

**DECLARATION OF COVENANTS, CONDITIONS AND  
RESTRICTIONS  
TERRACE HILLS TOWNHOMES HOMEOWNERS ASSOCIATION**

THIS IS A DECLARATION of Covenants, Conditions and Restrictions which establishes a planned unit development known as Terrace Hills Townhomes Homeowners Association.

RECITALS

A. A. Declarant is the owner of certain real property in West Jordan City, Salt Lake County, Utah, which is set forth and described on Exhibit A, attached hereto and made a part hereof (the "*Property*").

B. B. Declarant is developing on the Property a residential townhome development to be known as the Terrace Hills Townhomes Homeowners Association. The Project will contain approximately 78 townhome units, but the Project may be expanded by a supplemental declaration that subjects additional land to this Declaration. The Project will also contain common areas such as open space and private alley (the "*Common Area*") described on exhibit A which are intended to be used and enjoyed by the Owners (as defined below) pursuant to the provisions of this Declaration.

C. C. In furtherance of the Development Plan for the Project, Declarant intends to adopt the provisions of this Declaration for the benefit of the Property, all of which shall run with the title to the Property and each lot within the Property. In addition, Declarant has created or will create the Terrace Hills Townhomes Homeowners Association (the "*Association*") to which Declarant in due course will delegate and assign (1) the powers of owning, maintaining and administering the Common Area, (2) the duties of administering and enforcing this Declaration, and (3) the duties of collecting and disbursing the assessments and charges hereinafter created in connection with the operation, maintenance, repair and replacement of the Common Area and the functions and obligations of the Association created hereunder.

DECLARATION

Declarant hereby declares that all of the Property described in Exhibit "A" shall be held, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, assessments, charges and liens, and to the Plat recorded concurrently. This Declaration and the Plat shall be construed as covenants of equitable servitude; shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns; and shall inure to the benefit of each Owner thereof.

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Book - 10384 Pg - 5358-5408  
GARRY W. OTT  
RECORDER, SALT LAKE COUNTY, UTAH

WESTERN MANAGEMENT ASSOC  
4252 S HIGHLAND DR #105  
SLC UT 84124  
BY: TIA, DEPUTY - WI 51 P.

ARTICLE 1  
DEFINITIONS AND CONCEPTS

The following definitions and concepts shall control in this Declaration. Any terms used in this Declaration that are not defined shall have their plain and ordinary meaning.

1.1. **“Additional Property”** means and refers to any real property which is adjacent or contiguous to, or otherwise within the vicinity of the Property, whether or not so described herein or on the Plat. When Additional Property is annexed to this Declaration, it shall become part of the Property.

1.2. **“Articles”** means and refers to the Articles of Incorporation of Terrace Hills Homeowners Association. The purpose of the Articles is to establish the Association as a non-profit corporation under Utah law.

1.3. **“Association”** means Terrace Hills Homeowners Association, a Utah non-profit corporation, its successors and assigns.

1.4. **“Bylaws”** means and refers to the Bylaws of Terrace Hills Homeowners Association. The purpose of the Bylaws is to govern the Association’s internal affairs, such as (for purposes of example but not limitation) voting, elections, and meetings. A copy of the Bylaws are attached hereto as **Exhibit “B.”**

1.5. **“Common Area”** means and refers to all real property, including the improvements thereto and facilities thereon, which the Association owns, leases, or otherwise holds possessory or use rights in, at any given time, for the common use and enjoyment of the Owners. Common Area may be designated on the Plat or otherwise established as provided for in this Declaration.

1.6. **“Common Expenses”** means the actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of the Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred by the Declarant during the Declarant Control Period for initial development or other original construction costs unless a majority of the Class A Members approve.

1.7. **“Community” or “Property”** means that certain real property hereinbefore described, and such annexations and additions thereto as may hereafter be subjected to this Declaration, and, where the context requires, includes any improvements thereon.

1.8. **“Community Association Act”** means the Utah Community Association Act, Title 57, Chapter 8a of the Utah Code, and any amendments thereto.

1.9. **“Declarant”** means Holmes Terrace Hills, LLC., a Utah limited liability company, and its successors and assigns.

1.10. **“Declarant Control Period”** means the period of time during which the Declarant has Class B membership status as provided for herein.

1.11. **"Declaration"** means this instrument and any amendments, restatements, supplements, or annexations thereto, which are recorded in the office of the Salt Lake County Recorder.

1.12. **"Directors", "Board of Directors", or "Board"** means the governing body of the Association.

1.13. **"Entire Membership"** means all Members, regardless of class of membership. When a vote of the Entire Membership is referenced it means all potential votes for both Class A and Class B members; *provided however*, that the term Entire Membership shall exclude the Class B member when it relates to or calls for an assessment or charge to the Entire Membership.

1.14. **"Governing Documents"** means, collectively, this Declaration, the Articles, the Bylaws, and any amendments or supplements thereto, and includes any rules, regulations, and resolutions established pursuant to the authority of the Declaration, Articles, or Bylaws.

1.15. **"Limited Common Area"** means and refers to a portion of the Common Area which has been designated for the primary or exclusive use of a particular Owner or Owners. Generally, Limited Common Area, as a portion of Common Area, is owned by the Association but reserved for the use and enjoyment of the Owner or Owners to whose Unit the Limited Common Area is adjacent or appurtenant and are responsible for the maintenance thereof. Limited Common Area may be designated on the Plat or otherwise established as provided for in this Declaration.

1.16. **"Lot"** means a separately numbered and individually described plot of land shown on the Plat designated as a Lot for private ownership, but specifically excludes the Common Area and Limited Common Area.

1.17. **"Member"** means and is synonymous with the terms "Owner" and "Unit Owner" and is used herein and in the Bylaws and Articles as a means to identify the Unit Owners as members of the Association.

1.18. **"Mortgage"** means a mortgage, a deed of trust, a deed to secure a debt, or any other form of security instrument affecting title to any Unit.

1.19. **"Mortgagee"** means and refers to a lender holding a first Mortgage or deed of trust.

1.20. **"Owner"** means the entity, person, or group of persons owning fee simple title to any Lot which is within the Property. Regardless of the number of parties participating in ownership of each Lot, the group of those parties shall be treated as one "Owner." The term "Owner" includes contract purchasers but does not include persons who hold an interest merely as security for the performance of an obligation unless and until title is acquired by foreclosure or similar proceedings. Membership is appurtenant to and may not be separated from Lot ownership.

1.21. **"Plat"** means the subdivision Plat recorded herewith prepared and certified by a Utah Registered Land Surveyor and any amendments or replacements thereof, or additions thereto.

1.22. **“Property” or “Community”** means that certain real property hereinbefore described, and such annexations and additions thereto as may hereafter be subjected to this Declaration, and, where the context requires, includes any improvements thereon.

1.23. **“Unit”** means a single family dwelling, with or without walls or roofs in common with other single family dwellings, and an appurtenant garage. When the term “Unit” is used it includes fee title to the real property lying directly beneath the single family dwelling, within Lot boundary lines, this, however, is not all the Lot in some instances as there may be Lot boundary outside the Unit walls. Ownership and Unit boundaries are depicted and described on the Plat, excerpts of which are attached hereto as **Exhibit “C.”** Where the context requires, such as provisions on lien rights and enforcement, the term Unit shall include the Lot.

1.24. **“Unit Owner”** means and is synonymous with the term **“Owner”**.

## ARTICLE 2 PROPERTY RIGHTS

2.1. Owner’s Acknowledgment; Notice to Purchasers. All Owners are given notice that the use of their Units and the Common Area and Limited Common Area is limited by the covenants, conditions, restrictions, easements, and other provisions in the Governing Documents, as they may be amended, expanded, or modified from time to time. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by said covenants, conditions, restrictions. All purchasers of Units are on notice that the Association may have adopted changes to the Governing Documents that might differ from those any purchaser might receive from or have disclosed by the Owner from whom the purchaser is purchasing his or her Unit. Copies of current Governing Documents may be obtained from the Association.

(a) Ownership. Each Unit is owned in fee simple by the Owner, subject to the covenants, conditions, restrictions, and easements in this Declaration and other provisions of the Governing Documents.

(b) Activities within Units. No rule shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance, all as may be determined by the Board or any committee designated by the Board or this Declaration to make such determinations, in their sole discretion.

(c) Household Composition. No rule shall interfere with the freedom of Owners to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Exteriors of Units. The exteriors of Units, including exterior walls and roofs, are hereby designated as Limited Common Area for purposes of architectural control and regulation of use.

2.2. Common Area.

(a) Ownership; Conveyance. Prior to the expiration of the Declarant Control Period, Declarant will convey the Common Area, including Limited Common Area which is a portion of the Common Area, to the Association, free and clear of all encumbrances and liens, but subject to this Declaration, and easements and rights-of-way of record. The Association shall accept the deed of conveyance of the Common Area upon Declarant's presentment of the same.

(b) Rights of Use and Rules and Regulations Concerning the Common Area. Every Unit Owner shall have a right and easement of use and enjoyment in and to the Common Area which easement shall be appurtenant to and shall pass with the title to every Unit, subject to the Governing Documents. The Board shall have the right to establish and enforce rules and regulations governing the use of the Common Area, including but not limited to rights of use, hours of use, delegation of use, and standards of conduct. Additional rights to establish rules and regulations governing the Common Area may be set forth and established elsewhere in the Governing Documents.

(c) Board Authority and Rights in the Common Area. The Board shall have the right, for and on behalf of the Association, to:

(i) enter into agreements or leases which provide for use of the Common Area by a similar association in consideration for use of the common areas and facilities of the other association or for cash consideration, or for use by third parties for cash consideration;

(ii) with the approval of at least sixty-seven percent (67%) of Unit Owners to sell, exchange, hypothecate, alienate, mortgage, encumber, dedicate, release or transfer all or part of the Common Area to any private individual, corporate entity, public agency, authority, or utility;

(iii) grant easements for public utilities or other public purposes consistent with the intended use of the Common Area;

(iv) take such steps as are reasonably necessary or desirable to protect the Common Area against foreclosure; and

(v) take such other actions with respect to the Common Area which are authorized by or otherwise consistent with the Governing Documents.

(d) Declarant's Right of Use. As part of the overall program of development of the Property into a residential community and to encourage the marketing thereof, the Declarant shall have the right of use of the Common Area, including any community

buildings, without charge during the Declarant Control Period to aid in its marketing activities

2.3. Limited Common Area.

(a) Designation. The Declarant, during the Declarant Control Period, shall have the right to restrict portions of the Common Area, whether owned by Declarant or by the Association, in the nature of an easement for the primary or exclusive use of one or more particular Owner or Owners, by designating such portions of the Common Area as Limited Common Area. This designation may be made by: (i) indicating or designating on the Plat the Limited Common Area appertaining to one or more Units or (ii) designating, depicting, and/or describing such Limited Common Area in any supplemental declaration or any exhibit thereto. The Declarant reserves the right to re-designate Limited Common Area and maintenance obligation of such as it deems necessary from time to time.

(b) Rights of Use and Rules and Regulations Concerning the Limited Common Areas. Each Unit Owner is hereby granted an irrevocable and exclusive license to use and occupy the Limited Common Areas reserved and designated exclusively for the use of his Unit, subject to the rights of the Declarant and the Board as set forth in the Governing Documents. The right of exclusive use and occupancy does not include the right to repaint, remodel, erect structures upon or attach any apparatus to the Limited Common Area without the express written consent of the Board or the ACC, as the case may be.

