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Salt Lake City, UT 84123

**AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS,  
EASEMENTS AND RESTRICTIONS**

**FOR**

**BLACK RIDGE COVE**

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**AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS,  
EASEMENTS AND RESTRICTIONS  
FOR  
BLACK RIDGE COVE**

This AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR BLACK RIDGE COVE is made as of this 21 day of December, 2021 by RICHMOND AMERICAN HOMES OF UTAH, INC., a Colorado corporation ("Declarant"). This Declaration amends and restates in its entirety that certain Declaration of Covenants, Conditions, Easements and Restrictions for Black Ridge Cove recorded with the Washington County Recorder's office on June 18, 2021, as Entry No. 20210042426.

**RECITALS**

A. Declarant is the owner of certain real property (the "Property") located in the City of St. George, Washington County, State of Utah, which property is described in Exhibit "A," which is attached hereto and incorporated herein by this reference.

B. Declarant desires to develop a residential development known as "BLACK RIDGE COVE" on the Property, as shown on the Plat (the "Community"). Declarant intends to develop the Community in phases to consist of sixty-two (62) Detached Townhomes. The Community is not a cooperative under Title 57, Chapter 23, Utah Code Ann.

C. Declarant intends to protect and enhance the value and desirability of the Community through the use of a coordinated plan of development and the terms of this Declaration. It is assumed that each purchaser of a Building Pad and Residence in the Community will be motivated to preserve the Community through community cooperation and by complying with not only the letter but also the spirit of this Declaration. This Declaration is designed to complement local governmental regulations, and where conflicts occur, the more restrictive requirements shall prevail.

D. It is desirable for the efficient management and preservation of the value and appearance of the Community to create a nonprofit corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Community; maintaining and administering the Common Area; maintaining, repairing or replacing for the common benefit of Owners all landscaped areas; administering, collecting and disbursing funds pursuant to the provisions regarding assessments and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Community and the Owners. Black Ridge Cove Owners Association, Inc., a Utah nonprofit corporation, has been or will be incorporated under the laws of the State of Utah for the purpose of exercising the aforesaid powers and functions.

E. Each Owner shall receive fee title to his, her or its Building Pad, an appurtenant undivided interest in the Common Area, and Membership in the Association as provided herein.

F. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration, and improvement of the Community and the interests therein conveyed and to establish thereon a residential community.

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

## ARTICLE 1 DEFINITIONS

Each of the Recitals are incorporated into and made a part of this Declaration for all purposes. Unless the context clearly indicates otherwise, the following capitalized words, phrases or terms used in this Declaration shall have the meanings set forth in this Article I. (Certain terms not defined herein are defined elsewhere in this Declaration.)

1.1. **“Additional Land”** means any parcel of property located adjacent to the exterior boundaries of the Property as may be depicted on the Plat. A description of the Additional Land is set forth in this Declaration solely for purposes of identification. This Declaration is not intended as and should not be deemed to constitute any lien, encumbrance, restriction, or limitation upon the Additional Land unless and until it is added to the existing Community in accordance with the provisions of this Declaration.

1.2. **“Adjoining Owner”** means the immediately adjoining Owner that owns a Residence with a common party wall touching the contiguous, neighboring Residence of a different Owner.

1.3. **“Annual Assessments”** means the Assessments levied pursuant to Section 6.3.

1.4. **“Articles”** means the Articles of Incorporation of the Association, as amended from time to time.

1.5. **“Assessment”** means any Annual Assessment or Special Assessment.

1.6. **“Assessment Lien”** means the lien created and imposed by Section 7.2.

1.7. **“Association”** means Black Ridge Cove Owners Association, Inc., a Utah nonprofit corporation, and its successors and assigns.

1.8. **“Association Rules”** means the rules and regulations adopted by the Board pursuant to Section 5.5, as amended from time to time.

1.9. **“Board”** means the Board of Directors of the Association.

1.10. **“Builder”** means any party that acquires two (2) or more Building Pads with the intention of constructing Detached Townhomes upon such Building Pads and conveying such completed Detached Townhomes to a third party purchaser upon completion of the same.

1.11. **“Building Pad(s)”** means a portion of the Community intended for independent ownership and residential use and designated as a “Detached Townhome” on the Plat and, where the context indicates or requires, shall include any Residence, building, structure or other

Improvements situated on the Building Pad, together with an appurtenant undivided interest in the Common Area.

1.12. "Bylaws" mean the Bylaws of the Association, as amended from time to time. The Bylaws of the Association are attached hereto as Exhibit B.

1.13. "Common Area" means: (a) all land, and the Improvements situated thereon, within the Community that Declarant designates as Common Area on the Plat or other Recorded instrument and other real property owned by the Association or which the Owners now or hereafter own in common for the benefit of all Owners, which may include without obligation or limitation parking areas (including those located within a public right of way), a clubhouse, fitness facility, swimming pool, picnic area(s), trash enclosures, mailbox areas, walkways, trails and open space, landscaped areas, Community and street signage, lighting, sidewalks, and other similar Improvements; and (b) any real property or Improvements within the Community that the Association has the obligation to maintain, repair or replace for the common benefit of the Owners, as the Board shall determine in its sole and exclusive discretion by recordation of a written instrument, including, without limitation, all utility and service lines, systems and similar Improvements, whether public or private-company owned, located on a Building Pad or lying outside of the exterior boundaries of the Residences as further described in Section 1.38 below (provided, however, that the Associations shall maintain certain exterior portions of the Building Pads on which Detached Townhomes are constructed, as set forth in Section 6.3.3 below, pursuant to a license granted to the Association, and not as Common Area to the Association).

1.14. "Common Expenses" means those expenses incurred by the Association in the management and operation of the Common Areas and for other purposes intended to benefit Owners, as described in Section 6.3.1.

1.15. "Common Expense Fund" means funds accumulated by the Association from Assessments to pay Common Expenses, as described in Section 6.3.1.

1.16. "Community" means such term as described and set forth in Recital B.

1.17. "Community Documents" means this Declaration, the Articles, the Bylaws, and the Association Rules, as each document may be amended from time to time.

1.18. "Declarant" means BLACK RIDGE COVE, LLC, a Utah limited liability company, its successors, and any Person to whom it may expressly assign any or all of its rights under this Declaration. For purposes of this Declaration, the Declarant may designate up to two successors in interest as successor "Declarant," and may assign the rights of the Declarant hereunder so such successors in interest with respect to the portion of the Property conveyed by Declarant to such successors, provided that such successor(s) shall succeed to Declarant's interests by acquiring up to all of the Building Pads upon which Detached Townhomes are to be constructed. A Builder may be a successor to Declarant pursuant to the preceding sentence.

1.19. "Declarant Affiliate" means any Person directly or indirectly controlling, controlled by or under common control with Declarant, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which

Declarant (or another Declarant Affiliate) is a general partner, managing member or controlling shareholder.

1.20. “Declaration” means this Declaration of Covenants, Conditions, Easements and Restrictions for Black Ridge Cove, as amended from time to time.

1.21. “Detached Townhome” shall mean and refer to any one of the separately numbered and individually described detached single family residential living units which does not share an interior party wall with another Residence. Each Detached Townhome consists of the Building Pad upon which the Detached Townhome is located, as well as any improvements thereon. In addition, each Detached Townhome shall consist of the airspace above and the subsurface below the Building Pad upon which the Detached Townhome is located and all of the area and improvements above and below the surface of the land and within and part of the vertical boundaries defined by the Building Pad and/or Residence lines shown on the Plat, extended upwards to the heavens and downward to the center of the earth, included within the boundaries of each Building Pad or Residence.

1.22. “Eligible Mortgagee” means and refers to a First Mortgagee who has requested notice of certain matters from the Association in accordance with Section 10.1 of this Declaration.

1.23. “Improvement(s)” means any improvement now or hereafter constructed at the Community and includes anything that is a structure and appurtenances thereto of every type and kind, including but not limited to any (a) Residence, building, screening wall, other accessory building, fence or wall; (b) any walkway, garage, road, driveway, or parking areas (wherever such parking areas may be located within the Community, including within a public right of way); (c) any awning, screen door, mailbox, sign, shed, covered porch, stairs, deck, fountain, artistic work, craft work, figurine, ornamentation or embellishment of any type or kind (whether or not affixed to a structure or permanently attached to a Building Pad); (d) any swimming pool, clubhouse, courtyard, barbecue, benches, radio or television antenna or receiving dish; (e) any paving, exterior lights, curbing, trees, shrubs, hedges, grass, windbreak or other landscaping improvements of every type and kind; (f) any excavation, fill, retaining wall or other thing or device which affects the natural flow of surface water or the flow of water in a natural or artificial stream, wash or drainage channel, and related fixtures and equipment; and (g) any other structure of any kind or nature.

1.24. “Judicial Foreclosure” means a foreclosure of a Building Pad for the nonpayment of an Assessment in the manner provided by law for the foreclosure of a mortgage on real property and as further provided in Article 7 hereof.

1.25. “Limited Common Area” means a portion of the Common Areas, if any, allocated by the Declaration or the Act, as may be shown on the Plat, for the exclusive use of one or more, but fewer than all, of the Residence.

1.26. “Member” means any Person who is a member of the Association as provided in Section 5.10.

1.27. “Membership” means a membership in the Association and the rights granted to the Members, including Declarant, pursuant to Article 5 to participate in the Association.

1.28. “Mortgage” means a deed of trust or a mortgage Recorded against a Building Pad, or any part thereof or interest therein. A “First Mortgage” means a Mortgage having priority as to all other Mortgages encumbering a Building Pad, or any part thereof or interest therein.

1.29. “Mortgagee” means a beneficiary under a deed of trust, or a mortgagee under a mortgage, Recorded against a Building Pad. A “First Mortgagee” means any Person or entity holding a First Mortgage including any insurer or guarantor of a First Mortgage. Any and all Mortgagee protections contained in this Declaration shall also protect the Declarant as the holder of a First Mortgage Recorded against a Building Pad or any part thereof or interest therein.

1.30. “Municipal Authority” means any applicable governmental entity or municipality which has jurisdiction over all or some part of the Community including without limitation St. George, Utah.

1.31. “Nonjudicial Foreclosure” means the sale of a Building Pad for the nonpayment of an Assessment in the same manner as the sale of trust property under Utah Code Ann. §§ 57-1-19 through 57-1-34 and as further provided in Article 7 hereof.

1.32. “Occupant” means any Person other than an Owner who has actual use, possession or control of a Residence, or any portion thereof, and shall include, without limitation, lessees or tenants under a lease, oral or written, of any Residence (or part thereof), including an assignee of the lessee’s or tenant’s interest under a lease, other than the Owner, who reside in any Residence. A guest or invitee occupying a Residence without a written lease with the Owner shall not be considered an “Occupant” for purposes of this Declaration.

1.33. “Owner” means the Person or Persons who individually or collectively own fee title to a Building Pad, including Declarant, and purchasers under installment purchase contracts. “Owner” shall not include Persons who hold an interest in a Building Pad merely as security for the performance of an obligation.

1.34. “Person” means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.35. “Plat” means that certain community plat entitled “BLACK RIDGE COVE” duly Recorded, as the same may be amended from time to time.

1.36. “Property” means such term as described and set forth in Recital A. The term “Property” shall also include any of the Additional Land that is made subject to this Declaration.

1.37. “Record,” “Recording,” “Recorded” and “Recordation” means placing or having placed an instrument of public record in the official records of Washington County, Utah.

1.38. “Residence(s)” means any Detached Townhome situated upon a Building Pad. Each unit shall have its own principal access to the outside, no unit is located over another unit, and each dwelling unit is separated from any other unit, designed and intended for separate, independent residential use and occupancy.

1.38.1. For purposes of this Declaration, the "interior elements" of the Residences shall include all pipes, wires, conduits, lines or systems (which for brevity are herein and hereafter referred to as utilities), whether public or private-company owned, at the point at which the utilities penetrate into the Residence either through the concrete floor slab or exterior wall of the Residence and continuing into the interior portion of such Residence, exterior air conditioning condenser units that service a particular Residence, any awning, screen door or other item installed by the Owner with the written approval of the Board, interior spaces, flooring, partitions, plaster, gypsum drywall, wallpaper, paint, ceilings, all other materials constituting part of the interior surfaces of the Residences and other similar interior fixtures and Improvements as such interior elements may be further determined by the Board in its sole and exclusive discretion.

1.38.2. For purposes of this Declaration, the "exterior elements" of the Residences shall include all utilities, whether public or private-company owned, located on the Building Pads (but not within the Limited Common Areas) and which end at the point at which the utilities penetrate into the Residence either through the concrete floor slab or exterior wall of the Residence and continuing into the interior portion of such Residence but do not include any interior portion of such utilities located within a Residence that constitute interior elements as further defined in Section 1.38.1 above, rooftops, driveways, shutters, doorsteps, stoops, covered porches, courtyards, exterior doors, exterior windows, garages, and other similar exterior Improvements as may be further determined by the Board in its sole and exclusive discretion, but shall specifically exclude all exterior screen doors, which have been or may be installed by an Owner.

1.38.3. In the event of any disagreement or uncertainty as to which improvements or elements of a Residence constitute "interior elements" or "exterior elements", the Board shall have the sole and exclusive power to make such determination, including without limitation the sole power and authority to determine which portions of the utilities lie within the exterior or interior portions of a Residence, and the Board's determination shall be conclusive, final and not subject to appeal.

1.39. **"Resident"** means an Owner or Occupant who has actual use, possession or control of a Residence and who resides in such Residence full-time. The term Resident shall include an Owner who occupies his, her or its Residence during all or any portion of a calendar year. As described and limited in Section 3.3.1 below and the Association Rules, only Residents and their accompanied short-term guests may use, access and enjoy the clubhouse, theater, swimming pool, exercise facilities and all other recreational facilities within the Community.

1.40. **"Special Assessment"** means any Assessment levied pursuant to Section 6.4.

## ARTICLE 2 DECLARANT'S RIGHTS AND OWNERS' OBLIGATIONS

2.1. **Property Subject to this Declaration.** This Declaration is being Recorded to establish a general plan for the development and use of the Property in order to protect and enhance the value and desirability of the Property. All of the Property shall be held, sold and conveyed subject to this Declaration, including any of the Additional Land hereafter made subject to this

Declaration. By acceptance of a deed or by acquiring any interest in any of the Property subject to this Declaration, each Person, for himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. In addition, each such Person by so doing acknowledges that this Declaration sets forth a general scheme for the development and use of the Property and evidences his, her or its agreement that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, Occupants, grantees, purchasers, assignees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners.

2.2. No Condominium. Declarant, and each Owner by acceptance of a deed to a Building Pad, hereby agree, acknowledge and understand that the Property is **not**, by execution and recording of this Declaration, being submitted to the provisions of the Utah Condominium Ownership Act, §§ 57-8-1, *et seq.*, Utah Code Ann. (the “Condominium Act”). This Declaration does not constitute a declaration as provided for in the Condominium Act and the provisions of the Condominium Act shall not be applicable to Property or any portion thereof, including without limitation all or a portion of the Additional Land made subject to this Declaration.

2.3. Townhomes. The Property shall consist of up to sixty-two (62) Detached Townhomes, as depicted on the Plat, subject to the Declarant's right to expand the Property pursuant to the provisions of Section 2.5 below. Declarant reserves the right to adjust the location of each Residence in order to facilitate proper planning in the sole and exclusive discretion of the Declarant, subject to the terms and provisions of Section 2.13. Moreover, during the period of Declarant control, Declarant, to the extent permitted by law, reserves the unilateral right to reconfigure, eliminate and/or change the design and arrangement of the Common Area, Limited Common Area, any Residence and to alter the boundaries between Building Pads as it shall determine in its sole and exclusive discretion, so long as the Declarant or a Declarant Affiliate owns the Building Pads or Residences so altered or obtains and duly records the written authorization of the Owner of any altered Building Pad or Residence not owned by Declarant. Such reconfiguration right shall include the right to change or alter the exterior elements or design of the Residences, including, but not limited to, altering or changing the placement, size, number, and configuration of doors, entry-ways, windows, and similar items, and to modify the principal type of construction and building materials of such Residences. Any change of the boundaries between Residences, Building Pads or Common Area shall not require an amendment to this Declaration or to the Plat, but shall be done in accordance with the requirements of the St. George City Code and Utah law.

2.4. The Association Maintenance Obligations. In addition to any other Association obligations and rights described in this Declaration, the Association shall have the following obligations and rights:

2.4.1. As further described in Article 8 below, the Association shall maintain in a safe, sanitary and attractive condition:

2.4.1.1. The Common Area and all Improvements thereon, including, without limitation, all utility lines servicing one or more Residences, whether public or private company owned, located on, over or under any Common Area. The Association shall forever repair, replace and maintain the utilities that constitute part of the Common Area, whether public or private company owned or whether separately metered, located on the Common Area.

2.4.1.2. The landscape areas, concrete improvements, fences, covered porches and courtyards of the Detached Townhomes.

Such maintenance responsibility shall include, but shall not be limited to, snow removal outside of each Building Pad, the control of all weeds and other unsightly vegetation in the Common Area, rubbish, trash, garbage, and landscaping surrounding the Building Pads of the Detached Townhomes, and all portions of the Common Area, subject to the willful and negligent act provisions described in Sections 2.8 and 8.5. Each Owner shall, at such Owner's sole and exclusive expense, immediately repair all interior elements of his, her or its Residence, including without limitation all utility lines servicing the Residence, whether public or privately owned, located from the connecting point to the exterior of the Residence where such utilities enter the Residence (stubbbed location) and continuing into the interior portion of such Residence and the exterior air conditioning condenser Residence(s) that service such Owner's Residence. Each Owner of a Detached Townhome shall be responsible for painting, maintenance, repair and replacement of the stucco, brick, siding, concrete and roofing materials of such Detached Townhome. Each Owner shall also immediately repair and replace all broken glass of a Residence at such Owner's sole and exclusive expense. However, the Association shall repair and replace all broken glass of a Residence caused by the willful or negligent act of an agent acting on behalf of the Association in carrying out the Association's duties to maintain the Common Area, certain portions of the Building Pads or exterior elements of the Detached Townhomes, which broken glass repair and replacement shall constitute a Common Expense. The maintenance covenants and obligations of the Association, including without limitation those obligations set forth in this Section 2.4.1, shall not be amended or eliminated without the written consent of Declarant, so long as it owns a Building Pad in the Property, and thereafter without the vote or written assent of the Members casting at least two-thirds (2/3) of the total votes of the Association.

2.4.2. The Association shall assess and collect fees from the Members in accordance with the provisions hereof and the Bylaws. In particular, in order to preserve a Property maintenance standard, property values and uniform appearances of all Residences within the Property, each Owner of a Detached Townhome shall have the express obligation to repair, replace and maintain all exterior elements and improvements of their Detached Townhome, including without limitation, all doorways, windows, stucco, siding, rain gutters, shingles, address signs and all other similar exterior elements of the Detached Townhome as the Board may determine in its sole and exclusive discretion.

2.4.3. As also described in Section 5.5 below, the Board shall have the right to promulgate and adopt the Association Rules, which Association Rules may further limit and/or expand upon the use restrictions applicable to the Property as described herein

without requiring a Recorded amendment to this Declaration. Notwithstanding the foregoing, such Association Rules may not transfer to Owners maintenance responsibilities that are the express obligation of the Association as described in this Declaration.

2.5. Additional Land and Right to Expand. Declarant reserves the right to subject all or a portion of the Additional Land to this Declaration without the prior consent of any other party or Owner. Declarant shall identify in each supplemental declaration the Additional Land, specify the number of additional Detached Townhomes to be added to the Property, and the number of votes and Assessments to be allocated to the Additional Land based upon the formulas described in this Declaration, as may be unilaterally amended by the supplemental declaration. The owner of such Additional Land, if different from the Declarant, shall also execute the supplemental declaration and supplemental plat. Upon recordation of the supplemental declaration and supplemental plat, the subject Additional Land shall be deemed added to the Property pursuant to the terms and provisions of this Declaration. The supplemental declaration may modify any of the covenants, conditions and restrictions otherwise applicable to the Additional Land in the supplemental declaration where such changes are deemed necessary in the sole and absolute discretion of Declarant to address a unique condition affecting or relating to the Additional Land that is the subject of the supplemental declaration or to more fairly allocate the benefits and obligations of membership within the Association. This Declaration is not intended as and should not be deemed to constitute any lien, encumbrance, restriction, or limitation upon the Additional Land unless and until it is added to the existing Property in accordance with the provisions of this Section 2.5.

2.6. Intentionally Omitted.

2.7. Incidents of Ownership; Membership in the Association. Every Building Pad shall have appurtenant to it one Membership in the Association, and a nonexclusive easement for each Owner for use, enjoyment, ingress and egress over the Common Area subject to such restrictions and limitations as are contained in the Community Documents and subject to other reasonable regulation by the Association.

2.8. Responsibility for Common Area Damage. Each Owner shall be personally liable to the Association for the cost of all repairs or replacement of any portion of the Common Area, the Building Pad, or the exterior elements of the Residence resulting from the willful or negligent act of an Owner, Occupant, family, guest or invitee to the extent the Association is responsible for such repairs and replacement and such costs are not covered by insurance maintained by the Association. If the Association is responsible for such repairs, the Association shall cause such repairs and replacements to be made and the cost thereof may be levied as an individual charge against such Owner enforceable in the same manner as the enforcement of the payment of Assessments. The failure of the Association to continue any insurance in effect shall not be a defense to any such Owner's personal liability.

