

**THIRD AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
QUARRY MOUNTAIN RANCH**

THIS THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR QUARRY MOUNTAIN RANCH (the "Declaration") is adopted by the Quarry Mountain Homeowners Association and is effective as of the date it is recorded in the Summit County Recorder's Office.

RECITALS

- A. An initial plat related to development of the Quarry Mountain Ranch Subdivision was recorded on February 23, 1999 in the Summit County Recorder's Office as Entry No. 530869, Book 99, and beginning at Page 16.
- B. A Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch was recorded on February 23, 1999 in the Summit County Recorder's Office as Entry No. 530870, Book 1232, beginning at Page 8.
- C. A First Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch was recorded on October 19, 2001 in the Summit County Recorder's Office as Entry No. 601035, Book 1403, beginning at Page 110.
- D. The Quarry Mountain Ranch Amended Subdivision plat was recorded on September 15, 2003 in the Summit County Recorder's Office as Entry No. 673132, Book 1569, beginning at Page 548.
- E. A Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch was recorded on April 16, 2004 in the Summit County Recorder's Office as Entry No. 695390, Book 1612, and beginning at Page 1858 (the "Second Amended Declaration").
- F. The Quarry Mountain Ranch Lots 17, 18, 19, 20, 24, 25, 30 and 36 Amended Subdivision Plat was recorded on May 25, 2005 in the Summit County Recorder's Office as Entry No. 737319, Book 1702, beginning at Page 1428.
- G. The Quarry Mountain Ranch Lots 28 & 29 Amended plat was recorded on March, 17, 2015 in the Summit County Recorder's Office as Entry No. 1014913, Book 2283, beginning at Page 1624.
- H. Article XX, Section 1(a) of the Second Amended Declaration provides that Owners holding at least two-thirds (2/3) of the votes of the members of the Association may agree to amend or change the Second Amended Declaration.
- I. The members of the Association now desire to further amend and restate the Second Amended Declaration to: (a) clarify and define the rights of the Association and the Owners in and to the Project, (b) to conform to the changes to the Utah Community Association act and other Utah law, and (c) to more efficiently and effectively protect and enhance the value of the Project and the Property.

J. This Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch affects the real property located in Summit County, State of Utah, described with particularity on Exhibit A, which exhibit is attached hereto and incorporated herein by reference.

NOW, THEREFORE, pursuant to the Recitals set forth above and incorporated herein and subject to the Terms and Conditions set forth below, the Association hereby amends the Second Amended Declaration by adoption of this Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch. This Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch (along with and subject to any future amendments) replaces and supersedes the Second Amended Declaration in all respects.

This Third Amended and Restated Declaration of Covenants, Conditions and Restrictions for Quarry Mountain Ranch, together with the Plats, the Bylaws, and rules and regulations adopted by the Association, shall define and govern the rights of the Owners, and the Association related to the Project.

ARTICLE I DEFINITIONS

Section 1. “Annexed Property” shall mean and refer to any real property made subject to this Declaration by supplemental declaration pursuant to the provisions hereof for the annexation of additional parcels of real property.

Section 2. “Architectural Committee” shall mean the committee created pursuant to Article VI hereof.

Section 3. “Architectural Committee Rules” shall mean the rules adopted by the Architectural Committee pursuant to Article VI Section 10 hereof.

Section 4. “Articles” shall mean the Articles of Incorporation of the Association which shall be on file with the office of the Secretary of State of the State of Utah.

Section 5. “Assessments” shall mean assessments of the Association and include both Regular and Special Assessments.

Section 6. “Association” shall mean the QUARRY MOUNTAIN RANCH HOMEOWNERS ASSOCIATION, a Utah non-profit corporation. If the Owners are ever organized under another name, as another type of entity, or if the Owners act as a group without legal organization, “Association” as used in this Declaration shall refer to that entity or group.

Section 7. “Building Envelope” shall mean that area on a Lot designated as such on the recorded plat for the Quarry Mountain Ranch.

Section 8. “Bylaws” shall mean the Bylaws of the Association which have been or shall be adopted by the Management Committee of the Association, as such Bylaws may be amended from time to time.

Section 9. “Common Area” shall mean any portion of the Property designated as a Common Area for the primary benefit of the Owners, including, without limitation, all private roads and all ponds within the Property, as shown on the recorded plat for Quarry Mountain Ranch. (The costs of maintenance for such Common Area, including such roads and ponds and all Improvements located in the Common Area, shall be paid pursuant to equal regular Assessments against all Lots,

regardless of location of the Lots, it being deemed that such Common Area equally benefits all Lots.) Common Area shall also include such other real property as may be conveyed to the Association from time to time by Declarant, or designated as Common Area in any supplemental declaration, or on any recorded plat of any Annexed Property as herein allowed.

Section 10. “Declarant” shall mean Quarry Mountain Development, Inc. or its assigns.

Section 11. “Improvement” shall mean all structures and appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment. Improvement shall also mean any excavation or fill and any diversion dam, ditch, reservoir, pond, fill or other device which affects or alters the natural flow of water.

Section 12. “Management Committee” shall mean the Board of Directors of the Association, as described in the Articles and Bylaws of the Association and in this Declaration.

Section 13. “Members” shall mean the Owners, as described in Article II hereof

Section 14. “Owner” or “Ownership” shall mean the record owner, whether one or more persons and/or entities, of a fee simple title to each Lot, including contract buyers of record but excluding mortgagees, contract sellers or others having such interest merely as security for the performance of an obligation unless and until said mortgagee or other holder of a security interest has acquired title to a Lot which is a part of the Property pursuant to forfeiture, foreclosure or a proceeding in lieu thereof An "Owner" shall mean all of the owners of a particular Lot collectively and shall be jointly regarded as a single Owner for purposes of this Declaration. Any owner of an equity interest of record in a Lot, and any partner, officer or shareholder of an entity which is an Owner of record, may be treated by the Association as a representative of all the Ownership of such Lot for purposes of giving notices, voting and other matters.

Section 15. “Property” shall mean the real property located in Summit County, Utah, which is described in Exhibit A hereof, together with such additions and improvements thereto as may now be located on said real property as may hereafter be conveyed or brought within the ownership or jurisdiction of the Association.

Section 16. “Act” shall mean the Community Association Act codified beginning at Utah Code Ann. § 57-8a-101 *et seq.*, in effect at the time this Declaration is recorded, and as such may be amended from time to time.

Section 17. “Common Expenses” shall mean the actual and estimated costs for: (a) maintenance, management, operation, repair and replacement of the Common Area which is maintained by the Association; (b) management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, consultants, and employees; (c) extermination, security, gardening and other related services; (d) insurance and bonds required or allowed by this Declaration; (e) the establishment of reserves; (f) other miscellaneous charges incurred by the Association as provided for or allowed in the Act or the Governing Documents; and (g) any other expenses of the Association arising from the operation of the Association and not otherwise defined or precluded by the Governing Documents or any applicable law.

Section 18. “Governing Documents” shall mean and refer to the Declaration, the Plat, the Bylaws, the Rules, any Articles, and any other written instrument by which the Association may exercise power or manage, maintain, or otherwise affect the Property.

Section 19. “Lot” shall mean any numbered building lot shown on the original Plat or amendments thereto.

Section 20. “Manager” shall mean any entity or person engaged by the Management Committee to manage the Project.

Section 21. “Plat” shall mean the record of survey map or maps of the Quarry Mountain Ranch subdivision recorded in the records of the Summit County Recorder and all amendments and supplements thereto.

Section 22. “Project” shall mean the Property and all structures and improvements thereon including the Lots and Common Areas.

Section 23. “Rules” shall mean and refer to the rules and regulations adopted by the Association.

ARTICLE II

THE ASSOCIATION

Section 1. Legal Status. The Owners do not constitute an association or entity of any kind, and the sole legal entity acknowledged hereunder is the Association. The name of the Association shall be the name in which contracts shall be entered into, title to property shall be acquired, held, dealt in and disposed of, bank accounts shall be opened and in which legal proceedings shall be conducted by the Management Committee or officers thereof on behalf of and as agents for the Owners in the manner specified in this Declaration, the Articles, the Bylaws, or by applicable law.

Section 2. Common Area. The Association, as a separate entity, shall own the Common Areas. It is expressly understood that the applicable provisions of this Declaration set forth elsewhere herein shall govern assessments and charges, voting and consents, and certain other matters.

Section 3. 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, and Ownership of a Lot shall be the sole qualification for Membership. Each Ownership shall constitute one (1) Member.

Section 4. Voting. With respect to each matter submitted to a vote of the Owners, each Owner entitled to vote shall have the right to cast, in person or by proxy, one (1) vote for each Lot of such Owner. When more than one Owner holds an interest in a Lot, any Owner may exercise the vote for such Lot on behalf of all co-Owners of the Lot. A vote cast at any meeting by any of such Lot Owners shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is immediately made by another Owner of that Lot. If such an objection is made, the vote of such Lot Owners shall not be counted for any purpose other than to determine whether a quorum exists. In the event of two (2) conflicting votes by co-Owners of one Lot, no vote shall be counted for that Lot but it shall be counted for the purposes of establishing a quorum. In no event shall fractional votes be exercised in respect to any Lot.

Section 5. Meetings of the Association.

(a) The presence in person or by proxy at any meeting of the Association of a majority in interest of the Owners shall constitute a quorum. In the event that such quorum is not present in person or by proxy, the meeting shall be canceled. Unless otherwise expressly provided in the Declaration, any action may be taken at any meeting of the Owners upon a vote of a majority in interest of the Owners, in person or by proxy.

(b) At all meetings of the Association, Owners may vote in person or by proxy executed in writing by the Owner or their duly authorized attorney in fact. Proxies shall be filed with the secretary of the Management Committee before or at the time of the meeting.

(c) There shall be an annual meeting of the Association each year as set by the Management Committee, either at the Ranch or at such other place in Summit County, Utah, as may be designated by the Management Committee. The Management Committee shall give written notice of the time and place of the annual meeting, said notice to be delivered to the Members not less than ten (10) days prior to the date fixed for said meeting.

(d) Special meetings of the Association may be held at any time at the Ranch or at some other place in Summit County, Utah to consider matters which, by the terms of the Declaration, Bylaws or the law, require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings shall be called in accordance with the provisions of the Bylaws.

Section 6. Officers.

(a) The Management Committee shall perform its functions and responsibilities through those members of the Management Committee who are elected as officers annually by the Management Committee and through such agents or employees as the Management Committee may appoint. The primary officers shall consist of a president, a secretary and a treasurer. The offices of secretary and treasurer may be combined as one office. The Management Committee may appoint such assistant officers as the Management Committee may deem to be necessary or desirable. No officer shall receive compensation for serving as such unless a majority in interest of a quorum of the Members votes otherwise.