(c) Board Authority and Rights in Limited Common Area. The Board's right of regulation in the Limited Common Area includes all rights it possesses with respect to the Common Area which are not inconsistent with exclusive use to a particular Unit or Units to which the Limited Common Area is assigned, and includes, but is not limited to, the right to regulate and control architectural and aesthetic appearances of the Limited Common Area.

2.4. Lots. Each Lot is owned in fee simple by the Owner. However, area within the surveyed Lot boundaries but outside the Unit walls even though part of the Lot and owned in fee simple by the Owner shall be treated as Limited Common Area for use purposes, and as exterior area for maintenance purposes. The purpose of laying out a Lot larger than the Unit is to allow flexibility in the original Unit construction. After the initial construction on a Lot, subsequent construction, if any, may occupy any portion of the surveyed Lot, subject to all other provisions of this Declaration.

2.5. Delegation of Use. Any Unit Owner may delegate his right of enjoyment of the Common Area to the members of his family, his tenants, guests, licensees and invitees, but only in accordance with the applicable rules and regulations of the Association and other Governing Documents. The Board may, by rule, require Unit Owners to forfeit their right of use in the Common Areas for so long as the Unit Owner has delegated his right of use in the Common Areas to his or her tenant. Damage caused to the Common Area and facilities, including personal property owned by the Association, by a Member, or by a person who has been delegated the right to use and enjoy such Common Area and facilities by a Member, shall create a debt to the Association. Debts owed to the Association as a result of damage to the Common Area and facilities shall be a specific assessment charged to the Unit Owner.

2.6. Declarant's Reasonable Rights to Develop. No rule or action by the Association shall unreasonably impede Declarant's right to develop the Property.

ARTICLE 3  
ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner is a Member of the Association. Membership in the Association automatically transfers upon transfer of title by the record Owner to another person or entity.

3.2. Voting Rights. The Association has two classes of voting membership, Class A and Class B.

(a) Class A. Every Owner is a Class A Member with the exception of the Declarant, until Declarant's membership converts to Class A membership as provided for herein. Class A Members are entitled to one vote for each Lot owned. When more than one person holds an interest in any Unit, the group of such persons shall be a Member. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit. A vote cast at any Association meeting by any of such co-Owners, whether in person or by proxy, is conclusively presumed to be the vote attributable to the Unit concerned unless written objection is made prior to that meeting, or verbal objection is made at that meeting, by another co-Owner of the same Unit. In the event an objection is made, the vote involved shall not be counted for any purpose except to determine whether a quorum exists.

(b) Class B. The Class B member is the Declarant. The Class B member is entitled to five votes for each Unit owned, however, Declarant's Class B membership status is not dependent or contingent upon Declarant's ownership of any Unit within the Property. Class B membership will cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier: (i) the expiration of ten years from the date of recording of this Declaration or (ii) by Declarant's express surrender of Class B membership status, which surrender must be in a written instrument signed by Declarant and recorded in the office of the Salt Lake County Recorder. Unless the instrument specifies a different date, the date of surrender of Class B membership shall be the date of recording of the instrument.

3.3. Declarant's Voting Rights in Expansion Area. In the case of expansion (as provided under this Declaration), the class of voting membership appurtenant to Units owned by Declarant in the Additional Property shall be Class B.

3.4. Change of Corporate Status. The Association has been set up and established as a non-profit corporation under Utah law. However, as provided in the Community Association Act, Utah Code § 57-8a-221, the continuing existence and viability of the Association is not vested in its corporate status. During any period in which the Association is not incorporated or otherwise has a change of corporate status (e.g., involuntary dissolution under the Utah Nonprofit Corporation Act for failure to file for corporate renewal), the Governing Documents shall nevertheless continue to be effective as the Governing Documents of the Association, and the Association, the Board, and all officers and committees operating under the authority of the Governing Documents shall have all rights, power, and authority granted therein, and no Unit Owner may escape or avoid any assessment,

charge, lien, rule or other matter contained in the Governing Documents by virtue of such change of corporate of status. In the case of non-incorporation, the Board is authorized, to the extent it deems necessary, and without approval of the Members, to re-incorporate under a same or similar name and such corporation shall be deemed the successor to the Association. In the event the Board does not reincorporate, the Association shall continue to operate and function under the Governing Documents as an unincorporated association.

3.5. Validity of Votes and Consents. Any consent or vote given by a Unit Owner on any matter in the Governing Documents shall be valid for a period of ninety days, and shall be binding on any subsequent Unit Owner who takes title of the Unit during that period of time.

3.6. Indemnification. The Board, and each member thereof, shall be indemnified by the Association against any loss, damage, claims or liability, including reasonable attorney fees, suffered or incurred by reason of such position, except to the extent such damage, claim, loss or liability is covered by any type of insurance; provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of that persons own willful misconduct or gross negligence.

3.7. Rulemaking Authority. The Board may, from time to time, subject to the provisions of the Governing Documents and Utah law, adopt, amend and repeal rules and regulations governing, among other things, use of any Common Area, parking restrictions and limitations, limitations upon vehicular travel within the Community, and restrictions on other activities or improvements on the Property which, in the opinion of the Board, create a hazard, nuisance, unsightly appearance, excessive noise, or offensive smell.

3.8. Notice; Promulgation of Rules. A copy of the rules and regulations, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Unit Owner within 15 days after the date of the board meeting where the changes were made and may, but need not be, recorded. Upon such mailing or other delivery, said rules and regulations shall have the same force and effect as if they were set forth in and were a part of this Declaration. In addition to or in lieu of providing notice by mail, the Board may provide notice by electronic means such as electronic mail (e-mail) to Unit Owners and may require that Unit Owners, in addition to keeping the Board informed as to their current mailing address, maintain a current e-mail address with the Board for such purpose.

3.9. Management Agreement; Property Manager. The Board may engage for the Association the services of a property manager to perform such duties and services as the Board shall authorize. The Board may delegate to and otherwise authorize the property manager to perform those services to which the Board itself may perform under the Governing Documents or the Act, and those services to which the Act otherwise authorizes a manager to perform. Any contract or agreement for services entered into by the Board for and on behalf of the Association and the property manager shall not exceed a term of three (3) years. Fees, costs, and other charges of the property manager shall be Common Expenses. The property manager may also provide services to individual Unit Owners, such as leasing individual Units as may be determined between the property manager and the Unit Owner; *provided however*, that services performed for individual Unit Owners which are not performed for the Association shall not be Common Expenses but shall be charged to such Unit Owners as the Unit Owners and the property manager may determine.



ARTICLE 4  
FINANCES AND ASSESSMENTS

4.1. Assessments; Authority. The Association is hereby authorized to levy assessments against the Owners as provided for herein. The following are the types of assessments that may be levied by the Association, which are more particularly described below: (1) annual assessments or charges; (2) special assessments; (3) specific assessments; (4) emergency assessments; (5) any other amount or assessment levied or charged by the Board pursuant to this Declaration; and (6) interest, costs of collection and reasonable attorney fees, as hereinafter provided.

4.2. Creation of Lien and Personal Obligation of Assessments. Excepting Declarant, each Owner of any Unit by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, covenants and agrees to pay to the Association all assessments and charges, however denominated, which are authorized in the Governing Documents. All such amounts shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment or amount is charged, which lien shall arise when the Owner fails or refuses to pay an assessment when due. Such assessments and other amounts shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment became due. No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association, the Board, or Declarant to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making or repairs or improvements, or from any other action it takes.

4.3. Purpose of Assessments. The assessments levied by the Association shall be used to advance the purposes for which the Association was formed, as set forth and articulated in the Governing Documents. The assessments may provide for, but are not limited to, the payment of taxes on Association property and insurance maintained by the Association; the payment of the cost of repairing, replacing, maintaining and constructing or acquiring additions to the Common Area and/or Limited Common Area; the payment of the cost of repairing, replacing, and maintaining any roadways; the payment of administrative expenses of the Association; the payment of insurance deductible amounts; the payment of assessments levied against the Association by the Master Association pursuant to the authority of the Master Declaration; the establishment of capital and operational reserve accounts; the payment of any professional services deemed necessary and desirable by the Board; and other amounts required by this Declaration or that the Directors shall determine to be necessary to meet the primary purposes of the Association. The assessments may provide, at the discretion of the Directors, for the payment of other charges including (without limitation) maintenance, management, and utility charges.

4.4. Initial Annual Assessments. The Declarant shall initially establish the amount of the annual assessments. Thereafter, the establishment of annual assessments shall be according to the procedures and requirements of Section 4.5.

4.5. Annual Assessments; Budgeting.

(a) Adoption of Budget. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for that year,

for the purpose of calculating and establishing the annual assessments for the subsequent fiscal year. Annual assessments for Common Expenses shall be based upon the estimated net cash flow requirements of the Association to cover items including, without limitation, the cost of routine maintenance and operation of the Common Area; expenses of management; premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds, and common lighting within the Common Area; routine renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities from a previous assessment period; the supplementing of the reserve fund for general, routine maintenance, repairs, and replacement of the Common Area as required by section 57-8a-211 of the Community Association Act, Utah Code § 57-8a-211.

(b) Notice of Budget and Assessment. The Board shall send a copy of the final budget, together with notice of the amount of the annual assessment to be levied pursuant to such budget, to each Owner at least thirty (30) days prior to the effective date of such budget. The budget shall automatically become effective unless disapproved in writing by Members representing at least fifty-one percent (51%) of all eligible votes in the Association. Any such petition must be presented to the Board within ten days after notice of the budget and assessment. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings pursuant to the Bylaws. Unless the budget for the assessment is disapproved by the Members as set forth above, the Board is thereafter authorized to levy the assessment as provided for herein. During the Declarant Control Period, Owner may not disapprove any budget.

(c) Failure or Delay in Adopting Budget. The failure or delay of the Board to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Common Expenses and in the event of such failure or delay all Owners shall continue to pay assessments on the same basis as during the last year for which an assessment was made until notified of the amount of the new annual assessment which is due on the first day of the next payment period which begins more than thirty days after such new annual or adjusted budget is adopted and the Owners receive notice as provided herein.

(d) Automatic Budget Approval. Notwithstanding the foregoing, if the budget proposed by the Board will increase the annual assessment no greater than 10% more than the previous annual assessment, then such budget and corresponding annual assessment shall be automatically approved and effective upon 30 days notice.

(e) Adjustment of Budget and Assessment. The Board may revise the budget and adjust the annual assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth in this Section 4.5(b), *provided, however*, that such an adjustment is exempt from the requirements of Section 4.5(b) if the adjustment would either decrease the annual assessment or increase the annual assessment by no greater than 5.0%.

4.6. Special Assessments. In addition to the annual assessments, the Board may levy in any assessment year a special assessment, applicable to that year only to cover unbudgeted expenses or expenses in excess of those budgeted, including but not limited to defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Common Area or Limited Common Area and any structures, fixtures and personal property related thereto. Any such special assessment may be levied against the Entire Membership (excluding Declarant) if such special assessment is for Common Expenses not to exceed \$500.00 per unit during any budget year. Except as otherwise provided in this Declaration, any special assessment over \$500.00 shall require the affirmative vote or written consent of a majority (51%) of the Entire Membership, if a Common Expense. Special assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal years in which the special assessment is approved.

