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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**  
**OF**  
**THE ARBORS AT HERRIMAN TOWNE CENTER II**  
**(a Residential Community)**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
THE ARBORS AT HERRIMAN TOWNE CENTER II**

This Declaration of Covenants, Conditions and Restrictions, hereinafter referred to as the "Declaration" is made and executed this 5 day of February, 2014, by Fieldstone Utah Investors, L.L.C., hereinafter referred to as the "Declarant."

1. RECITALS.

1.1. Declarant intends, by this Declaration, to create a residential community which will consist of at least nine (9) single-family homes, and may be expanded to include up to a total of thirty (30) single-family homes (the "Project"). The Project is located within, and is part of, the Herriman Towne Center Master Planned Community, located in Herriman City, Salt Lake County, State of Utah (the "Master Planned Community"). As such, the Project is governed and controlled not only by the conditions, covenants, restrictions and provisions of this Declaration, but also by the terms and provisions of that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for the Herriman Towne Center Master Planned Community (the "Master Covenants"), filed of record in the Salt Lake County Recorder's Office on August 26, 2010, as Entry No. 11018444 in Book 9852, beginning at Page 4948.

1.2. The Project is a planned unit development, with common areas and facilities to be managed and maintained by and through a home owners association. The Project is not a condominium project.

1.3. The covenants, conditions and restrictions contained in this Declaration and in the Exhibits hereto shall be enforceable equitable servitudes and shall run with the land.

NOW, THEREFORE, for the foregoing purposes, the Declarant adopts the following covenants, conditions and restrictions to govern the development, use, maintenance and management of this Project:

2. DEFINITIONS.

Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Section 2.

2.1. Act shall mean the Community Association Act (Title 57, Chapter 8a, Utah Code, as amended).

2.2. Additional Land shall mean all areas within the boundaries of the Plat that are not part of the First Phase.

2.3. Additional Units shall mean the residential homes (and the Lots on which they are located) which may be added to the Project in accordance with the terms and provisions of this Declaration. The Additional Units must be located within the Additional Land.

2.4. Amendment shall mean any amendment to this Declaration made in accordance with the Declaration and the Act.

2.5. Assessable Unit shall mean each Unit, except for Exempt Units.

2.6. Articles shall mean the Articles of Incorporation of The Arbors at Herriman Towne Center II Owners Association, Inc., as such Articles may be amended from time to time.

2.7. Association shall mean The Arbors at Herriman Towne Center II Owners Association, Inc., a Utah nonprofit corporation.

2.8. Board shall mean the Board of Directors of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

2.9. Bylaws shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit B, as amended from time to time.

2.10. Common Areas and Facilities shall mean the private roads located within the Project, as shown on the Plat, as further described in Articles 5 and 6 hereof.

2.11. Common Assessments shall mean those assessments described in Section 16 to fund the Common Expenses, and include Regular Common Assessments and Special Common Assessments.

2.12. Common Expense Account shall mean one or more deposit or investment accounts of the Association into which are deposited the Common Assessments.

2.13. Common Expenses shall mean all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities and all other expenses denominated as Common Expenses by this Declaration or by the Act.

2.14. Cost of Living Index shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1967 = 100 compiled by the Bureau of Labor Statistics, United States Department of Labor. The Index for December 1982-1984 is the reference index. Declarant may select any other comparable index that measures changes in the cost of living.

2.15. Declarant shall mean Fieldstone Utah Investors, L.L.C., and its successors and assigns.

2.16. Declarant Affiliate means any person directly or indirectly controlling, controlled by or under common control with Declarant, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which Declarant (or another Declarant Affiliate) is a general partner, managing member or controlling shareholder.

2.17. Exempt Unit(s) shall mean each Unit in the Project while owned by Declarant or a Declarant affiliate, until the earliest to occur of (i) the acquisition of title to the Unit by a person or entity other than Declarant or a Declarant Affiliate, or (ii) the one hundred eightieth (180<sup>th</sup>) day after the municipal authority having jurisdiction thereover issues a certificate of occupancy for the Unit.

In addition, each Lot that does not contain a fully constructed Unit shall be an “Exempt Unit,” and each model unit owned by the Declarant shall be an “Exempt Unit” so long as the same is used as a model unit by the Declarant, a Declarant Affiliate, or their assign(s).

2.18. First Phase shall mean Lot H-53 and Lots H-61 through H-68, together with any and all roads and facilities that are constructed within the Project to provide access to said Lots, as shown on the Plat.

2.19. Lease shall mean any agreement for the leasing or rental of any Unit or Lot.

2.20. Lot shall mean each of the tracts of land designated as a “lot” on the Plat. The Plat depicts thirty (30) Lots. The First Phase will be comprised of the nine (9) Lots identified in Section 2.18 above. The Project may be expanded to include more than the initial nine (9) Lots in accordance with the terms and provisions of this Declaration. Ownership of the Lot and the Unit (when constructed on the Lot) shall be inseparable. Any conveyance of a Lot shall operate to convey title to the Unit thereon. Likewise, any conveyance of a Unit shall operate to convey title to the Lot on which the Unit is located. The Owners shall be responsible for the maintenance and repair of all improvements, structures and landscaping located within the boundaries of their own Lots.

2.21. Manager shall mean the person, firm or company, if any, designated from time to time by the Association to manage the affairs of the Association and the Project.

2.22. Master Association shall mean the Herriman Towne Center Homeowners Association, as described in and governed by the Master Covenants. Certain areas within the Project are designed as common areas of the Master Association, as shown on the Plat, for which the Master Association (not the Association of this Project) shall be responsible to maintain and repair.

2.23. Master Covenants shall have the meaning given in Section 1.1 of the Recitals above.

2.24. Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Unit or any part thereof or interest therein is encumbered. A First Mortgage is a Mortgage having priority as to all other Mortgages encumbering a Unit or any part thereof or interest therein.

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

2.26. Owner shall mean any person or entity at any time owning in fee simple a Unit within the Project as such ownership is shown by the records of the County Recorder of Salt Lake County, State of Utah. The term “Owner” shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.27. Plat shall mean the official plat for Herriman Towne Center Plat H – Phase 2 and Herriman Towne Center Plat H – Phase 3, located in the Southwest Quarter of Section 36, Township 3 South, Range 2 West, Salt Lake Base and Meridian, on file and of record in the Salt

Lake County Recorder's Office, State of Utah. The Plat depicts the following thirty (30) lots (in addition to the other lots depicted on the Plat): the Lots comprising the First Phase (as defined above) plus Lots H-39 through H-52 and Lots H-54 through H-60.

2.28. Project shall mean the First Phase (including, without limitation, the land, improvements, and Common Areas and Facilities included within the First Phase), together with any and all Additional Land and Additional Units that may be added to the Project in accordance with the terms and provisions of this Declaration. It is intended that this Declaration will be recorded, initially, against only the Lots in the First Phase. If and when the Project is expanded to include additional Lots/Units, an instrument will be recorded against such additional Lots/Units subjecting them to the terms and provisions of this Declaration and making them part of the Project.

2.29. Property shall mean the real property situated in the County of Salt Lake, State of Utah, against which this Declaration is recorded, and shall include such portions of the Additional Land that are added to the Project by recorded instrument (if and when the Project is expanded to include such portions of Additional Land).