(b) Any officer shall be subject to removal, with or without cause, at any time by the affirmative vote of a majority of the members of the Management Committee then serving.

Section 7. Availability of Documents. The Association shall make available to the Owners, Lenders and insurers of any Lender, current copies of the Governing Documents and other minutes, books, records and financial statements related to the operations of the Association. The term "available" as used in this section shall mean available for inspection and copying within thirty (30) days, unless a shorter time period is required by law, after receiving a proper request, during normal business hours and under other reasonable conditions. The Association shall have the right to refuse to disclose information that the Management Committee determines, in good faith, would reveal sensitive personal or financial information of another Owner or of an employee or agent of the Association, such as bank account numbers, birth dates, or social security numbers. The Association may require that the Owner comply with any statutory provision or other legal requirement applicable to providing this information before providing it.

ARTICLE III

MANAGEMENT COMMITTEE

Section 1. Management Committee. The governing body of the Association shall be the Management Committee elected pursuant to the Bylaws. The Management Committee shall consist of five (5) members. Except as otherwise provided in this Declaration, Bylaws, or the Articles of Incorporation, the Management Committee, in all instances, shall act on behalf of the Association. Any reference to an act, right, or obligation of the Association in the Governing Documents may only be exerted or complied with through an action of the Management Committee. Except as may be specifically provided in the Declaration, Bylaws, Articles of Incorporation, or by applicable law, no Owner or group of Owners other than the Management Committee may direct the actions of the Association. The Management Committee may retain professionals, including, without limitation, attorneys, accountants, and bookkeepers to assist in any Management Committee function.

Section 2. Management Committee Members.

(a) To be on the Management Committee, an individual must be an Owner or the spouse of an Owner and over the age of eighteen (18) years old. If an Owner is a corporation, estate, limited liability company, partnership, trust, or other legal entity, an officer, principle, shareholder, partner, member, manager, trustee, or beneficiary of such Owner may be a member of the Management Committee. As further detailed and explained in the Bylaws, at least three (3) of the five (5) Management Committee Members at all times must have as their primary residence a Dwelling in the Project. The Bylaws shall provide for procedures to ensure this requirement is maintained and may include, but are not limited to, the expulsion of Management Committee Members.

(b) The Bylaws may place reasonable obligations and requirements on existing Management Committee Members to retain their membership on the Management Committee, such as a requirement that a Management Committee Member attend a specified number of meetings. The Bylaws may further provide for a procedure for removal of any Management Committee Member who fails to comply with the reasonable requirements, which may include some action of the remaining Management Committee Members.

Section 3. Limitation on Authority. Except as provided herein or in the Bylaws, the Management Committee, any individual Owner, and any individual Management Committee Member or Officer shall have no authority to and may not act on behalf of the Association or the Management Committee to: (1) amend or terminate any Governing Document, (2) elect or remove members of the Management Committee, (3) establish or change the qualifications, powers and duties, requirements, or terms of Management Committee Members or of the Management Committee, or (4) authorize or agree to any deviation or exception from the terms and conditions of the Governing Documents, except as provided in this Declaration.

Section 4. No Estoppel or Reliance on Actions Contrary to Governing Documents. No one may rely upon any authorization (from the Management Committee or anyone else) contrary to the terms of the Governing Documents regardless of the circumstances under which it is given, and no claim or defense of estoppel or waiver or similar equitable or legal claim or defense may be raised by anyone related to any alleged reliance. It is the responsibility of anyone interacting with, visiting, occupying, or purchasing a Lot in the Association to verify that anything that the

Association does, does not do, or authorizes related to the Project or the Association is in compliance with the terms of the Governing Documents.

Section 5. Registration with the State. In compliance with § 57-8a-105 of the Act, the Association shall be registered with the Utah Department of Commerce and shall update its registration to keep any required information current as required by law.

Section 6. Powers and Duties. The Management Committee, acting on behalf of the Association, shall have all the powers, duties and responsibilities which are now or may hereafter be provided by this Declaration, including but not limited to the following:

(a) To make and enforce all Rules and regulations covering the operation and maintenance of the Property in accordance with the provisions of sections 57-8a-217 & 57-8a-218 of the Act. The Rules may address any issues including those addressed in any other Governing Document. The Rules may supplement, clarify, and add detail to issues addressed in the other Governing Documents so long as they do not contradict the same. The Management Committee's determination as to whether a particular activity being conducted or to be conducted violates or will violate the Rules shall be conclusive, subject to a judicial determination if any is timely sought. The standard for adoption of Rules is one of reasonableness. A Rule must be reasonable in light of the circumstances pertaining to the situation or issue addressed by the Rule.

(b) To engage the services of a manager or managing company, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation for their services; provided however, except as otherwise provided in this Declaration, any management agreement may be terminated by the Management Committee for cause upon thirty (30) days written notice and the term of any said management agreement shall not exceed one (1) year.

(c) To operate, maintain, repair, improve, and replace the Common Areas, including the entering into of agreements for the use and maintenance of the Common Areas and adjacent contiguous property for the benefit of the Association.

(d) To determine and pay Common Expenses and other expenses of the Association.

(e) To assess and collect the proportionate shares of Common Expenses and other applicable expenses from the Owners.

(f) To enter into contracts, deeds, leases, and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

(g) To open bank accounts on behalf of the Association and to designate the signatures therefore.

(h) To purchase, hold, sell, convey, mortgage, or lease any one or more Lots in the name of the Association or its designee.

(i) To bring, prosecute and settle litigation for itself, the Association and the Property.

(j) To obtain insurance for the Association with respect to the Common Areas, and for the Association's officers, directors and employees, as well as workmen's compensation insurance as needed.

(k) To repair or restore the Property following damage or destruction or a permanent taking by a power in the nature of eminent domain or by an action or deed in lieu of condemnation.

(l) To own, purchase or lease, hold, sell or otherwise dispose of on behalf of the Owners, items of personal property necessary to or convenient in the management of the business and affairs of the Association and the Management Committee and in the operation of the Property.

(m) To keep adequate books and records, which will be available to the Owners for inspection on a reasonable basis.

(n) In addition to any other remedies allowed or provided in the Governing Documents for any violation of the Governing Documents, the Association may: (1) impose fines in accordance with the provisions of section 57-8a-208 of the Act, (2) collect rents directly from a tenant if an Owner fails to pay Assessments, and (3) take any other action or seek any other remedy allowed by the Act or other applicable Utah law.

(o) To do all other acts necessary for the administration, operation and maintenance of the Property, including the maintenance and repair of any improvements on the Property if the same is necessary or desirable to protect or preserve the Property.

Section 7. Delegation of Powers. The Management Committee may delegate to a manager or managing company any or all of its foregoing powers, duties and responsibilities referred to in Section 4 above except: the final determination of common expenses, budgets and assessments based thereon; the promulgation of rules and regulations; the power to purchase, hold, sell, convey, mortgage, or lease any property in the name of the Association; or any other power, duty or responsibility non-delegable by law.

Section 8. Discretion in Enforcement. Subject to the discretion afforded in this section, the Management Committee shall uniformly and consistently enforce and implement the Governing Documents.

(a) The Management Committee shall use its reasonable judgment to determine whether to exercise the Association's powers to impose sanctions or pursue legal action for a violation of the Governing Documents, and may include in this analysis: (1) whether to compromise a claim made by or against the Management Committee or the Association and (2) whether to pursue a claim for an unpaid Assessment.

(b) The Association may not be required to take enforcement action if the Management Committee determines, after fair review and acting in good faith and without conflict of interest, that under the particular circumstances: (1) the Association's legal position does not justify taking any or further enforcement action; (2) the covenant, restriction, or rule in the Governing Documents is likely to be construed as inconsistent with current law; (3) a technical violation has or may have occurred and the violation is not material as to a reasonable Person or does not justify expending the Association's resources; or (4) it is not in the Association's best interests to pursue an enforcement action, based upon hardship, expense, or other reasonable criteria.

(c) Subject to Subsection (d), if the Management Committee decides under Subsection (b) above to forego enforcement, the Association is not prevented from later taking enforcement action.

(d) The Management Committee shall not be arbitrary, capricious, or act against public policy in taking or not taking enforcement action.

Section 9. Reserve Fund. The Association shall maintain a reserve fund and shall obtain and update a Reserve Analysis as required in this Declaration.

Section 10. Establishing Hearing Procedures. The Management Committee shall have the authority to create a reasonable hearing process applicable in case the Association shall take adverse action related to any particular Owner or group of Owners or in case a hearing process is required by law. The Management Committee shall not be under any obligation to offer a hearing process, except as required by law or by the Governing Documents, and in any such process, shall have the authority to designate the procedure related to any such hearing and to make any and all final determinations of issues subject to the hearing process. The Management Committee may establish the hearing process on an as-needed basis for particular matters as they arise or may set forth a process in the Rules applicable generally to such matters that it designates. Any such hearing process shall provide, at a minimum for: (1) at least two weeks' notice of the hearing to the Owners, and (2) a reasonable time period under the circumstances for the Owner(s) to present their own testimony, the testimony of others, argument, authority, evidence, and other information the Owner deems relevant to the disputed issue. The Management Committee may rely on any reasonable information and evidence in determining whether or not a violation of the Rules has occurred both initially and after a hearing.

ARTICLE IV ASSESSMENTS

The making and collection of assessments of any nature from Owners for their share of Common Expenses (determined pursuant to this Article and other applicable provisions of this Declaration) shall be carried out by the Management Committee in accordance with the following provisions:

Section 1. Maintenance Fund. The Management Committee shall establish a fund (the "Maintenance Fund") into which shall be deposited all moneys paid to the Association and from which disbursements shall be made in performing the functions of the Association. This fund must be used solely for purposes authorized by this Declaration as it may from time to time be amended,

Section 2. Regular Assessments. The Management Committee shall adopt a budget for the Association at least annually and shall present the adopted budget to association members at a meeting of the members. The budget shall estimate the expenses to be incurred by the Association in performing its functions under this Declaration (including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund). Owners may disapprove a proposed budget pursuant to the terms of section 57-8a-215 of the Act. A sum sufficient to pay such estimated net charges will be assessed to the Owner of each Lot in an equal amount, and levied against each Lot. If said sum estimated proves inadequate for any reason, including nonpayment of any Owner's Assessment, the Association may, at any time, levy a further Assessment which shall be assessed and levied equally upon each Lot and the Owner thereof.