4.7. Specific Assessments. The Association shall have the power to levy specific assessments against a particular Unit to cover costs incurred in bringing any Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; *provided*, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any specific assessment under this subsection.

4.8. Emergency Assessments. Notwithstanding anything contained in this Declaration, the Board, without Member approval, may levy emergency assessments in response to an emergency situation. Prior to the imposition or collection of any assessment due to an emergency situation, the Board shall pass a resolution containing the written findings as to the necessity of such expenditure and why the expenditure was not or could not have been reasonably foreseen or accurately predicted in the budgeting process and the resolution shall be distributed to the Members with the notice of the emergency assessment. If such expenditure was created by an unbudgeted utility maintenance or similar expense or increase, the assessment created thereby shall be discontinued by the Board by a similar resolution, if such expense is subsequently reduced, or to the extent the next succeeding annual budget incorporates said increase into the annual assessment. An emergency situation is one in which the Board finds: (a) an expenditure, in its discretion, required by an order of a court, to defend the Association in litigation, or to settle litigation; (b) an expenditure necessary to repair or maintain the Property or any part of it for which the Association is responsible where a threat to personal safety on the Property is discovered; (c) an expenditure necessary to repair, maintain, or cover actual Association expenses for the Property or any part of it that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget (for example: increases in utility rates, landscape or maintenance contract services, attorney fees incurred in the defense of litigation, etc.); or (d) such other situations in which the Board finds that immediate action is necessary and in the best interests of the Association.

4.9. Uniform Rate of Assessment. Unless otherwise provided for in this Declaration or elsewhere in the Governing Documents, assessments must be fixed at a uniform rate for all Units; *provided, however*, that no assessments shall accrue against the Declarant for Units owned by Declarant so long as the Declarant has Class B membership.

4.10. Declarant's Option to Fund Budget Deficits. During the Declarant Control Period, Declarant may but is not obligated to fund any budget deficit of the Association, including, without

limitation, funding any initial capital or operational reserve fund. In the event Declarant funds any budget deficit, it shall not establish any obligation by Declarant to continue to fund any future deficits and at the request of Declarant any funds forwarded may be repaid by the association at a later date.

4.11. Payment; Due Dates.

(a) The assessments provided for herein shall commence to accrue against a Unit upon conveyance of the Unit to a bona fide purchaser, adjusting the amount of such assessment according to the number of months remaining in the fiscal year.

(b) Due dates shall be established by resolution of the Board, with such resolution. Installments of assessments may be levied and collected on a monthly, quarterly, semi-annual, or annual basis, as determined by resolution of the Board.

(c) The Board may require advance payment of assessments at closing of the transfer of title to a Unit.

(d) Payment of assessments shall be applied first to any accrued interest, then to any accrued costs, charges, and fees, and then to the principal amount of the assessment. No Unit Owner shall have the right to direct the Association or its agents or employees to apply payments in any other manner or method and any such attempt to do so will not be recognized.

4.12. Capitalization of Association. Upon acquisition of record title to a Unit by the first Owner, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to \$350.00 or twice the amount of the current monthly homeowner assessment whichever is greater. This amount shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed there from to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to the Governing Documents. Manager may also charge a transfer or set up fee to each new homeowner not to exceed \$150.00 for work done to facilitate their purchase.

4.13. Effect of Non-Payment of Assessment; Remedies of the Association. Any assessment or installment thereof not paid within thirty (30) days after the due date therefore shall be delinquent and shall bear interest from the due date at the rate of eighteen percent (18%) per annum (or such lesser rate as the Directors shall determine appropriate) until paid. In addition, the Directors may assess a late fee for each delinquent installment that shall not exceed \$50.00 on any unpaid balance after the grace period of 10 days from the due date.

(a) Remedies. To enforce this Article, the Board may, in the name of the Association:

(i) bring an action at law against the Owner personally obligated to pay any such delinquent assessment without waiving Association's lien for the assessment;

(ii) after giving notice by certified mail as required by section 57-8a-303 of the Community Association Act, Utah Code § 57-8a-303, foreclose the lien against the Unit in accordance with the laws of the State of Utah applicable to the exercise of powers of sale in deeds of trust or to the foreclosure of mortgages, or in any other manner permitted by law, to the same extent as though the Association lien was a trust deed;

(iii) restrict, limit, or totally terminate any or all services performed by the Association on behalf of the delinquent Owner;

(iv) terminate, in accordance with section 57-8a-309 of the Community Association Act, Utah Code § 57-8a-309, the Owner's right to receive utility services paid as a Common Expense and/or terminate the Owner's right of access and use of any recreational facilities;

(v) if the Owner is leasing or renting his Unit, the Board may, in accordance with section 57-8a-310 of the Community Association Act, Utah Code § 57-8a-310, demand that the Owner's tenant pay to the Association all future lease payments due from the Owner, beginning with the next monthly or other periodic payment, until the amount due to the Association is paid;

(vi) exercise any other rights authorized by the Community Association Act for non-payment of assessments and other charges;

(vii) suspend the voting rights of the Owner for any period during which any assessment or portion thereof against the Owner's Unit remains unpaid; and/or

(viii) accelerate all assessment installments that will become due within the subsequent twelve (12) months so that all such assessments for that period become due and payable at once. This acceleration provision may only be invoked against an Owner who has been delinquent in paying any assessment or installment two (2) or more times within a twelve (12) month period or

(ix) record a lien against the property on any installment payment more than 60 days past due with cost of such being added to the owners account.

(b) Attorney Fees and Costs. There shall be added to the amount of any delinquent assessment the costs and expenses of any action, sale or foreclosure, and reasonable attorney fees incurred by the Association, together with, where applicable, an account for the reasonable rental for the Unit from time to time of commencement of the foreclosure. The Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental without regard to the value of the other security.

(c) Power of Sale. A power of sale is hereby conferred upon the Association which it may exercise. Under the power of sale the Unit of an Owner may be sold in the manner provided by Utah law pertaining to deeds of trust as if said Association were beneficiary under a deed of trust. The Association may designate any person or entity qualified by law to serve as trustee for purposes of power of sale foreclosure. The Declarant

hereby conveys and warrants pursuant to Utah Code Sections 57-1-20 and 57-8a-402 to the association's registered agent with power of sale, the Lots and Units and all improvements to the Lots and Units for the purpose of securing payments of assessments under the terms of this Declaration.

4.14. Exempt Property. The following property subject to this Declaration is exempt from the assessments created herein: (a) all property dedicated to and accepted by any local public authority; (b) all Common Area and Limited Common Area; (c) all Units or other real property owned by Declarant; and (d) any other property declared exempt as set forth in this Declaration or within any Plat.

4.15. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to (1) a lien or encumbrance recorded before the Declaration is recorded, (2) a first or second security interest secured by a mortgage or trust deed that is recorded prior to the notice of lien by or on behalf of the Association, or (3) a lien for real estate taxes or other governmental assessments or charges against the Lot.

4.16. Termination of Lien. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due prior to such sale or transfer. No sale or transfer, however, shall relieve a Unit or Owner from personal liability for assessments coming due after taking title or from the lien of such later assessments.

4.17. Assessments and Other Charges Levied by the Master Association. Any assessments, fees, or other charges levied by the Master Association pursuant to the authority of the Master Declaration against any individual Unit Owner shall, if not levied specifically against the Association and passed through to the Members as a Common Expense, be paid directly to the Master Association as required by the Master Declaration and shall not be the responsibility of the Association. Unit Owners shall receive no offset in any assessments by the Association as a result of any assessment, fee, or charge levied against them, individually, by the Master Association.

4.18. Books, Records, and Audit.

(a) The Association shall maintain current copies of the Governing Documents and other similar documents, as well as its own books, records and financial statements which shall all be available for inspection by Owners and insurers as well as by holders, insurers and guarantors of first mortgages during normal business hours upon reasonable notice. Charges not to exceed \$1.00 per page shall be made for copying, researching or extracting from such documents. An Owner or holder, insurer or guarantor of a first Mortgage may obtain an audit of Association records at its own expense so long as the results of the audit are provided to the Association.

(b) The Association shall prepare a roster of Owners in the Property and the assessments applicable thereto at the same time that it shall fix the amount of the annual assessment, which roster shall be kept by the Treasurer of the Association, who shall record payments of assessments and shall allow inspection of the roster by any Member at reasonable times.

(c) The Association shall, upon written request, and for a reasonable charge not to exceed the amounts provided in the Act, furnish a written statement signed by an officer of the Association setting forth whether the assessment on a specified Unit has been paid. Such written statement, when properly issued, shall be conclusive evidence of the payment of any assessment or fractional part thereof which is therein shown to have been paid.

## ARTICLE 5 INSURANCE

### 5.1. Casualty Insurance on Insurable Common Area.

(a) The Directors shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the Owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are common expenses which shall be included in the regular annual assessments made by the Association.

(b) In addition to casualty insurance on the Common Area, the Directors shall, as required by Utah Code § 57-8a-403, obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Directors deem appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the Units including the structural portions and fixtures thereof. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a common expense of the Association to be included in the regular annual assessments as levied by the Association. The insurance coverage with respect to the Units shall be written in the name of, and the proceeds thereof shall be payable to the Association as trustee for the Owners. If the Association becomes aware that such insurance is not available, the Association shall, within seven calendar days after becoming aware of that fact, give all Owners notice as provided in Utah Code § 57-8a-215.

(c) The Association policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements herein. In the event of an insured loss, the deductible shall be treated as a common expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and opportunity to be heard, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner and the Owner's Unit.

5.2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Association shall repair or replace the same from the

insurance proceeds available, unless the project is terminated, the repair would be illegal, or at least 67% of the allocated voting interests vote not to rebuild and each Owner of a dwelling on a Lot that will not be rebuilt votes not to rebuild. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a reconstruction assessment against all Unit Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Unit Owner. In the event that the Association is maintaining blanket casualty and fire insurance on the Units, the Association shall repair or replace the same to the extent of the insurance proceeds available. In the event of damage or destruction by fire or other casualty to any portion of the Property covered by insurance written in the name of the Association, the Directors are empowered to and shall represent the Members in any proceedings, negotiations, settlements or agreements. The Association is appointed attorney-in-fact of each Owner for this purpose.

5.3. Liability Insurance. The Directors shall obtain a comprehensive policy of public liability insurance covering all of the Common Area for at least \$1,000,000.00 per occurrence for personal or bodily injury and property damage that results from the operation, maintenance or use of the Common Areas. Liability insurance policies obtained by the Association shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. Association shall also name professional property manager as an additional insured on any insurance policy.

5.4. Fidelity Insurance. The Directors must obtain fidelity coverage against dishonest acts on the part of managers, Directors, officers, employees, volunteers, management agents or others responsible for handling funds held and collected for the benefit of the Owners or Members. In procuring fidelity insurance the Directors shall seek a policy which shall (1) name the Association as obligee or beneficiary, (2) be written in an amount not less than the sum of (i) three months' operating expenses and (ii) the maximum reserves of the Association which may be on deposit at any time, and (3) contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee."