2.30. Regular Common Assessments shall mean the annual assessments levied by the Association to pay the budgeted Common Expenses, which assessments may be collected quarterly or monthly, as determined by the Board.

2.31. Special Common Assessments shall mean assessments, which the Association may levy from time to time, in addition to the Regular Common Assessments, for unexpected Common Expenses or other purposes as provided herein.

2.32. Total Votes of the Association shall mean the total number of votes appertaining to all Units that are part of the Project, as described in Section 18 hereof.

2.33. Unit shall mean each single-family dwelling constructed on a Lot within the Project, and designed for separate ownership and occupancy as described in Section 5 hereof.

### 3. NATURE AND DESCRIPTION OF THE PROJECT.

3.1. This Project will be comprised solely of single-family, detached residential dwellings referred to herein as "Units." Initially, the Project will be comprised of nine (9) Units and the Common Areas and Facilities relating to those Units. The Project may be expanded in accordance with the provisions in Section 4 of this Declaration to include some or all of the Additional Land. If the Project is expanded to include all Additional Land, then at completion, the Project will be comprised of thirty (30) Units, with one Unit being constructed on each of the thirty (30) Lots included in the Project.

3.2. This Project shall be governed by the provisions of this Declaration, as well as the provisions of the Master Covenants. In the event of any conflict between the provisions of this Declaration and the provisions of the Master Covenants, the provisions of the Master Covenants shall govern. To the extent necessary to comply with the Master Covenants, the Association for this Project shall be considered a "Neighborhood Association" as described in the Master Covenants.

3.3. Declarant hereby confirms and acknowledges that the Project is subject to the provisions of the Act with respect to all items that are not addressed in this Declaration. All of said Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, rented, used and improved as a planned unit development known as The Arbors at Herriman Towne Center II. The Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of the Project and the Owners of all Units within the Project. Further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit on the Property and shall be binding on any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors.

3.4. No provision of this Declaration shall prevent the Declarant from doing any of the following, which shall be deemed to be among Declarant's reserved rights, in addition to such rights as may be described elsewhere in this Declaration: (1) installation and completion of improvements within the Project; (2) use of any Lot or Unit owned by the Declarant as a model home, or for the placement of temporary construction or sales office; (3) installation of maintenance of signs incidental to sales or construction, which are in compliance with applicable city ordinances; (4) assignment of Declarant's rights under this Declaration, in whole or in part, to one or more persons intending to construct the Project or a portion thereof, or build homes within the Project; (5) retention of Declarant's rights with respect to subsequent phases of the Project; (6) access over, under and through any of the Project, for the installation of improvements; and (7) erection of permanent or temporary signs for use during the selling and marketing of the Project. Notwithstanding any other provision to the contrary in this Declaration, Declarant, in its sole and absolute discretion, shall have the right to construct and install any and all improvements within the Project that it desires to construct and install (and to designate such improvements as Common Areas and Facilities to be maintained by the Association), so long as the improvements comply with applicable city ordinances and the Master Covenants, including, without limitation, homes, fencing, common playgrounds, common facilities, or other improvements. This provision shall not be construed to impose any obligations on Declarant to construct any such items.

#### 4. EXPANDABLE PROJECT.

4.1 The Project is expandable and may include any or all of the Additional Land. Declarant (and its successors or assigns) shall have the absolute right and option, but not the obligation, to expand the Project by adding any portion or all of the Additional Land, in whole or in part. There are no limits to Declarant's option to expand the Project. Declarant's decision to expand the Project, in whole or in part, shall not require the consent or approval of any Unit Owners. The term of Declarant's option to expand the Project shall be twenty (20) years beginning on the date this Declaration is recorded, and cannot be terminated at any time, except by Declarant. Declarant can add any portion of the Additional Land to the Project at any time and from time to time as determined by Declarant in its sole and absolute discretion. There are no limitations or requirements limiting Declarant's rights in that regard, and Declarant can add any portion of such Additional Land to the Project at any time. Declarant may designate portions of the Additional Land added to the Project as phases, but it is not obligated in advance to identify the Additional Land involved in each subsequent phase (after the First Phase), nor the order in which such Additional Land will be added to the Project, if at all.

4.2 All Units on the Additional Land shall be restricted to residential use in accordance with, and subject to, the use restrictions described in this Declaration. Therefore, no portion of the Additional Land or Units on the Additional Land shall be used for any uses other than residential purposes. Other than the restriction on the use of the Units described above, no assurances are made regarding (i) what type of improvements, or the description of the improvements, that will be made on any portion of the Additional Land, or (ii) what type or size of Units may be created on any portion of the Additional Land.

4.3 No part of the Additional Land shall be deemed to be a part of the Project, and the Project shall not be expanded, until and unless Declarant or its agent records a written instrument submitting such Additional Land (or part of it) to the terms and provisions of this Declaration. Such written instrument may be labeled as a "Declaration of Inclusion" or similar name, and shall not be effective unless and until it is recorded against such Additional Land (or part of it) with the Salt Lake County Recorder's Office.

## 5. DESCRIPTION OF UNITS.

There shall be one Unit located on each Lot, as the Lots are shown on the Plat. Each Unit is defined to consist of the residential dwelling located on the Lot, including, without limitation, the roof, the exterior materials of the dwelling, and all doors, windows, doorways, patios, porches and other physical materials and improvements comprising the residential dwelling. In addition, each Unit shall consist of the airspace above and the subsurface below the land and all of the area and improvements above and below the surface of the land and within and part of the vertical boundaries of the Unit, extended upwards to the heavens and downward to the center of the earth. Each Unit shall further include the garages and garage doors pertaining to or contained within each Unit, as well as the driveways, patios and porches, if any, pertaining to each Unit. The Owner(s) of each Unit are responsible for all costs and expenses associated with the maintenance and repair of his/her/their respective Unit (as the term "Unit" is defined above) as well as the maintenance and repair of all improvements and landscaping located within the boundaries of the Owner's Lot. The Association shall have no duty or obligation to maintain any of the improvements or landscaping within the Lots.

## 6. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES.

6.1. The Common Areas and Facilities shall mean and include those portions of the Property that are not part of the Lots or the Units. The Common Areas and Facilities shall mean and include the private (non-public) roadways, streets and walkways, if any, within the Project, as well as any other areas in the Project designated as part of the Common Areas and Facilities on the Plat.

6.2. The Common Areas and Facilities in the Project shall be owned and maintained by the Association. The Association shall be responsible for snow-removal of the private roadways within the Project.

6.3. No Owner, directly or indirectly, shall make any alterations to any Common Areas and Facilities without the prior written consent of the Board.



7. NATURE AND INCIDENTS OF UNIT AND LOT OWNERSHIP.

7.1. Each Lot (and the Unit constructed thereon) is a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration.

7.2. Subject to the limitations contained in this Declaration, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use their own Unit(s) and their own Lots.

7.3. Each Owner shall be responsible for snow removal of the Owner's driveway, patio, porch, and sidewalks (if any) abutting or located within the Owner's Lot. The Association will be responsible for snow removal of the private roads within the Project.

7.4. Each Owner shall have the exclusive right to paint, repaint, tile, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of their Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries. Each Owner shall keep the interior and exterior of their Units in a sanitary condition and in a good state of repair. In addition, each Owner shall keep their garage, driveway and patio, if any, in a good state of repair. In the event that any such Unit should develop an unsanitary condition or fall into a state of disrepair and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Board, the Board shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter upon each Lot to fix, repair, maintain and/or replace any unsanitary condition or state of disrepair.