Section 3. Shares of Common Expenses. Each Owner of a Lot shall be responsible for an equal proportionate share of all General Common Expenses. Such "General Common Expenses" shall include, but not be limited to, the following services obtained and/or provided by the Association: road maintenance and snow removal services, utility line maintenance, landscaping, installation and maintenance of any walkways, security systems and security personnel and equipment and facilities, installation and maintenance of Common Area and recreational facilities, and the cost of the administration of the Property including accounting, legal, equipment, insurance, personnel and overhead, including without limitation the cost of liability insurance covering the

Association and its directors, officers and employees. The Association, in its discretion, may bill specific Owners for specific services (such as cable television services, provision of firewood, or repairs and maintenance of an Owners improvements and land, as a special assessment against the applicable Owner and the Lot of that Owner). It is expressly understood that the certain services, such as cable television, firewood and landscaping, may or may not be provided by the Association and is subject to the discretion of the Management Committee, and that certain services such as water and sewer services may be provided by other entities such as a public water and sewer district.

Section 4. Special Assessments. Special Assessments shall be assessed and levied by the Management Committee against a Lot and the Owner thereof to reimburse the Association for:

- (a) costs incurred in bringing an Owner and such Owner's Lot into compliance with the provisions of this Declaration, the Articles, Bylaws or rules;
- (b) any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws or rules; and
- (c) attorneys' fees, interest and other charges relating thereto as provided in this Declaration.

In the event the Association undertakes to provide materials or services which benefit Individual Lots and which can be accepted or not by Individual Owners, such Owners in accepting such materials or services agree that the costs thereof shall be a Special Assessment.

Section 5. Date of Commencement of Regular Assessments. The Regular Assessments shall commence as to all Lots on the first (1st) day of such month as determined by Declarant.

Section 6. Payment of Regular Assessments. Regular Assessments shall be due and payable to the Association by the assessed Owners (including Declarant) during the fiscal year in monthly, quarterly, or annual installments, as determined by the Management Committee, or in such other manner as the Management Committee may designate from time to time in its sole and absolute discretion.

Section 7. Collection Charges. If the Association does not otherwise adopt or establish billing and collection procedures in the Rules, the following shall apply: Assessments shall be due and payable on the first (1st) of any month in which assessments are collected and late if not received within fifteen (15) days of the due date. Payments received after fifteen (15) days from the due date may be charged a late fee of five percent (5%) of the unpaid amount. In addition to late fees, interest shall accrue on all unpaid balances, including unpaid prior attorney fees, interest (resulting in compounding of interest), late fees, and Assessments, at eighteen percent (18%) per annum. The Association may also assess to the Owner a collection charge, late fee, and any other reasonable charge charged by a Manager related to collections.

Section 8. Deed of Trust Protection. Notwithstanding all other provisions hereof, no lien created under this Article IV nor any breach of this Declaration or the rules of the Association nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot made in good faith and for value, provided that after the foreclosure of any such Deed of Trust or conveyance of any Lot by deed in lieu of foreclosure, such Lot shall remain subject to this Declaration and the rules of the Association and the amount of all Regular Assessments and all Special Assessments to the extent they relate to expenses incurred subsequent to such foreclosure shall continue to be assessed hereunder against such Lot.

Section 9. Notice of Recording Deed of Trust. No amendment to Article IV of this Declaration shall affect the rights of any Beneficiary who does not join in the execution thereof; provided that the Deed of Trust is recorded prior to the recordation of such amendment.

Section 10. No Offsets. All Assessments shall be payable in the amount specified in the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration.

Section 11. Homestead Waiver. Each Owner, to the extent permitted by law, does hereby waive, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Utah now in effect, or in effect from time to time hereafter.

Section 12. Fines. It is expressly understood and agreed that fines for any violations of this Declaration or the rules and regulations of the Management Committee may be assessed against a Lot and against an Owner, for violations by that Owner or by tenants or invitees.

Section 13. Rights to Collect From Tenant. If an Owner shall, at any time, lease their Lot and shall be in default for a period of one (1) month or more in the payment of assessments or other charges, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant or subtenant of the Owner the rent due or becoming due, and the payment of such rent to the Management Committee shall discharge such tenant or subtenant from the obligation for rent to the Owner and the Owner from his obligation to the Association, to the extent of the amount so paid. The Management Committee shall be fully entitled to demand and receive a copy of the applicable lease agreement.

Section 14. Lien. The Association has a lien on each Lot for all Assessments, which include but are not limited to interest, collection charges, late fees, attorneys' fees, court costs, and other costs of collection (which shall include all costs and not be limited by those costs that may be awarded under the Utah Rules of Civil Procedure). This lien shall arise and be perfected as of the date of the recording of this Declaration and shall have priority over all encumbrances recorded after this Declaration is recorded, except as otherwise required by law. If an Assessment is payable in installments, the lien is for the full amount of the Assessment from the time the first installment is due, unless the Association provides otherwise in the notice of Assessment. The Association also has a lien on each Lot for all fines imposed against an Owner by the Association. This lien shall arise and be perfected when (1) the time for appeal described in § 57-8a-208(5) of the Act has expired and the Owner did not file an appeal or (2) the Owner timely filed an appeal under § 57-8a-208(5) of the Act and the district court issued a final order upholding the fine. The Association's lien shall have priority over each other lien and encumbrance on a Lot except only: (1) a lien or encumbrance recorded before this Declaration is recorded, (2) 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 (3) a lien for real estate taxes or governmental assessments or charges against the Lot. The Association may, but need not, record a notice of lien on a Lot.

Section 15. Foreclosure Sale. The Association shall have all rights of foreclosure granted by the Act, both judicially and non-judicially. Pursuant to Utah Code Annotated §§ 57-1-20 and 57-8a-302, an Owner's acceptance of an interest in a Lot constitutes a simultaneous conveyance of the Lots in trust, with power of sale, to Andrew Blonquist, as trustee, for the benefit of the Association, for the purpose of securing payment of Assessments under the terms of this Declaration. The

Association may appoint a qualified successor trustee by executing and recording a substitution of trustee form.

Section 16. Joint and Several Liability. The Owner and any future Owners of a Lot are jointly and severally liable for all Assessments accruing related to that Lot prior to and during the time that an Owner is an Owner. An Owner is not liable for any Assessments accruing after he/she has lawfully transferred the Lot to another Owner. The recording of a deed to a Person that has not agreed to take ownership of the Lot shall not be considered a legal conveyance of title. The obligation in this paragraph is separate and distinct from any lien rights associated with the Lot.

Section 17. Account Payoff Information. The Association may charge a fee for providing association payoff information in connection with the closing of an Owner's financing, refinancing, or sale of a Lot. The Association may set forth the amount of the fee in the Rules, but such fee shall not exceed fifty dollars (\$50.00). Within five (5) business days of any complete payoff information request, the Association shall provide assessment payoff information needed for the closing. A request for payoff information needed for a closing must: (1) be conveyed in writing, (2) be conveyed to the primary contact person designated by the Association with the Association's registration with the Utah Department of Commerce, (3) contain (i) the name, telephone number, and address of the person making the request; and (ii) the facsimile number or email address for delivery of the payoff information, (4) be accompanied by a written consent for the release of the payoff information: (i) identifying the person requesting the information as a person to whom the payoff information may be released; and (ii) signed and dated by an Owner of the Lot for which the payoff information is requested. Each certificate is conclusive in favor of a Person who relies on the written statement in good faith.

ARTICLE V

PURPOSE OF THE PROPERTY AND GENERAL RESTRICTIONS ON USE

The restrictions set forth herein shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of improvements by any Owner (including Declarant) upon the property subjected to this Declaration, provided that when completed such improvements will in all ways conform to said restrictions. Specifically, no such construction activities shall be deemed to constitute a nuisance or violation of said restrictions by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence within the time periods permitted therefor and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including, but not limited to, any provision prohibiting temporary structures, may be granted by the Architectural Committee, as hereinafter defined, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

Section 1. General Purpose. the general purpose of this declaration is to provide for the maintenance, administration and control of the Property as a first class residential community.

Section 2. Use as Residences Only. No Lot or Common Area may be further subdivided. Except as otherwise provided herein, the Lots may only be occupied and used for single family residential purposes, and for such incidental purposes as may be approved by the Management Committee, except that Lot 36 may be devoted primarily to equestrian uses, including

the construction of an indoor riding arena not to exceed 120' x 200', enclosed stalls in a structure and covered hay storage buildings, at the option of Declarant. Any time-sharing or any other similar arrangement, whereby the use of a Lot is in effect allocated between different persons for separate repeating time intervals, is expressly prohibited. Each Owner shall use or occupy their Lot in a manner consistent with all applicable Summit County codes and regulations.

Section 3. Parking and Storage; Roads. The outdoor parking and storage of cars and any and all motor homes, recreational vehicles, boats, bicycles, motorbikes, motorcycles, trailers and other similar vehicles and equipment, is strongly discouraged. To that end the Management Committee shall have full power and authority to regulate such parking and storage and to regulate the use of roadways by imposing and enforcing speed limits and other restrictions, all with full power and authority to impose and enforce (by special assessments hereunder or otherwise) fines and other penalties for violations of such regulations.

Section 4. Certain Additional Restrictions. The following additional restrictions are applicable to Lots. Each reference to "Owners" includes their tenants and invitees.

(a) Keeping Outside Areas Clean and Sightly. The Owners shall not place or store anything within or obstruct the Common Areas without the prior written consent of the Management Committee or its designee except in a facility specifically designated or approved for their storage. All Owners shall keep their residences and their Lots in a reasonably clean, safe, sightly and tidy condition, except for reasonable activities permitted by the Management Committee during the construction of an authorized improvement. No antennas or television "dishes" or other similar items may be placed upon any of the Common Areas without the express written consent of the Architectural Committee. The Association may adopt rules for the placement and installation of antennas or satellite dishes on Lots, so long as those rules are in compliance with Federal and State communications laws. Such rules may not unreasonably prevent an Owner from receiving an acceptable quality signal, nor may the rules cause an unreasonable additional cost to install, maintain, or use the antenna or satellite dish.

(b) Signs. The Association may regulate and restrict signs in the Project, to the extent permitted by law, in the Association's Rules and Regulations. "Signs" may include any type of object (including but not limited to billboards, banners, plaques, a-frames, easel signs, poly-bag signs, corrugated plastic signs, lawn signs, window signs) used to convey a message, symbol, idea, identification, or for any other purpose that signs are typically used, that is placed in, on, or outside of a Dwelling with the apparent purpose, in whole or in part, of making it visible to people outside of the Lot. Unless otherwise permitted in the Association's Rules or by consent of the Management Committee, Owners shall not be permitted to display any sign in public view from their Lot or from the appurtenant Common Areas.