5.5. Annual Review of Policies. The Directors shall review all insurance policies at least annually in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacements of the property which may be damaged or destroyed, and to ensure that insurance coverage complies with currently existing legal requirements. The Board may, to the extent it deems necessary to more fully protect and insure the Association and its property, or to otherwise comply with evolving laws and insurance standards, modify the coverage standards set forth in this Article 5 without the necessity of amending this Declaration.

## ARTICLE 6 ARCHITECTURAL CONTROLS AND STANDARDS

6.1. Architectural Control Committee. There is hereby created an Architectural Control Committee ("ACC") which shall be composed of a minimum of three (3) or more representatives appointed by the Board of Directors. If the Board of Directors does not establish or appoint the ACC the Board shall carry out the functions and responsibilities of the ACC. Notwithstanding the above, during the Declarant Control Period, the Declarant shall be entitled to carry out the functions and responsibilities of the ACC or may otherwise appoint all members of the ACC. The Association shall



have no jurisdiction over architectural matters during the Declarant Control Period. Unless appointed by the Declarant, all members of the ACC shall be Members of the Association.

6.2. Architectural Control Committee Approval. The ACC's primary responsibility is to ensure that the exteriors of all Units, including the roofs, be maintained in the same color and texture as originally established by the Declarant and that no Unit Owner or other person attach, erect, install, or place anything on the exterior of Units or the interior of Units where the same might be visible from outside the Unit, or other buildings and structures in the Property without first obtaining ACC approval in accordance with this Article. In this regard, no structure, building, fence, wall, or thing shall be placed, erected, or installed upon any Lot or to any Unit and no improvements or other work (including exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Property until the plans and specifications showing, without limitation, the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing by the ACC in accordance with this Article and any rules and regulations adopted by the ACC pursuant to the authority of this Article. ACC approval shall be required regardless of whether the structure, building, fence, wall, or thing to be constructed, placed, erected, or installed is new, or an addition, extension or expansion, change or alteration, or re-construction, replacement, re-erection, or re-installation of any of the foregoing.

6.3. Rules, Regulations, Guidelines, and Procedures. The Architectural Control Committee may establish rules, regulations, guidelines, and procedures to govern the submission, review, and approval of any plans submitted to it for review. Any rules, regulations, guidelines, and procedures established by the Architectural Control Committee hereunder may be made available to any Member upon request by that Member. Rules, regulations, guidelines, and procedures adopted by the ACC are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; they do not create any duty to any person or entity. Such rules, regulations, guidelines and procedures may be adopted or amended as set forth in the Act.

6.4. Abandonment of Architectural Plan. Without the prior written approval of at least sixty-seven percent (67%) of the Entire Membership, neither the Association nor the ACC shall have the power, by act or omission, to change, waive or abandon any plan, scheme or regulations pertaining to the architectural design or the exterior appearance or maintenance of Units, and the maintenance of the Common Area and Limited Common Area, if any, including walls, fences, driveways, lawns and plantings.

6.5. Application to Declarant. The Declarant shall not be required to comply with the provisions of this Article in the initial construction of the Property.

## ARTICLE 7 PARTY WALLS

7.1. General Rules of Law to Apply. Each wall, including any floor or ceiling, that is built as a part of the original construction upon the Property which serves and/or separates any two adjoining Units shall constitute a party wall. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

7.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall.

7.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, then, to the extent said destruction or damage is not covered by insurance and repaired out of the proceeds of the same, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

7.4. Exposure to Elements. Notwithstanding any other provision of this Article, an Owner who by negligent or willful actions causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements to the extent that said protection is not covered by insurance and paid for out of the proceeds of the same.

7.5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

7.6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator within 10 days of their selection, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within 10 days after written request to do so, the Directors shall select an arbitrator for the refusing party.

## ARTICLE 8 MAINTENANCE

8.1. Association's Responsibility. The Association shall be responsible for maintenance of the Common Area and the Limited Common Area which is not designated to any particular Unit(s). The cost of such maintenance shall be a Common Expense. This maintenance includes but is not limited to upkeep of all landscaping, upkeep and maintenance of all roadways, street lights, sidewalks, and parking areas, and upkeep and maintenance of all buildings (except windows, doors, frames and jams) and facilities which constitute part of the Common Area and Limited Common Area. The Association shall not have any responsibility for upkeep and maintenance of the Units, unless expressly required by this Declaration or expressly assumed by the Association pursuant to the authority of this Declaration.

8.2. Owner's Responsibility. Each Owner shall be responsible for maintenance of his or her Unit and any Limited Common Area designated for the exclusive use and occupancy of his or her Unit, in a manner consistent with all applicable provisions of the Governing Documents, unless such maintenance responsibility is otherwise assumed by or assigned to the Association by the Governing Documents. The Board shall, however, in the default of the Owner to perform maintenance which is the Owner's responsibility, and after ten (10) days written notice (which notice shall not be required in the event of emergency or threat to life, health, property or safety), provide exterior maintenance upon each Unit and the Limited Common Area adjacent and appurtenant thereto (as designated on the Plat

or by the Declarant) and may shall charge the Unit Owner the costs of such maintenance as a specific assessment .

8.3. Access at Reasonable Hours. For the sole purpose of performing the maintenance required or otherwise authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Unit or Limited Common Area at reasonable hours.

8.4. Other Services Provided by Association. To the extent determined to be necessary or desirable by the Board, the Association may provide additional services to the Unit Owners as a Common Expense or specific assessment, as appropriate.

8.5. Alteration of Certain Maintenance Duties by Rule. The duty of maintenance for the area of a Lot outside the walls of the Unit, and the Limited Common Areas adjacent and appurtenant to the Units may be altered by rule of the Association.

## ARTICLE 9 CONDEMNATION; PARTITION

9.1. Condemnation. Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board and the Declarant during the Declarant Control Period) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, during the Declarant Control Period, and Members representing at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in accordance with plans approved by the Board. If such improvements are to be repaired or restored, the above provisions in Section 5.2 regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

(b) If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

9.2. No Partition. Except as otherwise permitted in this Declaration, the Common Area shall remain undivided and no person or entity shall bring any action for the partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not be construed to prohibit the Board from acquiring and disposing of title to real property which may or may not be subject to this Declaration.

ARTICLE 10  
USE AND CONDUCT RESTRICTIONS AND REQUIREMENTS

The following use and other restrictions shall apply to the Community. These restrictions are in addition to those established by federal, state, or local law and ordinance and those which may be set forth elsewhere in the Governing Documents, or in the Master Declaration.

10.1. General Use Restrictions. All of the Property which is subject to this Declaration is hereby restricted to residential dwellings and buildings in connection therewith, including but not limited to community buildings on the Common Area, if any. All buildings or structures erected on the Property shall be of new construction and no buildings or structures shall be removed from other locations to the Property. After the initial construction on a Lot, no subsequent building or structure dissimilar to that initial construction shall be built on that Lot. No building or structure of a temporary character, trailer, basement, tent, camper, shack, garage, barn or other outbuilding shall be placed or used on any Lot at any time.

10.2. Quiet Enjoyment. No noxious or offensive activity shall be carried on upon any part of the Property nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Unit Owners, or which shall in any way interfere with the quiet enjoyment of each of the Owners or which shall in any way increase the rate of insurance. Quiet time hours are from 10:00 pm until 8:00 am daily.

10.3. Parking.

(a) No motor vehicle which is inoperable shall be allowed within the Property, and any motor vehicle which remains parked on any street within the Property for over 48 hours shall be subject to removal by the Association, at the vehicle Owner's expense. Upon demand, the owner of the vehicle shall pay any expense incurred by the Association in connection with the removal of that owner's vehicle. If the vehicle is owned by a Unit Owner, any amounts payable to the Association shall be secured by the Lot and the Association may enforce collection of said amounts in the same manner provided for in this Declaration for the collection of assessments.

(b) If parking spaces are designated on the Plat with numbers corresponding to Unit numbers, each such space is for the exclusive use of the Unit Owner with the corresponding number. If parking areas are not designated on the Plat with Unit numbers, the Directors may assign vehicle parking space for each Unit, if applicable. Parking spaces within the Property shall be used for parking of motor vehicles actually used by the Owner or the Owner's immediate family or guests for personal use and not for commercial use, and for guest parking.

(c) Recreational vehicles, boats, travel trailers and similar personal property shall only be parked within the Property in the designated RV parking area, or as permitted by rule of the Association. The Directors may charge a fee for use of the RV parking area, which fee shall take into account the reasonable costs of maintenance and repair associated with the parking area. The fee charged for such parking shall constitute a lien upon the Lot of the Owner using said parking and may be collected by the Association in the manner provided for collection of any assessment herein.

10.4. Timeshares Prohibited. No Unit Owner shall offer or sell any interest in his Unit under a “timesharing” or “interval ownership” plan, or any similar plan.

10.5. Signs. The Board shall have the right to regulate the display, use, size, and location of signs within the Property. The right to regulate includes the right of prohibition. Notwithstanding the Board’s right of regulation, no signs, advertising signs, billboards, objects of unsightly appearance, or nuisances shall be erected, placed, or permitted to remain on the exterior of any Unit, within or upon the Common Area, or any portion of the Property. Nor shall such signs, billboards, objects of unsightly appearance, or nuisances be placed or permitted to remain within any Unit where the same are visible from the streets, or roadways. The foregoing restrictions shall not apply to the commercial activities, signs and billboards, if any, of the Declarant or its agents during the Declarant Control Period or by the Association in furtherance of its powers and purposes set forth in the Governing Documents, as the same may be amended from time to time.

10.6. Compliance with Laws. No Unit Owner shall permit anything to be done or kept in his Unit or any part of the Property that is in violation of any applicable federal, state, or local law, ordinance, or regulation.

10.7. Commercial Activity. No commercial activities of any kind whatever shall be conducted on any portion of the Property, including an in-home business as defined by local ordinances. The foregoing restrictions shall not apply to the commercial activities, signs and billboards, if any, of the Declarant or its agents during the construction and sales period or by the Association in furtherance of its powers and purposes set forth in the Governing Documents, as the same may be amended from time to time or to any on-site property manager under contract to perform services for the Association.

10.8. Smoking. The Board is authorized to, by rule or resolution, prohibit tobacco smoking within or around the Common Areas and any other portion of the Property, including within Units or on around Limited Common Areas (including Unit patios), when it is determined that the smoke or the smell from the smoking might filter or drift into other Units or interfere with the use and enjoyment of the Property by other Unit Owners. In addition, the Association, through the Board, is authorized to enforce and otherwise bring an action for nuisance under the provisions of Title 78B, Chapter 6 of the Utah Code for and on behalf of any Unit Owner against any other Unit Owner or occupant whose smoking creates or constitutes a nuisance under said provision of the Utah Code.

10.9. Pets and Animals.

(a) Restrictions. The Board has the right to regulate and restrict, by rule, the keeping and harboring of pets and animals within the Property, including the keeping and harboring of pets and animals within the Units. This right includes the right to restrict the type, breed, or species of animal, the number of animals which may be kept, the areas in which the animals may be kept or taken, and to completely eliminate the keeping and harboring of pets. Until such time as the Board adopts a policy expressly authorizing the keeping of pets and animals, the same shall be prohibited within the Property. The Board may also establish procedural rules and regulations to implement its rules which should include provisions for notice, hearing and the right to charge an impact fee not more than \$250.00 for the pet and an additional refundable security deposit not to exceed \$500.00.