2.9. Reservation of Right to Construct Residences and Improvements. Declarant intends, without obligation, to sell, convey and transfer the Building Pads to Owners at the time that such Building Pads are improved with Residences. In addition to the reservations of rights set forth in this Declaration, Declarant reserves the sole and exclusive right, without obligation, to construct and/or directly supervise the construction of all Residences and Improvements to be erected on the Common Area and the Building Pads which are a part of the Property. An Owner

of a Building Pad other than Declarant or a Declarant Affiliate shall not have the right to independently construct a Residence or any other Improvement thereon, or approve or supervise the construction of any Residence or Improvement within the Property. Notwithstanding the foregoing intention to construct all of the Residences, Declarant reserves the right to sell, convey, transfer, assign or otherwise dispose of any Building Pad to a Declarant Affiliate or any other third party, without first constructing a Residence thereon, and to authorize such new Owner the right to independently construct a Residence or other Improvement thereon as Declarant shall determine in its sole and exclusive discretion.

2.10. Declarant's Disclaimer of Representations. Nothing which may be represented to a purchaser by real estate brokers or salespersons representing the Declarant or any Declarant Affiliate shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any Property subject to this Declaration. Unless Declarant expressly agrees in writing with the Association to pay the costs of maintaining any portion of the Common Area, Declarant shall have no such obligation, regardless of any inferences which may be drawn from promotional or other materials.

2.11. Radon. Radon is a naturally occurring radioactive gas that, when it has accumulated in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Utah. Additional information regarding radon and radon testing may be obtained from the applicable county public health Residence. Owners hereby acknowledge that neither Declarant nor the Association will be responsible for injury or damage to persons or property caused by radon.

2.12. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. NEITHER THE ASSOCIATION, THE BOARD, OR THE DECLARANT, (COLLECTIVELY, THE "PROPERTY GOVERNING BODIES") SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY, HOWEVER, AND THE PROPERTY GOVERNING BODIES SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS, OCCUPANTS, GUESTS AND INVITEES OF ANY OWNER OR OCCUPANT, AS APPLICABLE, ACKNOWLEDGE THAT THE PROPERTY GOVERNING BODIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM OR BURGLAR ALARM SYSTEM DESIGNATED OR INSTALLED BY DECLARANT OR THE ASSOCIATION MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE NOR THAT FIRE PROTECTION OR BURGLARY ALARM SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER, OCCUPANT, GUEST OR INVITEE OF AN OWNER OR OCCUPANT, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE PROPERTY GOVERNING BODIES ARE NOT INSURERS AND THAT EACH OWNER, OCCUPANT, GUEST AND INVITEE ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO BUILDING PADS, TO PERSONS, TO RESIDENCES, TO IMPROVEMENTS AND TO THE CONTENTS

OF RESIDENCES AND IMPROVEMENTS AND FURTHER ACKNOWLEDGES THAT THE PROPERTY GOVERNING BODIES HAVE NOT MADE REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

2.13. Readjustment of Building Pad Line Boundaries. Declarant hereby reserves for itself, Declarant Affiliate and Declarant's successors and assigns, the right to effectuate minor realignment and adjustment of Building Pad boundary lines for purposes of proper configuration and final engineering of the Property; provided that any such realignment and adjustment does not affect any existing Residence or Improvement (other than landscaping) on the affected Building Pad. The authority to realign and adjust such Building Pad boundary lines shall be exclusively reserved to the Declarant, Declarant Affiliate and Declarant's successors or assigns, in their sole and reasonable discretion, subject to the other provisions of this Section 2.13. All Owners specifically acknowledge and agree that they shall cooperate with Declarant to effectuate such minor realignment and adjustment of their respective Building Pad boundary lines by deed in form and content as requested by the Declarant for the purposes of proper configuration and final engineering of the Building Pads in relationship to the development of the Property. Further, all Owners acknowledge and agree that no amendment to this Declaration or the Plat shall be required to effectuate any Building Pad boundary line adjustments. Moreover, upon Declarant's written request, the Association shall transfer back to Declarant any unimproved real property originally conveyed to the Association for no payment, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines. Any adjustment of Building Pad boundary lines shall be done in accordance with the requirements of the St. George City Code and Utah law.

2.14. Development Plan. Notwithstanding any other provision of this Declaration to the contrary, Declarant, without obtaining the consent of any other Owner or Person, shall have the right to make changes or modifications to its plan of development with respect to any Property owned by the Declarant in any way which the Declarant desires including, but not limited to, changing all or any portion of the Property owned by the Declarant or changing the nature or extent of the uses to which such Property may be devoted.

2.15. Common Area Improvements. Declarant, so long as Declarant or a Declarant Affiliate owns a Building Pad within the Property, reserves the unilateral right to construct Improvements on any area of the Common Area and modify the location, type and nature of Common Area as it shall determine in its sole and exclusive discretion, including, without limitation, the right to construct or create garden plots, pavilions, recreational facilities, storage facilities, walking trails, picnic areas, covered porches, courtyards, parking areas, or other Improvements thereon. Such construction and relocation rights shall not be subject to the consent of the Owners, Board, Mortgagees or any other person or entity. After the termination of Declarant's rights under Section 2.17 below, the Board shall have the right to exercise such construction and relocation powers in connection with the Common Area upon the vote or written assent of two-thirds (2/3) of the members of the Board present at any annual or special meeting of

the Board pursuant to the approval procedures described in the Bylaws. In furtherance of this right, Declarant reserves for itself, and others it may designate, the right to inspect, monitor, test, redesign, and correct any Improvement or condition that may exist on any portion of the Property, including Building Pads and Common Area, and a nonexclusive easement of access throughout the Property to the extent reasonable necessary to exercise such right.

2.16. Right to Develop. Notwithstanding anything contained herein to the contrary, no provision of this Declaration is intended or shall be construed to prevent or limit Declarant's rights to develop the Property and to exercise the rights reserved by Declarant as hereinafter provided. Nothing in this Declaration shall be construed to require Declarant, or Declarant's successor or assigns, to develop any Building Pad or other Improvements in any manner whatsoever. Any right or any interest reserved or contained in this Declaration for the benefit of Declarant may be transferred or assigned by Declarant, either separately or with one or more other such rights or interests, to any person, corporation, partnership, Association, or other entity, only by written instrument executed by both Declarant and the transferee or assignee and Recorded in the Office of the Washington County Recorder, State of Utah. Upon such Recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such instrument.

2.17. Declarant's Control. Notwithstanding anything herein to the contrary, Declarant, or a managing agent or some other person or persons selected by Declarant, may appoint and remove some or all of the members of the Board or some or all of the officers of the Association or may exercise the powers and responsibilities otherwise assigned by this Declaration or under Utah law to the Association, its officers, or the Board. The period of Declarant control as used in this Declaration and the other Community Documents shall have the same meaning as the "period of administrative control" defined under Utah Code Ann. § 57-8a-102(19). The right of the Declarant contained in this Section 2.17 shall terminate upon the first of the following to occur:

- 2.17.1. The expiration of thirty (30) years from the date that this Declaration is Recorded;
- 2.17.2. After ninety-five (95%) of Building Pads have been conveyed by Declarant; or
- 2.17.3. The date on which Declarant voluntarily relinquishes its control rights as evidenced by a Recorded notice.

### **ARTICLE 3** **LAND USES, PERMITTED USES AND RESTRICTIONS**

3.1. Land Uses. Except as otherwise specifically provided in this Declaration, no Residence shall be used for any purpose other than that of a residence for individuals living together as a single housekeeping Residence, and uses customarily incidental thereto, provided, however, that no Residence may be used as a rooming house, group home, commercial foster home, fraternity or sorority house, off-campus housing by unrelated students, or any similar type of lodging, care or treatment facility. The foregoing residential use restriction is subject, however, to any applicable current or future federal or Utah housing law that may now or in the future render

such residential use restriction unenforceable in whole or in part, in which event such residential use restriction shall restrict use of the Property only to the extent permitted by law. Notwithstanding the foregoing, an Owner or Occupant maintaining a personal or professional library, keeping personal business or professional records or accounts, conducting personal business (provided that such use does not involve customers, employees, licensees or invitees coming to the Residence), making professional telephone calls, or corresponding, in or from a Residence, is engaging in a use expressly declared customarily incidental to residential use and is not in violation of these restrictions.

3.2. Intentionally Omitted.

3.3. Additional Restrictions on Use. In addition to all of the covenants contained herein, the use of the Residences and Common Area is subject to the following (as such restrictions on use may be amended, supplemented and/or expanded by the Board via its promulgation of the Association Rules as further described in Section 2.4 above):

3.3.1. Use of Recreational Facilities Constituting Common Areas. While occupying a Residence, all Residents and their accompanied short term guests may use, access and enjoy the clubhouse, swimming pool, exercise facilities and all other recreational facilities within the Property which constitute Common Areas (collectively referenced, "Recreational Facilities") in accordance with the Association Rules, which Association Rules may, among other things, regulate times, areas and frequency. An Owner who does not reside in the Residence shall not have the right to use, access or enjoy the Recreational Facilities. The Recreational Facilities are for the exclusive use, occupancy and enjoyment of Residents only and their short term guests. Residents must accompany all guests at all times when using the Recreational Facilities. The Association and/or the property manager and its agents shall have the right to immediately remove any unaccompanied guest and any other person who does not provide evidence that he or she is a Resident within the Property. Notwithstanding the foregoing, the exercise equipment located within the Recreational Facilities shall be for the exclusive use and enjoyment of Residents over the age of 18 and guests shall not be permitted to use such equipment. All use of such Recreational Facilities by Residents and guests shall be subject to the right of the Association to remove and/or evict the Resident and/or guest for failure to comply with the terms of this Declaration, the Association Rules and all other Community Documents.

3.3.2. Insurance. Nothing shall be done or kept in any Residence, on any Building Pad or in or on the Common Area which will increase the rate of insurance maintained by the Association or that will result in the cancellation of said insurance. No Owner shall permit anything to be done or kept in his, her or its Residence or Building Pad or in or on the Common Area which is in violation of any law or regulation of any governmental authority.

3.3.3. Visible Areas. Nothing shall be caused or permitted to be hung or displayed on the outside or inside of windows of Residences or placed on the outside walls of a Residence or otherwise outside of a Residence, or any part thereof, except interior inoffensive drapes, curtains, plantation shutters or louvered blinds which, from exterior observation, must be white, beige, gray, off-white, light earth tones or light to medium

natural wood colors, or as otherwise authorized by the Board. No awning, screen door, canopy, shutter or television or citizens' band or other radio antenna or transmitter, or any other device or ornament, shall be affixed to or placed upon an exterior wall or roof or any part thereof of a Residence, or the exterior of any door or window of a Residence, or in, on, or over a courtyard, covered porch or balcony of a Residence, visible to the exterior, unless authorized by the Board. Notwithstanding the foregoing, nothing in this Declaration shall be deemed to prohibit the unobtrusive placement of reasonably small satellite dishes on the roofs of individual Residences by the Owner or Owners of those Residences, as such unobtrusive placement may be determined by the Board in its sole and exclusive discretion.

3.3.4. Offensive Activities. No noxious or offensive activity shall be carried on in any Residence, on any Building Pad or in or on the Common Area, nor shall any be used in any way or for any purpose which may endanger the health of or unreasonably disturb any Owner or lawful Occupant of other Residences.

3.3.5. Pet Restrictions.

3.3.5.1. Except as hereinafter provided, no animals, livestock, or poultry of any kind shall be raised, bred, or kept in any Residence or on the Common Area. Notwithstanding the foregoing, household domestic pets, not bred or maintained for commercial purposes, may be maintained in a Residence, provided that: (i) no more than two pets may be maintained in any Residence, except that, if an Owner, prior to the commencement of occupancy of a Residence, requests the Board, in writing, for permission to maintain two pets in a Residence, the Board, in its discretion, may, in writing, authorize more pets, provided the pets are house pets only and are not permitted on the Common Area, except as provided in Section 3.3.5.2, those pets are owned by the Owner at the time of commencement of occupancy of a Residence, and the Owner shall not be permitted to replace the first of those pets who dies; (ii) the maintaining of animals shall be subject to the Association Rules as the Board may from time to time promulgate, including, without limitation, the right to prohibit pets entirely, to place limitations on the size, number and type of such pets, and the right to levy enforcement charges against persons who do not clean up after their pets; and (iii) the right of a lawful Occupant to maintain an animal in a Residence shall be subject to termination if the Board, in its full and complete discretion, determines that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Property or other Residences or Occupants.

3.3.5.2. Allowed pets may not be permitted to run at large at any time. Pedestrians within the Property who are accompanied by pets permitted under Section 3.3.5.1 must have the pet under the pedestrian's direct control by use of a leash not to exceed ten (10) feet in length. Pet owners are required to take all steps necessary to control excessive barking or other disturbances caused by their pets. If the Board determines, in its sole subjective discretion, that a pet is a nuisance or a disruption to other Owners, it may require an Owner to permanently remove the pet from the Property. The Board may impose additional rules regulating,

permitting or prohibiting the kind, number and size of such pets from time to time, which rules may be more restrictive than the limitations set forth herein.

3.3.5.3. Vicious or dangerous dogs are considered a nuisance. Dog breeds identified as vicious or dangerous breeds by the AKC, AKA, Humane Society or the Center for Disease Control are prohibited in the Property. Furthermore, dog breeds that have the five highest incidence of fatal human attack, as defined in a 2000 Special Report by the Centers for Disease Control, including: "Pit Bulls" (meaning any bull terrier of the Staffordshire Bull Terrier, American Staffordshire Terrier, or American Pit Bull Terrier breed of dog), Rottweiler, German shepherd, "Husky," Alaskan malamute, or any mixed breed of dog which contains as an element of its breeding the above listed breeds, are not allowed in the Property (excluding specific dogs serving as "assistive animals" as defined by the American Disabilities Act). Based on its behavior, any dog can be determined by the Board to be vicious and dangerous and therefore a nuisance.

3.3.6. Structural Integrity. Nothing shall be done in any Residence, on any Building Pad or in, on, or to the Common Area which will impair the structural integrity of any Residence or structurally change the same or any part thereof except as is otherwise provided in this Declaration.

3.3.7. Common Area. The Common Area shall be kept free and clear of all rubbish, debris, and other unsightly materials. The Common Area shall be used in common by Owners and lawful Occupants and their agents, servants, customers, invitees and licensees, in accordance with the purposes for which they are intended, reasonably suited and capable, and as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of Residences. Unless expressly provided otherwise herein, no Common Area shall be used for any purpose other than the health, safety, welfare, convenience, comfort, recreation or enjoyment of Owners and Occupants. There shall be no obstruction of the Common Area, nor shall anything be kept or stored on any part of the Common Area in violation of the Association Rules adopted by the Board. Nothing shall be altered on, constructed in, or removed from, the Common Area except upon the prior written consent of the Board.

3.3.8. No Admission Fee. Other than the right of the Association to install vending machines and to charge a reasonable fee for use of a clubhouse to reimburse the Association for the cost of cleanup, maintenance, and/or repair of damage required by such use, no admission fees, charges for use, leases or other income-generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Area. Nothing in this subparagraph shall be construed to relieve Owners or Occupants from their responsibility to repair any damage caused by them as may be required by other provisions of this Declaration or in any Association Rules adopted by the Board.

3.3.9. Renting and Leasing. No Residence or part thereof shall be rented or used for transient or hotel purposes, which is defined as: (i) rental for a single night or successive nights, or rental under which Occupants are provided customary hotel services such as room service for food and beverages, maid service, the furnishing of laundry and

linen, busboy service, and similar services; or (ii) rental to roomers or boarders, that is, rental to one or more persons of a portion of a Residence only. No lease may be of less than an entire Residence. Any lease agreement shall be in writing, shall provide that the lease shall be subject in all respects to the provisions of this Declaration, and to the Association Rules promulgated from time to time by the Board, and shall provide that the failure by the Occupant to comply with the terms of the Community Documents and Association Rules established by the Board shall be a default under the lease. Prior to the commencement of the term of a lease, the Owner shall notify the Board, in writing, of the name or names of the Occupant and the time during which the lease term shall be in effect. Any violation of this Declaration or of the Association Rules by an Occupant shall also constitute a violation by the Owner, and the Board shall have the right to enforce this Declaration against the Owner and such Occupant.

3.3.10. Signs and Flags. Notwithstanding the Declarant's or a Declarant Affiliate's exclusive right to display signs and flags in connection with its marketing and sale of Building Pads or other advertisement of the Property as further described in Section 4.4.1 below, no sign or flag of any kind shall be displayed to the public view on the Property except: (a) on the Common Area, signs posted by the Association regarding and regulating the use of the Common Area; (b) as approved by the Board on a case-by-case basis, on the interior side of the window of a Residence to advertising the Residence for sale or rent; (c) on the Common Area and model Residences, signs advertising the sale and/or rental of Residences by Declarant as further described in this Declaration; and (d) an Owner's display of the flag of the United States of America as provided for in § 57-24-102, Utah Code Ann. Notwithstanding the foregoing exceptions, the Association may adopt Association Rules regulating the height of poles and type of tie down equipment used to prevent any nuisance within the Property.

3.3.11. Vehicles. The Board may establish as a part of the Association Rules certain rules and regulations restricting or prohibiting the parking of automobiles, vans, buses, inoperable vehicles, trucks, trailers, boats, and recreational vehicles on the Building Pads, Limited Common Areas, and Common Area, or parts thereof, and may enforce such regulations or restrictions by levying enforcement charges, having such vehicles towed away, or taking such other lawful actions as it, in its sole discretion, deems appropriate.

3.3.12. Garages and Storage Spaces. Each Owner or Resident must maintain the enclosed garages of the Residence so that the Residence's permitted two (2) vehicles can be parked within. The Board may, in its sole and absolute discretion perform or cause to be performed inspections of garage and storage spaces within the Residences in order to verify compliance with this Section 3.3.12 and Section 3.3.11. No vehicle may be left upon any portion of the Property except in a garage, driveway, parking pad, or other area designated by the Manager or within the rules and regulations; however, guests and invitees of Owners, and residents loading or unloading vehicles or trailers may park in the street as long as it does not impede the flow of traffic for up to five (5) hours at a time. Commercial vehicles, recreational vehicles, mobile homes, trailers, campers, boats or other watercraft, or other oversized vehicles, stored vehicles, and unlicensed vehicles or inoperable vehicles shall not be parked within the Property other than in enclosed garages; provided, however, that any of the above vehicles may be temporarily kept or stored completely in a driveway

or completely on a parking pad on a Building Pad for not more than 24 hours within each calendar month. This Section shall not apply to emergency vehicle repairs. A stored vehicle shall be considered one which has not been operated or moved in 2 weeks.

3.3.13. Discrimination/Disabled Accommodation. No action shall at any time be taken by the Association, or the Board which in any manner would discriminate against any Owner in favor of another. In addition, notwithstanding any provision hereof, or any Association Rule, the Board shall make reasonable accommodation if necessary to afford a disabled person the equal support to use and enjoy the Property as compared to any other Owner, provided that nothing contained herein shall be construed to mean or imply that any such accommodation be at the cost of the Association.

3.3.14. Holiday Decorations. Owners may display holiday decorations on their Townhomes if the decorations are of the kinds normally displayed in similar neighborhoods, are of reasonable size and scope, and do not disturb other Owners and residents by excessive light or sound emission or by causing an unreasonable amount of spectator traffic. Permitted decorations may be displayed for such periods as are normal and customary for comparable residential residences, as determined in the Board's sole and exclusive discretion.

3.3.15. Architectural Control. No awning, screen door, building, fence, wall, sign, or other structure or improvement shall be commenced, erected, or maintained upon the Property, or any part thereof, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing by the Board, acting as the "Architectural Review Committee" for the Property, or its designated representative or representatives, in its or their sole and unfettered discretion. Additionally, building plans and Building Pad plans must be approved in writing by the Board, acting as the "Architectural Review Committee" for the Property, prior to submittal to the St. George Building Department for permitting. Nothing visible to the exterior shall be permitted to be hung, placed, displayed or maintained on the Residences, on the Building Pads or on or in Common Area unless approved, in writing, by the Board or its designated representative or representatives, in its or their sole and unfettered discretion, or unless the same is authorized by existing Association Rules adopted by the Board.

3.4. Required Approvals for Further Property Restrictions. The Property is subject to the following additional approvals:

3.4.1. No Building Pad, or portion thereof, shall be further subdivided, and no portion less than all of any such Building Pad and its undivided interest in the Common Area or any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Declarant, prior to its transfer of control of the Association pursuant to Section 2.17 above, and thereafter, the Board. This provision shall not, in any way, limit Declarant from subdividing or separating into Building Pads any property at any time owned by Declarant, and is not intended to prohibit any Owner from renting his, her or its Residence, subject to any Association Rules governing such rental activities.

3.4.2. No site plan, subdivision plat, declaration or further covenants, conditions, restrictions or easements, and no application for rezoning, variances or use permits shall be Recorded, submitted to any Municipal Authority unless the same has first been approved in writing by the Declarant, so long as it or a Declarant Affiliate owns a Building Pad within the Property, and thereafter, the Board; further, no changes or modifications shall be made in any such documents, instruments or applications once the same have been approved by the Declarant or the Board hereunder unless such changes or modifications have first been approved by the Declarant or the Board in writing.