(c) Wildlife; Household Animals. The capturing, trapping or killing of any wildlife within Quarry Mountain Ranch is prohibited, except in circumstances posing an imminent threat to the safety of persons or domestic animals. Except as specifically set forth below, no cattle, livestock, or other animals of any kind shall be raised, bred or kept or maintained outside on any Lot. The Management Committee shall have discretion to set rules with respect to the keeping of animals, other than household pets. It being the intention that small animals, housed within an outbuilding containing pens or coops (i.e. chickens, rabbits and the like) may be acceptable. Dogs and cats may be kept on each Lot, provided that they are not kept, bred or maintained for any commercial purpose, and provided further that such animals are not allowed to run at large and dogs shall not be allowed to bark excessively at any time of the day or night. Any such animal

determined in the sole discretion of the Management Committee to be running at large, creating a nuisance, making objectionable noise, endangering any person's health, safety, or property, or otherwise constituting an inconvenience to any Owner, shall be removed upon written request of the Management Committee. If the owner of the animal fails to honor such request for removal within three (3) days after such written request, the Management Committee shall be entitled to remove the animal, without liability therefor. The keeping of animals shall be further subject to such fines, rules and limitations as may be set forth in the Rules. Owners may only keep animals in accordance with county ordinances and state laws. The provisions of this section are subject to the requirements of the Fair Housing Act and other applicable law.

(d) Horses. Only Lots 7 through 21, 24, 25 and 36 (the "Horse Lots") are permitted to have horses. Owners shall be entitled to maintain horses on the Horse Lots and to utilize the Horse Lots for pasture, subject, however, to any restrictions as may reasonably be determined by the Architectural Committee. Further, the Architectural Committee may, with respect to each of the Horse Lots promulgate rules as to the number of horses, provided that in no event shall the number of horses on any Horse Lot be more than four (4), that may be kept on any particular Horse Lot and such other matters relative to maintaining horses, removal of manure, and the utilization of the Horse Lot as the Architectural Committee shall reasonably determine. Maintaining the vegetation on each Horse Lot is a major concern. In order to prevent overgrazing, the Architectural Committee may impose pasture rotation and/ or rest schedules or revoke the right to keep horses on any given Horse Lot until the pasture is restored. In the event Lot 36 is used for an equestrian facility, there shall be no limitation on the number of horses that may be kept on Lot 36.

(e) Limitations on Hazardous or Offensive Activities. Owners shall not permit any obnoxious or offensive activity or nuisance to be carried on in or around their Lot or in the Common Areas. No light shall be emitted or reflected from any Lot which is unreasonably bright or causes unreasonable glare for any adjacent Owner. No unreasonably loud or annoying noises, or noxious or offensive odors, shall be emitted from any Lot.

(f) Architectural Control. Except as otherwise expressly provided herein, no building, fence, wall, driveway, excavation or improvement of any kind shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made (including without limitation any closing in of a porch or balcony), by any Owner other than Declarant, until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Architectural Committee, as to harmony of external design and location in relation to surrounding structures and topography, and in relationship to the quality and appearance of the Quarry Mountain Ranch project.

(g) Compliance with Rules and Regulations. Owners shall not violate any rules and regulations for the use of Common Areas adopted by the Management Committee and furnished in writing to the Owners. Fines and other penalties for violations thereof may be imposed and enforced (by special assessment or otherwise) by the Management Committee for violations of such rules and regulations, and it is expressly understood that Owners may be held responsible for acts of their tenants and invitees.

(h) Limitation of Owners' Use. Each Owner's right to the use of Common Areas, shall be restricted to their personal family, tenants, and guests, with the right of the Management Committee to set rules with respect to use and to reasonably limit the number of guests which an Owner, tenant or lessee may invite to use such facilities at any one time.

Section 5. Requirement of Development Permit. No structure or improvement of any kind shall be erected, placed, altered, added to, reconstructed or permitted to remain on or under the surface of any Lot, and no construction activities or removal of trees, shrubs or other similar vegetation shall be commenced, until a written development permit has been issued therefor by the Architectural Committee specifically authorizing such structure, improvement or activity. Duplicate sets of plans and specifications for any proposed Lot improvement or alteration shall be submitted to the Architectural Committee. Sufficient information shall be submitted to demonstrate compliance with all of the requirements of these covenants and the rules and guidelines adopted by the Architectural Committee. The Architectural Committee may approve plans and specifications subject to any conditions or modifications which the Architectural Committee determines to be necessary in order to ensure conformity with the requirements of these covenants and such rules. The Architectural Committee shall retain one set of plans and specifications. The Architectural Committee shall set forth in writing, its reasons for rejecting any proposed structure or other improvement, promptly after written request by the applicable Owner for a statement of such reasons. The Management Committee shall be fully entitled to regulate such design, construction and landscaping.

Section 6. Other Development and Use Restrictions. All development on and use of Lots shall conform to the following requirements:

(a) Provisions in Addition to County Land Use Regulations. The Property is subject to that certain “Quarry Mountain Ranch Specially Planned Area Plan Development Agreement” adopted by Summit County as Ordinance No. 341 on August 24, 1998. Conformity with this Development Agreement and any and all applicable land use regulations of Summit County shall be required, in addition to the requirements of these covenants. In cases of any conflict, the more stringent requirements shall govern.

(b) Authorized Use. Only residential use shall be permitted, as provided in Section 2 above.

(c) Authorized Structures and Improvements. No structure or improvement shall be constructed, placed or maintained on or under any Lot, except one single family residence, garage facilities, and related underground utilities, and one guest house may be built, all in compliance with the Design Guidelines of the Architectural Committee which are in effect at the time. If a guest house is built it shall be constructed so as to be consistent with the style, character, color and design of the main residence, with a main floor not to exceed 2000 square feet, subject to Architectural Committee review and approval. Such square foot limitation shall not apply to Lots 9 and 10 which shall have a maximum size limitation of 3000 square feet. Notwithstanding the foregoing, one (1) additional outbuilding may be constructed on each Horse Lot subject to the provisions of paragraph (d) below.

(d) Building Envelope. All buildings shall be constructed within the Building Envelope on each Lot, as designated on the Plat. No development activities shall be permitted on any Lot outside of the Building Envelope except for access driveways, swimming pools, tennis courts, and similar recreation improvements, utility installations and landscaping activities pursuant to a development permit granted by the Architectural Committee hereunder. Notwithstanding the foregoing, the Horse Lots are permitted to have the one (1) additional outbuilding as described in paragraph (c), built outside of the Building Envelope, provided the outbuilding has no living accommodations, is not larger than 1600 square feet and is not taller than 24 feet. In addition, any outbuilding built outside of the Building Envelope on Lots 11 through 21 shall be screened from

view from the Conservation Area by appropriate planting of trees and shrubs of sufficient size to minimize visibility and impact. The Architectural Committee shall review and approve landscaping plans for all areas of a Lot at the same time as building plans are reviewed.

(e) Construction. No pre-cut, pre-fabricated or modular structures of any kind shall be permitted for the residence. The roofs of all structures shall be constructed of materials approved by the Architectural Committee. All exterior construction shall be completed within one (1) year from the commencement date of construction, unless the Architectural Committee in its discretion approves an extension for good cause, not to exceed ten months in length. All front yard landscaping shall be substantially completed within two years from the commencement date of construction. All construction work shall be subject to full regulation at all times by the Architectural Committee and the Management Committee, as to access to the site, site and work conditions (including temporary structures, hours of operations, cleanliness and other matters), and scheduling of construction work. Violation of the construction completion time limitation shall subject the Owner to liability for fines assessed by the Association.

(f) Height Limitations. Floor Area Requirements. Except for the main residence structure on Lots 9, 10, and 26-35 which may have a building height of 32 feet, no structure shall be greater than 28 feet in height. Building height shall be measured in a manner consistent with the Snyderville Basin Development Code, but shall not include chimneys, vents or antennas. With the exception of Lot 10 which shall have no minimum floor area limitation, the principal residence (excluding the garage) shall have a minimum main floor area of 3,200 square feet.

(g) Fences. Except as provided elsewhere herein, the following are the only fences permitted on any Lot:

(1) fences placed around the perimeter of the Property and around the Common Areas by the Management Committee or the Declarant.

(2) fences approved pursuant to Article IV(A)(7) of the Architectural Design Guidelines for the Ranch.

(3) the Architectural Committee shall designate the location of the fence which any Lot Owner proposes to build at the rear of any of the Lots 11 through 22. The purpose of this provision is to preserve views and the Conservation Area and to preserve the shoreline of the lakes and ponds by preventing access to the shoreline by any horses, and to allow access to the shoreline and banks of the lakes and ponds by the Owners, as provided by the easement provided in paragraph (l) below.

(h) Utilities. Connections from Lots to the underground utility lines shall be completed at the applicable Lot Owners' expense, and shall be underground.

(i) Temporary Structures Prohibited. No temporary structures, such as trailers, tents, shacks or other similar buildings, shall be permitted on any Lot, except during construction as authorized by the Architectural Committee.

(j) Maintenance. Each Lot and all structures thereon shall be maintained in a clean, safe and sightly condition. Boats, tractors, vehicles other than automobiles, campers (whether or not on a truck), snow removal equipment, and garden or maintenance equipment shall be kept at all times, except when in actual use, within an enclosed structure or appropriately screened from view. Refuse, garbage and trash shall be kept at all times in a covered container, and any such container shall be kept within an enclosed structure or appropriately screened from view. Service areas, storage piles and compost piles shall be appropriately screened from view, and facilities for

hanging, drying or airing clothing or household fabrics are prohibited. No lumber, grass, shrub or tree clippings or plant waste, metals, bulk materials or scraps or refuse or trash shall be kept, stored or allowed to accumulate on any Lot.

(k) Wood burning Stoves. The Architectural Committee has express authority to prescribe requirements and limitations applicable to any wood burning stoves and fireplaces to be installed in any structure.

(l) Easements. There is hereby established the following general easements over each Lot:

(1) in favor of the Association for access to do general maintenance and landscaping around all ponds and lakes and along both sides of all watercourses;

(2) in favor of the Association for access to those areas on each Lot which are within the designated Conservation Area for the purpose of installation, maintenance and repair of any Association owned and controlled irrigation systems;

(3) in favor of the Association for such other access as may be necessary for emergencies, or which may be in the best interest of all of the Owners; and

(4) in favor of adjoining Lot Owners for shared driveways as per the Plat. The length of each driveway to which the easement applies shall be determined by Declarant in the course of development of the subdivision.

ARTICLE VI

ARCHITECTURAL COMMITTEE

Section 1. Members of Committee. The Architectural Committee, sometimes referred to in this Article VI as "Architectural Committee" or "Committee", shall consist of three (3) members. There shall be one (1) standing member and two (2) alternating members. The two (2) alternating members of any one (1) Committee shall be designated, from time to time, by the Management Committee or its designee, from a panel of five (5) alternating members. An Owner desiring Committee review of a proposal or other Committee action shall indicate to the Management Committee or its designee whether anyone on the panel is employed by such Owner, and should therefore be excluded from sitting on the Committee because of such conflict. The Management Committee or its designee shall thereafter designate from the non-excluded members of the panel those two (2) who will sit with the standing member on the Committee for a particular proposal or action. Each of said persons shall hold office until such time as he or she has resigned or has been removed or his or her successor has been appointed, as provided herein. The standing member and/or the panel members are hereinafter collectively referred to as "Members of the Committee." Members of the Committee may be removed at any time without cause.