7.5. Each Owner shall have the obligation to maintain and keep in a state of good repair all exterior elements and features of their Unit, including, without limitation, the roof, chimney, and all exterior surfaces of the Unit; provided, however, that no Owner may alter or modify the color, dimensions, or materials of the exterior elements or features of their Unit without the prior written approval of the Board, which approval shall not be unreasonably withheld so long as the HTC Design Guidelines are satisfied. In the event that any Owner should allow the exterior elements or features of their Unit to fall into a state of disrepair and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Board, the Board shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter upon said Owner's Lot and correct, repair, or eliminate said condition.

7.6. No Owners may subdivide their Unit(s).

7.7. The Board shall have the right to enter into any Lot or Unit for the purpose of cleaning, maintenance, repairs, including emergency repairs, and for the purpose of abating a nuisance, or a known or suspected dangerous or unlawful activity.

8. TITLE TO UNITS.

8.1. Title to a Unit within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

8.2. Title to part of a Unit within the Project may not be separated from any other part thereof during the period of ownership, and each Unit shall always be conveyed, devised, encumbered and otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the entire Unit, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Association as herein set forth.

8.3. No Owner shall be permitted to timeshare or to allow any other form of interval ownership or interval right-to-use form of timesharing of any Unit within the Project.

8.4. The Common Areas and Facilities shall be owned by the Association, and no Owner may bring any action for partition thereof.

8.5. Each Owner shall have the right to encumber his interest in a Unit with a Mortgage. However, no Owner shall attempt to or shall have the right to encumber the Common Areas and Facilities or any part thereof. Any Mortgage of any Unit within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

8.6. No labor performed or services or materials furnished with the consent of or at the request of an Owner may be the basis for the filing of a lien against the Unit of any other Owner, or against any part thereof, or against any other property of any other Owner, unless the other Owner has expressly consented to or requested the performance of such labor or furnishing of such services. Express consent shall be deemed to have been given by the Owner in the case of emergency repairs thereto. Labor performed or services or materials furnished for the Project, if authorized by the Association and provided for in the Declaration, shall be deemed to be performed or furnished with the express consent of each Owner. The Owner may remove his Unit from a lien against two or more Units or any part thereof by payment to the holder of the lien of the fraction of the total sums secured by such lien which is attributable to his Unit.

8.7. Every contract for the sale of a Unit and every other instrument affecting title to a Unit within the Project may describe a Unit by the name of the Project, the county wherein the Project is located, and its Lot Number as shown on the Plat. Such description will be construed to describe the Unit and the Lot on which the Unit is located, and to incorporate all the rights incident to ownership of a Unit within the Project and all of the limitations on such ownership as described in this Declaration.

## 9. RESTRICTIONS ON USE.

The Units and Common Areas and Facilities, except as otherwise permitted in writing by the Board, shall be used in accordance with the following restrictions:

9.1. All Units are intended to be used for single-family residential housing purposes and are restricted to such use, provided, however, that home-based businesses which have no impact on the Project beyond the ordinary impact of residential use are permissible.

9.2. No Unit or building may be less than ten (10) feet away from the closest Unit or building unless appropriate fire walls are installed.

9.3. No noxious, destructive or offensive activity shall be carried on or placed in or upon any Unit or Lot, or in the Common Areas, or any part thereof, which shall interfere with the legal rights of other Owners nor shall anything be done therein which is or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property. Without limiting the breadth of the foregoing, aluminum foil, sheets, linen, bed sheets, newspapers, or any other similar materials may not be used to cover the windows in any Unit. The Common Areas and Facilities shall be used only in a manner which is consistent with their community nature and the use restrictions applicable to the Units. Without limiting the breadth of the foregoing sentence: (i) no automobile or other vehicle shall be parked at any location within the Project which impairs vehicular or pedestrian access within the Project or to and from its various parts; (ii) no garments, rugs, or other household items, or wash lines of any kind may be hung or maintained outside of an Owner's Unit; (iii) no Owner shall discard or permit any items to fall from the windows of his Unit; (iv) no dogs are permitted on common areas unless the dog is on a leash; and (v) each pet owner must immediately remove any animal droppings and dispose of them in a garbage container.

9.4. No signs, flags or advertising devices of any nature, including, without limitation, informational or directional signs or devices or campaign or political signs, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Board, except as may be necessary temporarily to caution or warn of danger. If the Board consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Board. Nothing in this provision, however, shall be construed to prohibit Owners from erecting American flags on holidays, or from placing "for sale" signs that are equal to or smaller than 36 inches by 36 inches in size.

9.5. No pets, animals, livestock or poultry of any kind shall be bred in or kept on the Project. Up to two (2) domestic pets per Unit are allowed. Pets shall not create a nuisance, and the following acts may constitute a nuisance: (a) causing damage to the property of anyone other than the pet owner; (b) causing unsanitary conditions; (c) defecating on any Common Areas when the feces are not immediately cleaned up by the responsible party; (d) barking, howling, whining or making other disturbing noises in an excessive or continuous fashion; (e) harassing passersby by lunging at them or chasing vehicles; (f) attacking or threatening to attack people or other domestic pets; or (g) otherwise acting so as to unreasonably bother, annoy or disturb other residents or unreasonably interfering with their right of peaceful and quiet enjoyment of their Units. Pets in the Common Areas must be in a cage or on a leash at all times. Pets may not be tied or tethered in any Common Areas. The Board may establish and enforce Pet Rules, and charge a Pet deposit.

9.6. Vehicles may be parked only in accordance with posted parking signage. Vehicles shall not be parked where prohibited by parking signage.

9.7. No Unit, or portions thereof, may be further divided or subdivided, sold or conveyed so as to be held in divided ownership (as opposed to community property, tenancy in common, or other form of joint undivided ownership).

9.8. Except as otherwise permitted by this Declaration, no Owner shall, without the prior written consent of the Board, make or permit to be made any alteration, improvement or addition in or to the exterior features of any Unit. No Owner shall, without the prior written consent of the Board, do any act that would impair the structural soundness or integrity of the Units or the safety of property, impair any easement or hereditament appurtenant to the Project, or make or permit to be made any alteration, improvement or addition to the Common Areas and Facilities.

9.9. There shall be no obstruction of the Common Areas and Facilities by any Owner. Owners shall neither store nor leave any of their property in the Common Areas and Facilities, except with the prior written consent of the Board.

9.10. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which would increase the rate of insurance on the Project or any part thereof over what the Association, but for such activity, would pay, without the prior written consent of the Board. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner or guest, lessee, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or his guests, lessees, licensees or invitees.

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

9.12. Any Lease agreement between an Owner and lessee for a Unit shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws, and any failure by the lessee to comply with the terms of such documents shall be a default under the Lease. All such Lease agreements shall be in writing and a copy of the Lease shall be filed with the Association. Other than the foregoing, there is no restriction on the right of any Owner to lease his or her Unit. An Owner shall be responsible and liable for any damage to the Project caused by the Owner's tenant.