3.5. Building Pads and Improvements. Declarant shall not be restricted in the location or in the number of Building Pads, Residences, Common Area or other Improvements that may be created on the Property, except as may be required by the Community Documents, applicable zoning requirements, ordinances or regulations. The Building Pads, Residences and other Improvements to be located on the Property shall be subject to the use restrictions contained in the Community Documents. Notwithstanding the size or location of building envelopes shown for Residences on the Plat, there shall be at least eight (8) feet of separation between each Residence constructed on the Property. No structures other than Residences and Improvements approved by the Board will be erected on the Property; provided, however, that Declarant reserves the right to create additional Common Area and other Improvements on the Property without limitation as Declarant shall determine in its sole and exclusive discretion. Declarant makes no assurances as to location, size, type or number of areas designated as Common Area or other Improvements to be created on the Property.

3.6. Declarant's Exemption. No Board approval shall be required for any construction, installation, addition, alteration, repair, change, replacement or other work by, or on behalf of, the Declarant within the Property. Moreover, Declarant and all Declarant Affiliates shall be specifically exempt from the use restrictions, architectural design guidelines and other regulations applicable to the Property as further described in this Declaration. So long as Declarant or a Declarant Affiliate owns a Building Pad within the Property, Declarant specifically reserves the sole and exclusive right to complete the construction of all Residences and other Improvements within the Property, regardless of whether or not Declarant has transferred control of the Association pursuant to Section 2.17 above.

## ARTICLE 4 EASEMENTS

### 4.1. Owners' Easements of Enjoyment.

4.1.1. Easement over Common Area. Subject to the rights and easements granted to the Declarant in Section 4.4, each Owner and Occupant shall have a non-exclusive right and easement of enjoyment in, to and over the Common Area, which right and easement shall be appurtenant to and shall pass with the title to each Building Pad, subject to the provisions of the Community Documents including, without limitation, the following:

4.1.1.1. Except as otherwise provided in this Declaration, no dedication, transfer, mortgage or encumbrance of all or any portion of the Common Area shall

be effective unless approved by Owners representing two-thirds (2/3) of the votes of the Members. Notwithstanding the preceding sentence or any other provision of this Declaration to the contrary, the Association shall have the right, without the consent of the Owners or any other Person (except Declarant, whose consent shall be required so long as Declarant or a Declarant Affiliate owns any part of the Property), to dedicate portions of the Common Area to the public, or grant easements over, under or through portions of the Common Area to the public, to any Municipal Authority, or to any public, quasi-public or private utility company, for use as right-of-way, for utilities, for public landscape purposes and the like, as may be required or requested by any Municipal Authority or other entity having jurisdiction, or by a public, quasi-public or private utility company, in connection with or at the time of the development of portions of the Property.

4.1.1.2. The Association shall have the right to regulate the use of the Common Area through the Association Rules and to prohibit access to such portions of the Common Area, such as landscaped right-of-ways, not intended for use by the Owners or Occupants. Unless authorized in the Association Rules, amenities within the Common Area may only be used by Owners, Occupants, or guests accompanied by an Owner or Occupant.

4.1.1.3. The Declarant and the Association shall each have the right to grant easements or licenses to Persons for the construction of Improvements on the Common Area, and the Declarant and the Association shall each have the right to grant ingress and egress easements over the Common Area in the Property to Persons who are not Members.

4.1.2. Occupants' Use of the Common Area. If a Residence is leased or rented by its Owner, the Occupants of such Residence shall have the right to use the Common Area during the term of the lease, and the Owner of such Residence shall have no right to use the Common Area until the termination or expiration of such lease.

4.2. Utility Easements. There is hereby created easements upon, across, over and under the Common Area, certain portions of the Building Pads, Limited Common Area and other property as may be depicted on the Plat for reasonable ingress, egress, installation, relocation, replacement, repair or maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television, telecommunications and electricity. By virtue of these utility easements, it shall be expressly permissible for the providing utility company or City of St. George to install and/or relocate and maintain the necessary equipment on the Common Area, certain portions of the Building Pads and other property as may be depicted on the Plat. However, except within the public utility easements which may be depicted on the Plat, no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Common Area, Building Pads, and other property except as initially designed, approved and/or constructed by the Declarant or as approved by the Board (and, in the case of a Building Pad, by the Owner of such Building Pad). If any utility company requests that a more specific easement be granted in its favor in substitution for the easement hereby established with respect to the Common Area, the Association shall have the power and authority, without the need for any consent by the Owners

or any other Person, to grant the more specific easement on such terms and conditions as the Board deems appropriate.

4.3. Easements for Ingress and Egress. There are hereby created easements for private ingress and egress for pedestrian traffic over, through and across trails, sidewalks, paths, walks and lanes that from time to time may exist upon the Common Area and Limited Common Area. There is also created an easement for private ingress and egress for pedestrian and vehicular traffic over, through and across such parking areas as from time to time may be paved and intended for such purposes. Such easements shall run in favor of and be for the benefit of the Owners and Occupants of the Townhomes and their guests, families, and invitees. There is also hereby created an easement upon, across and over the Common Area within the Property for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Board shall have the right to relocate and/or reconfigure any and all such easements from time to time as it sees fit without the consent of any Owners.

4.4. Declarant's Use and Easements. So long as Declarant or a Declarant Affiliate owns a Building Pad within the Property, Declarant shall have and hereby reserves the following rights and easements for the benefit of itself and all Declarant Affiliates and their agents, contractors, members, officers, employees, and assigns:

4.4.1. Declarant shall have the exclusive right and an easement to maintain sales or leasing offices, construction trailers, management offices and models throughout the Property and to maintain advertising, marketing and/or for sale signs, banners and flags on the Property of any size, type or quality, including without limitation on the Common Area, and in the clubhouse, with respect to the sales of Building Pads, Residences or other property in the Property. Declarant reserves the right to place models, management offices, construction trailers, sales and leasing offices and advertising, marketing and/or for sale signs, banners and flags on any Building Pads or other property owned by Declarant or a Declarant Affiliate and on any portion of the Property, including without limitation on the Common Area and Limited Common Area, in such number, of such size and in such locations as Declarant deems appropriate. Any Improvements constructed as models shall cease to be used as models as Declarant shall determine in its sole and exclusive discretion.

4.4.2. Declarant shall have the right to restrict the use of the parking areas on the Common Area. Such right shall include reserving parking areas for use by prospective purchasers, Declarant's employees and others engaged in sales, leasing, maintenance, construction, or management activities.

4.4.3. Declarant shall have the right and an easement on and over the Common Area, Limited Common Area, and the Building Pads to construct all Improvements Declarant may deem necessary and to use the Common Area, Limited Common Area, and any Building Pads and other property owned by the Declarant for construction or renovation related purposes including the storage of tools, furniture, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Property.

4.4.4. Declarant shall have the right and an easement upon, over and through the Common Area, Limited Common Area, and the Building Pads as may be reasonably necessary for the purpose of exercising the rights granted to or reserved by the Declarant in this Declaration.

4.5. Easement in Favor of Association. The Building Pads and Limited Common Area are hereby made subject to the following easements in favor of the Association (and, with respect to the easement described in Section 4.5.2, also in favor of adjoining Building Pad Owners) and its directors, officers, agents, employees and independent contractors:

4.5.1. For inspection during reasonable hours of the Building Pads and Limited Common Area in order to verify the performance by Owners or other Persons of all items of maintenance and repair for which they are responsible;

4.5.2. For inspection, maintenance, repair and replacement of portions of the Common Area, or exterior improvements to the Residences, accessible only from such Building Pad, Building Pads or Limited Common Area;

4.5.3. For correction of emergency conditions on one or more Building Pads or on portions of the Common Area accessible only from such Limited Common Area, Building Pad or Building Pads;

4.5.4. For the purpose of enabling the Association, the Board, or any other committees appointed by the Board to exercise and discharge during reasonable hours their respective rights, powers and duties under the Community Documents;

4.5.5. For inspection during reasonable hours of the Building Pads and Limited Common Area in order to verify that the Owners and Occupants, and their guests, and invitees, are complying with the provisions of the Community Documents;

4.5.6. For inspection, maintenance, repair and replacement of the landscaped areas, concrete improvements, fences, covered porches and courtyards (both during and after any applicable warranty periods) and driveways located on the Building Pads or Limited Common Area that the Association is obligated to repair, replace and maintain pursuant to the provisions of this Declaration and the other Community Documents; and

4.5.7. For inspection, maintenance, repair and replacement of the exterior elements of the Residences located on the Building Pads or Limited Common Area (whether or not enclosed within a courtyard or covered porch) which the Association is obligated to repair, replace and maintain pursuant to the provisions of this Declaration and the other Community Documents.

The Association is hereby granted a perpetual and irrevocable license to access portions of the Building Pads upon which Detached Townhomes are constructed, for the purpose of performing its duties with respect to the maintenance and repair of the landscaped areas, concrete improvements, and fences servicing such Detached Townhomes, as required by Section 6.3.3.

#### 4.6. Intentionally Omitted.

4.7. Limited Common Areas. Each Owner, for each Building Pad that he, she or it owns, is hereby granted an irrevocable and exclusive license to use and occupy the Limited Common Areas appurtenant to such Owner's Building Pad and identified on the Plat. The exclusive right to use and occupy each Limited Common Area shall be appurtenant to and shall pass with the title to every Residence with which it is associated. An Owner's exclusive right of use and occupancy of Limited Common Areas reserved for their Residence shall be subject to and in accordance with this Declaration and the Bylaws.

4.8. Entry in Aid of Other Rights; Owner's Private Utility Easement. There shall be and there is hereby created a perpetual access easement in favor of each Owner and the Association and its directors, officers, agents, employees and independent contractors, including all providing utility companies (collectively referenced, the "Association Agents"), to enter in and upon, with workers, materials and tools, certain areas that are appurtenant to the Residence isolated from public access or via Common Area or Limited Common Area, including without limitation, any attic area within the interior or exterior walls, under floors, sidewalks or driveways of a Residence (collectively referenced, "Private Utility Corridors"). Each Owner, the Association, and the Association Agents, to the extent, for periods reasonably necessary, shall have access to such Private Utility Corridors to perform all of the construction, maintenance, inspection, repair, and replacement required of such Owner or the Association or necessary to the construction and operation of the Property and any Residence. Notwithstanding the foregoing and except when access is required on an emergency basis, any access may be limited to such reasonable times as the Owner of an affected Residence or the Board may designate. Each Owner shall also have the right and a perpetual easement, without charge, to install, operate, maintain, repair and replace machinery, equipment, utility lines, wires, circuits, cables and conduits ("Residential Utilities") serving his, her or its Residence along, across and through the Common Area, Limited Common Area and through the Private Utility Corridors on the condition that (a) the Owner of the Residence, at his, her or its sole cost and expense, shall repair, replace and restore any damage to the Common Area, Limited Common Area or any Residences caused by such installation, operation, maintenance, replacement or repair, (b) all such Residential Utilities shall, except for minor variations, be in the number, specification, and location provided for in construction drawings approved by Declarant during the period of Declarant control described in Section 2.17 of this Declaration, and thereafter the Board, prior to the commencement of the construction of any such facilities, and, to the extent that such Residential Utilities are located within a Private Utility Corridor, the location shall be designated by the Owner of such Residence pursuant to his, her or its reasonable discretion; and (c) such installation, maintenance, repair or replacement complies with all laws, ordinances, regulations and rules of government and quasi-governmental authorities with jurisdiction.

### ARTICLE 5 THE ASSOCIATION; ORGANIZATION; ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

5.1. Formation of Association. The Association shall be a nonprofit Utah corporation charged with the duties and vested with the powers prescribed by law and set forth in the Community Documents.

5.2. Registration with the Department of Commerce. The Association shall register with the Department of Commerce within ninety (90) days of the Recordation of this Declaration. Within ninety (90) days after a change of any information provided in the Association's registration with the Department of Commerce, the Board shall submit an updated registration in the manner established by the Department of Commerce and the Property Association Act, Utah Code Ann. Title 57, Chapter 8a (the "Property Act").

5.3. Governing Board and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Unless the Community Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board may appoint various committees at its discretion. The Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Association and the Common Area. The Board shall determine the compensation to be paid to any such manager. The initial number of directors on the Board shall be three (3) and, until the rights of Declarant under Section 2.17 are terminated, all directors, unless Declarant otherwise agrees in writing, will be appointed by Declarant. If the Declarant relinquishes its right to appoint the directors of the Board or its right to do so is otherwise terminated in accordance with the provisions of Section 2.17, the Board at the time of such relinquishment or termination shall continue in office until the next special or annual meeting of Members who shall then have authority to elect a new Board in accordance with the Association's Bylaws. Moreover, the terms of the directors of the Board, the filling of Board vacancies and similar operational matters of the Board shall be conducted in accordance with the Association's Bylaws.

5.4. Manner of Exercising Votes for Directors. At any meeting, the votes exercised by the Owner or Owners of a Building Pad shall be the number of votes determined by multiplying the number of Building Pads times the number of seats to be filled. Said votes may be voted in favor of as many candidates as there are director seats to be filled.

5.5. Association Rules. It is currently contemplated that the Board will enact and promulgate the Association Rules which shall govern the Owners and the Property. In the event of any conflict or inconsistency between the provisions of this Declaration, the Bylaws and the Association Rules, the provisions of this Declaration and the Bylaws shall prevail in that order.

5.5.1. Promulgation of Rules. The Board may, from time to time, and subject to the provisions of this Declaration and the Bylaws, amend and repeal the Association Rules or adopt new Association Rules which generally pertain to: (a) the management, operation and use of the Common Area; (b) traffic and parking restrictions on the Common Areas, Limited Common Area, and Building Pads including areas reserved for the exclusive use and occupancy of an Owner; (c) minimum standards for any maintenance of Common Area, Limited Common Area, Building Pads, Residences and Improvements within the Property; or (d) any other subject within the jurisdiction of the Association.

5.5.2. Notice Requirements. Association Rules must comply with the limitations set forth in Utah Code Ann. § 57-8a-218. Except in the case of an imminent risk of harm to the Common Area, Limited Common Area, a Building Pad, Resident, or Owner, before adopting, amending or modifying the Association Rules, the Board shall:

(i) deliver notice to Owners at least fifteen (15) days before the Board will meet to consider such changes, (ii) provide an open forum at the Board meeting giving Owners an opportunity to be heard; and (iii) deliver a copy of the change in the Association Rules to the Owners within fifteen (15) days after the Board meeting. Owners may disapprove a Board change in the Association Rules if within sixty (60) days after the Board meeting, Owners vote to disapprove such changes at a special meeting by at least fifty one percent (51%) of the total votes of all Owners. ALL OWNERS ARE GIVEN NOTICE THAT THE USE OF THEIR BUILDING PAD, LIMITED COMMON AREA, AND THE COMMON AREAS IS LIMITED BY THE ASSOCIATION RULES, AS THE SAME MAY BE AMENDED, EXPANDED, AND OTHERWISE MODIFIED FROM TIME TO TIME. EACH OWNER, BY ACCEPTANCE OF A DEED, ACKNOWLEDGES AND AGREES THAT THE USE AND ENJOYMENT AND MARKETABILITY OF HIS, HER OR ITS BUILDING PAD CAN BE AFFECTED BY THIS PROVISION AND THAT THE ASSOCIATION RULES MAY CHANGE FROM TIME TO TIME. ALL PURCHASERS OF BUILDING PADS ARE ON NOTICE THAT THE BOARD MAY ADOPT CHANGES TO THE ASSOCIATION RULES FROM TIME TO TIME. COPIES OF THE CURRENT ASSOCIATION RULES MAY BE OBTAINED FROM THE ASSOCIATION.

5.5.3. Enforcement of Community Documents. All Owners, Occupants, guests, and persons under Owner's control, shall strictly comply with the provisions of this Declaration, the Bylaws, the Association Rules and all other Community Documents and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners, Occupants and guests who fail to comply with provisions of this Declaration, the Bylaws, the Association Rules and all other Community Documents or the decisions of the Association. Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Board, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; (ii) suspension of the Owner's voting rights; and/or (iii) the Board to impose monetary penalties, temporary suspensions of an Owner's right to the use of the Common Areas and the Recreational Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Board shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Board. The Board may delegate to the property manager, the power and authority to carry out disciplinary actions duly imposed.

5.5.4. Imposition of Fines. In accordance with the Property Act, and as more fully set forth in the Bylaws, the Board may assess a fine against an Owner or Occupant for a violation of the Community Documents by such Owner, Occupant and/or his, her or its guests.

5.6. Personal Liability. No member of the Board, or any other committee of the Association, no officer of the Association and no manager or other employee of the Association shall be personally liable to any Member, or to any other Person including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board or any member thereof, the manager, any representative or employee

of the Association, any officer of the Association or any member of any other committee of the Association; provided, however, the limitations set forth in this Section 5.6 shall not apply to any person who has engaged in intentional misconduct.

5.7. Borrowing Power. The Association may borrow money in accordance with the Bylaws in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate as determined by the Board without a vote of the Members. The Association may secure such loans by pledging any of its properties including future Assessments and by granting interests in the Common Area to secure such loans.

5.8. Express and Implied Rights. The Association may exercise any expressed or implied right or privilege given to the Association expressly by the Community Documents or any other right or privilege reasonably necessary to effectuate any such right or privilege. In particular, subject to the rights of Declarant described in this Declaration, the business, property and affairs of the Association shall be managed, operated, and maintained by the Board and by any manager it may designate and the Board, acting for and on behalf of the Association, shall have, and is hereby granted, the following specific authority and powers:

5.8.1. Without the vote or consent of the Owners or any other persons, the Board may grant or create, to the extent permitted by law and on such conditions as it deems advisable, utility and similar easements and rights of way, over, under, across and through the Common Area and Limited Common Areas;

5.8.2. The Board may execute and record, on behalf of all Owners, any amendment to the Declaration or Plat which has been approved by any vote or consent necessary to authorize such amendment;

5.8.3. The Board shall have the authority to enforce this Declaration on behalf of the Association and its Members;

5.8.4. The Board shall have the authority to prepare and administer an operational budget, collect Assessments, pay Common Expenses and Detached Townhome Expenses, and open bank accounts for the funds held by the Association;

5.8.5. The Board shall have authority to enter into contracts, deeds, leases, and other written instruments which in any way concern the Property on behalf of the Association, so long as any vote or consent of the Owners which may be necessitated by the subject matter of the agreement has been obtained;

5.8.6. The Board may add any interest in real property obtained pursuant to Section 5.9 to the Property, so long as such action has been authorized by any necessary vote or consent of the Owners;

5.8.7. The Board may adopt Bylaws of the Association;

5.8.8. The Board may promulgate, from time to time, such reasonable rules, regulations, and procedures as may be necessary or desirable to aid in carrying out the Association's functions and/or to govern the reasonable use, maintenance, and operation

of the Property, including without limitation those certain rules and regulations described in Section 3.3 above;

5.8.9. The Board shall have the obligation and authority to maintain, repair, replace, restore, operate, and manage the Common Area and inasmuch as each is not located within the Limited Common Area, private roads, landscaped areas, concrete improvements, fences, covered porches and courtyards, and any property that may be acquired by the Association, to appoint a manager in regard to such activities, and to establish an adequate reserve fund for repair, replacement, and restoration thereof;

5.8.10. The Board may enter into a property management agreement with any Person, including Declarant or any Declarant Affiliate, and may engage the services of accountants, attorneys or other employees or agents and pay said persons a reasonable compensation therefor;

5.8.11. The Board may bring, prosecute, and settle litigation for itself, the Association, and its members;

5.8.12. The Board shall have authority to secure fidelity bond coverage and such other policy or policies of insurance as the Board deems necessary or desirable in protecting the interests of the Association and the Owners; and

5.8.13. The Board may perform any other acts and may enter into any other transactions which are permitted by the Bylaws, which may be deemed reasonably necessary by the Board for the Board to perform its function, and which Utah law shall permit.

5.9. Acceptance and Control of Association Property. The Board shall have authority to purchase, otherwise acquire, and accept title to, in the name of the Association, any personal property and/or interest in real property, and to convey or transfer any interest in real property, so long as such action has been authorized by any vote or consent of the Owners which may be necessary under the circumstances. Declarant or its designees may transfer to the Association, and the Association shall accept, personal property and/or fee title or other property interests in any improved or unimproved real property included with the Property. Prior to or immediately after the expiration of Declarant's control of the Association, the Association shall execute and deliver to Declarant a transition agreement or such similar instrument which shall contain such terms and conditions that Declarant deems is reasonable to effectuate transition of control of the Association, as Declarant may determine in its sole and exclusive discretion.

5.10. Membership in the Association. Every Owner, including Declarant, shall be a member of the Association, and the Declarant shall be a member of the Association so long as it or a Declarant Affiliate owns any part of the Property (unless and until the Declarant expressly relinquishes in writing its status as a Member).

5.11. Votes in the Association. Each Owner of a Building Pad, including Declarant, shall be a member of the Association and is allotted one (1) vote per Building Pad owned. Each membership in the Association shall be held jointly by all Owners of that Building Pad.

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

5.13. Transfer of Membership. The voting rights and Assessment obligations of any Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Building Pad, and then only to the transferee of ownership of the Building Pad. A transfer of ownership of a Building Pad may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Building Pad shall operate to transfer the appurtenant undivided interest in the Common Area as well as the Membership in the Association, whether or not such interests are specifically named in the instrument of transfer, to the new Owner thereof. No Owner may transfer a Building Pad's undivided interest in the Common Area separate from a transfer of title to the Building Pad. In the event the Owner of any Building Pad should fail or refuse to transfer the Membership registered in his, her or its name to the purchaser of such Building Pad upon transfer of fee title thereto, the Board shall have the right, but not the obligation, to record the transfer upon the books of the Association. All transfers shall be subject to the administrative fee described in Section 6.16.

