions contained herein against his Lot, whether or not there is any reference to this Declaration in the instrument by which he acquires his interest in any Lot.

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12.7 Notices. All notices under this Declaration are deemed effective 72 hours after mailing, whether delivery is proved or not, provided that any mailed notice must have postage prepaid and be sent to the last known address of the party to receive notice. Notices delivered by hand are effective upon delivery.

12.8 Interpretation. The provisions of this Declaration shall be interpreted liberally to further the goal of

creating a uniform plan for the development of the Property. Paragraph headings are inserted for convenience only and shall not be considered an interpretation of the provisions. The singular will include plural, and gender is intended to include masculine, feminine and neuter as well.

EXECUTED BY THE DECLARANT:

Sterling Ridge Developers, Inc., a Utah corporation

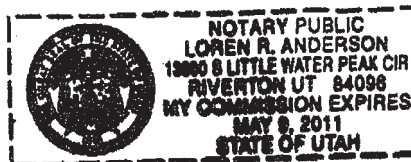
By: 
Stan T. Rowlan, President

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

The foregoing instrument was acknowledged before me this 10 of November, 2009, by Stan T. Rowlan, as President of Sterling Ridge Developers, Inc., who did attest that he is duly authorized to execute this instrument on behalf of said entity.


NOTARY PUBLIC

SEAL:



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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The Property is located in Wellsville City, Cache County, State of Utah, and is further described as follows:

A part of the Northeast Quarter of Section 15, Township 10 North, Range 1 West of the Salt Lake Base and Meridian, described as follows:

Beginning at a point on the east right-of-way line of Center Street located North 89°37'46" West 346.94 feet and South 00°22'14" West 657.74 feet from the northeast corner of said Section 15; running thence along said east right-of-way the following four (4) courses: (1) South 18°35'44" East 560.71 feet; (2) South 12°58'47" East 209.89 feet; (3) South 07°56'13" East 323.22 feet; (4) South 05°38'38" East 105.54 feet to the north right-of-way line of Mt. Sterling Road; thence along said north right-of-way the following two (2) courses: (1) northwest along the arc of a 749.78 foot radius curve to the left a length of 188.95 feet, chord bears North 80°50'41" West 188.45 feet; (2) North 88°11'44" West 1082.31 feet; thence North 00°24'40" East 1098.89 feet; thence South 89° East 978.98 feet to the point of beginning.

The foregoing legal description is intended to include Lots 1 through 4 and Lots 6 through 9 of the Sterling Ridge Subdivision, Phase I, according to the official plat thereof on file with the Cache County Recorder's Office. This Declaration is not intended to be recorded against Lot 5 of the Sterling Ridge Subdivision, Phase I, which is referred to as the church site lot.

Containing 29.508 acres less and excepting Lot #5 of the Sterling Ridge Subdivision, Phase I (the "church site lot").

(** Prior to being subdivided, the Property was identified as Tax Roll No. 10-048-0013.)

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