## 10. ASSOCIATION AND BOARD OF DIRECTORS.

10.1. Each Owner shall be entitled and required to be a member of the Association. There shall be two (2) classes of membership in the Association, as set forth in Section 18 herein. Membership will begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Unit is held by more than one person, the membership appurtenant to that Unit shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Unit is held. An Owner shall be entitled to one membership for each Unit owned by him. Each membership shall be appurtenant to the Unit to which it relates and shall be transferred automatically by conveyance of that Unit. Ownership of a Unit within the Project cannot be separated from the Association membership appurtenant thereto, and any devise, encumbrance, conveyance or other disposition of a Unit shall constitute a devise, encumbrance, conveyance or other disposition,

respectively, of such Owner's membership in the Association and the rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Unit.

10.2. The Association shall be governed by the following provisions:

10.2.1. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Board of Directors consisting of at least three (3) natural persons as provided in the Bylaws. The Board shall be elected as provided in this Declaration and in the Bylaws.

10.2.2. Except as otherwise provided herein, the Board shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration and the Bylaws, including but not limited to the following:

10.2.2.1. To make and enforce all rules and regulations covering the operation and maintenance of the Project and the Units.

10.2.2.2. To carry out through a Manager those of its functions which are properly the subject of delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association or Board, shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Board, be authorized to perform any of the functions or acts required or permitted to be performed by the Board itself.

10.2.2.3. To engage the services of accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefore, and to appoint committees as determined by the Board.

10.2.2.4. To operate, maintain, repair, improve and replace the Common Areas and Facilities.

10.2.2.5. To determine and pay the Common Expenses.

10.2.2.6. To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Section 16 hereinafter.

10.2.2.7. 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.

10.2.2.8. To open bank accounts on behalf of the Association and to designate the signatories therefor.

10.2.2.9. To purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Association or its designee.

10.2.2.10. To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Board, the Association or the Project in excess of \$20,000 (as measured in 2013 dollars and thereafter adjusted by the Cost of Living Index) without the prior approval of a majority of the Total Votes of the Association at a meeting or by written ballot distributed to Owners by mail; provided, any settlement which would be paid from proceeds of insurance which may be settled by the Association's insurance carrier and which in either case results in no actual liability of funds of the Association in excess of \$20,000 shall not require Association approval.

10.2.2.11. To obtain insurance for the Association with respect to the Units and the Common Areas and Facilities, as well as worker's compensation insurance, as needed.

10.2.2.12. To repair or restore the Project following damage or destruction or a permanent taking by the power of, or power in the nature of, eminent domain, or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Act.

10.2.2.13. To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Board and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

10.2.2.14. To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Bylaws. The Association or the Board shall make available to the Owners, Mortgagees and the holders, insurers and guarantors of the First Mortgage on any Unit current copies of the Declaration, Articles, Bylaws and other rules governing the Project and other books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

10.2.2.15. To do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project.

10.2.2.16. To prepare, adopt, amend and disseminate budgets and other information from time to time in accordance with the terms of the Bylaws.

10.2.2.17. To grant conveyances, easements and rights-of-way over the Common Areas and Facilities.

10.2.2.18. Members of the Board, the officers and any assistant officers, agents and employees of the Association (i) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (ii) shall have no

personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Association in their capacity as such; (iii) shall have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue of acts performed by them, except for their own willful misconduct or bad faith, nor for acts performed for them in their capacity as such; and (iv) shall have no personal liability arising out of the use, misuse or condition of the Project, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

10.2.2.19. When a member of the Board is sued for liability for actions undertaken in his role as a member of the Board, the Association shall indemnify him for his losses or claims, and undertake all costs of defense, until and unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Board who so acted. Members of the Board are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose gross negligence gave rise to the damages.

10.2.3. Neither the Board nor the Manager, if any, shall sell any Property of the Association except as permitted by the Act and this Declaration.

## 11. MAINTENANCE, ALTERATION AND IMPROVEMENT.

11.1. The Board, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and Facilities and all improvements thereon, and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair. The Board/Association shall not be responsible for the maintenance and repair of the Units or the patios, porches and driveways pertaining to the Units. The costs associated with the maintenance, replacement and repair of the Common Areas and Facilities shall be a Common Expense.

11.2. The Association shall have the irrevocable right to have access to any Lot or Unit for the purpose of abating a nuisance or a known or suspected dangerous or unlawful condition. Such entry shall be made with as little inconvenience to the Owners as is practicable under the circumstances and any damage caused thereby shall be repaired by the Association.

11.3. Additions or Capital Improvements to the Project which cost no more than \$25,000 may be authorized by the Board alone. Additions or Capital Improvements the cost of which exceeds \$25,000 must, prior to being constructed, be authorized by at least a majority of Owners in attendance at an owners' meeting called for such purpose.

11.4. No Owner shall enlarge or otherwise modify the exterior of his/her Unit or add any devices or structures such as, for illustration and not limitation, fences, greenhouses, solariums, room additions, enclosing decks, hot tubs, unless and until the Owner has received prior written consent from the Board. The Board may function by itself or may appoint a committee to be charged with the responsibility of keeping the Project's exterior and common areas consistent in appearance.

## 12. INSURANCE.

12.1. The Association shall maintain insurance meeting the following requirements:

12.1.1. A “master” or “blanket” type policy of property insurance shall be maintained covering the Common Areas and Facilities of the Project in such amounts as are reasonably deemed appropriate by the Board. Such “master” or “blanket” policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Project covered by such policy. Unless the Board otherwise determines, the maximum deductible amount for such a policy covering the Common Areas and Facilities shall be Ten Thousand Dollars (\$10,000). Funds to cover these deductible amounts shall be included in the Association’s operating reserve account.

12.1.2. The name of the insured under each policy required to be maintained by the foregoing Section shall be the Association for the use and benefit of the Owners.

12.1.3. The Association shall at all times maintain in force and pay the premiums for “blanket” fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to the Manager, the Manager shall provide “blanket” fidelity bonds, with coverage identical to such bonds required of the Association, for the Manager’s officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association’s best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association, or the Manager, as the case may be, at any given time during the term of each bond. The bonds required shall meet the following additional requirements: (1) the fidelity bonds shall name the Association as obligee; (2) the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of “employees”, or similar terms or expressions; (3) the premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by the Manager for its officers, employees and agents) shall be paid by the Association as part of the Common Expenses; and (4) the bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days’ prior written notice to the Association.

12.1.4. The Association shall maintain in force, and pay the premium for a policy providing commercial general liability insurance coverage covering all of the Common Areas and Facilities, public ways in the Project, all other areas of the Project that are under the Association’s supervision. Such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas and Facilities, and legal liability arising out of lawsuits related to employment contracts of the Association.



12.1.5. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

Each insurance policy maintained pursuant to the foregoing Sections shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London.

The provisions of this Section 12.1 shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

12.1.6. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration.

12.2. Notwithstanding any other provision in this Declaration to the contrary, Owners shall be required to procure and maintain any and all property, hazard, and other insurance pertaining to their own Units. The Association shall not be responsible for obtaining or paying for any insurance relating to the Owners' Units.

### 13. DESTRUCTION OR DAMAGE.

13.1. All of the Owners irrevocably constitute and appoint the Association as their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from any Owner shall constitute an appointment by said grantee of the Association as his or her attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted. All insurance proceeds shall be payable to the Association except as otherwise provided in this Declaration.

13.2. Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas and Facilities having substantially the same vertical and horizontal boundaries as before.