## **ARTICLE 6** **COVENANT FOR ASSESSMENTS AND CREATION OF LIEN**

6.1. Creation of Lien and Personal Obligation of Assessments. Declarant, for each Building Pad, hereby covenants and agrees, and each Owner, other than the Declarant, by becoming the Owner of a Building Pad, is deemed to covenant and agree, to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Building Pad and shall be a continuing lien upon the Building Pad against which each such Assessment is made. Each Assessment, together with interest and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of each Person who was an Owner of the Building Pad at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them (unless title is transferred to one or more

such successors for purposes of avoiding payment of any Assessment or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title), but the lien created by this Declaration against the applicable Building Pad shall continue to secure payment of such delinquent Assessment (including, but not limited to, any and all interest, costs and late charges) until the same are fully paid.

## 6.2. Reserves.

6.2.1. Use of Reserve Funds. The Board shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas for which the Association is responsible and for which the reserve fund was established or for litigation involving such matters. Furthermore, the Board shall not use money in a reserve fund for daily maintenance expenses, unless a majority of the Members vote to approve the use of the reserve fund money for that purpose. Upon the approval of a majority of the Members, the Board may authorize the temporary transfer of money from the reserve account to the Association's operating account from time to time to meet short-term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Board may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Association, delay such restoration until the time it reasonably determines to be necessary. The Board shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Assessment shall not be subject to the limitations set forth in Sections 6.2.4 or 6.4 below.

6.2.2. Reserve Analysis. At least once every six (6) years the Board shall cause a reserve analysis to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Board shall, thereafter, review the reserve account study at least every three (3) years and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve analysis shall include, at a minimum:

6.2.2.1. Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of no fewer than three (3) years but less than thirty (30) years that will reasonably require reserve funds.

6.2.2.2. Identification of the probable remaining useful life of the components identified in subparagraph 6.2.2.1 above, as of the date of the study.

6.2.2.3. An estimate of the cost of repair, replacement, and restoration of each major component identified.

6.2.2.4. An estimate of the total annual contribution to reserve funds necessary to meet the cost to repair, replace, or restore each major component during and at the end of its useful life.

6.2.2.5. A reserve funding plan that recommends how the Association may fund the annual contribution described in Section 6.2.2.4.

6.2.3. Providing Reserve Analysis to Owners. Each year the Association shall provide a summary of the most recent reserve analysis, including any updates, to each Owner. Owners may receive a complete copy of the reserve analysis upon a request submitted to the Board. During the period of Declarant control described in Section 2.17 above, Declarant shall provide to each purchaser of a Building Pad a copy of the Association's most recent financial statement that includes any reserve funds held by the Association.

6.2.4. Reserve Fund Line Item. The Association's budget shall include a reserve fund line item as determined by the Board, based on the reserve analysis and the amount the Board determines is prudent under the circumstances. Within forty five (45) days after the day on which the Association adopts its budget, the Owners may veto the reserve fund line item by a fifty one percent (51%) vote at a special meeting called by the Owners for the purpose of voting whether to veto the reserve fund line item. If the Owners veto a reserve fund line item and a reserve fund line item exists in a previously approved budget of the Association that was not vetoed, the Association shall fund the reserve account in accordance with that prior reserve fund line item.

6.3. Annual Assessment. In order to provide for the operation and management of the Association, provide funds for the Association to pay all Common Expenses and Detached Townhome Expenses, and perform its duties and obligations under the Community Documents, including, without limitation, the establishment of reasonable reserves for replacements, maintenance and contingencies, the Board, for each fiscal year shall assess an Annual Assessment against each Building Pad that shall be billed monthly to each Owner. Annual Assessments shall be computed and assessed against all Building Pads in the Property as follows:

6.3.1. Common Expenses. Annual Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Area, landscaped areas, concrete improvements, fences, covered porches and courtyards, and furnishing common utility services ("Common Expenses"). Such estimated expenses may include, without limitation, the following: landscaping and pressurized irrigation costs; management expenses; real property taxes on the Common Area owned by the Association; premiums for all insurance that the Association is required or permitted to maintain for the Common Area; repairs and maintenance; wages of Association employees, including fees for a manager; utility charges for the Common Areas; any deficit remaining from a previous period; creation of an adequate contingency reserve; creation of an adequate capital reserve fund for significant maintenance, repairs, and replacement of Common Area Improvements that must be replaced on a periodic basis; and any other expenses and liabilities that may be incurred by the Association for the benefit of the

Owners under or by reason of this Declaration that are not Detached Townhome Expenses. All funds received from Assessments under this Section 6.3.1 shall be part of the Common Expenses Fund. Two separate and distinct accounts shall be created and maintained, one for operating expenses, and one for reserves, which together shall constitute the "Common Expenses Fund".

6.3.2. Intentionally Omitted.

6.3.3. Detached Townhome Expenses. Each Owner of a Detached Townhome shall be responsible for the maintenance, repair and all other responsibilities of and for the exterior elements of such Detached Townhome; provided, however, that the Association shall be responsible to maintain and repair all landscaped areas, concrete improvements, and fences servicing such Detached Townhomes. Further, it shall be the responsibility of each Owner of a Detached Townhome, at such Owner's expense, to maintain property and liability insurance on such Detached Townhome. Such expenses shall not be collected as part of the Annual Assessments.

6.3.4. Apportionment. Common Expenses shall be assessed to all Owners. Each Owner, for each Building Pad that it owns, shall be liable for an equal share of the Common Expenses. Each Owner of a Detached Townhome shall be liable for an equal share of the Detached Townhome Expenses for each Detached Townhome owned. Declarant and each Declarant Affiliate shall be liable for the amount of any Assessments against Building Pads they own, subject to the subsidy provisions described in Section 6.10 below.

6.3.5. Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of this Declaration and end on the first December 31 thereafter. The Board shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated Common Expenses and Detached Townhome Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating fiscal year. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which the Property shall be operated during such fiscal year.

6.3.6. Budget Approval. The Board shall present the adopted budget to the Members for their approval at a meeting of the Association ("Budget Meeting"), which may be the same as the annual meeting of the Association Members. All Owners shall have the right to vote on the budget for Common Expenses, but only the Owners of Detached Townhomes may vote on the budget for the Detached Townhome Expenses. A budget is disapproved if within 45 days of the Budget Meeting there is a vote of disapproval by at least 51% of the votes of the Members eligible to vote on such budget at a special meeting subsequent to the Budget Meeting called for that purpose by the Members pursuant to this Declaration. If the budget is disapproved, the budget the Board last adopted that was not disapproved by the Members continues as the budget unless and until the Board presents another budget to the Members and that budget is not disapproved; provided, the

Members may not disapprove a budget during the period of Declarant control described in Section 2.17 above.

6.3.7. Notice and Payment. The Board shall give notice of the Annual Assessment to each Owner at least ten (10) days prior to the beginning of each fiscal year, but the failure to give prior notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that fiscal year are, or will become, inadequate to meet all Common Expenses or Detached Townhome Expenses for any reason, including, without limitation, nonpayment of Assessments by Members, it may increase the Annual Assessment for that fiscal year and the revised Annual Assessment shall commence on the date designated by the Board subject to the limitations and provisions that may be set forth in Bylaws.

6.3.8. Effective Date of Assessments. Any Assessment created pursuant hereto shall be effective, provided it is created as provided herein, if written notice of the amount thereof is sent by the Board to the Owner subject thereto at least ten (10) days prior to the due date thereof as described in Section 6.3.7 above, or, if it is to be paid in installments, the due date of the first installment thereof. Written notice mailed or delivered to an Owner's Residence shall constitute notice to that Owner, unless the Owner has delivered written notice to the Board of a different address for such notices, in which event the mailing of the same to that last designated address shall constitute notice to that Owner.

6.4. Special Assessments. The Association may levy against: (1) each Building Pad, in any fiscal year, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Improvements upon the Common Area, including fixtures and personal property related thereto, landscaped areas, concrete improvements, fences, and covered porches and courtyards; and (2) each Building Pad upon which a Detached Townhome is located, in any fiscal year, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of exterior elements of Detached Townhomes; provided, however, that any Special Assessment shall be subject to the limitations and provisions set forth in the Bylaws and have the assent of two-thirds (2/3) of the votes entitled to be cast by the Members who are voting in person or by proxy at a meeting duly called for such purpose, if the cost of such new improvements would exceed five percent (5%) of that budget for the fiscal year.

6.5. Intentionally Omitted.

6.6. Working Capital Fund. The Board or Declarant may require that each Owner pay a non-refundable working capital contribution ("Capital Contribution"), in a reasonable amount to be determined by the Board or Declarant, at the time he, she or it acquires a Building Pad from Declarant as a contribution to the Association's working capital fund. Each Owner's Capital Contribution shall be collected from the purchaser of a Building Pad and transferred to the Association at the time of the closing of sale of that Building Pad from Declarant to such Owner. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. Interest on such Capital Contribution shall accrue to the benefit of the

Association. The purpose of the Capital Contribution is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Board. The Capital Contribution is not to be considered advance payment of any other Assessment. The working capital fund shall be transferred to the Association for deposit to a segregated fund within a commercially reasonable time after the expiration of the period of Declarant control described in Section 2.17 of this Declaration. Declarant shall not use the Capital Contribution to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits during such period of Declarant control.

6.7. Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a monthly basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of his, her or its liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Building Pad changes during an Assessment Period; successor Owners of Building Pads shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.8. Evidence of Payment of Assessments. Upon receipt of a written request by a Member or any other Person, the Association, within a reasonable period of time thereafter, shall issue to such Member or other Person a written certificate stating: (a) that all Assessments, interest and other fees and charges have been paid with respect to any specified Building Pad as of the date of such certificate; or (b) if all Assessments have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against any bona fide purchaser of, or lender on, the Building Pad in question.

6.9. Providing Payoff Information. The Association may charge a reasonable fee (to be paid after closing) for providing payoff information needed in connection with the closing of an Owner's financing, refinancing, or sale of a Building Pad. The Board shall provide payoff information within five (5) business days after the closing agent for a transaction requests such information.

6.10. Declarant and Declarant Affiliate Subsidy. Notwithstanding any other provision of this Declaration to the contrary, prior to its transfer of control of the Association pursuant to Section 2.17 above, Declarant reserves for itself and all Declarant Affiliates (collectively referenced as the "Subsidizing Party"), in its sole and exclusive discretion, the right to subsidize the Association (rather than paying a full assessment share for each Building Pad it owns) for the

amount by which (i) the actual cost and expense of operating and administering the Association and maintaining reasonable reserves for maintenance, replacement and repairs and for contingencies, all as provided in this Declaration, exceeds (ii) the total amount of Assessments levied against and collected from Owners other than the Subsidizing Party. The subsidy required of the Subsidizing Party under this Section may be in the form of cash or in the form of "in-kind" contributions of goods or services, or in any combination of the foregoing, provided that "in-kind" contributions of goods or services must directly reduce the Association's costs and expenses for which an Assessment is being levied. The Subsidizing Party shall make payments or contributions in respect to its subsidy obligations under this Section at such time as the Board may reasonably request from time to time as necessary to ensure that there are sufficient funds available for payment of Association costs and expenses and accumulation of adequate reserves (but in any event not more often than monthly). At the end of each fiscal year, either (a) the Subsidizing Party shall pay or contribute to the Association such additional funds, goods or services (or any combination thereof) as may be necessary, when added to all other funds, goods and services paid or contributed by the Subsidizing Party during such fiscal year, to satisfy in full the Subsidizing Party's subsidy obligations under this Section for such fiscal year; or (b) the Association shall pay to the Subsidizing Party or credit against the Subsidizing Party's subsidy obligation for the immediately following fiscal year, as the Subsidizing Party may elect, the amount, if any, by which the total of all payments or contributions paid or made by the Subsidizing Party during such fiscal year exceeded the total subsidy obligation of the Subsidizing Party for such fiscal year under this Section. Within thirty (30) days of the end of each fiscal year, the Board shall make an accounting of the Subsidizing Party's subsidy obligations for that period, what amounts have been paid by the Subsidizing Party (in cash, goods or services) with respect to such obligations, and what amounts are due. A copy of the accounting shall be made available for review by Members upon request. Notwithstanding that the amount of any Assessment against each Building Pad shall be fixed at a uniform rate per Membership, subsequent to Declarant's transfer of control of the Association pursuant to Section 2.17 above, the Subsidizing Party shall pay twenty five percent (25%) of the Annual Assessment attributable to each Building Pad which it owns until completion and sale of the Residence on such Building Pad to an unrelated third-party Owner. Subsequent to the Subsidizing Party's sale, conveyance and/or transfer of a Building Pad to a third-party Owner, such Owner shall pay the full Assessment attributable to such Building Pad for that remaining portion of the year during which he, she or it owes.

6.11. Encumbrances. Any encumbrancer holding a lien on a Building Pad may pay any amounts secured by the Assessment Lien created by this Article 6, and upon such payment such encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

6.12. Effect of Conveyance. In any voluntary conveyance, except to a First Mortgagee in lieu of foreclosure of the First Mortgage, the grantee of a Building Pad shall be jointly and severally liable with the grantor for all unpaid Assessments against the Building Pad for his, her or its share of the Assessments up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee. However, any such grantee shall be entitled to a statement from the Board setting forth the amounts of the unpaid Assessments against the grantor, and such grantee shall not be liable for, nor shall the Building Pad conveyed be subject to a lien for, any unpaid Assessments against the grantor in excess of the amount set forth.

6.13. Statement of Account. Upon payment of a reasonable fee and upon written request of any Owner or any lien holder, prospective lien holder, or prospective purchaser of a Building Pad, the Board shall issue, within twenty (20) days following such request, a written statement setting forth: (i) the amount of the unpaid Assessments, if any, with respect to such Building Pad; (ii) the amount of the current yearly Annual Assessment and the date that such Assessment becomes or became due, and (iii) any credit for advanced payments or prepaid items, including, but not limited to, an Owner's share of prepaid insurance premiums. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid Assessments which became due prior to the date of making such request shall be subordinate to the lien of a Mortgagee which acquired its interest subsequent to requesting such statement. Where a prospective purchaser makes such request, both the lien for such unpaid Assessments and the personal obligation of the purchaser shall be released automatically if: (a) the statement is not furnished within such twenty (20) day period and within ten (10) days after an additional written request is made by such purchaser, and (b) the purchaser subsequently acquires the Building Pad.

6.14. Purposes for Which Association's Funds May be Used. The Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Property and the Owners and Occupants by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all roads, land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Property, which may be necessary, desirable or beneficial to the general common interests of the Property, the Owners and the Occupants, and to the establishment and funding of reasonable reserves for replacements and contingencies. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: maintenance and repair of landscaped areas, concrete improvements, fences, and covered porches and courtyards; social interaction among Members and Occupants, maintenance of landscaping on Common Area and public right-of-way and drainage areas within the Property; construction, operation and maintenance of recreational picnic areas and other facilities on Common Area; recreation, insurance, communications, education, transportation, health, utilities, public services, safety, indemnification of officers, directors and committee members of the Association; employment of professional managers; hiring professional consultants such as architects, engineers, attorneys and accountants; and pledging future Assessments as collateral to secure Association financing.

6.15. Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

6.16. Administrative Fee. Each subsequent purchaser of a Building Pad from an Owner other than Declarant or a Declarant Affiliate shall notify the Board of his, her or its purchase of

such Building Pad so that the Board may maintain an accurate roster of Owners. In order to recover the expenses associated with updating its roster of Owners, the Board may require the purchaser of a Building Pad to pay to the Association a reasonable administrative fee in an amount to be set by the Board, and the administrative fee shall be secured by the Assessment Lien on the Building Pad for which it was incurred.

6.17. Notice for Meetings to Consider Special Assessments. All written notices of any meeting called for the purpose of approving the establishment of any Special Assessment shall be sent to all Members in accordance with the time periods and provisions set forth in the Bylaws.

## **ARTICLE 7** **ENFORCEMENT OF PAYMENT OF ASSESSMENTS**

7.1. Association as Enforcing Body. The Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Declaration. However, if the Association shall fail or refuse to enforce this Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Member may enforce them at his, her or its own expense by any appropriate action, whether in law or in equity.

### **7.2. Effect of Nonpayment of Assessments; Assessment Lien.**

7.2.1. Any Assessment, or any installment of an Assessment, not paid within ten (10) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate established from time to time by the Board. In addition, the Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within ten (10) days after such payment was due.

7.2.2. If any installment of an Assessment assessed by the Board is not paid within ten (10) days after the same is due, the entire unpaid balance of the Assessment shall immediately become due and payable, without demand or notice, unless the Board, in its sole discretion, determines not to accelerate the installments.

7.2.3. The Association shall have a lien on each Building Pad for all Assessments levied against the Building Pad and for all other fees and charges payable to the Association by the Owner of the Building Pad pursuant to this Declaration. Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Board may, at its option, Record a notice of lien setting forth the name of the delinquent Owner as shown in the records of the Association, the legal description of the Building Pad against which the notice of lien is Recorded and the amount claimed to be past due as of the date of the Recording of the notice, including interest, lien recording fees and reasonable attorneys' fees.

7.2.4. The Assessment Lien shall have priority over all liens or claims except for (a) tax liens for real property taxes; (b) assessments in favor of any Municipal Authority or assessment district; and (c) the lien of any First Mortgage as provided in this Section 7.2.4. The lien of the Assessments and charges provided for herein shall be subject and subordinate to the lien of any duly executed First Mortgage on a Building Pad recorded

prior to the date on which such lien of the Association is recorded and any holder of such First Mortgage which comes into possession of a Building Pad pursuant to the remedies provided in the First Mortgage, foreclosure of the First Mortgage, or deed or assignment in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the Building Pad free of any claims for unpaid installments of assessments and charges against the Building Pad which (i) are so subordinate to such First Mortgage and (ii) became due and payable prior, in the case of foreclosure, to the date of the sale, and, in all other cases, to the date legal title vested in the successor Owner by virtue of such process. The foregoing will not relieve any successor Owner from the obligation for Assessments accruing thereafter.

7.2.5. The Board shall not be obligated to release any Recorded notice of lien until all delinquent Assessments, interest, lien fees, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Building Pad have been paid in full.

7.3. Association's Remedies to Enforce Payment of Assessments. If any Member fails to pay the Annual or Special Assessments or installments when due, the Association may enforce the payment of the Annual or Special Assessments, and/or Assessment Lien by taking one or more of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

7.3.1. Bring an action at law and recover judgment against the Member personally obligated to pay the Annual or Special Assessments;

7.3.2. Foreclose the Assessment Lien against each Building Pad in accordance with then prevailing Utah law relating to the foreclosure of mortgages or deeds of trust (including the right to recover any deficiency), the method recognized under Utah law for the enforcement of a mechanic's lien which has been established in accordance with Title 38, Chapter 1a, Utah Code Ann., or any other means permitted by law, and the Building Pad may be redeemed after foreclosure sale if provided by law.

7.3.3. Notwithstanding subordination of an Assessment Lien as described in Section 10.3, the delinquent Owner shall remain personally liable for the Assessments and related costs after his, her or its membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

7.4. Foreclosure. Any foreclosure pursuant to Section 7.3.2 above shall be conducted in accordance with the following procedures:

7.4.1. Scope of Lien. In any foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Assessments against the Building Pad which shall become due during the period of foreclosure; and all such amounts shall be secured by the lien being foreclosed.

7.4.2. **Trustee.** The Declarant, Association, and each Owner hereby convey and warrant pursuant to Utah Code Ann. Sections 57-1-20 and 57-8a-302 to Southern Utah Title Company, with power of sale, the Building Pads, Residences, and all Improvements for the purpose of securing payment of Assessments under the terms of this Declaration. Provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1, Utah Code Ann. The Association may, through its duly authorized agents, bid on the Building Pad at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The trustee appointed hereunder, and any successors, shall not have any other right, title or interest in the Property beyond those rights and interests necessary and appropriate to foreclose any liens against Building Pads arising pursuant hereto.

7.4.3. **Nonjudicial Foreclosure.** At least thirty (30) calendar days before initiating a nonjudicial foreclosure, the Association shall provide notice ("Foreclosure Notice") to the Owner that is the intended subject of the nonjudicial foreclosure. The Foreclosure Notice shall: (i) notify the Owner that the Association intends to pursue nonjudicial foreclosure with respect to the Owner to enforce the Association's lien for unpaid assessments; (ii) notify the Owner of the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure; (iii) be sent to the Owner by certified mail, return receipt requested and be included with other Association correspondence to the Owner; and (iv) be in substantially the following form:

**NOTICE OF NONJUDICIAL FORECLOSURE  
AND RIGHT TO DEMAND JUDICIAL  
FORECLOSURE**

Black Ridge Cove Owners Association, Inc., a Utah nonprofit corporation (the "Association"), the association for the project in which your Building Pad is located, intends to foreclose upon your Building Pad and allocated interest in the common areas using a procedure that will not require it to file a lawsuit or involve a court. This procedure is governed by Utah Code Sections 57-8a-303 and 57-8a-304, and is being followed in order to enforce the association's lien against your Building Pad and to collect the amount of an unpaid assessment against your Building Pad, together with any applicable late fees and the costs, including attorney fees, associated with the foreclosure proceeding. This procedure cannot and will not be used to foreclose upon your Building Pad for delinquent fines for a violation of the Association's governing documents. Alternatively, you have the right to demand that a foreclosure of your property be conducted in a lawsuit with the oversight of a judge. If you make this demand, the Association may also include a

claim for delinquent fines for a violation of the Association's governing documents. Additionally, if you make this demand and the association prevails in the lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that "I demand a judicial foreclosure proceeding upon my Building Pad," or words substantially to that effect. You must send this written demand by first class and certified U.S. mail, return receipt requested, within 30 days after the day on which this notice was mailed to you. The address to which you must mail your demand is  
\_\_\_\_\_  
(insert the address of the Association for receipt of a demand).