Commercial breeding of pets and animals is prohibited within the Property and may not be allowed or authorized by Association rule or resolution.

(b) Owner Responsibility. In the event the Board authorizes the keeping of pets and animals, Unit Owners must take due care to ensure that their pets and animals do not make excessive noises, cause any offensive smell, or create any physical threat to the safety of any other Unit Owner or person within the Property, or the safety of any guests, lessees, or invitees, particularly among children. Unit Owners are responsible for any property damage, injury, or disturbance that their pet may cause or inflict anywhere within the Property. Pet owners have the responsibility to keep animal on leash and under direct control while in the common area, clean up immediately after the animal. Minimum fine per violation is \$100.00. To the extent the Association is subjected or otherwise exposed to any liability, claims, damages, costs, losses, or expense as a result of the actions of an animal, the Association has the right to make a claim against the Unit Owner. Unit Owners shall indemnify the Association from any claims, damages, or causes of action that arise from or otherwise relate to the conduct of their pets. This indemnification shall include any attorney fees, costs, and expenses incurred by the Association.

10.10. Hazardous Activities and Substances. No Owner shall engage in or permit any of said Owner's guests, visitors, tenants, or invitees to engage in any activity that will cause an increase in insurance premiums for insurance coverage on the Property nor shall any Owner or any Owner's guests, visitors, tenants, or invitees engage in any activity that will cause or permit any hazardous substance or material to be stored, used or disposed of on or within the Property.

10.11. External Apparatus. No Unit Owner shall cause or permit anything (including, without limitation, awnings, canopies or shutters) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the outside of windows or doors, without the prior written consent of the Architectural Control Committee.

10.12. Exterior Television or Other Antennas. To the extent not prohibited by law, no television, radio, or other electronic antenna or device of any type shall be erected, constructed, affixed, placed or permitted to remain on the exterior of any Unit, on any Common Area, or the exterior of any building or structure upon the Property, or within any Unit where the same is visible from outside the Unit. The Board is hereby authorized to establish and promulgate rules and regulations to govern the placement and installation of antennas covered by the Federal Communications Commission's rules on "Over-the-Air Reception Devices," which requires such antennas to be screened from street level view.

10.13. Garbage Removal. All rubbish, trash and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate thereon. Garbage shall be placed in proper containers. Garbage containers shall be kept inside of the garages of Units. Violation fee is \$25.00.

10.14. Pest Control. No Unit Owner or Unit occupant shall permit anything or condition to exist within or upon the Unit which would induce, breed, or harbor insects, rodents, or other pests. In addition to such pest control services as may be provided by the Association, each Unit Owner shall perform such pest control activities within and upon the Unit as may be necessary to prevent insects, rodents, and other pests from being present in his Unit.

10.15. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Property. No derrick, lift, shaft or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon the Property.

10.16. Interior Utilities. All utilities, fixtures and equipment installed within a Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter boundaries of a Unit, shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act or any work that will impair any easement or hereditament nor do any act nor allow any condition to exist which will adversely affect the other Units or Owners.

10.17. Skateboards and Rollerblades. Skateboarding and rollerblading are prohibited within the Property.

ARTICLE 11  
LEASES AND LEASING

11.1. Purpose and Intent of Lease Restrictions. The purpose of this Article is to further Declarant's intent to protect the value and desirability of the Community as a harmonious and attractive residential community and to avoid any deterioration of the same into a transient-apartment like community.

11.2. Notification of Board. An Owner who enters into a lease or rental agreement must first notify the board in writing. Within 15 days after execution of the lease or rental agreement must provide to the Board a copy of the lease or rental agreement. Violation of non notification to the board carries an initial \$250.00. An Owner must comply with the foregoing notice provision for each tenant with which it enters into a lease or rental agreement and for each renewal of any existing lease or rental agreement.

11.3. Leasing Restrictions. Any lease or rental agreement shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the other Governing Documents and that any failure by tenant/lessee/renter to comply with the terms of such documents shall be a default under the lease. Units may be leased only in their entirety. There shall be no subleasing of Units or assignment of leases without prior written approval of the Board. To further Declarant's intent, as set forth above, Owners may only lease their Units to Single Families. For purposes of this Article, the term "*Single Family*" means an individual living alone, a group of two or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than four persons who maintain a single housekeeping unit within the Unit. Any lease or rental agreement, whether an initial agreement or any renewal thereof, shall provide for a minimum lease term of not less than sixth (6) months; *provided however* that the Board shall have the power to allow leases for a term of less than six months upon a showing by the Owner that such a lease is required to avoid undue hardship, and may issue exemptions for certain Lot Owners as required by law. Furthermore, the Board is authorized to make this Article more restrictive, including but not limited requiring longer minimum lease periods and establishing rental caps on the number of Units that may be rented within the Property. No more than 40% of the units may be rented at any given time.

11.4. Enforcement Against Owner. Notwithstanding any other rights of enforcement under this Declaration and other Governing Documents, or by applicable law, the Association may impose a fine, not to exceed fifty percent (50%) of the amount of the maximum annual assessment, on the Owner, which shall constitute a lien upon such Owner's Lot, for each violation by Owner's tenant/lessee/renter of this Declaration or other Governing Documents. Such fine shall be imposed after a 10 day notice is given to the Owner of such violation. The Association may impose an additional fine on the Owner for each day such violation continues after the 10 day notice period provided herein, which additional fines shall constitute a lien upon such Owner's Lot. The Association need not provide any additional notice prior to fining an Owner for a continuing violation. There shall be added to any such fine reasonable attorney fees and costs incurred by the Association in enforcing this Article. Any fine levied pursuant to this Article shall be recoverable by the Association in the same manner as an assessment under Article 4, and shall create a lien in favor of the Association against the Owner's Unit in the same manner as an assessment.

11.5. Enforcement of Lease by Association. Any lease or rental agreement for any Unit within the Property shall include the following language, and, if such language is not expressly contained in such lease or rental agreement, the Owner leasing his Unit hereby agrees that such language shall be deemed incorporated into the lease:

**NOTICE:** Any violation of the Declaration of Covenants, Conditions, and Restrictions of Terrace Hills Townhomes ("*Declaration*") and/or any rules and regulations adopted pursuant thereto (collectively "*Violations*"), by the lessee, any occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Utah law. The Owner hereby delegates and assigns to the Board of Directors of the Terrace Hills Townhomes Homeowners Association, or any management company which contracts with the Association, power and authority of enforcement against the lessee for breaches resulting from any Violations, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. In the event the Board proceeds to evict the lessee, any costs, including reasonable attorney fees, court costs, and any other expenses incurred by the Association associated with the eviction shall be an assessment and lien against the Unit.

11.6. Cumulative Nature of Remedies. The remedies provided in this Article are cumulative and in addition to any remedies provided in this Declaration or at law or in equity.

11.7. Administrative Fee. The Board may establish a onetime rental impact fee of \$250.00 on each new lease agreement entered into by the landlord. The administrative fee shall constitute a specific assessment against such Owners.



ARTICLE 12  
SAFETY AND SECURITY

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and security of their property within the Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each person provides for their self and their property, such as contracting with a private security company or courtesy patrol. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and other occupants of his Unit that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each person within the Property assumes all risks of personal injury and loss or damage to property, including Units and their contents, resulting from the acts of others.

ARTICLE 13  
EASEMENTS

13.1. Encroachments. Each Unit and the Property included in the Common and Limited Common Areas shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the Declarant. In the event the structure containing Units is partially or totally destroyed, and then rebuilt, the Owners of the Units so affected agree that minor encroachments of parts of the adjacent Units or Common or Limited Common Areas due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

13.2. Utilities. There is designated on the Plat an easement upon, across, over and under the Property for public utility purposes. By virtue of this easement, it shall be expressly permissible for all public utilities serving the Property to lay, construct, renew, operate and maintain conduits, cables, pipes, mains, ducts, wires and other necessary equipment on the Property, provided that all such services shall be placed underground, except that said public utilities may affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under roofs and exterior walls. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Property in such a way as to unreasonably encroach upon or limit the use of the Common Area or Limited Common Area or any structure thereon. In the initial exercise of easement rights under this Section, a utility shall make reasonable efforts to occupy and use the same physical location or lane as other utilities. After a utility service has initially exercised its easement rights under this Section, the utility shall make reasonable efforts to occupy and use the same physical location as its prior installations. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant or the Association shall have the right to grant such easement on said Property without conflicting with the terms hereof. Declarant reserves the

right to convey to itself and to other adjoining landowners, easements for roadway and utility use in the Common and Limited Common Areas, and the right to connect to and use roadways and utilities owned or controlled by the Association or serving the Property. The Declarant reserves the right to execute agreement(s) which may confer on itself or adjacent landowners or Owners associations the right to use Common Area and Limited Common Area and common facilities, including (without limitation) recreational facilities.

13.3. Police, Fire and Ambulance Service. An easement is hereby granted to all police, fire protection, ambulance services and all similar persons to enter upon the streets and Common Area and Limited Common Area in the performance of their duties.

13.4. Maintenance by Association. An easement is hereby granted to the Association, its officers, agents, employees and to any maintenance company selected by the Association to enter in or to cross over the Common Area and Limited Common Area, if any, and any Unit to perform the duties of maintenance and repair.

13.5. Drainage and Irrigation Easements. Declarant reserves for itself and its successors and assigns, and for the Association, and its officers, agents, employees, and successors and assigns, an easement to enter on, across, over, in and under any portion of the Property for the purpose of modifying the grade of any drainage channels on the Property to improve the drainage of water. Declarant also reserves the right to use or delegate the use of any irrigation ditches existing on the Property on the date this Declaration is recorded, and Declarant reserves for itself and its successors and assigns the right to construct, access and maintain additional irrigation ditches and lines on the Property for the maintenance of the Common Area and for such other purposes as Declarant may from time to time deem appropriate.

13.6. Owners' Easements of Enjoyment. Every Owner has a right and easement of use and enjoyment in and to the Common Area and Limited Common Area, if any, which is designated by the Declarant for the exclusive use of an Owner's Unit. This easement is appurtenant to and passes with the title to every Lot, subject to the provisions of the Governing Documents. A Unit Owner has no easement of use of the air space outside of the boundaries of his Unit or, in the case of a patio or deck, outside the confines of the patio or deck as depicted on the Plat. Therefore, subject to the Board's right of regulation, each Unit Owner's easement of use with respect to an appurtenant patio or deck shall not extend (i) horizontally beyond or outside of the center line of any wall or other exterior surface constituting the perimeter boundary of the patio or deck or (ii) vertically beyond the interior surface of any covered area or ceiling over the patio/deck. In the event that a patio or deck is uncovered, the Unit Owner's easement of use of the airspace for such patio or deck shall not extend beyond the height of the interior surface of the ceiling within the Unit Owner's Unit.

13.7. Easement for Declarant. The Declarant shall have a transferable easement over and on the Common Areas and facilities and utilities for the purpose of making improvements on the Property or on any additional land under the Declaration, or any development, related or unrelated, on land described herein or adjacent to the Property and for the purpose of doing all things reasonably necessary and proper in connection with the same.