13.3. If the damage or destruction is to be repaired or reconstructed, the Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Association may take all necessary or appropriate action to effect the repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas and Facilities having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original architectural plans and specifications.

13.4. If repair or reconstruction is to occur, the insurance proceeds held by the Association and any amounts received from Common Assessments shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners equally.

13.5. If any Owner (or the family members, guests, tenants or invitees of such Owner) causes any damages to or destruction of any Common Areas and Facilities, said Owner shall be fully responsible for all costs reasonably incurred to repair the damage or replace any items that need to be replaced as a result of the damage. All costs incurred by the Association in connection with such repair and/or replacement shall be secured by a lien in favor of the Association, and the Association shall have the same rights with respect to collection of said amounts and/or enforcement of the lien as it does with respect to collection of assessments and enforcement of the lien securing payment of assessments as set forth in Section 16 below.

#### 14. MORTGAGEE PROTECTION.

14.1. The Association shall maintain and have current copies of the Declaration, Articles, Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Units in the Project. Generally, these documents shall be available during normal business hours.

14.2. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Unit if the First Mortgage was recorded before the delinquent assessment was due, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Unit shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No

assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Unit affected or previously affected by the First Mortgage concerned.

14.3. In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required hazard insurance described above lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

14.4. No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Units or the Common Areas and Facilities.

#### 15. AMENDMENT.

15.1. Except as provided elsewhere in this Declaration, any amendment to this Declaration shall require the affirmative vote of at least sixty-seven percent (67%) of the votes cast in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Salt Lake County Recorder of an instrument executed by the Association. In such instrument an officer or a member of the Board of the Association shall certify that the vote required by this Section for amendment has occurred.

#### 16. ASSESSMENT OF UNITS BY THE ASSOCIATION.

16.1. The making and collection of Common Assessments by the Association from Owners of Units for their share of Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

16.1.1. Declarant, for each Unit owned by Declarant which is not an Exempt Unit, and each Owner, other than Declarant, by becoming an Owner of a Unit is deemed to covenant and agree to pay Assessments to the Association in accordance with this Declaration. Each Unit in the Project (except for Exempt Units) shall be liable for an equal share of the Common Expenses of the Association. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserve expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Article 16 shall be the Common Expense Account. Common Assessments shall include both Regular Common Assessments and Special Common Assessments. Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Association in accordance with the provisions of this Declaration and the Bylaws. Regular Common Assessments shall be levied against each separate Unit annually.

16.1.2. The Association may not impose a Regular Common Assessment per Unit which is more than 20% greater than the previous year's Regular Common Assessment per Unit, without first obtaining the majority vote of Owners, constituting a quorum, in attendance (in person or by proxy) at a meeting of the Owners called for such purpose. The Association shall provide notice, by first class mail to all Owners, of any increase in the Regular Common Assessments not less than fifteen (15) or more than sixty (60) days prior to the date the increased Regular Common Assessment is due.

16.1.3. In addition to the Regular Common Assessments, the Association may levy in any calendar year, Special Common Assessments applicable to that year only. However, in any fiscal year, except as otherwise provided in this Declaration, the Board shall not, without the vote or written assent of Owners, casting a majority of the Total Votes of the Association at a meeting or by written ballot, levy Special Common Assessments which in the aggregate exceed 10% of the budgeted gross expenses of the Association for that fiscal year. All Units within the Project, except Exempt Units, shall pay an equal portion of any Special Common Assessment. These provisions with respect to the imposition or allocation of Special Common Assessments shall not apply when the special assessment is to pay an increase in real property taxes or when the special assessment against an Owner is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the Owner and/or his Unit into compliance with the provisions of this Declaration, the Bylaws, rules and regulations of the Association, or any other governing instrument for the Project. The Board shall provide notice by first class mail to all Owners of any Special Common Assessments not less than fifteen (15) nor more than sixty (60) days prior to the date such Assessment is due. Special Common Assessments shall be paid as determined by the Board and the Board may permit Special Common Assessments to be paid in installments extending beyond the fiscal year in which the Special Common Assessment is imposed.

16.1.4. All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall be delinquent and shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Board, from the date when due until paid. In addition, Owners who do not pay their Common Assessments when due shall be subject to a late fee pursuant to a fee schedule adopted by the Board, which fee schedule shall be adjustable at the discretion of the Board. All payments of Common Assessments shall be first applied to accrued interest and late fees, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Unit(s). If the Owners' percentage interests in the Common Areas and Facilities are reallocated, assessments for Common Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

16.1.5. There shall be a lien upon the applicable Unit for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to the Declaration and the Act. The lien for unpaid Common Assessments and

related charges shall be effective upon recordation in the Office of the Salt Lake County Recorder of a written notice of lien by the Board or the Manager. The written notice of lien shall set forth the amount of the Common Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. No notice of lien shall be recorded until there is a delinquency in payment of the Common Assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the state of Utah for the enforcement of a mechanics lien which has been established in accordance with the provisions of Chapter 1, Title 38, Utah Code Ann., as amended from time to time. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Common Assessments against the Unit which shall become due during the period of foreclosure, and all such Common Assessments shall be secured by the lien being foreclosed. The Board shall have the right and power in behalf of the Association to bid at any foreclosure sale and to hold, lease, mortgage or convey the subject Unit in the name of the Association. In furtherance of such foreclosure rights, the Association may bring an action at law against the Owner personally obligated to pay the same or the Association may foreclose the lien in accordance with the provisions of the Act. The Board may appoint legal counsel or a title insurance company as a trustee for the purpose of exercising the power of sale in connection with non-judicial foreclosures as provided in Title 57, Chapter 1 Utah Code Ann. and made applicable hereto by Title 57, Chapter 8a Utah Code Ann. Provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1 Utah Code Ann. Each Owner hereby conveys all of its right, title and interest in its Unit to such trustee, in trust, with a power of sale, to secure each Owner's obligations under the Declaration, including but not limited to the obligation to pay all Common Assessments. The Association may, through its duly authorized agents, bid on the Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The lien of the Association shall be superior (prior) to all other liens and encumbrances except liens and encumbrances recorded before recordation of this Declaration, a First Mortgage on a Unit, and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on the Unit. The lien procedures described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. The Board, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Unit. This statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Board, the Common Area Manager and every Owner, in favor of all who rely on such statement in good faith.

16.1.6. The amount of any Common Assessment against any Unit shall be the personal obligation of the Owner(s) of such Unit to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the

Common Areas and Facilities or by abandonment of his Unit or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

16.1.7. The personal obligation of an Owner to pay unpaid assessments against his or her Unit shall not pass to successors in title unless assumed by them; provided, however, that a lien to secure unpaid assessments shall not be impaired, nullified or otherwise affected by the sale or transfer of the Unit unless foreclosure by a First Mortgagee is involved in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

16.1.8. All Exempt Units shall be exempt from the Assessments (including regular common assessments and special assessments). Declarant shall remain a Class B Member in the Association at all times so long as it owns a Unit or has a contract right to purchase any of the Lots located within the Additional Land, notwithstanding its temporary exemption status from the required Assessment payments. On the date on which a Unit loses its status of being an Exempt Unit, then it shall automatically be subject to its share of Assessments from that date forward, and the membership pertaining to such Unit shall become a Class A membership.

16.2. The Board shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established or for litigation involving such matters. At least once every three (3) years (or as otherwise required by applicable State law) the Board shall cause a study to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Board shall, thereafter, annually review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

16.2.1. Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of less than 30 years.