7.4.4. Demand for Judicial Foreclosure. The Association may not use a nonjudicial foreclosure to enforce a lien if an Owner mails the Association a written demand for judicial foreclosure: (i) by U.S. mail, certified with a return receipt requested; (ii) to the address stated in the Foreclosure Notice; and (iii) within 15 days after the date of the postmark on the envelope of the Foreclosure Notice.

7.5. Subordination of Assessment Lien to First Mortgage; Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any First Mortgage and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Building Pad. Sale or transfer of any Building Pad shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a First Mortgage to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust of sale, or any grantee taking by deed in lieu of foreclosure, shall take the Building Pad free of the Assessment Lien for all Assessments that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; provided, however, that such First Mortgage foreclosure sale purchaser or grantee shall take subject to all Assessments and the Assessment Lien therefor accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

7.6. Termination of Delinquent Owner's Rights. The Board may terminate a Delinquent Owner's (defined below) right to receive a utility service for which the Owner pays as an Annual Assessment and may also terminate the right of access to and use of recreational facilities within the Property (together the "Owner's Rights"). Before terminating the Owner's Rights, the Board shall give the Delinquent Owner notice ("Notice of Delinquency") of such termination. The Notice of Delinquency shall state: (a) that the Association will terminate any of the Owner's Rights, if the Association does not receive payment of the assessment owed to the Association within fourteen (14) days after the Delinquent Owner receives the Notice of Delinquency; (b) the amount of the

Assessments due, including any interest or late payment fee; and (c) the Owner's right to request a hearing. A Delinquent Owner may submit a written request to the Board for an informal hearing to dispute the amounts due. Such request shall be submitted within fourteen (14) days after the date the Delinquent Owner receives the Notice of Delinquency. The Board shall conduct the informal hearing in accordance with the standards provided in the Bylaws. If a Delinquent Owner requests a hearing, the Association may not terminate the Owner's Rights until after the Board conducts the hearing and enters a final decision. If the Association terminates the Owner's Rights, the Association shall take immediate action to reinstate the service or right following the Owner's payment of the Assessments, including any interest, late payment fee or other charges. The Association may assess an Owner for the cost associated with reinstating a utility service that the Association terminates and demand that the estimated cost to reinstate the utility service be paid before the service is reinstated, if the estimated cost is included in the Notice of Delinquency. As used in this section, "Delinquent Owner" means an Owner who fails to pay an Assessment or other amounts owed to the Association when due.

7.7. Leased Residences. If an Owner fails to pay Assessments or other amounts due under this Declaration for a period of more than sixty (60) days after such amounts are due and payable, the Association may require a Tenant (defined below) under a Lease (defined below) with an Owner to pay the Association all future Lease payments due to the Owner beginning with the next monthly or periodic payment due from the Tenant and until the Association is paid the Amount Owing (defined below), in accordance with the procedure set forth below.

7.7.1. Notice to Owner. Before requiring a Tenant to pay Lease payments to the Association, the Board shall give the Owner notice ("Notice to Landlord"), which notice shall state: (a) the amounts due, including any interest, late fee, collection cost, and attorney fees; (b) that any costs of collection, including attorney fees, and other assessments that become due may be added to the total amount due and be paid through the collection of Lease payments; and (c) that the Association intends to demand payment of future Lease payments from the Owner's Tenant if the Owner does not pay the Amount Owing within fifteen (15) days.

7.7.2. Notice to Tenant. If an Owner fails to pay the Amount Owing within fifteen (15) days after the Board gives the Notice to Landlord, the Association may collect Lease payments by the Board delivering written notice to the Tenant of Owner ("Notice to Tenant"), which notice shall state that: (a) due to the Owner's failure to pay an assessment within the required time, the Board has notified the Owner of the Association's intent to collect all Lease payments until the Amount Owing is paid; (b) the law requires the Tenant to make all future Lease payments, beginning with the next monthly or other periodic payment, to the Association, until the Amount Owing is paid; and (c) the Tenant's payment of Lease payments to the Association does not constitute a default under the terms of the Lease with the Owner. The Board shall mail a copy of the Notice to Tenant to the Owner.

7.7.3. Payments to Property Association and Credit under Lease. A Tenant to whom the Notice to Tenant has been given shall pay to the Association all future Lease payments as they become due and owing to the Owner: (a) beginning with the next monthly or other periodic payment after the Notice to Tenant is delivered to the Tenant; and (b) until the Association notifies the Tenant that the Amount Owing is paid. An Owner shall

credit each payment that the Tenant makes to the Association under this section against any obligation that the Tenant owes to the Owner as though the Tenant made the payment to the Owner. An Owner may not initiate a suit or other action against a Tenant for failure to make a Lease payment that the Tenant pays to the Association as required under this section. Within five (5) business days after the Amount Owing is paid, the Board shall notify the Tenant in writing (and mail a copy thereof to the Owner) that the Tenant is no longer required to pay future Lease payments to the Association. The Board shall deposit money paid to the Association under this section in a separate account and disburse that money to the Association until the Amount Owing is paid and any cost of administration, not to exceed the maximum amount set forth in the Property Act (if any) is paid. The Association shall, within five (5) business days after the Amount Owing is paid, pay to the Owner any remaining balance.

7.7.4. **Terms.** As used in this section “Amount Owing” means the total of any assessment or obligation under this Declaration that is due and owing together with any applicable interest, late fee, and cost of collection; “Lease” means an arrangement under which a Tenant occupies a Residence in exchange for the Owner receiving a consideration or benefit, including a fee, service, gratuity, or other compensation; and “Tenant” means a person, other than the Owner, who has regular, exclusive occupancy of an Owner’s Residence.

7.8. **One-Action Rule Not Applicable; Abandonment of Enforcement Proceeding.** Section 78B-6-901, Utah Code Ann., does not apply to the Association’s judicial or nonjudicial foreclosure of a Building Pad under this Article 7. The Association may abandon a judicial foreclosure, nonjudicial foreclosure, or sheriff’s sale and initiate a separate action or another judicial foreclosure, nonjudicial foreclosure, or sheriff’s sale if the initial judicial foreclosure, nonjudicial foreclosure, or sheriff’s sale is not complete.

7.9. **Costs and Attorney Fees in Enforcement Action.** A court entering a judgment or decree in a judicial action brought under this part shall award the prevailing party its costs and reasonable attorney fees incurred before the judgment or decree and, if the Association is the prevailing party, any costs and reasonable attorney fees that the Association incurs collecting the judgment. In a nonjudicial foreclosure, the Association may include in the amount due, and may collect, all costs and reasonable attorney fees incurred in collecting the amount due, including the costs of preparing, recording, and foreclosing the Assessment Lien.

7.10. **Action to Recover Unpaid Assessment.** The Association need not pursue a judicial foreclosure or nonjudicial foreclosure to collect an unpaid assessment but may file an action to recover a money judgment for the unpaid assessment without waiving the Assessment Lien.

## ARTICLE 8 MAINTENANCE

8.1. **Association’s Duty to Maintain Common Area, Public Right of Way, and Building Pads.**

8.1.1. The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Common Area and all Improvements located thereon, and the Association may, without obligation, maintain areas that any Municipal Authority or any utility company is maintaining or is obligated to maintain. Each Owner shall be deemed to have delegated his, her or its undivided interest in the Common Area to the Association for such purposes.

8.1.2. The Board shall be the sole judge as to the appropriate maintenance of all Common Area and other properties maintained by the Association. In the event of any disagreement or uncertainty, the Board shall have the sole and exclusive power and authority to determine which real property and Improvements constitute Common Area to be maintained by the Association, which determination shall be conclusive, final and not subject to appeal. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

8.1.3. In addition to the foregoing maintenance obligations, the Association shall have the duty of maintaining and repairing all landscaped areas, concrete improvements, fences, and utility and other service lines of the Detached Townhomes. The cost of said maintenance and repair shall constitute a Common Expense or Detached Townhome Expense, as appropriate. The Board shall not need the prior approval of the Members of the Association to cause such maintenance or repairs to be accomplished, notwithstanding the cost thereof.

8.1.4. The Association shall, through the Board or its representatives, provide to the Owners the following services that shall be paid for via the Assessments, to-wit:

8.1.4.1. maintain the Common Areas, including without limitation the parking areas (wherever such parking areas may be located within the Property) and all front yard landscaping not located within Limited Common Area;

8.1.4.2. administer and manage the Property;

8.1.4.3. provide certain utility services as required by this Declaration, unless separately metered;

8.1.4.4. set aside reserves for future maintenance, repairs, and replacements of all areas and Improvements that the Association is obligated to maintain as required by this Declaration;

8.1.4.5. obtain the insurance required in Article 9 below;

8.1.4.6. act as attorney-in-fact in the event of damage or destruction as provided for in Article 9 below; and

8.1.4.7. perform all other acts required by this Declaration, the Articles, the Bylaws or the other Community Documents.

8.2. Owner's Right and Obligation to Maintain Interior Elements of Residence. Each Owner shall maintain his, her or its Residence and Limited Common Area, including without limitation, interior walls, windows, ceilings, floors, permanent fixtures and appurtenances thereto, and any item installed by the Owner with the written approval of the Board, for example awnings or screen doors, in a safe, sanitary and attractive condition and in a good state of repair subject to the following provisions:

8.2.1. Each Owner shall not do anything that would interfere with the clean and sanitary condition of his, her or its Building Pad, Limited Common Area or Residence or that would interfere with or prevent the Association from performing its maintenance obligations on such Building Pad, Limited Common Area and exterior elements, if applicable, and as further described in this Declaration. For purposes of maintenance, repair, alteration, and remodeling, an Owner shall maintain and be permitted to alter or remodel all interior elements and non-structural walls of Residences. Owners of Detached Townhomes are individually responsible for the maintenance of the structural integrity of exterior elements of their respective Detached Townhomes.

8.2.2. Each Owner shall not alter, disturb or relocate utilities that are located on his, her or its Building Pad, Limited Common Area, and the exterior elements of the Residence. The Owner shall have the duty of maintaining and repairing all utility and other service lines, whether public or private-company owned, constituting interior elements of such Owner's Residence as further described in Section 1.38.1 above (including the Limited Common Area), and the cost of said maintenance and repair shall constitute a personal expense of the Owner.

8.2.3. An Owner shall do no act and shall perform no work that will or may impair the structural soundness or integrity of the Residence, impair any easement or hereditament, or violate any laws, ordinances, regulations and codes of the United States of America, the State of Utah, the County of Washington, City of St. George, or any other agency or entity which may then have jurisdiction over said Residence. Any expense to the Association for investigation under this Section shall be borne by Owner if such investigation establishes a violation of this Section.

8.2.4. Intentionally Omitted.

8.2.5. In the event that the Board determines that any Residence or Limited Common Area has developed an unsanitary condition or has fallen into a state of disrepair and in the event that the Owner of such Residence or Limited Common Area should fail to correct such condition or state of disrepair promptly following written notice from the Board, the Board shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Residence or Limited Common Area and correct or eliminate said unsanitary condition or state of disrepair. For purposes of this section, an unsanitary condition is deemed to exist if electrical or natural gas service to a Residence is discontinued.

8.3. Installation and Maintenance of Landscaping. In order to maintain uniformity of appearance, the Association shall install (if not already installed) grass, trees, plants and other

landscaping improvements (together with a pressurized irrigation system sufficient to adequately water any grass, trees, plants and other landscaping improvements, the cost of which water fees shall be paid by the Association) as the Association deems appropriate, on all front portions of the Building Pads and the Common Area for the benefit of the Owners. The cost of any such installation and maintenance thereof shall be paid to the Association by the Owners as a part of the Annual Assessment upon demand and assessment from the Board. All landscaping must be installed in accordance with plans approved by the Board. Any amounts payable by an Owner to the Association pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of Assessments.

8.4. Maintenance of Limited Common Area, Courtyards and Covered Porches. All Owners hereby acknowledge and agree that certain Building Pads and Limited Common Area within the Property include courtyards and/or covered porches adjacent to each Residence. By accepting a deed to a Building Pad, each Owner hereby acknowledges that he or she is responsible for the maintenance, repair, and upkeep of that Owner's Limited Common Area, courtyard and/or covered porch. Each Owner may install landscaping improvements within his, her or its Limited Common Area, courtyard and/or covered porch and covenants and agrees to install, repair, replace and maintain any landscaping improvements in accordance with the provisions of this Declaration and the other Community Documents. The Association shall have an easement over the Limited Common Area, courtyards and covered porches for inspection of such Owner's maintenance, repair, and upkeep obligations under this Declaration and for any other reason that the Association reasonably requires. The Board shall be the sole judge as to the appropriate maintenance, repair, and upkeep of all Limited Common Area, courtyards and covered porches and other areas maintained by the Owners. In the event of any disagreement or uncertainty, the Board shall have the sole and exclusive power and authority to determine which real property and Improvements constitute, Limited Common Area, courtyards and covered porches, which determination shall be conclusive, final and unappealable. Any cooperative action necessary or appropriate to the proper maintenance, repair, and upkeep of said properties as determined by the Board shall be taken by the Owner.

8.5. Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of the Common Area, Building Pads, or any other area maintained by the Association is caused through the willful or negligent act of any Owner, Occupant, or guests or invitees of the Owner or Occupant, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and the Owner's Building Pad is subject and shall be secured by the Assessment Lien.

8.6. Maintenance of Common Areas and Facilities. Each Owner is responsible for the costs of maintenance and all other responsibilities of and for the Limited Common Areas and for all those costs and responsibilities provided for and allowable under the Community Association Act.

8.7. Improper Maintenance and Use of Building Pads or Limited Common Area. In the event any portion of any Building Pad, Limited Common Area, or Residence is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Building Pads or other areas of the Property which are substantially affected

thereby or related thereto, or in the event any portion of a Building Pad, Limited Common Area, or Residence is being used in a manner which violates the Community Documents, or in the event the Owner of any Building Pad is failing to perform any of its obligations under the Community Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such corrective action as it deems appropriate to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner, the Owner's Building Pad and Owner's Limited Common Area is subject and shall be secured by the Assessment Lien.

8.8. Board Access to Residences and Limited Common Areas. Some of the Common Areas are or may be conveniently accessible only through the Residences or Limited Common Areas. The Board shall have the irrevocable right to have access to each Residence, Building Pad, Limited Common Area and to all Common Areas from time to time during such reasonable hours as may be necessary for the cleaning, repair or replacement of any Common Areas or for making any emergency repairs at any time and when necessary to prevent damage to the Common Areas, Limited Common Area, or to any Residence. The Board shall also have the irrevocable right to have access to any Residence or Limited Common Area when necessary in connection with any cleaning, maintenance, repair, replacement, painting, landscaping, construction or reconstruction for which the Association is responsible or for the purpose of abating a nuisance or a known or suspected dangerous or unlawful condition. Such entry shall be made with as little inconvenience to the Owners as is practicable under the circumstances and any damage caused thereby shall be repaired by the Association. The Board shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation. Nothing in the Declaration shall be construed to restrict access to the Residences, Limited Common Area, or Common Area by emergency personnel acting in their official capacities and an irrevocable right to have access to each Residence, Building Pad, Limited Common Area and to all Common Areas is hereby reserved for such situations.

## ARTICLE 9 INSURANCE

9.1. Scope of Coverage. Commencing not later than the time of the first conveyance of a Building Pad to a purchaser, other than Declarant or a Declarant Affiliate, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

9.1.1. A "master" or "blanket" type policy of property insurance on all insurable Improvements not required to be separately insured by Owners of Detached Townhomes and the Common Area, insuring against all risk of direct physical loss, including loss and damage by fire and other perils normally covered by the standard extended coverage endorsement, insured against in an amount equal to the maximum insurable replacement value of the insured Improvements, to the extent available at a reasonable cost, as determined by the Board, provided however, that the total amount of insurance shall not be less than one hundred percent (100%) of the full replacement cost of the insured property at the time the insurance is purchased and at each renewal date (less

reasonable deductibles), exclusive of the land, excavations, foundations and other items normally excluded from a property policy;

9.1.2. Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000. Such insurance shall cover all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area, Building Pads and other portions of the Property which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages;

9.1.3. Workers compensation insurance to the extent necessary to meet the requirements of applicable law;

9.1.4. Fidelity bonding of the Board and employees of the Association having control of, or access to, the funds of the Association with loss coverage ordinarily not less than the maximum amount of funds of the Association over which the principal(s) under the bond may reasonably be expected to have control or access at any time;

9.1.5. Errors and omissions insurance coverage for the Board; and

9.1.6. Such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners.

9.1.7. Each insurance policy purchased by the Association shall, to the extent reasonably available, contain the following provisions:

9.1.7.1. The insurer issuing such policy shall have no rights of subrogation with respect to claims against the Association or its agents, servants or employees, or with respect to claims against Owners or Occupants;

9.1.7.2. No act or omission by any Owner will void the policy or adversely affect recovery on the policy;

9.1.7.3. The coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners, Occupants or Mortgagors;

9.1.7.4. A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of the negligent acts of the Association or other Owners or Occupants;

9.1.7.5. A statement that the policy is primary in the event the Owner has other insurance covering the same loss;

9.1.7.6. A statement naming the Association as the insured; and

9.1.7.7. For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify any Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

9.2. Hazard Insurance. Each policy of hazard insurance obtained pursuant hereto shall be obtained from an insurance company authorized to write such insurance in the State of Utah which has a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports-international edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBQ" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service. Insurance issued by a carrier that does not meet the foregoing rating requirements will be acceptable if the carrier is covered by reinsurance with a company that meets either one of the A.M. Best general policyholder's ratings or one of the Standard and Poor's claims-paying ability ratings mentioned above.

9.3. Certificates of Insurance. An insurer which has issued an insurance policy under this Article 9 shall issue a certificate or a memorandum of insurance to the Association and, upon request, to any Owner or Mortgagee. Any insurance obtained pursuant to this Article shall not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association and to each Owner and each Mortgagee to whom certificates of insurance have been issued.

9.4. Payment of Premiums and Deductibles. The premiums for any insurance obtained by the Association pursuant to this Declaration shall be included in the budget of the Association, either as part of the Common Expenses or as part of the Detached Townhome Expense as provided herein, and shall be paid by the Association. The Association shall set aside an amount equal to the amount of the property insurance policy deductible or, if the policy deductible exceeds \$10,000, an amount not less than \$10,000. Owners affected by any loss covered by insurance maintained by the Association shall pay such Owner's share of any deductible; Owners may obtain insurance to cover such deductible. Any deductibles paid by the Association pursuant to insurance obtained by the Association shall also constitute Common Expenses or Detached Townhome Expenses, as applicable. The Board shall provide notice to Owners of the amount of the deductibles and any change thereto.

9.5. Payment of Insurance Proceeds. With respect to any loss to the Common Area, Building Pads upon which Detached Townhomes are located, or Detached Townhomes covered by property insurance obtained by the Association, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any Mortgagee. Subject to the provisions of Section 9.1, the proceeds shall be disbursed for the repair or restoration of the damage to the Common Area, Building Pads upon which Detached Townhomes are located, or Detached Townhomes.

9.6. Repair and Replacement of Damaged or Destroyed Property.

9.6.1. Any portion of the Common Area, Building Pads upon which Detached Townhomes are located, or Detached Townhomes that is damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners representing at least seventy-five percent (75%) of the total votes in the Association vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association.

9.6.2. If the entire Common Area or Residences is not repaired or replaced, insurance proceeds attributable to the damaged Common Area or Residences shall be used to restore the damaged area to a condition that is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either: (i) be retained by the Association as an additional capital reserve; (ii) be used for payment of operating expenses of the Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the votes in the Association; or (iii) shall be distributed in equal shares per Membership to the Owners of each Building Pad as their interests appear.

9.6.3. Intentionally Omitted.

9.6.4. In the event the whole or any part of a Building Pad upon which a Detached Townhome is located or a Detached Townhome is damaged or destroyed, the Owner of such Building Pad or Detached Townhome shall promptly cause the repair, restoration, or rebuilding of the improvements so damaged or destroyed so the Building Pad or Detached Townhome shall be in the condition existing immediately prior to such damage or destruction. In connection with the above, such Owner shall also promptly remove debris and keep the affected portions of the Building Pad or Detached Townhome neat, orderly and well maintained during such repair or reconstruction. Notwithstanding the foregoing, in the event insurance proceeds are insufficient to restore any improvement on a Building Pad or Detached Townhome, the Owner thereof may, within one (1) year of the event of destruction, elect not to restore such damaged or destroyed improvements, in which event the Owner shall raze the damaged improvements and return the Building Pad to its natural condition.

#### 9.7. Owner Acknowledgement and Waiver.

9.7.1. By acceptance of a deed to a Building Pad, each Owner hereby acknowledges his, her or its independent insurance obligations as outlined in Section 57-8a-405 of the Property Act and such insurance shall apply to deductibles under the Association's master policy. Each policy shall be carried with a company rated X or better in "Best's Insurance Guide", and each Owner shall upon request provide a copy of the policy obtained by such Owner to the Board and the other Adjoining Owner and such policy shall require thirty (30) days' notice to the Board and the other Adjoining Owner before the policy can be cancelled.