Section 2. Rights of Appointment. The Management Committee shall have the right to appoint and remove all Members of the Architectural Committee.

Section 3. Review of Proposed Construction. The Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to the terms of this Declaration and the Quarry Mountain Ranch Architectural Design Guidelines as promulgated by the Committee at any given time, and perform such other duties as from time to time shall be assigned to it by the Management Committee, including the inspection of construction in progress to monitor its conformance with plans approved by the Committee. The Committee shall

approve proposals or plans and specifications submitted for approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Quarry Mountain Ranch Property as a whole, and that the appearance of any structure affected thereby will be, in the unfettered discretion of the Committee, in harmony with the surrounding structures and aesthetically attractive, architecturally well designed. The Committee shall not approve any plans which contemplate visible construction with blocks of cement, cinder, pumice or similar materials unless same is faced on the outside with wood, stone, brick or similar materials and approved by the Committee. All exterior siding must be of quality materials. The Committee shall not approve mansard roofs, zero roof overhangs, or exterior roof construction of tar paper, gravel or metal unless such metal is painted or textured in such a manner as to be approved by the Committee. The Committee shall not approve any extreme, bizarre or eccentric design or construction styles such as, without limitation, A-frame construction, mine shaft design, round or oval style, mansard roof design, Bauhaus style or extreme contemporary design. The Committee shall have the authority to maintain a list of approved construction materials and to add or subtract therefrom from time to time. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, and any additional factors which it will take into consideration in reviewing submissions. The Committee shall require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings, complete landscaping plans, including size and type of plant and tree material, and description or samples of exterior material and colors. The Committee shall require at least one (1) set of all such plans to be provided to the Committee to be maintained in its permanent files. The Committee may assess a fee for the review and approval of lot plans, but in no instance shall the fee exceed the actual cost of reviewing and approving the lot plans. A submission of plans and specifications will not be deemed complete nor technically submitted until the rules and guidelines are complied with, and the applicable fee submitted. The Committee shall respond to any plans submitted with an approval or disapproval within fifteen (15) days of submission.

Section 4. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 9 hereof. In the absence of such designation, the vote of any two (2) members of the Committee, or the written consent of any two (2) members of the Committee if taken without a meeting, shall constitute an act of the Committee.

Section 5. No Waiver of Future Approvals. The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 6. Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation

shall be determined by the Management Committee and shall not exceed thirty-five dollars (\$35.00) per hour.

Section 7. Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any work for which approved plans are required under this Article VI, the Owner shall give written notice of completion to the Architectural Committee.

(b) Within fifteen (15) days thereafter, the Architectural Committee, or its duly authorized representative, may inspect such Improvement. If the Architectural Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such fifteen (15) day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

(c) If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Architectural Committee shall notify the Management Committee in writing of such failure. Upon Notice of Hearing, the Management Committee shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Management Committee ruling. If the Owner does not comply with the Management Committee ruling within such period, the Management Committee, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Management Committee shall be entitled to levy a Special Assessment against the Lot and the Owner for reimbursement.

(d) If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within fifteen (15) days after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

Section 8. Non-Liability of Committee Members. Neither the Committee nor any member thereof shall be liable to the association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the committee's duties hereunder, unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed Improvement, alterations or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Quarry Mountain Ranch property generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings (including, without limitation, impact on view corridors from other Lots), scale, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

Section 9. Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, and authorize the placement of structures nearer to lot lines than otherwise provided for herein when circumstances such as topography, natural obstructions, hardship, lot size or configuration, aesthetic or environmental consideration may require. No such variance granted shall violate the Snyderville Basin Development Code or

other governmental restrictions regarding such matters. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Committee, and shall become effective upon recordation in the Office of the County Recorder of Summit County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance.

Section 10. Additional Powers of the Management Committee. The Management Committee may promulgate procedures for establishing such additional architectural and landscape standards, rules and regulations as it deems to be appropriate and as are not in conflict with this Declaration.

ARTICLE VII

MAINTENANCE

Section 1. General Maintenance, etc. The maintenance, alteration, replacement and repair of the Common Areas shall be the responsibility of the Management Committee. The Management Committee, as part of its responsibility, shall maintain, repair and provide for snow removal and maintenance activities on all roadways constituting part of the Common Areas. The maintenance, repair and replacement of all improvements on each Lot shall be the responsibility of the Owner of such Lot and not the Management Committee except as otherwise expressly set forth below.

Section 2. Access; Certain Additional Improvements. The Management Committee or Manager shall have the irrevocable right to have access to each Lot from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Common Areas and facilities, and for making emergency repairs necessary to prevent damage to the Common Areas or to a Lot, although there shall be no affirmative duty to do so.

The Association and its authorized agents shall have the right to use the Common Areas and recreational facilities for ingress, egress and for activities related to development, construction, repairs, maintenance and improvement on the Property as permitted by this Declaration.

ARTICLE VIII

ANNEXATION

Section 1. Association Annexation. The Association may annex any real property to the provisions of this Declaration with the consent of the Owner of such real property and by the affirmative vote of a majority of the Members represented at a meeting duly called for such purpose.

ARTICLE IX

WATER SYSTEM

Section 1. Generally. Quarry Mountain Ranch shall have a water system comprised of a Domestic system (potable water) and an Irrigation system (non-potable water) (hereinafter, the "Water System"). The Water System shall be constructed initially by Declarant, and then conveyed

to, owned, operated, maintained and managed by the Association, subject to rights reserved by Declarant, and subject to the provisions of Section 2 hereof. All water rights related to the Water System shall be owned only by the Association (and not Individual Owners), subject to the provisions of Section 2 hereof. All Lots and Common Areas shall be serviced by and have access to the Water System, and the Association, among its other responsibilities, shall be responsible for the Water System. As more fully set forth below, all Lots shall be assessed to pay the costs of the Water System, regardless of actual use or non-use. Use of the Water System shall be subject to such rules and regulations as the Association may adopt from time to time. The right to receive and/or use water from the Water System is subject to availability, and the Association is authorized to regulate the use of water to conserve its availability. The Association shall operate and maintain the Water System in accordance with the rules and regulations of applicable governmental authority. The Association may employ the services of a manager and other personnel to carry out the management of its responsibilities with respect to the Water System.

Section 2. Domestic System. The Domestic System shall be separate from the Irrigation System to the extent required to ensure that irrigation water is not inadvertently used for domestic purposes, such as human consumption or culinary purposes. The Domestic System shall be comprised of domestic wells, storage tanks, pressurized pipeline distribution system, and related pumps, equipment and facilities. A Domestic System water line shall be made available to each Lot for hookup to the residence when the residence is constructed, provided that the water therefrom shall be utilized by the Owner of the Lot for domestic purposes and shall not be hooked into the Irrigation System. Declarant and/or the Association, as the case may be, shall be responsible for the System only to the point of stub-out at the Lot line. From and after stub-out, all pipes, faucets, valves, interior plumbing, and so forth, shall be the sole responsibility of the Owner of the Lot. At the option of the Declarant the Domestic System, together with the associated water rights, may be conveyed, in whole or in part, to a public or private water company at which time such company shall be solely responsible for delivery of Domestic water and maintenance of the Domestic System.

Section 3. Irrigation System. The Irrigation System shall be separate from the Domestic System to the extent required to ensure that irrigation water is not inadvertently used for domestic purposes, such as human consumption and/or culinary purposes. The Irrigation System shall be composed of an irrigation well, surface water pumps from the streams and the ponds as shown on the recorded plat for Quarry Mountain Ranch, a circulation system, a pressurized pipeline distribution system, and related pumps, equipment and facilities. The Irrigation System may be expanded as determined by the Association. An Irrigation System water line shall be made available to each Lot, which water line may be located along common boundary lines and may be used by more than one Lot, for hookup to the individual private irrigation systems within the Lots, provided that no hose bibs, or other externally accessible direct outlets or valves (other than sprinkler heads and other outlets or valves utilized in a closed irrigation system approved by the Architectural Committee) shall be permitted, and further provided that the water therefrom shall be used for irrigation purposes only. The Management Committee shall be responsible for the System only to the point of stub-out at the Lot line and may appoint a water master to manage the system from and after stub-out, all pipes, valves, sprinkler heads and so forth, shall be the sole responsibility of the Owner of the Lot. Water from the Irrigation System is not drinkable. Each Lot Owner shall be responsible to ensure that irrigation water within the boundaries of such Owner's Lot is not consumed by any person or used for culinary purposes. The valve for connection to the Irrigation System at the boundary of each Lot shall be marked with an appropriate label to forewarn that the water is non-potable and to distinguish it from any valve for connection to the Domestic System

Each Owner shall be responsible for connecting such Owner's sprinkler system to the proper valve and for labeling as aforesaid and/or as required by applicable governmental authority.

Section 4. Landscaping. The Irrigation System shall be installed and utilized by Declarant in the installation and initial maintenance of the water lines, irrigation systems and initial landscaping, and thereafter utilized by the Association as also provided herein.

Section 5. Assessments. The expenses of the Water System shall be borne by Declarant until the sale of the first Lot by Declarant, and thereafter by the Association pursuant to Regular and Special Assessments against the Lots and the Owners thereof, as follows:

(a) The expenses to be incurred by the Association in the delivery of Irrigation Water, regardless of use or nonuse on any particular Lot, shall be paid as part of a Regular Assessment against all Lots, uniformly applied.

(b) In addition to the annual Regular Assessment, the Association may levy a Special Assessment, uniformly applied, against all Lots and the Owners thereof, for the purpose of defraying, in whole or in part, the cost of repair or replacement of a capital improvement to the Irrigation System.

(c) The expenses to be incurred by the Association in the delivery of Domestic Water, other than a regular service fee for use, shall be paid as part of a Regular Assessment against all Lots, uniformly applied.

(d) A regular service fee for use may be charged by the Association against a Lot and the Owner thereof, said fee to be imposed the first (1st) day of the first full month following hookup by an Owner of his or her individual domestic water system to the Domestic System. Said fee may be levied as part of a Regular Assessment, as part of a Special Assessment, or billed separately, as the Association shall determine. The Association, through the Management Committee, shall have the authority to establish rates and procedures with respect to such regular service fee, as determined by the Management Committee.

(e) In addition to the annual Regular Assessment, the Association may levy a Special Assessment, uniformly applied, against all Lots and the Owners thereof, for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement to the Domestic System.

Section 6. Miscellaneous.

(a) In its discretion, the Association may require that any water assessment not expended by the Association in the year of its collection be treated as a contribution to the reserve capital of the Association and maintained until expenditure of such funds is appropriate.