16.2.2. Identification of the probable remaining useful life of the components identified in subparagraph 16.2.1 above, as of the date of the study.

16.2.3. An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in subparagraph 16.2.1 above, during and at the end of its useful life.

16.2.4. An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

For the purposes of this Section, the term “reserve account requirements” means the estimated funds which the Board has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Association is obligated to maintain.

16.3. If an Owner shall at any time lease his Unit and shall default in the payment of Common Assessments, the Board may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due, and the payment of such rent to the Board shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid.

16.4. To the extent that any of the Units are required to pay assessments to the Master Association, the Association for this Project may collect such amounts as part of the assessments of this Association and shall remit the same to the Master Association.

#### 17. REINVESTMENT FEE COVENANT.

17.1. Beginning with the original conveyance of title to a Unit by Declarant to the initial Owner of a Unit, and continuing thereafter with respect to each and every subsequent conveyance of title to a Unit to a new Owner, a fee in the amount of One Hundred Twenty-Five Dollars (\$125.00) (the “Reinvestment Fee”) shall be paid by the buyer of the Unit to the Association. To the fullest extent practicable, the Reinvestment Fee shall be collected at the closing of the purchase/sale transaction by the title company, escrow company, or other persons involved with the transaction, and paid directly to the Association.

17.2. The Association shall have a lien against the Unit of the buyer/New Owner to secure payment and collection of the Reinvestment Fee. The lien securing payment of the Reinvestment Fee shall be enforceable in the same manner and in all respects as the lien securing payment of assessments as provided in the provisions of Article 16 above.

17.3. The obligation to pay the Reinvestment Fee shall be a personal and continuing obligation of the buyer/New Owner, regardless of whether the buyer/New Owner acquired title to the Unit by regular conveyance, pursuant to a foreclosure sale (judicial or non-judicial), by inheritance or probate, or otherwise.

17.4. The Association shall use the funds obtained from payment of all Reinvestment Fees to maintain, repair and/or replace the Common Areas and Facilities of the Project for the benefit of all of the Lots and Units in the Project.

17.5. The provisions of this Article 17 shall be interpreted and enforced in a manner that complies with the provisions pertaining to “reinvestment fee covenants” in Sections 57-1-46 et seq. of the Utah Code, as the same may be amended.

17.6. The provisions of this Article 17 are intended to run with the land of the Lots and Units, and to be binding upon all successors and assigns, and inure to the benefit of the Association.

18. VOTING.

The Association shall have two (2) classes of memberships which shall be governed by the following voting rights and restrictions:

Class A. Each Owner of a Unit, which is an Assessable Unit, shall be a Class A Member of the Association and each Owner is allotted one (1) vote per Unit owned. Each Class A Membership shall be held jointly by all Owners of such Unit.

Class B. Declarant shall be the only Class B Member of the Association and shall be entitled to three (3) votes for each Lot owned by Declarant within the Project. Declarant shall be entitled to cast votes for each such Lot even if Lots is temporarily classified as Exempt Units under Section 2.17 of this Declaration. Furthermore, Declarant shall be a Class B Member with respect to each Lot, as shown on the Plat, which Declarant has a contractual right to purchase for so long as such contractual right shall remain in effect.

Notwithstanding any provision to the contrary in this Declaration, Class A Members shall have no voting rights in the Association so long as Declarant is a Class B Member of the Association (by virtue of Declarant being an Owner of a Lot or by virtue of Declarant having a contractual right to purchase additional Lots shown on the Plat), unless governing statutes (State or Federal) require that Class A Members be allowed to vote on the topic or matter at issue. During the period of time in which Declarant is a Class B Member, all matters requiring a vote of the Members or otherwise submitted to a vote of the Members shall be determined solely by the Class B votes (i.e., solely by the Declarant). When Declarant is no longer a Class B Member of the Association, then (i) the Class B membership shall cease being a class of membership; (ii) there shall no longer be any Class B votes of the Association; and (iii) Class A votes shall become activated and shall be allowed to vote on all matters of the Association requiring votes of Members. The schedule of Class A votes is set forth in Exhibit "A" hereto.

19. EASEMENTS.

19.1. If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Lot or a Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Lot or Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

19.2. If any utility line of any kind is constructed such that it crosses through, over, or under one or more Lots or Units in order to provide service to another Lot or Unit, or if, after construction, it becomes necessary to install a utility line through, over or under one or more Lots or Units in order to provide service to another Lot or Unit, a perpetual easement for such utility line(s) is hereby granted for the installation, access to, maintenance, repair (or replacement) and operation of all such utility line(s).



19.3. Each Owner shall have the unrestricted right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Lot or Unit he or she is occupying, and such rights shall be perpetual and shall be appurtenant to and pass with title to each Unit.

19.4. The Association shall have an easement to make such use of the Common Areas and Facilities as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration, including, without limitation, the right to construct, repair, and maintain the Common Areas and Facilities for use by the Owners and the Association.

19.5. All conveyances of Units or Lots within the Project shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such instrument of conveyance.

## 20. NOTICES.

Any notice permitted or required to be delivered as provided herein may be delivered either personally, by first class mail, by express mail or overnight courier service providing proof of delivery, or by telecopy or facsimile transmission. Notice to Owners shall be addressed to each Owner at the address given by such Owners to the Board for the purpose of service of such notice or to the Unit of such Owner if no such address has been given to the Board. Notice shall be deemed given when actually received if personally delivered or sent by overnight courier; if faxed, when the fax is received, except that if the fax is received at a time other than the normal business hours of the office at which it is received, on the next regular business day; and if by mail, the earlier of the day actually received or the third business day after the notice is deposited in the United States Mail, properly addressed and postage prepaid. Such address may be changed from time to time by notice in writing to the Board.

## 21. NO WAIVER.

The failure of the Board or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration or the Bylaws, to exercise any right or option herein contained or to serve any notice or 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 Board or its agents or designees 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 Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

## 22. ENFORCEMENT.

22.1. All Owners, guests or lessees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of the Declaration, the Bylaws, and the rules and regulations and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Declaration or the decisions of the Association. Owners shall have a similar right or action against the Association. Failure to so

comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Board, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Board to impose monetary penalties, temporary suspensions of an Owner's right to the use of the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Board shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Board. The Board may delegate to the Manager the power and authority to carry out disciplinary actions duly imposed.

22.2. The Board may adopt and enforce reasonable rules and regulations that are not inconsistent with the provisions of this Declaration. The Board may also adopt and enforce reasonable fine schedules, and may impose and collect fines from Owners who violate the provisions of this Declaration. All costs and expenses incurred by the Board in enforcing the rules and regulations, and enforcing or collecting fines, shall be paid by the offending Owner and shall be secured by a lien against the Unit owned by the offending Owner. Said lien shall be enforced in the same manner as the lien securing payment of assessments, as provided in this Declaration.