9.7.2. Each Owner hereby waives any rights it may have against the other Adjoining Owner on account of any loss or damage to its Residence which arises from any

risk covered by fire and extended coverage insurance carried under the Association's master policy, whether or not such other Adjoining Owner may have been negligent or at fault in causing such loss or damage, except that such waiver shall not extend to any deductible paid by an Owner as a result of the negligence or fault of an Adjoining Owner. Each Owner shall obtain a clause or endorsement in the policies of such insurance which each Owner obtains to the effect that the insurer waives, or shall otherwise be denied, the right of subrogation against the Association for loss covered by the Association's master policy. It is understood that such subrogation waivers may be operative only as long as such waivers are available in the State of Utah and do not invalidate any such policies. If such subrogation waivers are allegedly not operative in the State of Utah, notice of such fact shall be promptly given by the Owner obtaining insurance to the Board.

9.7.3. The Board may unilaterally adopt, amend, and modify, in its sole and subjective discretion, rules and regulations regarding insurance requirements for Owners without amendment to this Declaration.

9.8. Annual Review. Insurance policies may be reviewed annually by the Board to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Property which may have been damaged or destroyed and to determine their compliance with the provisions of this Declaration. In the event any of the insurance coverage provided for in this Article 9 is not available at a reasonable cost or is not reasonably necessary to provide the Property with adequate insurance protection, as determined by the Board, the Board shall have the right to obtain different insurance coverage or insurance coverage which does not meet all of the requirements of this Article 9 so long as, at all times, the Board maintains insurance coverage on a basis which is consistent with the types and amounts of insurance coverage obtained for projects similar to the Property. Additionally, the Board shall give Owners notice within seven (7) days if any such insurance is not reasonably available.

9.9. Owner to Insure. Notwithstanding anything in this Article 9 to the contrary, it shall be the responsibility of each Owner of a Detached Townhome, at such Owner's expense, to maintain property insurance covering such Owner's Detached Townhome and other Improvements to such Owner's Building Pad. Additionally, it shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's personal property and furnishings. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Residence as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverages obtained by such Owner shall affect any insurance coverage maintained by the Association or cause the diminution or termination of that insurance coverage, nor shall such insurance coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any such diminution of insurance proceeds to the Association as a result of insurance coverage maintained by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a defaulted Assessment, with the understanding that the Board on behalf of the Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association.

## ARTICLE 10

### MORTGAGEE REQUIREMENTS

10.1. Notice of Action. The Board shall maintain a roster containing the name and address of each Eligible Mortgagee as such term is defined herein and in Section 1.21 above. To be considered an Eligible Mortgagee, a First Mortgagee shall provide the Board with a certified copy of its Recorded First Mortgage and the name and address of the First Mortgagee and a statement that the Mortgage is a First Mortgage together with a written request that it receive notice of the matters and actions described below. The Board shall strike an Eligible Mortgagee from the roster upon request by such Eligible Mortgagee or upon the Board's receipt of a certified copy of a Recorded full release or satisfaction of the Eligible Mortgage. The Board shall give notice of such removal to the Eligible Mortgagee unless the removal is requested by the Eligible Mortgagee. Upon the Board's receipt of such written request, an Eligible Mortgagee shall be entitled to timely written notice of:

10.1.1. Any condemnation loss or any casualty loss which affects a material portion of the Property or any Building Pad on which there is a Mortgage held, insured or guaranteed by such Eligible Mortgagee, insurer or governmental guarantor;

10.1.2. Any delinquency in the payment of Assessments or charges owed by an Owner whose Building Pad is subject to a Mortgage held, insured or guaranteed by such Eligible Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days; and

10.1.3. Any lapse, cancellation or material modification of any insurance policy or fidelity bond or insurance maintained by the Association.

10.2. Availability of Community Documents and Financial Statements. The Association shall maintain and have current copies of the Community Documents, membership register, books, records, and financial statements available for inspection by Members or by Eligible Mortgagees. Generally, these documents shall be available during the Association's normal business hours, and may be maintained and kept at the office of the manager for the Association. The Association may, as a condition to permitting a Member to inspect the membership register or to its furnishing information from the register, require that the Member agree in writing not to use, or allow the use of, information from the membership register for commercial or other purposes not reasonably related to the regular business of the Association and the Member's interest in the Association.

10.3. Subordination of Lien. The Assessment or claim against a Building Pad for unpaid Assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Building Pad, and the First Mortgagee thereunder which comes into possession of or which obtains title to such Building Pad shall take the same free of such lien or claim for unpaid Assessments or charges, but only to the extent of Assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No Assessment, charge, Assessment Lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage, or as not to burden a First Mortgagee which comes into possession or which obtains title to a Building Pad, shall be collected or enforced by the Association from or

against a First Mortgagee, a successor in title to a First Mortgagee, or the Building Pad affected or previously affected by the First Mortgage concerned. The provisions of this Section 10.3 shall be in addition to the rights of a First Mortgagee under Section 7.2.4.

10.4. Notice to Eligible Mortgagees. The Association shall give timely written notice of the events listed in Section 10.1 above to any Eligible Mortgagee who requests such notice in writing.

10.5. Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Common Area are not timely paid, or in the event the required hazard insurance described in Section 9.1 lapses, is not maintained, or the premiums therefore are not paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Prior to paying any taxes or premiums, such First Mortgagee or First Mortgagees shall provide thirty (30) days advance written notice to the Board, which notice shall specify the nature of the taxes or premiums and suggest a reasonable cure period for such payments.

10.6. Priority. No provision of this Declaration or the Articles gives or may give a Member or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Members of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Building Pads or the Common Area. All proceeds or awards shall be paid directly to any Mortgagees of Record, as their interests may appear.

## ARTICLE 11 CONDEMNATION

11.1. Notice. Whenever all or any part of the Common Area shall be taken or conveyed in lieu of and under threat of condemnation, each Member shall be entitled to notice of the taking, but the Association shall act as attorney-in-fact for all Members in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

11.2. Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for all Members to be disbursed as follows: 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 Declarant and Members representing at least two-thirds (2/3) of the total votes of the Association shall otherwise agree, the Association shall restore or replace such Improvements so taken on the remaining land included on 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 provisions in Article 9 above regarding the disbursement of funds in respect to casualty damage or destruction that is to be repaired shall apply. 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 distributed to Members in proportion to their respective Membership Interests, first to the Mortgagees and then to the Members.

11.3. Complete Condemnation. If the entire Property is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed to Members based upon the relative value of the Building Pads prior to the condemnation.

## ARTICLE 12

### TERM, TERMINATION AND AMENDMENT

12.1. Term; Method of Termination. This Declaration shall be effective upon the date of Recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of fifty (50) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting two-thirds (2/3) of the total votes cast at an election held for such purpose or otherwise approved in writing within six (6) months prior to the expiration of the initial effective period hereof or any ten-year extension. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a certificate of termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles. Within twenty five (25) years from the date of Recording this Declaration, and so long as the Declarant is the Owner of any Building Pad in the Property, this Declaration may be amended or terminated only with the written approval of the Declarant.

12.2. Amendments. This Declaration may be amended by Recording a certificate of amendment, duly signed and acknowledged by and on behalf of the Association ("Certificate of Amendment"). The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided elsewhere in this Declaration, shall certify that at a meeting duly called and held pursuant to the provisions of the Articles and Bylaws, or by separate written ballot without a meeting, the Members casting at least two-thirds (2/3) of the total votes of the Association voted affirmatively for the adoption of the amendment.

12.3. Unilateral Amendments. Declarant alone may amend or terminate this Declaration prior to the closing of a sale of the first Building Pad, including any sale to a Builder. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant: (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Townhomes subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, prior to its transfer of control of the Association pursuant to Section 2.17 above, Declarant may unilaterally amend this Declaration for any purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder without the prior written consent of such Owner, nor shall it adversely affect title to any property without the consent of the affected Owner.

12.4. Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be necessary to satisfy any HOPA requirements or as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Building Pad(s) or any portions thereof. Any such amendment shall be effected by the Recordation by Declarant of a Certificate of Amendment duly signed by or on behalf of the members, authorized agents, or authorized officers of Declarant, as applicable, with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate of Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate of Amendment, when Recorded, shall be binding upon all of the Property and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section 12.4 deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

12.5. Prior Approval Required to Terminate this Declaration or Amend Article 8. Article 8 of this Declaration describes the duties and obligations of the Association to repair, replace and maintain the Common Area, the Building Pads, and certain other physical portions of the Property and the Property. Notwithstanding any other provision described in this Declaration to the contrary, including without limitation the amendment powers described in this Article 12, Declarant, the Association and each Owner hereby agree and acknowledge that the Association's maintenance, repair and replacement duties set forth in Article 8 shall not be amended or deleted and this Declaration shall not be terminated without the prior written approval of Declarant (prior to Declarant's transfer of control of the Association pursuant to Section 2.17 above). Such approval shall be evidenced by a written consent attached to or incorporated in such Recorded amendment or certificate of termination executed by Declarant (if necessary).

## **ARTICLE 13**

### **BINDING ARBITRATION FOR ENFORCEMENT OF GOVERNING DOCUMENTS**

13.1. Opt-Out Right. IF AN OWNER DOES NOT WANT THE FOLLOWING ARBITRATION PROVISION TO APPLY, THE OWNER MUST SEND A LETTER TO DECLARANT, SIGNED BY THE OWNER (AND ANY CO-OWNER OF THE SAME BUILDING PAD) AND ADDRESSED TO DECLARANT, ATTN: ARBITRATION OPT-OUT. THE LETTER MUST BE SENT (I) WITHIN 30 DAYS AFTER THE DATE OF THE OWNER'S REAL ESTATE PURCHASE CONTRACT, OR (II) IN THE CASE OF A BUILDING PAD UNDER CONTRACT ON THE DATE THIS DECLARATION IS RECORDED, WITHIN 30 DAYS OF THE DATE THE DEED OF CONVEYANCE TRANSFERRING THE BUILDING PAD IS RECORDED IN THE OFFICIAL RECORDS OF WASHINGTON COUNTY, UTAH, AND MUST STATE THAT THE OWNER DOES NOT WANT ARBITRATION TO APPLY

TO THE MATTERS DESCRIBED IN THIS ARTICLE 13. ANY OPT OUT WILL RENDER THIS ARBITRATION PROVISION NULL AND VOID BUT WILL HAVE NO OTHER EFFECT ON THE OWNER'S RIGHTS.

13.2. Arbitration Terms Defined. In the arbitration provision described in this Article 13 ("Arbitration Provision"), the following capitalized words, phrases or terms have the meanings set forth below:

13.2.1. "Institutional Party" means Declarant, Declarant Affiliates and any Builder; the Association during the period of control pursuant to Section 2.17 above; any third party that provides any product or service to a Consumer Party in connection with this Declaration, if and only if such third party is named as a co-party with another Institutional Party in a Claim asserted by a Consumer Party; their successors and assigns; and the agents, representatives, members, employees, officers and/or directors of the foregoing entities.

13.2.2. "Consumer Party" means the Owners (excluding a Builder); their heirs, successors and assigns; and the Association after the period of control pursuant to Section 2.17 above.

13.2.3. "Bound Party" means any Institutional Party or Consumer Party who asserts a Claim or has a Claim asserted against such party.

13.2.4. "Claim" means any claim, dispute or controversy between an Institutional Party and a Consumer Party, other than an Exempt Claim, arising out of or relating in any way to this Declaration or any other Community Documents, the Property, the Property, the Building Pads or the Residences, including any such claim, dispute or controversy regarding or arising over the marketing and sale of Building Pads or Residences; the terms of this Declaration or any other Community Documents; the design, specifications, surveying, planning, supervision, testing, observation of construction or construction of an Improvement to, or survey of, the Property; or the maintenance or use of the Property. This includes, without limitation, disputes concerning the validity, enforceability, arbitrability or scope of this Arbitration Provision or this Declaration; disputes involving alleged fraud or misrepresentation, breach of contract, negligence or violation of statute, regulation or common law; and disputes involving requests for declaratory relief, injunctions or other equitable relief.

13.2.5. "Exempt Claim" means any of the following Claims, which will not be subject to this Arbitration Provision: (i) any individual action brought by a Consumer Party in small claims court or a relevant state's equivalent court, unless such action is transferred, removed, or appealed to a different court; (ii) any action to effect a judicial or non-judicial foreclosure; (iii) any eviction or other summary proceeding to secure possession of real property or an interest therein; (iv) any action in any bankruptcy proceeding to assert, collect, protect, realize upon or obtain possession of the collateral for any amount owed; (v) any action to quiet title; (vi) any action insofar as it seeks provisional or ancillary remedies in connection with any of the foregoing; (vii) any self-help remedy, such as the refusal of an Institutional Party to allow a Consumer Party to use a Residence or Building

Pad, or any individual action in court by one party that is limited to preventing the other party from using a self-help remedy and that does not involve a request for damages or monetary relief of any kind; and (viii) any dispute concerning the validity and effect of Section 13.8 below, the ban on class actions and certain other proceedings (the "Class Action Ban"). Notwithstanding the prior sentence, at the request of a Consumer Party, the Institutional Parties will agree to arbitrate under this Arbitration Provision any matter covered by items (ii)–(vi) above if arbitration will afford the parties substantially the same rights and remedies as a court action. Any dispute regarding the question of whether arbitration will afford the parties substantially the same rights and remedies as a court action is also an Exempt Claim and shall be determined exclusively by the court and not by an arbitrator. If one or more Institutional Parties are allowed to proceed outside arbitration with respect to any of the matters covered by items (ii)–(vi) above, the Consumer Party may assert in court on an individual basis any related defenses or Claims such Consumer Party may have.

13.2.6. "Administrator" means either of the following companies to be selected by the Bound Party initiating the arbitration: National Arbitration Forum ("NAF"), P.O. Box 50191, Minneapolis, MN 55405, <http://www.arb-forum.com>, or the American Arbitration Association ("AAA"), 1633 Broadway, 10th Floor, New York, NY 10019, <http://www.adr.org>. However, neither NAF nor AAA may serve as Administrator, without the consent of all Bound Parties asserting or defending a Claim, if it adopts or has in place any formal or informal policy that is inconsistent with and purports to override the terms of the Class Action Ban.

13.3. Arbitration of Claims. Unless a Consumer Party has opted out of this Arbitration Provision, upon the election of any Consumer Party or Institutional Party asserting or defending a Claim, such Claim shall be resolved by binding individual (and not class) arbitration. Notice of an election to arbitrate a Claim may be given after a lawsuit begins and may be given in papers filed in the lawsuit. Any arbitration will be conducted in accordance with this Arbitration Provision and, to the extent consistent with this Arbitration Provision, the rules of the Administrator in effect at the time the Claim is filed.

13.4. Fees. If a Consumer Party cannot obtain a waiver of any fees of the Administrator or arbitrator, the Institutional Parties will consider in good faith any request for them to pay such fees for the Consumer Party. Each Bound Party shall bear the fees and expenses of that Bound Party's attorneys, experts, and witnesses, provided that the Institutional Parties will bear the reasonable fees and expenses incurred by a Consumer Party if the Consumer Party prevails on a Claim the Consumer Party has asserted against the Institutional Parties. Also, the Institutional Parties will pay any arbitration, attorneys' and/or other fees and expenses they are required to pay by applicable law or they are required to pay in order to enforce this Arbitration Provision. If a participatory arbitration hearing is requested, it will take place in Washington County, Utah or, if the Administrator determines that such location would be unfair to a Consumer Party, at a location reasonably convenient to such Consumer Party and the Institutional Parties.

13.5. Governing Law. This Arbitration Provision shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1–16 (the "FAA") and not state arbitration laws, provided that Utah law shall govern to the extent that state law is relevant under the FAA in determining the

enforceability of this Arbitration Provision. The arbitrator shall be obligated to follow applicable substantive laws, statutes of limitations and privilege rules related to any Claim. The arbitrator shall award the remedies, if any, that would be available in an individual court proceeding if arbitration had not been elected. This includes, without limitation, compensatory, statutory and punitive damages (which shall be governed by the constitutional standards applicable in judicial proceedings); declaratory, injunctive and other equitable relief; and attorneys' fees and costs. Upon the timely request of any Bound Party, the arbitrator shall write a brief explanation of the grounds for his, her or its decision. In addition to the Bound Parties' rights under the Administrator's rules to obtain information prior to the hearing, any Bound Party may ask the arbitrator for more information from the other party. The arbitrator will decide the issue in his, her or its sole discretion, after allowing the other Bound Party the opportunity to object.

13.6. Appeal of Arbitrator's Decision. Any court with jurisdiction may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding, except for any appeal right under the FAA. However, for Claims involving more than \$50,000, any Bound Party may appeal the award to a three-arbitrator panel appointed by the Administrator, which will reconsider from the start any aspect of the initial award that is appealed. The panel's decision will be final and binding, except for any appeal right under the FAA. Fees and costs associated with an appeal shall be governed by Section 13.4 above.

13.7. Jury Trial Waiver. IF A BOUND PARTY ELECTS TO ARBITRATE A CLAIM, NO BOUND PARTY WILL HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM.

13.8. Class Action Ban. NO BOUND PARTY MAY PARTICIPATE IN A CLASS ACTION IN COURT OR IN CLASS-WIDE ARBITRATION, EITHER AS A REPRESENTATIVE, CLASS MEMBER OR OTHERWISE. NO BOUND PARTY MAY PARTICIPATE IN A PRIVATE ATTORNEY GENERAL PROCEEDING IN COURT OR IN ARBITRATION. NO CLAIMS BY OR AGAINST A BOUND PARTY MAY BE JOINED OR CONSOLIDATED WITH CLAIMS BY OR AGAINST ANY OTHER PERSON (EXCEPT FOR CLAIMS INVOLVING THE HEIRS AND SUCCESSORS OF SUCH CONSUMER PARTIES). THE ARBITRATOR SHALL HAVE NO AUTHORITY TO CONDUCT A CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ARBITRATION OR MULTI-PARTY ARBITRATION INCONSISTENT WITH THIS SECTION. Notwithstanding any language in this Arbitration Provision to the contrary, any dispute about the validity or effect of the above Class Action Ban shall be resolved by a court and not an arbitrator or the Administrator.

13.9. Severability. If a determination is made that any part of this Arbitration Provision is unenforceable (other than the Class Action Ban) or that this Arbitration Provision is unenforceable as to any party or parties, this provision shall nonetheless remain enforceable in all other respects and as to all other parties. If the Class Action Ban is held to be unenforceable in connection with any Claim subject to the Class Action Ban, this Arbitration Provision (other than this sentence) shall be null and void in such proceeding, provided that the Institutional Party seeking to enforce the Class Action Ban shall have the right to appeal at the earliest possible time any holding that the Class Action Ban is unenforceable.

13.10. Notice of Claim; Right to Address. Prior to asserting a Claim, the Bound Party with the Claim (the “Claimant”) shall give the Bound Party that is the subject of the Claim written notice of the Claim and a reasonable opportunity, not less than 30 days, to resolve the Claim. The Claimant’s claim notice must include the Claimant’s name, address and telephone number. Any claim notice must explain the nature of the Claim and the relief that is demanded. A Consumer Party may only submit a claim notice on his, her or its own behalf and not on behalf of any other party. The Claimant must reasonably cooperate in providing any information about the Claim that the other Bound Party reasonably requests. If: (i) a Consumer Party submits a claim notice in accordance with this Section on his, her or its own behalf (and not on behalf of any other party); (ii) the Institutional Party refuses to provide the requested relief; and (iii) an arbitrator subsequently determines that the Consumer Party was entitled to such relief (or greater relief), the arbitrator shall award the Consumer Party at least \$5,100 (not including any arbitration fees and attorneys’ fees and costs to which the Consumer Party may be entitled under this Arbitration Provision or applicable law).

## ARTICLE 14 COMMUNITY STANDARDS AND DISPUTE RESOLUTION PROCESS

14.1. The Association Standard. All persons, entities and organizations planning, developing and interested in residing at, benefiting from or providing services or goods to the Association (the “**Parties**” or “**Bound Party**”) voluntarily and expressly agree that all commingling, business and community dealings related to the Association shall be amiable, and professional to further the enjoyment, administration, and common and best interests of the Association. To ensure the spirit of the foregoing, the Board shall require and obtain from all persons and organizations planning, developing and interested in residing at, benefiting from or providing services to the community, a fully executed copy of Article 14 of this Declaration. Copies of these documents shall be kept in the ordinary course of the business of the Board with copies provided to each upon execution. The Board shall confirm to the Declarant (during the period of Declarant control) that this Article 14 is fully complied with on a quarterly basis.

14.2. Agreement to Avoid Litigation. The Parties, Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article covenant that they will use their best efforts to encourage and promote the: (i) amicable operation of the Association; (ii) the presentation of ideas and comments for consideration that would improve the Property; (iii) the prevention of any disputes involving the Project or community and (iv) the prompt and efficient resolution of disputes, if any, without the distraction, frustration and costs of litigation.

Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes shall, only and must be pursued and resolved using the procedures set forth in Section 14.3 in lieu of filing suit in any court. Failure to follow this Article 14 constitutes a waiver of such claim, grievance, or dispute.

14.3. Claims. Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Association Documents or this Declaration, or the rights, obligations and duties of any Bound Party under such

documents or instruments or relating to the design, operation or construction of improvements on the Property shall, only, and must be pursued subject to the provisions of Section 14.3. The failure to abide by this Article including the filing of any claim contrary to this Article is a material breach of this Declaration subjecting the breaching party to the damages, costs and attorney fees of any other party so damaged including the Board or its agent for the time and costs incurred in connection with such breach. The following claims are exempt from this Article 14:

14.3.1 Any suit by the Board against any Bound Party to enforce the provisions of Article 6;

14.3.2 Any suit by the Board to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the ability to enforce the provisions of this Declaration.