(b) The costs of providing water to any Common Area shall be an expense of the Association to be paid pursuant to Regular or Special Assessments as determined by the Association.

(c) Any water assessments shall be treated as Regular or Special Assessments in conformity with Article IV hereof, and may be collected as set forth therein, together with late charges, interest and lien rights as applicable thereunder.

ARTICLE X
INSURANCE

Section 1. Insurance Requirement. The Association shall obtain insurance as required in this Declaration and as required by applicable law. The Association may obtain insurance that provides more or additional coverage than the insurance required in this Declaration. Different policies may be obtained from different insurance carriers and standalone policies may be purchased instead of or in addition to embedded, included coverage, or endorsements to other policies.

Section 2. Annual Insurance Report. The Management Committee may obtain a written report by an independent and experienced insurance broker, agent, or consultant (who may be the insurance provider/agent/broker used by the Association), with specific knowledge and experience in the community association insurance industry, setting forth: (1) a summary description of the insurance coverage obtained by the Association, including the dollar amounts of any such coverage, and any material exceptions, exclusions, and limitations on such coverage, (2) whether, in the opinion of such broker or consultant, the insurance coverage in effect for the Association complies with the requirements of this Declaration and the law, and (3) a description of any earthquake insurance and material exclusions and limitations for that coverage. The report shall also set forth any recommendations or suggestions from the insurance professional regarding current policy provisions, deductibles, exceptions, exclusions, and for additional insurance suggested or recommended for the protection of the Owners in light of the insurance then available and the best practices with respect to other similar projects. If obtained, the most recent annual insurance report shall be distributed to the Owners at or before the annual meeting of the Association and shall be provided to any Owner at any other time upon request. If the report is distributed to Owners at the annual meeting, a copy shall also be mailed to Owners not personally in attendance within thirty (30) days of the meeting.

Section 3. Property Insurance. To the extent that any structure that is normally insured under a property insurance policy is installed or erected on the Common Area and is the Association's obligation to maintain, the Association shall maintain a policy of property insurance covering the Common Area, including all buildings including, improvements, building service equipment and fixtures thereon.

(a) The blanket policy shall exclude land and other items not normally and reasonably covered by such policies. The blanket policy shall be an "all in" or "all inclusive" insurance as those terms are used in the insurance industry and shall include insurance for any fixture, improvement, or betterment installed in or to or otherwise permanently part of or affixed to Common Areas, including, but not limited, to floor coverings, cabinets, light fixtures, electrical fixtures, heating and plumbing fixtures, paint, wall coverings, and windows.

(b) At a minimum, the blanket policy shall afford protection against loss or damage by: (1) fire, windstorm, hail, riot, aircraft, vehicles, vandalism, smoke, and theft and (2) all perils normally covered by "special form" property coverage.

(c) The blanket policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all property covered by such policy at the time the insurance is purchased and at each renewal date. The actual replacement cost of the property shall be determined by using methods generally accepted in the insurance industry.

(d) The Association shall set aside an amount equal to the amount of the association's

property insurance policy deductible or, if the policy deductible exceeds ten thousand dollars (\$10,000), an amount not less than ten thousand dollars (\$10,000).

Section 4. Earthquake Insurance. The Association may purchase earthquake insurance as the Management Committee deems appropriate.

Section 5. Flood Insurance.

(a) If any part of the Project is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, the Management Committee may purchase flood insurance covering the Project or that portion of the Project located within the Special Flood Hazard Area.

(b) If the Project is not situated in a Special Flood Hazard Area, the Association may nonetheless, in the discretion of the Management Committee, purchase flood insurance to cover water and flooding perils not otherwise covered by blanket property insurance.

Section 6. Comprehensive General Liability (CGL) Insurance. For so long as the Association has any obligation to maintain Common Area, the Association shall obtain CGL insurance insuring the Association, the agents and employees of the Association, and the Owners, against liability incident to the use, repair, replacement, maintenance, or ownership of the Common Area and the Owners membership in the Association. The coverage limits under such policy shall not be less than one million dollars (\$1,000,000) covering all claims for death of or injury to any one individual or property damage in any single occurrence. Such insurance shall contain a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner.

Section 7. Directors' and Officers' Insurance. The Association shall obtain Directors' and Officers' liability insurance protecting the Management Committee Members, the Architectural Committee Members, the officers, and the Association against claims of wrongful acts, mismanagement, failure to maintain adequate reserves, failure to maintain books and records, failure to enforce the Governing Documents, and breach of contract (if available). This policy shall: (1) include coverage for volunteers and employees, (2) include coverage for monetary and non-monetary claims, (3) provide for the coverage of claims made under any fair housing act or similar statute or that are based on any form of discrimination or civil rights claims, and (4) provide coverage for defamation. In the discretion of the Management Committee, the policy may also include coverage for any Manager and any employees of the Manager and may provide that such coverage is secondary to any other policy that covers the Manager or any employees of the Manager.

Section 8. Insurance Coverage for Theft and Embezzlement of Association Funds. The Association may obtain insurance covering the theft or embezzlement of funds that shall: (1) provide coverage for an amount of not less than the sum of three months regular Assessments in addition to the prior calendar year's highest monthly balance on all operating and reserve funds, and (2) provide coverage for theft or embezzlement of funds by: (a) Officers and Management Committee Members of the Association, (b) employees and volunteers of the Association, (c) any Manager of the Association, and (d) officers, directors, and employees of any Manager of the Association.

Section 9. Workers' Compensation Insurance. If the Association has any employees, the Management Committee shall purchase and maintain in effect workers' compensation insurance for all employees, if any, of the Association to the extent that such insurance is required by law and

may purchase workers compensation insurance even if the Association has no employees, as the Management Committee deems appropriate.

Section 10. Association's Right to Negotiate All Claims and Losses and Receive Proceeds. Insurance proceeds for a loss under the Association's property insurance policy: (a) are payable to an Insurance Trustee (defined in Section 12.11 below) if one is designated, or to the Association; and shall not be payable to a holder of a security interest. An Insurance Trustee, if one is appointed, or the Association shall hold any insurance proceeds in trust for the Association, Owners, and lien holders. Insurance proceeds shall be disbursed first for the repair or restoration of the damaged property, if the property is to be repaired and restored as provided for in this Declaration. After any repair or restoration is complete and if the damaged property has been completely repaired or restored, any remaining proceeds shall be paid to the Association. If the property is not to be repaired or restored, then any remaining proceeds after such action, as is necessary, related to the property has been paid for, shall be distributed to the Owners and lien holders, as their interests remain with regard to the Lots. Each Owner hereby appoints the Association, or any Insurance Trustee, as attorney-in-fact for the purpose of negotiating all losses related thereto, including: (1) the collection, receipt of, and appropriate disposition of all insurance proceeds, (2) the execution of releases of liability, (3) the execution of all documents, and (4) the performance of all other acts necessary to administer such insurance and any claim. This power-of-attorney is coupled with an interest, shall be irrevocable, and shall be binding on any heirs, personal representatives, successors or assigns of an Owner.

Section 11. Insurance Trustee. In the discretion of the Management Committee or upon written request executed by Owners holding fifty percent (50%) or more of the votes of the Association, the Management Committee shall hire and appoint an insurance trustee ("Insurance Trustee"), with whom the Association shall enter into an insurance trust agreement, for the purpose of exercising such rights under this paragraph as the Owners or Management Committee (as the case may be) shall require related to a loss and receipt or potential receipt of insurance proceeds.

Section 12. Certificates. Any insurer that has issued an insurance policy to the Association shall issue a certificate of insurance to the Association and upon written request, to any Owner or Lender.

Section 13. Named Insured. The named insured under any policy of insurance shall be the Association. Each Owner shall also be an insured under all property and CGL insurance policies.

Section 14. Owner Act Cannot Void Coverage Under Any Policy. Unless an Owner is acting within the scope of the Owner's authority on behalf of the Association and under direct authorization of the Association to terminate an insurance policy, an Owner's act or omission may not void an insurance policy or be a condition to recovery under a policy.

Section 15. Waiver of Subrogation against Owners and the Association. All property and CGL policies must contain a waiver of subrogation by the insurer as to any claims against the Association, the Owners, any person residing with a Lot Owner if an Owner resides in the Lot, and the Association's agents and employees.

Section 16. Right of Action. Nothing in this Declaration shall prevent an Owner suffering a loss as a result of damage to property from asserting a claim, either directly or through subrogation, for the loss against any Person or entity at fault for the loss.

Section 17. Applicable Law. This Declaration is specifically subjecting the Association to the insurance requirements and provisions in Part 4 of the Act, and any amendments thereto and thereafter enacted by law. It is the intent of this provision that any future changes to the insurance law applicable to community associations shall apply to this Association.

ARTICLE XI

DESTRUCTION DAMAGE OR OBSOLESCENCE

Section 1. Each Owner of a Lot is solely responsible for any damage, destruction, obsolescence, condemnation or abandonment of any improvements thereon, and for repair and reconstruction of such Lot and all improvements thereto. In the event that any structure or building on a Lot is damaged or destroyed, the Owner of such Lot shall either:

(a) diligently commence and pursue completion of the repair or restoration of such building or structure, or

(b) within ninety (90) days after such destruction or damage, level such building or structure, remove the debris, and keep such Owner's Lot neat, orderly, and landscaped. If an Owner determines not to rebuild a damaged building or structure but fails to comply with the requirements of this Article XI to level such building or structure, remove debris, and maintain the Lot, the Association shall have the right, but not the obligation, to perform such work as may be necessary to cure such failure, and the costs incurred by the Association in so doing shall constitute a charge against such Owner and such Owner's Lot.

Section 2. Common Area Reconstruction. In the event of partial or total destruction of any portion of the Common Area within the Project, the Management Committee shall promptly take the following actions:

(a) The Management Committee shall ascertain the cost of reconstruction by obtaining bids from at least two (2) reputable, licensed contractors, including the obligation to obtain performance and lien payment bonds.

(b) The Management Committee, or any Insurance Trustee if one is appointed, shall determine and liquidate the amount of insurance proceeds, if any.

If a portion of the Project for which insurance is required under this part is damaged or destroyed, the Association shall repair or replace the portion within a reasonable amount of time unless: (i) repair or replacement would be illegal under a state statute or local ordinance governing health or safety, or (ii) Owners holding at least sixty-seven percent (67%) of the Allocated Interests in the Association vote not to rebuild, or (iii) the cost of repair or replacement in excess of insurance proceeds and reserves.

(c) If the Management Committee, in good faith, determines that none of the bids submitted under this Section reasonably reflect the anticipated reconstruction costs, the Management Committee shall continue to attempt to obtain additional bids that it determines reasonably reflect such costs. Such determination shall be made by the Management Committee as soon as possible.

(d) The Management Committee shall engage the services of a reputable, licensed architect to advise and consult with the Management Committee on all actions and decisions under this Section.