13.8. Reservation of Easements by Declarant. The Declarant hereby reserves to itself during the Declarant Control Period the right to reserve easements over, beneath, and through the Property, including over the Common Area and Limited Common Area and related facilities, for the purpose of

making improvements to and developing the Property or on any additional land submitted under the Declaration, including but not limited to construction, marketing, installation and upkeep of landscaping features, entrance features, project signage, street lights, paths, trails or sidewalks or other facilities or things benefiting the Property. The Declarant reserves to itself during the Declarant Control Period the right to make any dedications and to reserve, grant, vacate, or terminate any easements, rights-of-ways and licenses as may be reasonably required by any governmental authority or to carry out the intent and design of the Declarant's plan for development of the Property, without compensation therefor.

13.9. Easements of Record. The easements provided for in this Article shall in no way affect any other recorded easement.

13.10. Limitations on Easements. In no event shall any easement granted or reserved herein be construed to or have the effect of permitting entry into the interior portion of any Unit.

#### ARTICLE 14 SPECIAL DEVELOPMENT RIGHTS

14.1. Intent and Purpose of Special Development Rights. In addition to any other rights granted or reserved to the Declarant in this Declaration and the other Governing Documents, and notwithstanding any covenants, conditions, restrictions, or other provisions of limitation within this Declaration, the Declarant, as the developer of the Property, is granted special development rights. These combinations of rights maximize the flexibility of the Declarant to adjust the size and mix of the Property to the demands of the marketplace, both before and after creation of the Community. This Declaration shall be liberally construed to advance Declarant's rights and interest in developing the Property.

14.2. Expansion of the Property. The Declarant shall have the right to expand the Property by unilaterally subjecting any Additional Property, in whole, in part, or in phases, to this Declaration during the Declarant Control Period.

(a) Expansion Procedure. The Declarant shall indicate its intent to have such Additional Property bound by this Declaration on the plat of such Additional Property and shall record a declaration of annexation or supplemental declaration including and subjecting such Additional Property to this Declaration. Thereafter, such Additional Property shall be considered as part of the Property in all respects, and lots therein shall constitute Lots under this Declaration.

(b) Use of Expansion Property. Any Additional Property annexed hereto by the Declarant shall be exclusively for residential single-family dwellings, architecturally compatible to the existing Units, similar to the Units already constructed, constructed out of similar materials, with similar Lot size. The Declarant shall have the sole discretion as to development of the Common Area in any expansion area and may include any facilities or amenities thereon that Declarant deems necessary and such Common Areas shall be owned by the Association.

14.3. Withdrawal of Property. So long as it has the right to expand the Property, Declarant shall have the right to remove any portion of the Property which has not yet been improved with structures from the coverage of this Declaration. The procedure for such withdrawal shall follow the procedure for expansion as provided in this Article.

14.4. No Obligation to Expand or Develop. Declarant has no obligation to annex any additional land to the Community or to develop or preserve any portion of additional land in any particular way or according to any particular time schedule.

14.5. Municipal Zoning and Subdivision Approvals. The Declarant shall have the right to further subdivide the Property and to apply for any zoning or subdivision approvals or permits from Salt Lake County, or any other applicable governmental authority with respect to the Property or any adjacent property owned by Declarant, whether or not such adjacent property is annexed into the Community. This right includes but is not limited to applying for and obtaining zoning permits, subdivision approvals, plat approvals, or approvals to amend the Plat or any plats. Further, except for any such approval that would (a) affect title to the Owner's Unit or (b) alter the boundaries of an Owner's Lot, each Unit Owner hereby waives his or her right to object to any such approval sought by Declarant, and, to the extent the approval and consent of any Owner is required under state or local law each Owner agrees to sign the application or other documents required for such action.

14.6. Dedication of Common Area. Notwithstanding anything to the contrary in this Declaration, during the Declarant Control Period the Declarant shall have the unilateral right to convey, transfer, sell, assign, or otherwise dedicate all or part of any Common Area to Salt Lake County or such other governmental entity or any third party as it deems necessary and appropriate. In the event the Common Area has already been conveyed to the Association, the Association shall approve and join in the dedication.

14.7. Declarant Business, Marketing, and Sales. Notwithstanding any provisions to the contrary contained in this Declaration or any other Governing Documents, it shall be expressly permissible for Declarant, or its written designee, to maintain such facilities and conduct such activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of Units during the Declarant Control Period, and upon such portion of the Property including lots or Common Area, if any, as Declarant deems necessary, including but not limited to, a business office, storage areas, construction yard, signs, model units and sales offices. As part of the overall program of development of the Property into a residential community and to encourage the marketing thereof, the Declarant shall have the right of use of any Units which have not been conveyed to purchasers or any Common Area thereon, including any Common Area, community buildings, without charge during the Declarant Control Period to aid in its marketing activities.

14.8. Additional Development Rights. The Declarant shall have the right to (a) dedicate any access roads and streets serving the Property for and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; (b) convert any part or portion of the Property to a different regime of residential ownership; or (c) create or designate additional Common Area or Limited Common Area within the Property.

14.9. Assignment of Declarant's Rights. Any and all rights and powers of the Declarant contained in this Declaration and other Governing Documents may be delegated, transferred or assigned by the Declarant, in whole or in part. To be effective, any such delegation, transfer, or

assignment must be in writing, signed by Declarant, indicate the extent and nature of such assignment, and be recorded in the Office of the Salt Lake County Recorder

ARTICLE 15  
AMENDMENT

15.1. By Class A Members. Except as otherwise specifically provided herein, this Declaration may be amended, modified, extended, or revoked, in whole or in part, by the affirmative vote or written consent, obtained by written ballot or otherwise, or any combination thereof, of Owners representing at least sixty-seven percent (67%) of the total votes in the Association. Notwithstanding the above, the percentage of votes necessary to amend a specific provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision.

15.2. By Declarant. Declarant has the right to unilaterally amend, modify, extend, or revoke this Declaration for any purpose during the Declarant Control Period, with or without notice to the Class A Members. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any Unit; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make, purchase, insure, or guarantee mortgage loans on any Unit; (d) to satisfy the requirements of any local, state, or federal governmental agency; (e) to bring the Declaration into compliance with the provisions of the Master Declaration; or (f) to correct any scrivener's error. However, any such amendment occurring after the Declarant Control Period shall not adversely affect the title to any Unit unless the Owner shall consent in writing. Declarant's right to amend shall be construed liberally and shall include, without limitation, the right to amend and/or restate this Declaration in part or in its entirety.

15.3. By the Board. The Board has the right, after the Declarant Control Period, to unilaterally amend this Declaration if such amendment is necessary to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination.

15.4. Validity. No amendment made by the Class A Members or the Board during the Declarant Control Period shall be effective unless the Declarant provides its prior express written consent to such amendment, which consent is within Declarant's sole and absolute discretion. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

15.5. Effective Date. Unless a later effective date is specified in the amendment, any amendment shall be immediately effective upon recording in the office of the Salt Lake County Recorder a copy of such amendment accompanied by a verified certificate of the Secretary of the Association stating that the required number of votes or consents was obtained and that a record of such votes or originals of the consents will be placed on file in the Association's office. In the case of unilateral amendment by Declarant as provided for herein, such amendment shall be immediately effective upon recording in the office of the Salt Lake County Recorder a copy of such amendment signed and verified by the Declarant.

ARTICLE 16  
ENFORCEMENT

16.1. Violations Deemed a Nuisance. Every violation of this Declaration or any rule, regulation, or resolution established pursuant to the authority of this Declaration is deemed a nuisance and is subject to all the remedies provided for the abatement or correction of the violation provided for in this Declaration, any rule, regulation, or resolution, or by law or equity.

16.2. Legal Action Authorized. The Association, through the Board, the Declarant, and any Owner, shall have the right to enforce, by any proceeding at law or in equity, all provisions of this Declaration or any rule, regulation, or resolution established pursuant to the authority of this Declaration, including all charges and liens now or hereafter imposed pursuant to the authority of this Declaration, against any person, persons, or entities violating or attempting to violate any provision of this Declaration or any rule, regulation, or resolution established pursuant to the authority of this Declaration, to restrain or abate or otherwise recover damages for the violation, and against the land to enforce any charge or lien created by this Declaration. In addition to taking legal action, the Declarant and the Board shall have the right to grant variances and stay enforcement proceedings against any Owner on a case-by-case basis when they determine such action is in the best interests of the Association.

16.3. Fines and Penalties. The Board may levy a fine or penalty not to exceed, for each violation, not more than \$25.00 per day up to a monthly amount of \$500.00 against any Owner who fails to refrain from violating this Declaration or any rule or regulation established pursuant to the authority of this Declaration. The Board may establish time frames and requirements for written notice, hearings, and cure periods for Owners in violation prior to levying such fine or penalty. Any fine or penalty levied by the Directors, which is not paid within 15 days (such time period shall be stayed should the Governing Documents require any period to cure or for notice and hearing) shall be recoverable by the Association in the same manner as an assessment under Article 4, and shall create a lien in favor of the Association against the Owner's Unit in the same manner as an assessment.

16.4. Attorney Fees and Costs. Any fine or penalty levied against an Owner for any violation shall include any attorney fees and costs incurred by the Association with respect to such violation. The prevailing party in any action to enforce this Declaration or any rule or regulation established pursuant to the authority of this Declaration shall be entitled to an award of reasonable attorney fees and costs incurred in such action.

16.5. Nonexclusive Remedies. All the remedies set forth in this Declaration are cumulative and not exclusive to any others provided elsewhere in the Governing Documents, the Community Association Act, or by other applicable laws and ordinances.

16.6. Non-Liability. The Board, officers, or Members of the Association shall not be liable to any Unit Owner, lessee, tenant, member or other individual for a mistake in judgment, or for any negligence or non-feasance arising in connection with the performance or non-performance of duties under the Governing Documents or the Community Association Act.

16.7. Arbitration; Mediation. The Board may, by rule or resolution, establish procedures for mandatory mediation or arbitration to settle disputes between and among the Association and Unit Owners. Any such rule or resolution shall operate prospectively only.

ARTICLE 17  
GENERAL PROVISIONS

17.1. Implied Rights; Board Authority. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Association may be exercised by the Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

17.2. Disclaimer of Liability. The Association shall not be liable for any failure of services to be obtained by the Association or paid for as a Common Expense, or for personal injury or property damage caused by the elements, any Unit Owner, or any other person resulting from electricity, water, snow, or ice which may leak or flow from or over any of the Property or from any pipe, drain, conduit, appliance, or equipment, or any secondary or consequential damages of any type. No diminution, offset, or abatement of any assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Association or from any action taken by the Association to comply with any law, ordinance, or with the order or directive of any governmental authority.

17.3. Dates and Times. In computing any period of time prescribed or allowed by the Governing Documents, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a state or federal holiday, in which event the period runs until the end of the next day that is not a Saturday, a Sunday, or a state or federal holiday. The deadline of the last day of the period so computed shall be 5:00 P.M., Mountain Time.

17.4. Interpretive Conflicts. In the event of any conflict between the provisions of any of the Governing Documents, the documents shall control in the following order of authority: (1) the Declaration; (2) the Articles; (3) the Bylaws; and (4) any rule, regulation, or resolution passed pursuant to the authority of the foregoing documents.