#### 14.4. Mandatory Procedures.

14.4.1. Notice. Any Bound Party or their agent having a Claim ("Claimant") against any other Bound Party or their agent ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

14.4.1.1. The nature of the Claim, including the Persons involved and Respondent's role in the Claim;

14.4.1.2. The legal basis of the Claim (i.e., the authority out of which the Claim arises);

14.4.1.3. Claimant's proposed remedy; and

14.4.1.4. That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

#### 14.4.2. Negotiation and Mediation.

14.4.2.1. The Parties shall, only and must make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. All Parties specifically agree that all information and communications related to or forming the basis of any Claim is confidential and will not be communicated to any non-Party. All Parties will make any disparaging or offensive communications to anyone regarding any other party including their agents, employees and related entities and regarding any claim or dispute subject to this Article.

14.4.2.2. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under and through a formal independent professional agency providing dispute resolution services in Utah.

14.4.2.3. IF CLAIMANT DOES NOT SUBMIT THE CLAIM TO MEDIATION AS REQUIRED IN SUBSECTION 20.3.2.2. OR DOES NOT APPEAR FOR THE MEDIATION, CLAIMANT SHALL BE DEEMED TO HAVE WAIVED THE CLAIM, AND RESPONDENT SHALL HAVE BEEN RELEASED AND DISCHARGED FROM ANY AND ALL LIABILITY TO CLAIMANT ON ACCOUNT OF SUCH CLAIM; PROVIDED NOTHINGHEREIN SHALL RELEASE OR DISCHARGE RESPONDENT FROM ANY LIABILITY TO ANY PERSON OTHER THAN THE CLAIMANT.

14.4.2.4. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within sixty (60) days after submission of the matter to the mediation process (unless all parties to the claim agree to an extension of time), the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

14.4.2.5. Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer

#### 14.4.3. Arbitration.

14.4.3.1. IF THE PARTIES DO NOT AGREE IN WRITING TO A SETTLEMENT OF THE CLAIM WITHIN FIFTEEN (15) DAYS OF THE TERMINATION OF MEDIATION, THE CLAIMANT SHALL HAVE FIFTEEN (15) ADDITIONAL DAYS TO SUBMIT THE CLAIM TO ARBITRATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION. IF NOT TIMELY SUBMITTED TO ARBITRATION OR IF THE CLAIMANT FAILS TO APPEAR FOR THE ARBITRATION PROCEEDING, THE CLAIM SHALL BE DEEMED ABANDONED, THE RESPONDENT SHALL BE RELEASED AND DISCHARGED FROM ANY AND ALL LIABILITY TO CLAIMANT ARISING OUT OF SUCH CLAIM; PROVIDED, NOTHING HEREIN SHALL RELEASE OR DISCHARGE RESPONDENT FROM ANY LIABILITY TO PERSONS OTHER THAN CLAIMANT.

14.4.3.2. This Subsection 14.4.3.2 is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Utah. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Utah.

#### 14.5. Allocation of Costs of Resolving Claims.

14.5.1. Subject to 14.4.2, each Party shall bear its own costs, including any attorneys' fees incurred, and each Party shall share equally all charges rendered by the Mediators, the Arbitrators and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

14.5.2. Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post Mediation Costs.

14.6. Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any agreement or binding Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 14.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs.

### **ARTICLE 15 GENERAL PROVISIONS**

15.1. Interpretation. Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefited or bound by this Declaration.

15.2. Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

15.3. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty one (21) years after the death of the last survivor of the now living descendants of the person holding the office of President of the United States on the date this Declaration is Recorded.

15.4. Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

15.5. Association Rules. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt, as part of the Association Rules, additional rules and regulations with respect to any other

aspects of the Association's rights, activities and duties, provided said additional rules and regulations are not inconsistent with the provisions of the other Community Documents.

**15.6. Laws, Ordinances, and Regulations.**

15.6.1. The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Board, with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation also to comply with all applicable laws, ordinances and regulations.

15.6.2. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be in violation of this Declaration and subject to any or all of the enforcement proceedings set forth herein.

15.7. References to this Declaration in Deeds. Deeds to and instruments affecting any Building Pad or any other part of the Property may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee-Owner or other Person claiming through any instrument and his, her or its heirs, executors, administrators, successors and assigns.

15.8. Gender and Number. Wherever the context of this Declaration so requires, any word used in the masculine, feminine or neuter genders shall include each of the other genders, words in the singular shall include the plural, and words in the plural shall include the singular.

15.9. Captions and Title; Section References; Exhibit. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the meaning or intent thereof. References in this Declaration to numbered Articles, Sections or Subsections, or to a lettered Exhibit, shall be deemed to be references to those paragraphs or Exhibit so numbered or lettered in this Declaration, unless the context otherwise requires. Any Exhibit referred to in this Declaration is hereby incorporated herein by reference and fully made a part hereof.

15.10. Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, the Community Documents or resolution of the Board to be given to any Owner or Occupant then, unless otherwise specified in the Community Documents or in the resolution of the Board, or unless otherwise required by law, such notice requirement shall be deemed satisfied if notice of such action, proposed action or meeting is: (a) sent by United States mail to the last known mailing address of the Owner or Occupant (as applicable), as shown in the records of the Association; (b) sent by electronic means, including text-messaging or electronic mail if the Owners has provided the appropriate address or phone number to the Association; (c) if no address is reflected on the records of the Association, then sent by United States mail to the mailing address of the Building Pad (as applicable) on file with

the Washington County Assessor's Office; or (d) if there is no such mailing address reflected in the records of the Association and there is no then current address on file with the Washington County Assessor's Office, then sent or given in whatever reasonable manner the Board may elect, which may include, without limitation, publishing the same in any newspaper in general circulation within Washington County, Utah. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other reasonable and appropriate manner.

15.11. **Board Member Indemnification.** The Association shall indemnify each and every director and officer of the Association, and each and every member of any committee appointed by the Board (including, for purposes of this Section, former officers and directors of the Association, and former members of committees appointed by the Board) (collectively, "Association Officials" and individually an "Association Official") against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon an Association Official in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Board serving at the time of such settlement) to which he or she may be a party by reason of being or having been an Association Official, unless the liability for such expenses arises out of his, her or its own intentional misconduct. No Association Official shall have any personal liability with respect to any contract or other commitment made by them or action taken by them, in good faith, on behalf of the Association (except indirectly to the extent that such Association Official may also be a Member and therefore subject to Assessments hereunder to fund a liability of the Association), and the Association shall indemnify and forever hold each such Association Official free and harmless from and against any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Association Official may be entitled. If the Board deems it appropriate, in its sole discretion, the Association may advance funds to or for the benefit of any Association Official who may be entitled to indemnification hereunder to enable such Association Official to meet on-going costs and expenses of defending himself or herself in any action or proceeding brought against such Association Official by reason of his, her or its being, or having been, an Association Official. In the event it is ultimately determined that an Association Official to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section or otherwise under the Articles, Bylaws or applicable law, such Association Official shall promptly upon demand repay to the Association the total of such funds advanced by the Association to him or her, or for his, her or its benefit, with interest (should the Board so elect) at a rate as exclusively determined by the Board from the date(s) advanced until paid.

15.12. **Owner Indemnification.** The Association shall indemnify each and every Owner against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon an Owner in connection with any action, suit or other proceeding (including settlement of any suit or proceeding) to which he or she may be a party by reason of the Association, or its agents, failure to procure the insurance required by Article 9 above or the performance of its maintenance responsibilities on any portion of a Building Pad as required by this Declaration, unless the liability for such expenses arises out of his, her or its own intentional misconduct. No Owner shall have any personal liability with respect to any contract or other commitment made by the Board on behalf of the Association to perform its maintenance responsibilities on any Building Pad (except

indirectly to the extent that such Owner may also be a Member and therefore subject to Assessments hereunder to fund a liability of the Association), and the Association shall indemnify and forever hold each such Owner free and harmless from and against any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Owner may be entitled. If the Board deems it appropriate, in its sole discretion, the Association may advance funds to or for the benefit of any Owner who may be entitled to indemnification hereunder to enable such Owner to meet ongoing costs and expenses of defending himself or herself in any action or proceeding brought against such Owner by reason of his, her or its being, or having been, an Owner. In the event it is ultimately determined that an Owner to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section, such Owner shall promptly upon demand repay to the Association the total of such funds advanced by the Association to him or her, or for his, her or its benefit, with interest (should the Board so elect) at a rate as exclusively determined by the Board from the date(s) advanced until paid.

15.13. No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek, any judicial partition of the Common Area, nor shall any Owner sell, convey, transfer, assign, hypothecate or otherwise alienate any funds or other assets of the Association except in connection with the sale, conveyance or hypothecation of such Owner's Residence (and only appurtenant thereto), or except as otherwise expressly permitted herein. This Section 15.13 shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring or disposing of title to real property (other than disposition of title to the Common Area, which shall be subject to Article 4) which may or may not be subject to this Declaration.

15.14. Number of Days. In computing the number of days for purposes of any provision of this Declaration or the Articles or Bylaws, all days shall be counted including Saturdays, Sundays and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or legal holiday.

15.15. Notice of Violation. The Association shall have the right to Record a written notice of a violation by any Owner or Occupant of any restriction or provision of the Community Documents. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (a) the name of the Owner or Occupant; (b) the legal description of the Building Pad against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Owner or Occupant to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Occupant, and to any subsequent purchaser of the Building Pad, that there is such a violation. If, after the Recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Building Pad against which the notice of violation was recorded, the Recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or, if such be the case, that it did not exist. Notwithstanding the

foregoing, failure by the Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

15.16. Disclaimer of Representations. While neither the Declarant nor any Declarant Affiliate believes that any of the restrictive covenants contained in this Declaration is or may be invalid or unenforceable for any reason or to any extent, neither the Declarant nor any Declarant Affiliate makes any warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Building Pad in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Building Pad agrees to hold the Declarant and all Declarant Affiliates harmless therefrom.

15.17. Amendments Affecting Declarant Rights. Notwithstanding any other provision of this Declaration to the contrary, no provision of this Declaration (including but not limited to, this Section 15.17) which grants to or confers upon the Declarant or upon any Declarant Affiliate any rights, privileges, easements, benefits or exemptions (except for rights, privileges, easements, benefits, or exemptions granted to or conferred upon Owners generally) shall be modified, amended or revoked in any way, so long as the Declarant, any Declarant Affiliate or a trustee for the benefit of the Declarant or any Declarant Affiliate owns any portion of the Property, without the express written consent of the Declarant.

15.18. Conflicts. In the event of any conflict or inconsistency between this Declaration and the other Community Documents, priority shall be given to the Community Documents in the following order: this Declaration, Articles, Bylaws, and Association Rules, as each respective document may be amended from time to time.

15.19. Use of Technology. In recognition of the opportunities offered through computers and continuing advancements in the high technology fields, the Association may, as a Common Expense, provide for or offer services, which make use of computers and other technological opportunities. For example, to the extent Utah law permits, and unless otherwise specifically prohibited in the Community Documents, Declarant or the Association may send required notices by electronic means; hold Board or Association meetings and permit attendance and voting by electronic means; send and collect Assessment and other invoices electronically; sponsor a Property cable television channel; create and maintain a Property intranet or Internet home page offering interactive participation opportunities for users; maintain an "online" newsletter or bulletin board; and provide funding for any of the above purposes.

15.20. Authority to Enter into Public or Private Bulk Service Agreements and Contracts. Subject to the disclaimers of representations set forth in Section 2.12 above and elsewhere in this Declaration, the Association may, without obligation, provide Property Services (as such term is defined below) pursuant to the terms and provisions of this Section 15.20. The Board shall have the right, power and authority to determine whether or not such Property Services shall be provided by private or public entities.

15.20.1. The Board, acting on behalf of the Association, shall have the right, power and authority to enter into one or more Bulk Service Agreements with one or more Bulk Providers (each of which terms is defined below), for such term(s), at such rate(s) and

on such other terms and conditions as the Board deems appropriate, all with the primary goals of providing to Owners and Occupants of Building Pads both within the Property, or within one or more portions thereof, certain facilities, services, and/or personnel for the collection and disposal of solid waste and refuse, cable television, Property satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or any concierge or other personal services (collectively, "Property Services"): (a) which might not otherwise be generally available to such Owners and Occupants; (b) at rates or charges lower than might otherwise generally be charged to Owners and Occupants for the same or similar services; (c) otherwise on terms and conditions which the Board believes to be in the interests of Owners and Occupants generally; or (d) any combination of the foregoing.

15.20.2. If all Building Pads within the Property are to be served by a particular Bulk Service Agreement, the Board shall have the option either to: (a) include the Association's costs under such Bulk Service Agreement in the budget for each applicable fiscal year and thereby include such costs in the Annual Assessments for each such applicable year; or (b) separately bill to each Owner his, her or its proportionate share of the Association's costs under such Bulk Service Agreement, as reasonably determined by the Board, and with such frequency as may be determined by the Board, but no more often than monthly. Such "separate billing" may be made as one or more separate line items on billings or invoices from the Association to the affected Owner(s) for Assessments or other charges. If not all Building Pads within the Property will be served by a particular Bulk Service Agreement the Board shall have only the billing option described in clause (b) above.

15.20.3. Declarant, for each Building Pad, hereby covenants and agrees, and each Owner other than the Declarant, by becoming the Owner of a Building Pad, is deemed to covenant and agree, to pay all amounts levied or charged against or to him, her or it (or his, her or its Building Pad) by the Board pursuant to this Section 15.20 and all such amounts: (a) shall be deemed to be a part of the Assessments against the Building Pads (or against or to whose Owners they are levied or charged); (b) with interest, late charges and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent amounts, shall be secured by the lien for Assessments established by this Declaration; and (c) as with other Assessments, shall also be the personal obligation of each Person who was an Owner of the Building Pad at the time such amount became due (which personal obligation for delinquent amounts shall not pass to the successors in title of the Owner unless expressly assumed by them unless title is transferred to one or more such successors for purposes of avoiding payment of such amounts or other Assessments or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title).

15.20.4. No Owner of a Building Pad covered by a Bulk Service Agreement shall be entitled to avoid or withhold payment of amounts charged by the Board to such Owner or such Owner's Building Pad under this Section 15.20, whether on the basis that such Owner does not use, accept or otherwise benefit from the services provided under such Bulk Service Agreement, or otherwise. However, the Board shall have the right, at its

option, to exempt from payment of such amounts any Building Pad upon which no Residence or other Improvement has been completed.

15.20.5. “Bulk Provider” means a private, public or quasi-public utility or other company which provides, or proposes to provide any Property Service to Owners, Occupants, Residences, Building Pads or any Common Area pursuant to a “Bulk Service Agreement” (as defined below).

15.20.6. “Bulk Service Agreement” means an agreement between the Association and a Bulk Provider pursuant to which the Bulk Provider would provide Property Services to Owners, Occupants, Residences, Building Pads or any Common Area.

15.20.7. Prior to Declarant’s transfer of control of the Association pursuant to Section 2.17 above, the Board shall not, without the approval of Members holding at least majority of all Members represented in person or by proxy at an annual or special meeting of the Association, enter into a Bulk Service Agreement which imposes on the Association or the Members any obligation to pay the direct costs of construction of any cables, lines or other facilities or equipment for Property Services, but nothing in this Section shall prevent the Board from entering into, or require approval by the Members of any Bulk Service Agreement which imposes on the Association or the Members installation, connection, service charge or similar charges or fees which do not exceed those generally prevailing at the time within the greater Washington County, Utah, area, or which includes as a component of the monthly fee charged by the Bulk Provider amortization of some or all of its capital costs and related costs in providing services under the Bulk Service Agreement.

*[Signatures on Following Page.]*

IN WITNESS WHEREOF, Declarant has executed this Declaration of Covenants, Conditions, Easements and Restrictions for Black Ridge Cove as of the date first set forth above.

RICHMOND AMERICAN HOMES OF UTAH,  
INC.,  
a Colorado corporation

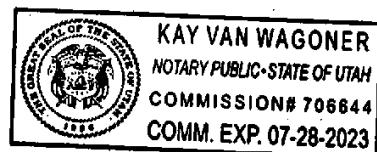
By: Paul J. Peterson  
Name: Paul J. PETERSON  
Title: REGION PRESIDENT

STATE OF UTAH )  
COUNTY OF Salt Lake )

: ss.

The foregoing instrument was acknowledged before me this 21 day of December 2021, by PAUL J. PETERSON as Div. Pres. of Richmond American Homes of Utah, Inc., a Colorado corporation.

My Commission Expires: 07-28-2023

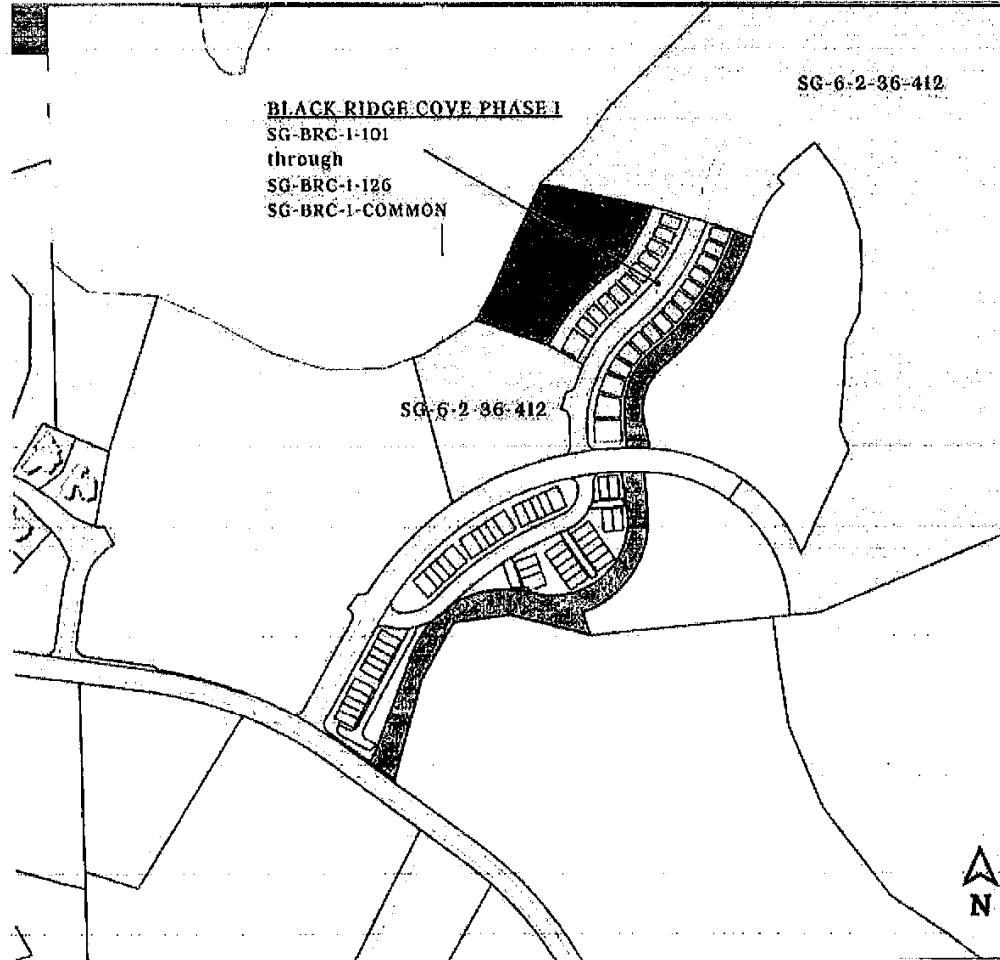


## EXHIBIT A

## Property Legal Description

**Black Ridge Cove Phase 1**

All of **BLACK RIDGE COVE PHASE 1**, according to the official plat filed in the office of the Washington County Recorder on April 29, 2021 as Entry Number 20210041881, including Lots 101 through 126, **Parcel Numbers: SG-BRC-1-101 through SG-BRC-1-126, and SG-BRC-1-COMMON**  
and  
**PARCEL SG-6-2-36-412**



**EXHIBIT B**

Bylaws of Black Ridge Cove Owners Association, Inc.

*[Attached]*

**BYLAWS**

**FOR**

**THE BLACK RIDGE COVE HOMEOWNERS ASSOCIATION, INC.,**  
**a Utah nonprofit corporation**

**BLACK RIDGE COVE  
HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE 1  
GENERAL**

These Bylaws for the Black Ridge Cove Homeowners Association, Inc. (the "Bylaws") shall govern the operation of THE BLACK RIDGE COVE HOMEOWNERS ASSOCIATION, INC., a Utah nonprofit corporation, subject to its Articles of Incorporation. These Bylaws shall operate under the Utah Revised Nonprofit Corporation Act, § 16-6a-101, *et seq.*, Utah Code Ann., as may be amended from time to time ("Nonprofit Act"), and the Community Association Act, § 57-8a-101, *et seq.*, Utah Code Ann., as may be amended from time to time. The words used in these Bylaws shall be given their normal, commonly understood definitions. Unless the context clearly indicates otherwise, capitalized terms shall have the same meaning as set forth in Article 1 of the Declaration of Covenants, Conditions, Easements and Restrictions for Black Ridge Cove, as may be amended, supplemented, or recorded in the official records of Washington County, State of Utah (the "Declaration"). The provisions set forth below are subject to the provisions of the Declaration applicable to the Association, which are incorporated herein by this reference.