(e) The Management Committee shall contract with a licensed contractor or contractors

to rebuild or repair such damaged or destroyed portions of the Common Area in conformance with the original plans and specifications, or if the Management Committee determines that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes or other governmental rules or regulations then in effect, then such repairs or rebuilding shall be of a kind and quality substantially equivalent to the original construction of such improvements.

ARTICLE XII

EMINENT DOMAIN

Section 1. Taking of Common Area. If a portion of the Common Area is taken by eminent domain, or sold under threat thereof, the Management Committee shall, as soon as practicable, cause the award to be utilized for the purpose of repairing or restoring that area in the Project adjacent to the taking, and the portion of the award not used for restoration shall be added to the general funds of the Association. The Association shall submit the eminent domain court judgment or order to the Summit County Recorder.

Section 2. Taking of Entire Project. In the event the Project, in its entirety, is taken by eminent domain, or sold under threat thereof, the Project is terminated and the provisions related thereto in this Declaration shall apply.

Section 3. Total Taking of a Lot. If a Lot is taken by eminent domain, or sold under threat thereof, leaving the Owner with a remnant that may not be practically or lawfully used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Lot and Common Area Interest regardless of whether any Common Area is taken. Upon such a taking, unless the decree otherwise provides, that Lot's interest in the Common Area shall be reallocated to the remaining Lots in proportion to their respective interests immediately before the taking. Upon such a taking, the Association shall prepare, execute and record an amendment to the Declaration that accomplishes the adjustment required for this section.

Section 4. Partial Taking of a Lot. Except as provided in Section 3, if part of a Lot is taken by eminent domain, or sold under threat thereof, so that such Lot may still be practically and lawfully used under this Declaration, the award must compensate the Owner for the reduction in the value of the Owner's Lot. Upon such a taking, that Lot's Interest in the Common Area and Membership in the Association shall remain the same.

Section 5. Priority and Power of Attorney. Nothing contained in this Article shall entitle an Owner to priority over any Lender under a lien encumbering the Owner's Lot as to any portion of any condemnation award allocated to such Lot. Each Owner hereby appoints the Association as attorney-in-fact for the purpose of negotiations and settlement with the condemning authority for the acquisition of the Common Area, or any part thereof.

ARTICLE XIII

LEASING OF LOTS

All leases of Lots shall be subject in all respects to the provisions of this Declaration and failure of the lessee to comply with the terms of this Declaration shall be a default under the lease and shall be enforceable against the lessee directly by the Association, but without limitation of any other rights of the Association.

ARTICLE XIV
ENCROACHMENTS

None of the rights and obligations of any Owner created by this Declaration or by any deed conveying a Lot shall be affected in any way by an encroachment by any portion of the Common Areas and facilities upon any Lot. There are hereby created valid easements for the maintenance of any encroachments permitted by this Article so long as such encroachments exist.

ARTICLE XV
CONVEYANCES

Section 1. Description of Lots. Every deed, lease, mortgage, instrument of conveyance or sale, or other instrument affecting title to a Lot may describe the Lot by appropriate reference to the applicable Plat and the Lot's identity number as set forth in the Plat, as each shall appear on the records of the Clerk of Summit County, Utah. Every such description shall be deemed to convey, transfer, encumber or otherwise affect the Owner's corresponding percentage of undivided ownership in the Association, as set forth herein, also incorporating all rights and limitations indicant to Ownership described in this Declaration, even though the same are not exactly mentioned or described.

ARTICLE XVI
NOTICES

Section 1. Notices. Any notice to be given to an Owner, a Lender, or the Association under the provisions of the Governing Documents shall be in writing and shall be delivered as follows:

(a) Notice to an Owner from the Association.

(1) Notice to an Owner shall be effective upon the satisfaction of any of the following delivery methods:

(i) By a written notice delivered personally to the Owner, which shall be effective upon delivery.

(ii) By a written notice placed in the first-class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Lot. Unless otherwise provided by law, such as provided in Utah Code Ann. § 16-6a-103(4), any notice so deposited in the mail shall be deemed effective five (5) days after such deposit.

(iii) By electronic transmission to an Owner which includes:

(A) By email that is sent to an email address provided by the Owner for the purpose of Association communications; or an email sent to an email address from which the Owner has communicated related to Association matters, and so long as no indication is received that the email may not have been delivered. Unless otherwise provided by law, any notice sent by email shall be deemed effective when received or five (5) days after it is sent.

(B) By facsimile (whether to a machine or to an electronic receiving unit) to an Owner that is sent to a facsimile number provided by the Owner for the purpose of Association communications and so long as no indication is received that the facsimile may not have been delivered. Unless otherwise provided by law, any notice sent by facsimile shall be deemed effective when received or five (5) days after it is sent.

(C) By text message to a phone number provided by the Owner for the purpose of Association communications; or a phone number from which the Owner has communicated related to Association matters, and so long as no indication is received that the text message may not have been delivered. Unless otherwise provided by law, any notice sent by text message shall be deemed effective when received or five (5) days after it is sent.

(iv) By any other method that is fair and reasonable as provided for in the Act or otherwise provided for by law.

(2) Notwithstanding subsection (1) of this section, the Association shall send all notices by U.S. Mail if an Owner, by written demand, demands that the Association send all notices by mail.

(3) In the case of co-Owners, notice to one of the co-Owners is effective as notice to all such co-Owners. The Association shall not be required to give more than one notice per Lot, whether electronic or not. In case any two (2) co-Owners send conflicting notice demands, notice shall be proper if mailed by first-class mail to the Lot address.

(4) In case posting of a notice on the Lot is permitted, such posting is effective when posted on the front or primary access door to the primary Dwelling and any such posting may be removed by the Association the sooner of either (a) two (2) days after the event or action for which notice was given or (b) ten (10) days after the posting.

(b) Special Notice Prior to Association Entry onto a Lot.

(1) In case of an emergency or condition requiring immediate entry in a home on a Lot, as determined by the sole discretion of the Management Committee or its authorized agent, before entering a dwelling on a Lot the Association shall: (i) knock on the door and attempt to obtain permission to enter from an Occupant or Owner; (ii) if no one answers the knocking, loudly identify who is knocking and state that the Person identified is going to enter the home on behalf of the Association, then wait one (1) minute; and (iii) where practicable under the circumstances, attempt to call the Owner or any Occupant prior to entry to inform them of the entry.

(2) If the Association enters a Lot or Dwelling on a Lot for any purpose permitted in this Declaration other than those identified in the prior paragraph, before entering, the Association shall:

(i) Give notice to the Owner that an entry is required at least two (2) weeks in advance with such notice stating: (A) that the Association or its authorized Persons will enter, (B) the date and time of the entry, (C) the purpose of entering, (D) a statement that the Owner or Occupant can be present during the time the Association is inside the Dwelling, (E) the full names of any Person who will be entering, and the phone numbers and addresses of the Persons entering or of the company for whom the Persons

entering are employed for the purpose of entering, and (F) any other information the Association deems appropriate to include; and

(ii) Post the written notice described above on the front door of the home on the Lot at least seven (7) days prior to entry.

(c) Notice to a Lender. Notice to a Lender shall be delivered by first-class United States mail, postage prepaid, to the most recent address furnished by such Lender in writing to the Association for the purpose of notice or, if no such address shall have been furnished, to any office of the Lender. Any address for a Lender that is found on a document recorded on the title of a Lot shall be deemed an office of the Lender. Any notice so deposited in the mail shall be deemed effective when received, or five (5) days after such deposit.

(d) Notice to Association from an Owner. An Owner's notice to the Association shall be effective upon the satisfaction of any of the following delivery methods:

(1) by a written notice delivered personally to a Committee Member, which shall be effective upon delivery;

(2) by a written notice placed in the first-class United States mail, postage prepaid, to the current registered business address of the Association. Any notice so deposited in the mail shall be deemed effective when received, or five (5) days after such deposit;

(3) by written email correspondence to the Association: (1) that is sent to an email address provided by the Association in the prior twelve (12) months for the purpose of Association communications or (2) that is emailed to an email address from which the President of the Association or the Management Committee has communicated related to Association matters, and so long as no indication is received that the email may not have been delivered or received. Any notice sent by email shall be deemed effective when received, or five (5) days after it is sent;

(4) by facsimile (whether to a machine or by other means) to the Association that is sent to a facsimile number provided by the Association for the purpose of Association communications and so long as no indication is received that the facsimile may not have been delivered or received. Any notice sent by facsimile shall be deemed effective when received, or five (5) days after it is sent; or

(5) by text message to a phone number provided by the Association for the purpose of Association communications, and so long as no indication is received that the text message may not have been delivered. Unless otherwise provided by law, any notice sent by text message shall be deemed effective when received or five (5) days after it is sent.

ARTICLE XVII

NO WAIVER

The failure of the Management Committee or the Architectural Committee or its agents to insist, in 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 restriction shall remain in full force and effect. The receipt and acceptance by the Management Committee or the Architectural Committee or its agent of the payment 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 Management Committee of any provision hereof shall be deemed to have been made unless expressed in writing and duly signed by or on behalf of the Management Committee or the Architectural Committee, as the case may be.

ARTICLE XVIII
ENFORCEMENT

Each Owner shall strictly comply with the provisions of the Declaration, and the administrative rules and regulations and decisions issued by the Management Committee and the Architectural Committee. Failure to so comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, or any other remedy allowed by the Act, other statutes or common law, maintainable by the Management Committee or its designee on behalf of the Association or by Declarant or, in an appropriate case, by an aggrieved Owner. Any violation of the provisions of the Declaration or any related rules or regulations is declared to be and shall constitute a nuisance and may be abated by Declarant or the Management Committee. Such remedy shall be deemed cumulative and not exclusive of others, provided that only the Owners, the Association, its board of directors and committees, and the public entity referred to herein shall have rights set forth herein, but there shall be no other persons or entities entitled to enforce the provisions hereof as third party beneficiaries or otherwise. The Association shall be entitled to payment of all attorneys' fees incurred by the Association (or the Management Committee or Architectural Committee), payable by an Owner or lessee in violation of this Declaration or any such rules or regulations.

In addition, upon any failure of an Owner to pay when due any assessment for common expenses or any other assessment, the Management Committee may seek any remedy provided in this Declaration or otherwise available at law or equity. Unless specifically agreed in writing, liability for payment of assessments shall be joint and several against any and all persons and/or entities holding or claiming any ownership or leasehold interest in the applicable Lot.

ARTICLE XIX
TERM

Section 1. Term. The covenants conditions and restrictions of this Declaration shall run until December 31, 2030, unless amended as herein provided. After December 31, 2030, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least two-thirds (2/3) of the Owners, and such written instrument is recorded with the Summit County Recorder.