17.5. Effect of Master Declaration. Notwithstanding anything in this Declaration to the contrary, the Governing Documents, the Lots, the Association, and all Owners and Members are subject and subordinate to the Master Declaration, the Master Association's articles of incorporation, bylaws, design review committee guidelines, and rules and regulations adopted by the Master Association.

17.6. Severability. All of the terms and provisions of this Declaration shall be construed together, but if any one of said terms and provisions, or any part thereof, shall at any time be held invalid, or for any reason become unenforceable, no other terms and provisions, or any part thereof, shall be thereby affected or impaired; and the Declarant, Association and Owners, their successors, heirs and assigns shall be bound by each term and provision of this Declaration, irrespective of the invalidity or enforceability of any other term or provision.

17.7. Duration. The covenants, conditions, restrictions, and easements of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of thirty (30) years from the date this

Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

17.8. Notices. Any notice required to be sent under the provisions of this Declaration shall be deemed to have been properly sent when deposited in the U.S. Mail, postage prepaid, to the last known address of the person who is entitled to receive it. The Board may, by resolution, adopt a policy for notification via electronic communication or transmission (such as e-mail) to Unit Owners in lieu of notice by mail. In addition, the Board may require that Unit Owners maintain a current e-mail address with the Board for such purpose. Notwithstanding these provisions, a Lot Owner may, by written demand, require the Association to provide notice to the Lot Owner by mail.

17.9. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

17.10. Waivers. No provision contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

17.11. Topical Headings. The topical headings contained in any article, section, or subsection of this Declaration are for convenience only and do not define, limit, or construe the contents of this Declaration or any provision hereof.

\* \* \*



IN WITNESS WHEREOF, the undersigned, as the Declarant herein, has hereunto set its hand this 2nd day of December 2015.

Holmes Terrace Hills, LLC  
a Utah limited liability company

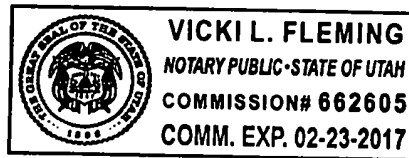
By [Signature]

Its [Signature]

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

On this 2nd day of December 2015, before me personally appeared Patrick H. Holmes whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who, being by me duly sworn (or affirmed), did say that he is the Manager of Holmes Terrace Hills, LLC, a Utah limited liability company (the "Company") and that the foregoing document was signed by him on behalf of that Company by proper authority and he acknowledged before me that the Company executed the document and the document was the act of the Company for its stated purpose.

[Signature]  
NOTARY PUBLIC  
Address: Draper, UT  
My Commission Expires: 2/23/17



**EXHIBIT "A"**  
**[Legal Description]**

## Exhibit "A"

Beginning at a point which lies South  $89^{\circ}53'28''$  West 1096.28 feet along the South line of the Southeast quarter of Section 27, Township 2 South, Range 2 West, Salt Lake Base & Meridian, and North  $00^{\circ}06'32''$  West 471.15 feet from the Southeast Corner of said Section 27; and traversing thence South  $89^{\circ}32'07''$  West 622.06 feet to a point on a curve to the left, having a radius of 595.00 feet and a central angle of  $07^{\circ}55'17''$ ; thence along the arc of said curve a distance of 82.26 feet, said arc subtended by a chord bearing South  $85^{\circ}34'29''$  West, a distance of 82.20 feet; thence South  $81^{\circ}36'50''$  West 99.50 feet to a point on a non-tangent curve to the left, having a radius of 610.00 feet and a central angle of  $25^{\circ}55'55''$ ; thence along the arc of said curve a distance of 276.09 feet, said arc subtended by a chord bearing North  $24^{\circ}27'12''$  West, a distance of 273.74 feet, to a point on a reverse curve to the right, having a radius of 578.25 feet and a central angle of  $77^{\circ}06'33''$ ; thence along the arc of said curve a distance of 778.21 feet, said arc subtended by a chord bearing North  $01^{\circ}08'07''$  East, a distance of 720.79 feet, to a point on a reverse curve to the left, having a radius of 610.00 feet and a central angle of  $05^{\circ}24'41''$ ; thence along the arc of said curve a distance of 57.61 feet, said arc subtended by a chord bearing North  $36^{\circ}59'03''$  East, a distance of 57.59 feet; thence South  $67^{\circ}31'20''$  East 159.39 feet; thence North  $89^{\circ}32'07''$  East 711.98 feet; thence South  $00^{\circ}27'53''$  East 934.80 feet to the point of beginning.

Tax ID: 20-27-400-012

**EXHIBIT "B"**  
**[Bylaws]**

**Bylaws**  
**of**  
**Terrace Hill Homeowners Association**

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**Bylaws**  
**of**  
**Terrace Hills Homeowners Association**

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ARTICLE 1  
OFFICES AND REGISTERED AGENT

1.1. Principal Office. The principal office of Terrace Hills Homeowners Association, hereinafter referred to as the "*Association*", shall be located in Salt Lake County, Utah, at such place as the Board shall designate. The location of the principal office may be changed by resolution of the Board of Directors.

1.2. Registered Office and Agent. The registered office and agent of the Association, as required by Section 501 of the Utah Revised Nonprofit Corporation Act, Utah Code Ann. §§ 16-6a-101 et seq. (1953, as amended) (hereinafter the "*Act*"), may be changed from time to time as provided in the Act. Current agent is Richard Harman, 4252 South Highland Drive #105, Salt Lake City, Utah 84124.

ARTICLE 2  
DEFINITIONS

Except as otherwise provided herein, the definitions set forth in the Declaration for Terrace Hills ("*Declaration*") and any applicable amendments and supplements thereto or restatements thereof shall control in these Bylaws.

ARTICLE 3  
MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration.

3.2. Voting Rights. Voting rights shall be as set forth in the Declaration.

3.3. Evidence of Membership. No person, persons, entity or entities shall exercise the rights of membership until satisfactory proof has been furnished to the Secretary of the Association of qualification as a Member, or nominee of a Member, pursuant to the terms of the Articles of Incorporation and the Bylaws. Such proof may consist of a copy of a duly executed and acknowledged warranty deed or title insurance policy showing said person, persons, entity or entities, or the person nominating him or her qualified in accordance therewith, in which event said

deed or title insurance policy shall be deemed conclusive evidence in the absence of a conflicting claim based upon a later deed or title insurance policy.

3.4. Suspension of Membership. The rights of membership are subject to the payment of assessments and other charges levied by the Association. If a Member fails to make payment of any assessment or other charge levied by the Association within thirty (30) days after the same shall become due and payable the voting rights of such Member may be suspended by the Board of Directors until such assessment or charge has been paid. Rights of a Member may also be suspended for violation of any of the use restrictions and for infraction of any rules and regulations established by the Board of Directors for a period not to exceed sixty (60) days. Except for suspension of voting rights for failure to pay assessments or other charges, any suspension of the rights of membership shall be pursuant to notice and hearing. The Board shall establish a procedure for notice and hearing that is fair and reasonable taking into consideration all of the relevant facts and circumstances.

#### ARTICLE 4 MEETINGS OF MEMBERS

4.1. Annual Meetings. The first annual meeting of the Association shall be held within one year after the date of the incorporation of the Association. Subsequent annual meetings shall be set by the Board. If the day of the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour of the first day following which is not a legal holiday.

4.2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote thirty-three percent (33%) of all of the votes of the Association.

4.3. Notice of Meetings. Written notice of each meeting of the Members 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 ten (10) days but not more than thirty (30) days before such meeting to each Member entitled to vote on the matter for which the meeting has called, addressed to the Member's address last appearing on the books of the Association. Such notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4.4. Waiver of Notice. The notice provided for hereinabove is not indispensable and any meeting of the Members shall be deemed validly called for all purposes if all Members are represented thereat in person or by proxy, or if a quorum is present and waivers of notice of time, place and purpose of such meeting shall be duly executed in writing either before or after said meeting by those Members not so represented or not given such notice. The attendance of any Member at a meeting in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by that Member.

4.5. Quorum. Except as hereafter provided, and as otherwise provided in the Articles or Declaration, those owner present at the meeting entitled to cast votes, or of proxies entitled to cast,

shall constitute a quorum for any action. Where the Declaration requires a percentage vote of all Members, the quorum required for such vote be the same as the minimum percentage vote required to approve the action which is the subject of the vote; provide however, that in calculating any such percentage, Members whose voting rights have been suspended shall not be included.

4.6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary prior to the vote being taken at meeting for which the proxy is valid. Every proxy shall be revocable and shall automatically cease when the Membership of the Member voting by proxy has ceased.

4.7. Voting. If a quorum is present, the affirmative vote of the majority of the Members present at the meeting shall be the act of all the Members, unless the act of a greater number is expressly required by law, by the Declaration, by the Articles, or elsewhere in these Bylaws. Upon direction of the presiding officer, the vote upon any business at a meeting shall be by ballot, but otherwise any such vote need not be by ballot.

4.8. Action by Written Ballot in Lieu of Meeting. Any action authorized to be taken at any annual, regular, or special meeting may be taken by written ballot in lieu of such meeting if the ballot is delivered by or at the direction of the Secretary to each Member entitled to vote on the matter, which ballot shall (a) set forth in detail the proposed action; (b) provide an opportunity to vote for or against the proposed action; (c) state the date when such ballot must be returned in order to be counted, which date shall not be less than thirty (30) days after delivery of the ballot; (d) state by what means it shall be returned and where; and (e) shall be accompanied by any written information, which has been approved by a majority of the Board, sufficient to permit each Member casting the ballot to reach an informed decision on the matter. Each ballot shall contain a means of identification for each Member entitled to vote, which shall identify such Member by Unit number. The number of votes cast by written ballot pursuant to this section shall constitute a quorum for action on the matter. Where any matter in the Governing Documents calls for the consent of Members but does not specify that such consent must be obtained at a meeting, then no meeting of the Members shall be required or is necessary to obtain such consents.

4.9. Acceptance of Votes. If the name signed on any consent, written ballot, vote, waiver, proxy appointment, or proxy appointment revocation, corresponds to the name of a Member, the Association, acting in good faith, may accept and give effect to the same as the act of the Member, notwithstanding that the signature may not be technically correct. For example, if a Unit is owned by a trust, thereby making the trust the Member, and the individual fails to sign as "trustee," it shall not invalidate the signature or vote of the Member.

4.10. Procedure; Parliamentary Rules. The order of business and all other matters of procedure at every meeting of Members shall be determined by the presiding officer. Except as may be modified by resolution of the Board, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Utah law or the Governing Documents.

4.11. Place of Meetings. The Board of Directors may designate the place of any annual or special meeting of the Members by stating or fixing such place pursuant to resolution, provided, however, that such place must be within Salt Lake County, State of Utah. If the Board of Directors makes no designation, annual and regular meetings shall be held at the Association's principal office.

## ARTICLE 5 BOARD OF DIRECTORS

5.1. Qualifications. A Director must be a natural person of at least 18 years of age or older and, except with respect to directors appointed by the Declarant, a Member of the Association. In the event that a Member is not a natural person, a natural person who holds an ownership interest in the entity which is the Member may serve as a member of the Board of Directors if duly appointed or elected as provided for herein.