22.3. The Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of the Declaration or the rules and regulations for the Project except pursuant to:

22.3.1. The judgment of a court; or

22.3.2. A foreclosure for the failure of an Owner to pay assessments or fines duly levied by the Association.

23. PRE-LITIGATION REQUIREMENTS. Notwithstanding any other provision to the contrary in this Declaration, the Association shall not file, commence or maintain any lawsuits, actions or legal proceedings against Declarant, the individual managers, owners, members or officers of Declarant, Declarant's contractors, or any other person or entity involved in the construction of the Units unless and until all of the following requirements have been satisfied:

23.1 The Association has obtained a legal opinion from an attorney licensed to practice law in Utah having at least ten (10) years of experience in litigation practice, with the legal opinion providing in substance the following: (i) a description of the factual allegations and legal claims to be asserted in the action; (ii) an analysis of the facts and legal claims explaining why it would be in the best interests of the Association to file and pursue such action, taking into account the anticipated costs and expenses of litigation, the likelihood of success on the merits of the claims, and the likelihood of recovery if a favorable judgment is obtained by the Association; and (iii) providing a budget of the estimated amounts of legal fees, costs, expert witness fees and other expenses likely to be incurred in connection with such action (the "Litigation Budget");

23.2 A copy of the opinion letter described in subsection 23.1 above has been provided to all Owners, and, after the Owners have had a reasonable period of time to review the opinion letter, the decision to file the subject action has been approved by

Owners (excluding Declarant) who collectively hold at least sixty percent (60%) of the total votes in the Association; and

23.3 The Association has collected funds from the Owners, by special assessment or otherwise, equal to at least one-half (1/2) of the Litigation Budget as set forth in the opinion letter obtained pursuant to subsection 23.1 above.

If any claims or actions falling within the scope of this Section 23 are filed without satisfying all of the requirements set forth above, such claims/action shall be dismissed without prejudice and shall not be re-filed unless and until all such requirements have been satisfied. In any action to enforce the requirements of this Section 23, the prevailing party shall be entitled to an award of reasonable attorney fees and costs. For purposes of clarity, this Section 23 and the requirements set forth herein shall not apply to any actions or legal proceedings filed by the Association to recover payment of any annual assessments, special assessments, reimbursement assessments or other amounts required to be paid by Owners to the Association under this Declaration, nor does this Section 23 apply to claims or actions that individual Owners may file relating solely to their own properties. Individual Owners, however, shall not be allowed to file or pursue any actions or claims belonging to other Owners or to the Association.

24. AGENT FOR SERVICE OF PROCESS. The name and address of the person to receive service of process shall be the registered agent and address of the Association as shown on the official records of the Division of Corporations and Commercial Code of the State of Utah.

25. 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 hereof shall not affect the validity or enforceability of any other provision hereof.

26. LAW CONTROLLING. This Declaration shall be construed and controlled by and under the laws of the State of Utah.

27. EFFECTIVE DATE. This Declaration shall take effect when recorded. In this Declaration, the singular shall include the plural and the masculine shall include the feminine and vice versa, if the context so requires.

IN WITNESS WHEREOF, the Declarant has executed this instrument this 5 day of February, 2014.

**DECLARANT:**


FIELDSTONE UTAH INVESTORS, L.L.C.

By: 

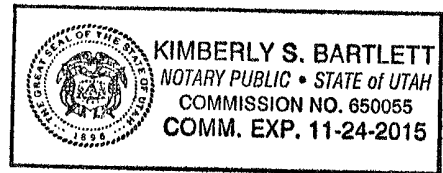
Its: Div President

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

The foregoing instrument was acknowledged before me this 5 day of February, 2014, by Tray Embler, as President of Fieldstone Utah Investors, L.L.C.

  
\_\_\_\_\_  
NOTARY PUBLIC

SEAL:



## **EXHIBIT A**

### Schedule of Units and Votes

Except as otherwise provided in Section 18 of the Declaration, there shall be one (1) vote for each Lot in the Project. The voting percentage for each Lot shall be equal to a fraction, the numerator of which shall be the vote held by the owner of such Lot and the denominator of which shall be the total number of all votes for all Lots in the Project at the time of the vote. The voting percentages for each Lot will be modified if and when the Project is expanded to include Additional Lots due to the fact that the number of Lots comprising the denominator of the fraction herein described will increase.

**EXHIBIT B**

Association Bylaws

**BYLAWS**  
**OF**  
**THE ARBORS AT HERRIMAN TOWNE CENTER II OWNERS ASSOCIATION, INC.**

ARTICLE I

NAME AND LOCATION. The name of the corporation is The Arbors at Herriman Towne Center II Owners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association shall be located at 12896 S. Pony Express Rd., Suite 400, Draper, Utah 84020 (or at such other location as the Board may designate), but meetings of Owners and Board Members may be held at such places within the State of Utah as may be designated by the Board.

ARTICLE II  
DEFINITIONS

Section 1. "Act" shall mean and refer to the Community Association Act, Utah Code Ann. 57-8a-101, *et seq.*

Section 2. "Association" shall mean and refer to The Arbors at Herriman Towne Center II Owners Association, Inc., and its successors and assigns.

Section 3. "Board" shall mean and refer to the Board of Directors, with all powers as stated in the Declaration, the Articles of Incorporation of the Association, and these Bylaws.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of The Arbors at Herriman Towne Center II, filed of record in the Salt Lake County Recorder's Office in the State of Utah, as the Declaration may be amended in accordance with its terms and provisions.

Section 5. "Directors" shall mean and refer to those individuals who are members of the Board. The singular Director shall refer to the singular of the Directors.

Section 6. All other capitalized terms used herein shall have the same meaning as stated in the Declaration.

ARTICLE III  
MEMBERSHIP IN ASSOCIATION; MEETING OF OWNERS; VOTING

Section 1. Membership in Association. Every Owner of a Unit shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Unit. There Association shall have the following two classes of Membership and voting rights:

Class A. Each Owner of a Unit, which is an Assessable Unit, shall be a Class A Member of the Association and each Owner is allotted one (1) vote per Unit owned. Each Class A Membership shall be held jointly by all Owners of such Unit.

Class B. Declarant shall be the only Class B Member of the Association and shall be entitled to three (3) votes for each Lot owned by Declarant in the Project. Declarant shall be entitled to cast votes for each such Lot even if the Lot is temporarily classified as Exempt Units under Section 2.17 of the Declaration. Furthermore, Declarant shall be a Class B Member with respect to each Lot, as shown on the Plat, which Declarant has a contractual right to purchase for so long as such contractual right shall remain in effect.

As set forth in the Declaration, Class A Members shall have no voting rights in the Association so long as Declarant is a Class B Member of the Association (by virtue of Declarant being an Owner of a Lot or by virtue of Declarant having a contractual right to purchase additional Lots shown on the Plat). During the period of time in which Declarant is a Class B Member, all matters requiring a vote of the Members or otherwise submitted to a vote of the Members shall be determined solely by the Class B votes (i.e., solely by the Declarant). When Declarant is no longer a Class B Member of the Association, then (i) the Class B membership shall cease being a class of membership; (ii) there shall no longer be any Class B votes of the Association; and (iii) Class A votes shall become activated and shall be allowed to vote on all matters of the Association requiring votes of Members.

Section 2. Voting. Unless otherwise stated herein, or in the Declaration, all voting shall be by a simple majority vote of all votes cast. A change in the ownership of a Unit shall be effective for voting purposes from the time the deed or other instrument effecting such change is recorded, or, in connection with Owners who are vendees under an installment purchase contract, upon the full execution of the installment purchase contract. Thereafter, the new Owner shall give the Board written notice of such change of ownership and provide satisfactory evidence thereof. The vote for each Unit must be cast as one vote, and fractional votes shall not be allowed. In the event that a Unit is owned by more than one Owner and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Association Member casts a vote representing a certain Unit, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Unit unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote for a particular Unit, the vote for that Unit shall be deemed void and shall not be counted.