ARTICLE XX
AMENDMENTS

Section 1. General Amendment Requirements. Except as otherwise provided herein, this Declaration may be amended only by an affirmative vote approving the amendment of Owners holding at least two-thirds (2/3) of the votes of the Members in the Association. Voting may be conducted as set forth in the Bylaws in a meeting, by ballot, or by written consent.

Section 2. Scope of Amendments. This Declaration may be amended to add new rights, restrictions, and obligations, or to remove or modify existing rights, restrictions, and obligations.

The right to amend shall be broadly construed to permit any change to the rights, restrictions, obligations, and other terms in the Declaration. This Declaration may be amended to make a particular section of the Act applicable to the Association, including a section that would not otherwise be applicable to the Association or if the application is unclear, without incorporating other provisions of the Act that are not otherwise applicable to the Association.

Section 3. Execution and Effective Date of Amendments. An amendment that has been adopted as provided herein shall be executed by the Management Committee, through its agent, who shall certify that the amendment has been approved and adopted and that the procedures and requirements necessary to amend the Declaration have been complied with. The amendment shall be effective when it is recorded in the office of the County Recorder of Summit County, Utah.

Section 4. Changes to Plat or Boundaries of the Association. The Association may adopt an amended Plat, supplemental Plat, correction to the Plat, or boundary agreement related to any boundary in or around the Project, including any boundary to any Lot or Lots upon the approval by vote of at least two-thirds (2/3) of Owners in the same manner as required to amend this Declaration. Any such Plat may make material changes to the existing or prior Plat including deleting, adding, or modifying Common Area, or other changes in the layout of the Project. If any such amendment affects any boundary of a Lot, that Lot Owner must consent. If the approval required herein is obtained, each and every other Owner: (1) shall sign, consent to, and execute any further documents required for the finalization, recording, and/or governmental approval of any such document regardless of whether they approved of or consented to the change in the Plat, and (2) grants the Association power of attorney to sign necessary documents on that Owner's behalf as necessary for the agreement, amendment, or correction.

Section 5. Amendment to Conform to Law. The Management Committee may, without the approval of the Owners, amend this Declaration to conform the Declaration to any applicable legal requirements otherwise applicable to the Association, but only to the extent necessary to eliminate any conflict with the law, to add provisions required by law, or to add provisions that embody rights or obligations otherwise binding on the applicable parties as a matter of law. This procedure may also be used to change the Declaration to add or conform to any requirements necessary for Owners to obtain government insured or guaranteed financing such as through VA, FHA, FNMA or similar programs or to comply with any directive of any federal, state, or local government agency. The following procedures and requirements must be complied with for any such amendment.

(a) The Association must obtain from an attorney who has a significant experience and a regular practice in area of Community Association law, a written opinion explaining in detail and opining that the proposed amendment may be sought pursuant to this section.

(b) The members of the Management Committee must unanimously agree to the Amendment at the time it is recorded.

(c) The Management Committee must provide to the Owners: (1) the proposed amendment instrument, (2) the language of this section of the Declaration, (3) the law that conflicts with the existing Declaration language or the provisions that must be complied with to permit owners to obtain financing, (4) the attorney opinion letter required for the amendment, and (5) a notice in which the Association (a) notifies the Owners that it intends to amend the Declaration pursuant to this section, (b) provides the Owners the right to object to the amendment within thirty (30) days, and (c) provides instructions on how, when, and where to properly return the objection.

The Management Committee may include further explanation, information, and recommendations regarding the proposed amendment in the information provided to the Owners.

(d) Within forty-five (45) days of providing the information to the Owners required by this section, no more than thirty percent (30%) of the Owners have objected to the amendment.

(e) Having otherwise complied with all of the requirements of this section, the Management Committee Members shall each sign the amendment instrument verifying that this section has been complied with to the best of their knowledge and that no more than thirty percent (30%) of the Owners objected after having received proper notice. The amendment shall be effective upon the recording of the instrument in the County Recorder of Summit County, Utah.

ARTICLE XXI

GENERAL PROVISIONS

Section 1. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

Section 2. Captions, Gender and Grammar. The captions in this Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope and intent of this Declaration or any provision hereof. The singular wherever used herein shall be construed to mean the plural whenever applicable or vice versa and necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, etc., shall be assumed in each case as though made.

Section 3. Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Utah.

ARTICLE XXII

EFFECTIVE DATE

This Declaration shall take effect when recorded in the office of the Recorder of Summit County, Utah.

ARTICLE XXIII

RESERVES

Section 1. Requirement for Reserves. The Association shall obtain a reserve analysis and shall maintain a reserve fund for the maintenance, repair, and replacement of the Common Area, pursuant to the following provisions:

(a) Collection. Reserve funds may be collected as part of regular or special Assessments, as determined by the Owners.

(b) Amount. In formulating the Association's yearly budget, the Association shall include a reserve fund line item in an amount the Management Committee determines, based on the reserve analysis, to be prudent. A reserve fund line item means the line item in the Association's annual budget that identifies the amount to be placed into the reserve fund.

(c) Owner Veto. Within forty-five (45) days after the day on which the Association adopts the annual budget, the Owners may veto the reserve fund line item by a fifty-one percent (51%) vote of the voting interest of the Association at a special meeting called by the Owners for the purpose of voting whether to veto a 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 account in accordance with that prior reserve fund line item.

(d) Surplus Monies Applied to Reserves. The Association may retain surplus Association money as additional reserves rather than refund it to the Owners or credit it to future Assessments.

(e) Segregation of Reserves. The Association shall segregate money held for reserves from regular operating and other accounts.

(f) Reserve Analysis. The Association shall cause a reserve analysis with an onsite evaluation to be conducted no less frequently than every six (6) years. The Association shall review and, if necessary, update a previously conducted reserve analysis no less frequently than every three (3) years. The Reserve analysis shall include, at a minimum: (1) a list of the components identified in the reserve analysis that will reasonably require reserve funds, (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, (3) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis, (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) a reserve funding plan that recommends how the association may fund the annual contribution set forth in the reserve analysis. The reserve analysis and updates shall project a minimum of thirty (30) years into the future.

(g) Qualifications for Person Preparing Reserve Analysis. The reserve analysis shall be prepared by a Person or Persons with (1) experience in current building technologies, (2) a solid working knowledge of building-cost estimating and life-cycle costing for facilities, and (3) the tools and knowledge to prepare a report. Preferably, the Person preparing the reserve study shall have the RS (Reserve Specialist) designation available through the Community Association Institute (CAI), the PRA (Professional Reserve Analyst) designation offered through the Association of Professional Reserve Analysts (APRA), or other designations by similar associations establishing that the Person has some formal training related to preparing a reserve analysis.

(h) Summary and Copies of Reserve Analysis. The Association shall annually provide Owners a summary of the most recent reserve analysis or update. The Association shall provide a copy of the complete reserve analysis or update to an Owner who requests a copy.

[Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned officer or director of the Association hereby certifies that the Association obtained the requisite consent of the Owners in approving and adopting this Declaration, including all exhibits hereto.

DATED this 3rd day of June, 2016.

QUARRY MOUNTAIN RANCH HOMEOWNERS ASSOCIATION

By: [Signature]
Signature

DAVID LOCKWOOD
Printed

Its: MANAGEMENT COMMITTEE MEMBER

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

On this 3rd day of June, 2016, personally appeared before me

David Lockwood, whose identity is personally known to me, (proven on the basis of
(Name of Document Signer)

satisfactory evidence) and who by me duly sworn/affirmed, did say that he/she is the
MANAGEMENT QUARRY MOUNTAIN RANCH
COMMITTEE MEMBER, of HOMEOWNERS ASSOCIATION
(Title or Office) (Name of Entity)

and that said document was signed by him/her in behalf of said Corporation with all necessary authority, and acknowledged to me that said Corporation executed the same.

[Signature]
Notary Public

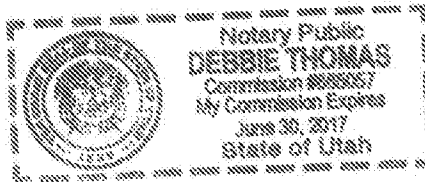


EXHIBIT A

LEGAL DESCRIPTION

Beginning at a point which is South 00°49'32" East 1363.05 feet along the Section Line from the Northwest Corner of Section 32, Township 1 South, Range 4 East, Salt Lake Base and Meridian and running thence North 89°25'15" East 218.10 feet; thence North 85°27'56" East 190.11 feet; thence South 83°19'56" East 127.83 feet; thence North 89°15'02" East 534.96 feet; thence North 89°17'06" East 377.55 feet; thence North 89°49'38" West 1208.15 feet; thence South 00°45'05" East 2690.12 feet along Quarter Section Line to the Southeast Corner of the Northeast Quarter of the Southwest Quarter of said Section 32; thence North 89°48'19" West 2652.20 feet along the Quarter Quarter Section Line to the Southwest Corner of the Northwest Quarter of the Southwest Quarter of said Section 32; thence North 89°55'52" West 1111.67 feet; thence North 12°42'59" East 751.38 feet to and along an existing fence; thence North 24°11'12" East 54.91 feet; thence North 18°49'25" East 104.08 feet; thence North 05°03'55" West 105.41 feet; thence North 42°43'37" East 59.94 feet; thence North 24°36'38" West 40.60 feet; thence North 07°23'45" East 53.13 feet; thence North 31°25'39" East 70.90 feet; thence North 00°11'41" East 50.00 feet; thence South 89°48'19" East 30.73 feet; thence North 02°59'38" West 82.19 feet; thence North 33°01'25" West 49.13 feet; thence North 50°47'51" East 100.86 feet; thence North 31°29'13" West 60.18 feet; thence North 00°19'10" West 72.83 feet; thence North 57°18'30" East 59.10 feet; thence North 08°45'25" East 83.90 feet; thence North 04°23'11" West 80.78 feet; thence North 24°53'17" East 114.49 feet; thence North 16°22'30" East 49.55 feet; thence South 76°45'07" East 49.82 feet; thence North 05°21'47" East 43.79 feet; thence North 72°21'07" East 90.56 feet; thence North 01°53'54" West 39.42 feet; thence North 57°26'56" East 74.82 feet; thence North 37°38'00" East 12.77 feet; thence North 21°30'05" East 79.22 feet; thence North 51°32'20" East 38.50 feet; thence North 04°04'25" East 104.22 feet; thence North 39°58'55" East 132.54 feet; thence North 01°31'49" West 85.31 feet; thence North 40°38'37" East 48.44 feet; thence North 40°15'26" East 34.80 feet; thence North 89°30'27" East 54.09 feet; thence North 00°29'14" West 163.00 feet; thence North 89°30'27" East 164.40 feet; thence North 00°49'32" West 14.53 feet along the West Section line of said Section 32 to the point of beginning.

CONTAINS: 207.561 ACRES 36 LOTS

QMR-1 through QMR-36