5.2. Number. The affairs of this Association shall be managed by a Board of Directors consisting of at least three but not more than five qualified persons. The number of directors may range from a minimum of five to a maximum of seven directors. The number of persons constituting the whole Board of Directors may be fixed from time to time within this range by resolution of the Board of Directors.

5.3. Term of Office; Staggered Terms. At the first annual meeting at which Members elect the Directors, the two persons obtaining the highest number of votes shall serve for two years and all others shall serve for one year. Thereafter, upon the expiration of the initial term of each director, his or her successor shall be elected for two-year terms. Nothing shall prevent any person from serving as a director for successive terms or more than one term if duly elected by the Members.

5.4. Removal. Any Director may be removed from the Board with cause, by a majority vote of the Members of the Association. Any Director who shall be absent from three (3) consecutive Board meetings shall be automatically removed from the Board unless otherwise determined by the Board. In the event of death, resignation or removal of a Director, a temporary successor shall be selected by the remaining Directors and shall serve for the unexpired term of his or her predecessor or until special election of a successor.

5.5. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or duties as a Director.

5.6. Declarant Control Period. Notwithstanding anything herein to the contrary, Directors serving during the Declarant Control Period shall be appointed by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant. There shall be no requirement for the election of Directors as forth in Article 6 until the termination of the Declarant Control Period unless the Declarant expressly provides otherwise in writing.

ARTICLE 6  
NOMINATION AND ELECTION OF DIRECTORS

6.1. Nomination. Nominations for election to the Board may be made from the floor at the annual meeting of Members. In addition, the Board of Directors may establish a nominating committee to nominate qualified Members for election to the Board. If established, the Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least thirty (30) days prior to each annual meeting of the Members, to serve through such annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

6.2. Election; Voting. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

6.3. Voting by Mail. Election of Directors may be handled by mail voting in the following manner, which may be, at the determination of the Board, the sole method of voting or used in conjunction with in-person voting. Ballots shall be sent to each Member by the Secretary not more than sixty (60) days and not fewer than thirty (30) days before the date set for election. Ballots shall instruct Members to seal their ballot in a ballot envelope and then place the sealed envelope into a larger envelope along with a signed paper, provided by the Secretary, identifying the Member whose vote is contained in the inner envelope. Ballots may be delivered to the Secretary in person or by mail; provided however, that ballots must be received by the Secretary prior the election. Upon receiving the ballots, the corporate secretary shall open the outer envelope, remove the identification paper, and record which Members have voted. The identification paper and outer envelope shall then be separated from the ballot envelope. The ballot envelope shall be retained by the Secretary until opened on the election date.

ARTICLE 7  
MEETINGS OF DIRECTORS

7.1. Regular Meetings. The first meeting of the Board of Directors will follow the annual meeting of the Members at which a Board is first elected by the Members. Thereafter, regular meetings of the Board of Directors shall be held at such date, time and place as may be determined from time to time by resolution of the Board of Directors. Written notification of each regular Board meeting shall be delivered or mailed to all Directors at least seven (7) days prior to any regular Board meeting. Meetings of the Board shall be open to all Members, unless litigation or potential litigation, contract negotiation or employment or personnel matters are being discussed.

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

7.3. 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, unless a greater number is required by law, the Articles or these Bylaws.

7.4. Action Without a Meeting. Whenever the Directors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by all Directors.

7.5. Place of Meetings. Regular or special meetings of the Board of Directors during the Declarant Control Period may be held in or out of the State of Utah. Regular or special meetings of the Board of Directors who are elected by the Members shall be held in Salt Lake County, Utah.

7.6. Presence of Directors at Meetings. The Board may allow any director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating in the meeting may hear each other during the meeting. A director participating in a meeting through means permitted under this section shall be considered to be present in person at the meeting.

## ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1. Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association managed under the direction of, the Board of Directors, subject to any limitations set forth in the Declaration, the Act, or the Articles.

8.2. Duties. It shall be the duty of the Board of Directors to manage the affairs of the Association in accordance with the terms of the Act, the Articles, the Declaration, and these Bylaws, and other Governing Documents.

## ARTICLE 9 OFFICERS AND THEIR DUTIES

9.1. Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a secretary and a treasurer, who need not be Members of the Board of Directors nor of the Association, and such other officers as the Board may from time to time create by resolution.

9.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

9.3. Term. The Board shall elect the officers of the Association annually and each shall hold office for one (1) year unless the officer shall sooner resign, or be removed, or otherwise be disqualified to serve.

9.4. 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.

9.5. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving notice to the Board, or any officer of the Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise necessary to make it effective.

9.6. 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 being replaced.

9.7. Multiple Offices. The same person may hold the offices of secretary and treasurer. No person shall simultaneously hold more than one of any of the other offices except in the case of special office created pursuant to Section 9.4.

9.8. Duties. The officers and their duties are as follows:

(a) *President.* The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) *Vice President.* The vice-president shall act in the place and stead of the president in the event of absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) *Secretary.* The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) *Treasurer.* The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; maintain a roster of all Members, assessments and payments; keep proper books of account; issue certificates of payment of assessments; notify the Board of Members who are delinquent in paying assessments; prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting; and deliver a copy of the budget and statement to the Members at said meeting.

9.9. Compensation. No salary or other compensation for services shall be paid to any officer of the Association for services rendered by such officer, but this shall not preclude an officer

of the Association from performing any other service for the Association as an employee and receiving compensation therefore.

ARTICLE 10  
COMMITTEES

10.1. Creation and Appointment. The Board may create such committees as it deems necessary and appropriate to perform such tasks as the Board may designate by resolution. The Board shall have the authority to appoint members of each committee it creates. Each committee shall operate in accordance with the terms of such resolution.

10.2. Architectural Control Committee. There is established an Architectural Control Committee composed of three (3) or more representatives who may be appointed by the Directors or by the Declarant as further set forth in the Declaration.

ARTICLE 11  
FINANCIAL MATTERS

11.1. Depositories. The Board of Directors shall select such depositories as it considers proper for the funds of the Association. All checks and drafts against such deposited funds shall be signed and countersigned by persons authorized by these Bylaws or by Board resolution to sign such checks and drafts.

11.2. Contracts; Management Contract. The Board of Directors may authorize any officer or officers, agent or agents, in addition to those specified in these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or render it liable for any purpose or for any amount.

11.3. Fiscal Year. The fiscal year of the Association shall be January 1st through December 31st each year.

11.4. Annual Report. The Board of Directors shall present at the annual meeting of the Members the report of the Treasurer, giving the annual budget and a statement of income and expenses, and a report of other affairs of the Association during the preceding year. The Board of Directors shall provide all Members, at the expense of the Association, copies of said annual budget and statement of income and expense.



ARTICLE 12  
BOOKS AND RECORDS

12.1. Association Records. The Association shall keep and maintain those records required by the Declaration, the Act, and these Bylaws. Such records shall be maintained in written form or in another form capable of conversion into written form within a reasonable time.

12.2. Inspection of 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 Member. The Articles and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE 13  
RULES AND REGULATIONS

The Board of Directors shall have the power to adopt and establish by resolution such rules and regulations as it may deem necessary for the maintenance, operation, management and control of the Property, equipment, facilities and utility systems of the Association. The Board of Directors may alter from time to time such rules and regulations. The Members shall at all times obey such regulations and use their best efforts to see that they are faithfully observed by the persons with whom they reside, their family, guests, tenants, invitees and others over whom they may exercise control or supervision.

ARTICLE 14  
AMENDMENT

14.1. By the Board. These Bylaws may be altered, amended or repealed, in whole or in part, by a majority vote of the Board of Directors at any regular Board meeting or at a special Board meeting called for that purpose, unless it would result in a change of the rights, privileges, preferences, restrictions, or conditions of a membership class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions, or conditions of another class, or unless otherwise prohibited by Utah Code Title 16, Chapter 6a or the Utah Community Association Act.

14.2. By the Class A Members. These Bylaws and any amendments thereto may be altered, amended or repealed, in whole or in part, by a majority vote of the Members at any annual meeting of the Members or at any special meeting of the Members called for that purpose.

14.3. By Declarant. Declarant has the right to unilaterally alter, amend or repeal these Bylaws, in whole or in part, for any purpose during the Declarant Control Period, with or without notice to the Class A Members. Thereafter, Declarant may unilaterally amend these Bylaws if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any Unit; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make, purchase, insure,

or guarantee mortgage loans on any Unit; (d) to satisfy the requirements of any local, state, or federal governmental agency; or (e) to correct any scrivener's error.

14.4. Validity. No amendment made by the Board or the Class A Members during the Declarant Control Period shall be effective unless the Declarant provides its prior express written consent to such amendment, which consent is within Declarant's sole and absolute discretion. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant. Any procedural challenge to an amendment must be made within six months of the effective date of the amendment or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

14.5. Effective Date. Any amendment to these Bylaws shall be effective upon the date such amendment is duly adopted as provided for herein, and recorded as required by Utah Code § 57-8a-216(3), which date the Secretary shall certify on the amendment and file with the Association's records. The Board shall provide notice to Members of any amendment to these Bylaws, however, the receipt of such notice shall not be a prerequisite to the validity of the amendment.

## ARTICLE 15 GENERAL PROVISIONS

15.1. Notices; Electronic Notice. Any notice required to be sent under the provisions of these Bylaws shall be deemed to have been properly sent when deposited in the U.S. Mail, postpaid, to the last known address of the person who is entitled to receive it. Members are required to maintain a current mailing address with the Association. In the absence of specific instruction from the Member, the Member's current mailing address will be deemed to be the mailing address for the Unit owned by the Member. The Board may, by resolution, adopt a policy for notification via electronic communication or transmission (such as e-mail) to Members in lieu of notice by mail. In addition, the Board may require that Members maintain a current e-mail address with the Board for such purpose.

15.2. Dates and Times. In computing any period of time prescribed or allowed by these Bylaws, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday (either federal or Utah state), in which event the period runs until the end of the next day that is not a Saturday, a Sunday, or a legal holiday. The deadline of the last day of the period so computed shall be 5:00 P.M., Mountain Time.

15.3. Waivers. No provision contained in these Bylaws shall be deemed to have been waived by reason of any failure to enforce or follow it, irrespective of the number of violations which may occur.

15.4. Construction and Interpretation. These Bylaws shall be construed wherever possible as consistent with the Declaration and the Act. Conflicts between documents shall be resolved as set forth in the Declaration.

15.5. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

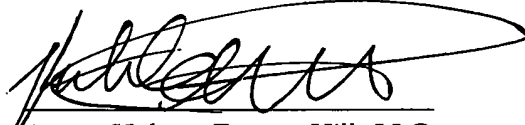
15.6. Titles and Headings. The titles and headings contained in these Bylaws are for convenience only and do not define, limit, or construe the contents of these Bylaws.

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CERTIFICATION

The undersigned hereby certifies that he/she is the duly elected/appointed Agent of Terrace Hill Homeowners Association, a Utah non-profit corporation, and the foregoing Bylaws constitute the Bylaws of said Association as duly adopted by the Board of Directors on the 2<sup>nd</sup> day of December, 2015.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of \_\_\_\_\_, 2015.

  
Agent, Holmes Terrace Hills LLC