Section 3. Annual Meeting. The first annual meeting of the Owners shall be held in June following the date of incorporation of the Association, and each subsequent regular, annual meeting of the Owners shall be held in June of each year thereafter. The Board may change the date of the annual meeting provided it provides reasonable advance notice to all Members.

Section 4. Special Meetings. Special meetings of the Owners may be called at any time by the Board, or upon written request of the Owners who are entitled to vote thirty percent (30%) of all of the votes.



Section 5. Notice of Meetings. Written notice of each meeting of the Owners shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days, and no more than sixty (60) days, before such meeting to each Owner entitled to vote, addressed to the Owner's address last appearing on the books of the Association, or supplied by such Owner to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Those present at the meeting may vote to continue the meeting to any date within 30 days. Notice of the continued meeting will be given by mail, and at the subsequent continued meeting, a quorum will consist of those Owners present. The President of the Association will give notice of any meetings, and will chair meetings of the Owners.

Section 6. Quorum. The presence at the meeting of Owners entitled to cast, or of proxies entitled to cast, fifty-one percent (51%) of the total votes of the Membership, regardless of class, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. Unless otherwise stated in the Declaration, the Articles of Incorporation, or these Bylaws, a simple majority of the votes cast, regardless of class, at any meeting where a quorum is present shall be the action of the Owners.

Section 7. Proxies. At all meetings of Owners, each Owner may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his or her Unit.

#### ARTICLE IV BOARD; SELECTION; TERM OF OFFICE

Section 1. Nomination and Tenure. The Declarant shall select the three initial Directors, and the Declarant shall decide who serves on the Board during the time in which Declarant's Class B membership remains in effect. Upon the expiration or termination of the Declarant's Class B membership, and the corresponding activation of Class A membership voting rights, the Owners at the next annual owners meeting shall elect three Directors. Each of the three elected Directors shall draw lots to divide themselves into terms of one, two and three years. At each successive annual meeting, the Owners shall elect a Director to replace the Director whose term has expired or is then expiring. Each newly elected Director shall serve for a three year term. So long as a quorum is present, a simple majority of the votes cast shall elect a Director. If a quorum is not present at a meeting, the other Directors shall select a new Director. Nomination for election to the Board shall be made by the Directors. Nominations may also be made from the floor at the annual meeting. If any Director resigns, is removed, dies, or is otherwise unwilling or unable to serve during his or her term, the remaining Directors may appoint another Owner to fill the remainder of such term.

Section 2. Election. Election to the Board shall be by secret written ballot. At such election the Owners or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. There shall be no cumulative voting.

Section 3. Number of Directors. The Board shall consist of not less than three (3) Members. An odd number of Directors shall be required at all times. The initial number of Directors shall be three (3). The number of Directors may be increased or decreased by resolution of the Directors, so long as the number is not less than three (3).

## ARTICLE V MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held as frequently as the Board deems appropriate, but at least annually, at such place and hour as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

## ARTICLE VI POWERS AND DUTIES OF THE BOARD; APPLICABILITY OF THE ACT

Section 1. Powers. The Board shall have power to:

A. Adopt and publish rules and regulations governing the use of the Common Areas and Facilities, and the personal conduct of the Owners and their guests thereon, and to establish penalties for the infraction thereof;

B. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Owners by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

C. Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and

D. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Owners at the annual meeting of the Owners, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Owners of each class who are entitled to vote;

B. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

C. As more fully provided in the Declaration, to:

1. Fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;

2. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3. Foreclose the lien (at the option of the Board) against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law (at the option of the Board) against the Owner personally obligated to pay the same.

D. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

E. Procure and maintain insurance in accordance with the provisions relating to insurance in the Declaration;

F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

G. Cause the Common Area and Facilities to be properly maintained.

Section 3. Applicability of the Act. The provisions of the Act shall apply and govern the Association's rights with respect to levying of assessments, collection of assessments, and remedies that apply in the event of non-payment of assessments.

## ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, a Vice-President, a Secretary/Treasurer, and such other officers as the Board may from time to

time by resolution create. Following the expiration or termination of Declarant's Class B membership, all officers of the Association must be Owners of Units in this Project.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Owners.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or are otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

A. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments of the Association, and shall co-sign all checks and promissory notes.

Vice-President

B. The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

Secretary

C. The Secretary shall record the votes and keep the minutes of all things and

proceedings of the Board and of the Owners; serve notice of meetings of the Board and of the Owners; keep appropriate current records showing the Owners of the Association together with their addresses, and shall perform such other duties as required by the Board.

#### Treasurer

D. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the ownership at its regular annual meeting, and deliver a copy of each to the Owners.

### ARTICLE VIII BOARDS

The Association may appoint Boards or Committees as deemed appropriate in carrying out its purposes.

### ARTICLE IX BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Owner. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Owner at the principal office of the Association, where copies may be purchased at reasonable cost.

### ARTICLE X ASSESSMENTS

As more fully set forth in the Declaration, each Owner is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Owner's Lot and Unit. Any assessment which is not paid when due shall be delinquent. If the assessment is not paid on time, then the Board has the authority to establish late fees from time to time and collect the same from the delinquent Owner. The Association may bring an action at law against the Owner personally obligated to pay the assessments and late fees or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments and late fees provided for herein or provided in the Declaration by nonuse of the Common Area or abandonment of his or her Unit.

### ARTICLE XI AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Owners, by a vote of a two-thirds (2/3) majority of a quorum of Owners present in person or by proxy;

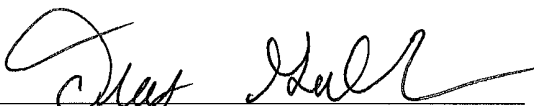
provided, however, that no amendment to the Bylaws shall be adopted that is inconsistent with or contradicts any provisions of the Declaration unless and until the Declaration is also amended (in accordance with the amendment requirements of the Declaration) to resolve such inconsistency or contradiction.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XII  
MISCELLANEOUS

The fiscal year of the Association shall begin on January 1 and end on December 31 of every year, except that the first fiscal year shall begin on the date of incorporation.

In witness whereof, we, the undersigned initial three (3) Directors of the Association have hereunto set our hands as of the 5 day of February, 2014.

Signature:   
Troy Gabler

Signature:   
Jerry Price

Signature:   
Andy Flamm

## ***Exhibit "A"***

### **Property Description**

The land referred to is located in **Salt Lake County**, State of **Utah**, and is described as follows:

Lot H-61, H-62, H-63, H-64, H-65, H-66, H-67 and H-68 HERRIMAN TOWNE CENTER PLAT H- PHASE 2, according to the official plat thereof, filed in the office of the Salt Lake County Recorder in Plat Book 2013P at Page 208.

(26-36-357-021-0000, 26-36-357-022-0000, 26-36-357-023-0000, 26-36-357-024-0000, 26-36-357-025-0000, 26-36-357-029-0000, 26-36-357-030-0000, 26-36-357-031-0000)

Lot H-53, HERRIMAN TOWNE CENTER PLAT H, PHASE 3, according to the official plat thereof on file and of record in the Salt Lake County Recorder's Office.

(26-36-357-019-0000)