**ARTICLE 2  
VOTING RIGHTS, MAJORITY OF QUORUM, QUORUM, PROXIES**

2.1. **Voting Rights.** The Association shall have one class of voting Membership with each Owner of a Building Pad, including Declarant, allotted one vote for each Building Pad owned. In the event there is more than one Owner of a particular Building Pad, the vote relating to such Building Pad shall be exercised by a majority of such Owners as may be determined among themselves. A vote cast at any meeting by any of such Owners shall be conclusively presumed to be the vote attributable to the Building Pad concerned unless an objection is immediately made by another Owner of the same Building Pad. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever until the matter is resolved to the reasonable satisfaction of the Association. In such case, the Association may, but shall not be required to apportion such Building Pad's vote among the Owners thereof.

2.2. **Majority of Quorum.** Unless otherwise expressly provided in these Bylaws or the Declaration, any action which may be taken by the Association may be taken by a majority vote of a quorum of the Members of the Association at any meeting of Members.

2.3. **Quorum.** Except as otherwise provided in these Bylaws, a quorum shall be those members present in person or by proxy.

2.4. **Proxies.** Votes may be cast only in person by a Member or by proxy given by a Member to another Member, except in the case of a purchaser of a Building Pad, in which case the purchaser may vote the proxy of the selling Member as permitted by the Declaration. Proxies must be in writing and filed with the Secretary of the Association at least twenty-four hours before the appointed time of each meeting. Every proxy shall be revocable and shall

automatically cease (i) after completion of the meeting for which the proxy was filed and (ii) upon conveyance by the Member of his or her Building Pad.

### ARTICLE 3 ADMINISTRATION

3.1. Association Responsibilities. The Association shall have the responsibility of administering, maintaining and repairing the Community and otherwise exercising the rights and performing the duties of the Association set forth in the Declaration.

3.2. Place of Meetings of Members. Meetings of the Members shall be held in the Community or at such other suitable place as may be designated by the Board, which shall be as close as practicable in Washington County, Utah, and convenient to the Members.

3.3. Annual Meetings of Members. The first annual meeting of Members shall be held within 30 days after 90% of the sale of all Building Pads in the Community have closed. Thereafter, the annual meetings of the Association shall be held each year on a date and at a time designated by the Board in accordance with a resolution of the Board. At the annual meeting, the Members may transact any business of the Association as may properly come before them including, without limitation, the right to elect a new Board or fill Board vacancies. Each Eligible Mortgagee of a Building Pad in the Community may designate a representative to attend all annual meetings of the Members.

3.4. Special Meetings of Members. Special meetings of the Members may be called at any time by a majority of the Board or upon a petition signed by Members holding at least 20% of the voting power of the Members having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice. Each Eligible Mortgagee of a Building Pad may designate a representative to attend all special meetings of the Members.

3.5. Notice of Meetings of Members. It shall be the duty of the Secretary of the Association to provide a notice of each annual or special meeting of Members, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Member of record and to each Eligible Mortgagee of a Building Pad which has filed a written request for notice with the Secretary. Notice of each meeting shall be issued, at least 10 but not more than 60 days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The notice shall be considered served upon: (i) deposit of said notice, properly addressed and postage prepaid, in a regular depository of the United States mail; (ii) if the Association offers to send notice by electronic mail, sending by electronic mail at the request of the Owner to an electronic mail address designated in writing by the Owner; or (iii) published in a Community newsletter or other similar publication that is circulated to each Owner. If no street or electronic mail address has been furnished to the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place within the Community.

3.6. Waiver of Notice. Whenever any notice is required to be given to any Member, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before

or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Member at any meeting shall also constitute a waiver of notice of such meeting, except where such Member attends a meeting for the express purpose of objecting to the transaction of any business because the Member contends that the meeting is not properly called or convened.

3.7. Adjourned Meetings. If any meeting of Members cannot be held, the Members who are present, either in person or by proxy, may adjourn the meeting and reconvene it at a time not less than five days nor more than 30 days following the time the original meeting was called. Such adjourned meetings may be held without further notice if the date, time, and place the meeting is to be reconvened is announced at the meeting at which such adjournment is taken.

3.8. Order of Business. The order of business at all annual meetings of the Members shall include but not be limited to, (i) the approval of the minutes from the preceding annual meeting, (ii) review of the past year and upcoming year financials, and (iii) elections of directors.

3.9. Action Without Meeting. The Association shall have the right to take any action in the absence of a meeting in any manner permitted by the Nonprofit Act, as the Nonprofit Act may be amended from time to time.

3.10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthful evidence of the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be *prima facie* evidence that such notice was given.

## ARTICLE 4 BOARD OF DIRECTORS

4.1. Number and Qualification. The property, business and affairs of the Association shall be governed and managed by a Board of Directors ("Board"). The Board will be composed of three persons appointed by the Declarant until the rights of the Declarant are relinquished or terminated under Section 2.16 of the Declaration, at which time the Members will elect a new Board composed of at least three persons but no more than seven persons. The Member-elected Board shall be composed of only Owners of Building Pads, an officer, director, or agent of Owners who are not natural persons, or conservators or guardians of incapacitated Owners. The Owners may increase or decrease the number of directors at any annual meeting, provided, that a proportionate number of directors shall expire annually. Directors shall not receive any stated salary for their services as directors; provided, however, that (i) nothing herein contained shall be construed to preclude any director from serving the Association in some other capacity and receiving compensation therefor, and (ii) any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

4.2. Term of Office. When the Declarant's rights are either relinquished or terminated pursuant to Section 2.16 of the Declaration, the Members shall then have authority to elect a new Board at the next special or annual meeting. The terms of the directors shall be staggered so that the terms of one-third of the directors will expire and successors will be elected at each annual meeting of the Association as provided by these Bylaws. Thereafter, at such annual meetings,

successors to the directors whose terms then expire shall be elected to serve terms of three years. Directors shall serve until their successors have been duly elected and qualified unless removed pursuant to Section 4.9. Any director who fails on three successive occasions to attend Board meetings (whether regular or special) shall automatically forfeit his or her seat.

4.3. Election Process. Subject to the rights of Declarant under Section 2.16 of the Declaration, any vacancy occurring on the Board prior to an annual meeting shall be filled by the affirmative vote of the remaining directors until the next annual meeting or, in the event there are no remaining directors, by the affirmative vote of a majority of the votes of the Members at any special meeting of the Members held in accordance with these Bylaws. Elections shall be conducted by secret written ballot unless a majority of the quorum consents to having the election conducted orally. A majority of the quorum of Members shall elect each director. The votes exercised by the Owner or Owners of a Building Pad shall be the number of votes the Owner has under Section 2.1 multiplied by the number of seats to be filled. Said votes may be voted in favor of as many candidates as there are director seats to be filled. Each director shall serve until his or her successor has been duly elected and qualified. In the event a seat becomes vacant, whether by reason of forfeiture or due to another cause, such vacancy shall be filled by an appointment by Declarant, or, if Declarant's right to select directors has been relinquished or terminated, such vacancy shall be filled in accordance with Section 4.4.

4.4. Filling Board Vacancies. Generally, each director shall hold his or her office until his or her successor has been elected and the first meeting involving such successor is held. However, if a vacancy in the Board is caused by death, resignation, removal or judicial adjudication of mental incompetence, the vacancy may be filled by the majority vote of either the remaining directors or a special meeting of the Members held in accordance with these Bylaws. Any director so appointed to fill a vacancy shall serve until the next annual meeting immediately following such director's appointment, at which time an election will be held in accordance with this Article 4 to determine who will serve for the remainder of the unexpired term of the appointed director's predecessor.

4.5. Powers and Duties. The Board has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Declaration, or by these Bylaws directed to be exercised and done exclusively by the Members.

4.6. Special Powers and Duties. Without prejudice to the foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board, subject to and limited by the rights of Declarant under the Declaration, is vested with, and shall be responsible for, the following powers and duties:

4.6.1. To select, appoint, and remove all officers, agents, and employees of the Association, to prescribe such powers and duties for such officers, agents, and employees, as may be consistent with law, the Articles, the Declaration, and these Bylaws, and to set the other terms of their office consistent with the provisions of Article 5 below as the Board shall reasonably determine.

4.6.2. To conduct, manage and control the affairs and business of the Association and to make and enforce Association Rules, all as may be consistent with law, the Articles, the Declaration, and these Bylaws.

4.6.3. To change the principal office for the transaction of the business of the Association from one location to another within the County of Washington; to designate any place within said county for the holding of any annual or special meeting or meetings of Members consistent with the provisions of Article 3 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best.

4.6.4. Subject to the Declaration, to borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate as determined by the Board without a vote of the Members. The Association may secure such loans by pledging any of its properties including future Assessments as collateral and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities.

4.6.5. To incur reasonable expenditures for any of the various Association purposes and to provide, or cause to be provided, adequate reserves for replacements as it shall deem to be necessary or advisable in the interest of the Association or welfare of its Members. At all times until proper expenditure or distribution thereof for the purposes for which they are received occurs, the funds collected by the Board from the Members shall be held in trust for Members.

4.6.6. To contract for and pay maintenance, gardening, utilities, materials and supplies, repair, and services relating to the Common Area, and to employ personnel necessary for the operation of the Association and the Community, including legal and accounting services.

4.6.7. To grant easements over the Common Area where necessary for utilities and sewer facilities to serve the Building Pads.

4.6.8. To exercise all other rights and enforce all other provisions set forth in the Declaration, these Bylaws, or other agreements of the Association.

4.7. Management Agent. The Board, may appoint for the Association a professional management agent at a compensation established by the Board, consistent with general law and the Nonprofit Act.

4.8. Books, Audit. The Board shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles and, if requested by Members holding 20% of the voting rights of the Association, shall obtain an independent certified audit of such books and records but not more often than annually. A copy of any such audit shall be delivered to a Member within 30 days after the completion of such audit upon written request from a Member.

A balance sheet and an operating (income) statement for the Association shall be distributed to each Member (and to any Eligible Mortgagee on a Building Pad in the Community upon written request) within 60 days after the last day of each of the Association's fiscal years ("Accounting Date").

The balance sheet and operating statements shall cover the period ("Accounting Period") between the most recent Accounting Date prior to the issuance of the balance sheet and operating statement and the Accounting Date immediately prior to that Accounting Date. Each balance sheet shall show each item reflected on the balance sheet at the beginning of the Accounting Period and at the end of the Accounting Period. The operating statement for the first Accounting Period shall include a schedule of Assessments received or receivable itemized by Building Pad number and by the name of the persons or entities assessed.

4.9. Removal of Directors. Excepting only directors named in the Articles or selected by Declarant, any director may be removed from the Board with or without cause, by a majority vote of the Members. Subject to the rights of Declarant under the Declaration, at any regular or special meeting of the Members duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If more than one director is to be removed at any one time, each Member may accumulate his or her votes and vote for or against such removal of one or more of the directors in the number of votes equal to his or her share of the voting power as set forth in Section 2.1 multiplied by the number of directors sought to be removed; in such event, no director shall be removed if the number of votes cast against his or her removal exceeds the number of votes cast for his or her removal. If any or all of the directors are so removed, new directors may be elected at the same meeting.

4.10. Organizational Meeting. The first regular organizational meeting of a newly elected Board shall be held within 30 days after election of the Board, at such place as shall be fixed and announced by the directors at the meeting at which such directors were elected, for the purpose of organization, election of officers, and the transaction of other business. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

4.11. Other Regular Meetings. Other regular meetings of the Board may be held at such time and place within the Community as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the directors; provided, however, that such meeting shall be held no less frequently than annually. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone, telegraph, email, fax, or by other direct means at least 72 hours prior to the date named for such meeting. Notice of regular Board meetings shall also be given by e-mail to Members who have requested such notice at least 48 hours before the meeting.

4.12. Special Meetings. Special meetings of the Board may be called by the President (or, if he is absent or refuses to act, by the Vice President) or by any two directors. At least 72 hours notice shall be given to each director, personally or by mail, telephone, telegraph, email, fax, or by other direct means, which notice shall state the time, place and the purpose of the

meeting, and shall be posted at a prominent place or places within the Community. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States mail as provided herein. Notice of special Board meetings shall also be given by e-mail to Members who have requested such notice at least 48 hours before the meeting. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be *prima facie* evidence that due notice of such meeting was given to such director as required by law and as provided herein.

4.13. Waiver of Notice/Form of Meeting. Before or at any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required to Board members and any business may be transacted at such meeting. The transactions of any meeting of the entire Board, however called and noticed or wherever held, shall be valid. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting. Meetings of the Board may be held in person, telephonically or by similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

4.14. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board.

4.15. Action Without Meeting. The directors shall have the right to take any action in the absence of a meeting in any manner permitted by the Nonprofit Act, as the Nonprofit Act may be amended from time to time.

4.16. Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

4.17. Committees. The Board, by resolution, may, from time to time, designate such committees as it shall desire and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members and a chairman. The resolution shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

4.18. Meetings Open to Members. All meetings of the Board shall be open to Members and the Board shall provide each Member a reasonable opportunity to offer comments. The Board may, with the approval of a majority of a quorum of its directors, adjourn the meeting and reconvene in executive session at the exclusion of the Members to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, contract

negotiations, delinquent assessments or fines, and orders of business of a similar nature, or to consult with an attorney for the purpose of obtaining legal advice. The nature of any and all business to be considered in executive session shall first be announced in open session.

## ARTICLE 5 OFFICERS

5.1. Designation. At the option of the Board, the principal officers of the Association shall be a President, Vice President and Secretary, all of whom shall be elected by and from among the Board, subject to the rights of Declarant under the Declaration.

5.2. Election of Officers. Subject to the rights of Declarant under the Declaration, the officers of the Association shall be elected annually by the Board, and each officer shall hold his or her office at the pleasure of the Board until he shall resign or be removed or otherwise disqualified to serve or his or her successor shall be elected and qualified to serve.

5.3. Removal of Officers. Subject to the rights of Declarant under the Declaration and upon an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

5.4. Compensation. No officers shall receive compensation for any services they may render to the Association as an officer; provided, however, that the officers may be reimbursed for expenses incurred in performance of their duties as an officer to the extent such expenses are approved in advance by the Board.

5.5. President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and the Board. He or she shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power, subject to the powers of the directors under Article 4, to appoint committees from among the Members from time to time as he may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board, have general supervision, direction, and control of the business of the Association. The President shall be an ex officio Member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board or these Bylaws of the Association.

5.6. Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent, disabled, refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other Member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board or these Bylaws of the Association.

5.7. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board required by these Bylaws or by law to be given, however, no notice, if otherwise timely and proper will not be deemed invalid merely because it was not given personally by the Secretary. The Secretary shall maintain a book of record Owners, listing the names and addresses of the Members as furnished the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Building Pad is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board.

5.8. Accounts. The Secretary shall also have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Secretary shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. The Secretary shall cosign all checks and promissory notes, on behalf of the Association. The Secretary shall disburse the funds of the Association as may be ordered by the Board, in accordance with the Declaration, shall render to the President and directors, upon request, an account of all of his or her transactions and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or by these Bylaws.

5.9. Statements of Unpaid Assessments. The Secretary, or any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid Assessments ("Statements"). Pursuant to § 57-8a-206(1)(a) of the Community Association Act, a Statement shall be issued with respect to a Building Pad upon the written request of the Owner thereof. The Association may charge a reasonable fee for preparing Statements. The amount of this fee and the time of payment shall be established by resolution of the Board, but shall not exceed \$10 in accordance with § 57-8a-206(1)(a)(ii) of the Community Association Act. Also in accordance with § 57-8a-206(1)(b) of the Community Association Act, the Statement is binding upon the Association and other Owners in favor of any person who relies in good faith on the Statement. Unless the Board complies with a request for a Statement from an Owner within ten (10) days of its receipt of the same, any unpaid Assessment that became due prior to the date of the Owner's request was made is subordinate to a lien held by the person requesting the Statement pursuant to § 57-8a-206(l)(b).

## ARTICLE 6 OBLIGATIONS OF MEMBERS

6.1. Notice of Assessments. The Board shall give notice of the Annual Assessment to each Owner at least 10 days prior to the beginning of each fiscal year, but the failure to give prior notice shall not affect the validity of the Annual Assessment established by the Board nor relieve

any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that fiscal year are, or will become, inadequate to meet all Community Expenses for any reason, including, without limitation, nonpayment of Assessments by Members, it may increase the Annual Assessment for that fiscal year and the revised Annual Assessment shall commence on the date designated by the Board.

**6.2. Special Assessments.** The Association may levy against each Building Pad, in any fiscal year, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Improvements upon the Common Area, including fixtures and personal property related thereto, exterior elements of the Residences, and landscaped areas, concrete improvements, fences, covered porches and courtyards (but only during any applicable warranty periods) and driveways located on a Building Pad; provided, however, that any Special Assessment shall have the assent of two-thirds of the votes entitled to be cast by the Members who are voting in person or by proxy at a meeting duly called for such purpose, if the cost of such new improvements would exceed five percent (5%) of that budget for the fiscal year.

**6.3. Enforcement of Assessments.** If an Owner fails or refuses to pay an Assessment when due, the Board shall give written notice to the Owner informing him of the amount of the Assessment due, including any interest or late payment fee, notifying him that pursuant to applicable law, the utility services paid as a Community Expense and the right of access and use of the Recreational Facilities will be terminated if payment of the Assessment is not received within 72 hours. The notice must also inform him that he has the right to request an informal hearing by submitting a written request to the Board within 14 days after the date on which the owner receives the notice. If a hearing is requested, utility services and use of Recreational Facilities may not be terminated until after the hearing is conducted and a final decision has been entered. After notice, if the Owner of a Building Pad does not request a hearing within 14 days and fails to pay his or her Assessment, that amount constitutes a lien which the Board may record. The Board may enforce the lien by sale or foreclosure of the Owner's interest in his or her Building Pad.

**6.4. Fine for Violation of Community Documents.** The Board may adopt resolutions providing for fines or other monetary penalties for the infraction of the Community Documents. Fines will be levied after notice thereof and an opportunity to be heard. The Board may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each violation of the Community Documents, including those violations which persist after notice and an opportunity for a hearing is given. Before assessing a fine the Board shall (a) notify the Owner or Occupant of the violation and the applicable rule; and (b) inform the Owner or Occupant that a fine will be imposed if the violation is repeated within one year, or if a continuing violation, if not remedied within a specified time period, which shall be at least 48 hours. The Board may assess additional fines without further warning if an owner violates the same rule within one year from the date of the previous fine or allows a violation to continue for ten days or longer after the date of the previous fine. Unpaid fines may be collected as an unpaid Assessment and shall be secured by the Assessment Lien. A fine assessed under this Section shall: (i) be made only for a violation of a rule, covenant, condition, or restriction that is specifically listed in the Community Documents; (ii) be in the amount specifically provided for in the Community Documents for that specific type of violation or in an amount commensurate with the nature of the violation; and (iii)

accrue interest and late fees as provided in the Declaration for the payment of delinquent Assessments. An Owner or Occupant who is assessed a fine under this Section may request an informal hearing to protest or dispute the fine within 30 calendar days from the date the fine is assessed. Such hearing shall be conducted in accordance with the standards adopted by the Board and no interest or late fees may accrue until after the hearing has been conducted and a final decision has been rendered.

#### **6.5. Maintenance, Repair and Replacement.**

6.5.1. Every Member must perform promptly, at his or her sole cost and expense, all maintenance, repair and replacement work on the interior elements of his or her Residence, as further described and required in the Declaration. The Association shall perform all maintenance, repair and replacement work on the Common Area, the exterior elements of the Residences, and all landscaped and improved areas of the Building Pads, as further described and required in the Declaration.

6.5.2. As further provided in the Declaration, each Member shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area owned by the Association which are damaged through the fault of such Member. Such expenditures shall include all court costs and reasonable attorneys' fees incurred in enforcing any provision of these Bylaws or the Declaration.

### **ARTICLE 7 AMENDMENTS TO BYLAWS**

For purposes of amendment, these Bylaws are deemed part of the Declaration because they are recorded as an exhibit thereto. Accordingly, these Bylaws may be amended unilaterally by the Declarant in the same manner described in Section 12.3 of the Declaration for amending the Declaration, or by the Association in a duly constituted meeting of the Members for such purpose. No amendment by the Association to these Bylaws shall take effect unless approved by at least a majority of a quorum of Members present, in person or by proxy, at a duly constituted regular or special meeting of the Members. The prior written approval of each Eligible Mortgagee on a Building Pad in the Community must be secured before any material amendment to these Bylaws may take effect, which may adversely affect any Mortgagee's rights or security interests, and this sentence may not be amended without such prior written approval of a majority of such Eligible Mortgagees.

### **ARTICLE 8 CONFLICTING PROVISIONS**

In the event any provision within these Bylaws shall conflict with Utah law, such conflicting provision of the Bylaws shall be null and void, but all other provisions in these Bylaws shall remain in full force and effect to the extent permitted by law. In the event there is any inconsistency or conflict between these Bylaws and the other Community Documents, priority shall be given to the Community Documents in the following order: the Declaration, Articles, Bylaws, and Association Rules, as each respective document may be amended from time to time.

## **ARTICLE 9** **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Pursuant to Section 14.11 of the Declaration, the Board shall authorize the Association to indemnify Association Officials against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon an Association Official in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Board serving at the time of such settlement) to which he or she may be a party by reason of being or having been an Association Official, unless the liability for such expenses arises out of his or her own intentional misconduct. No Association Official shall have any personal liability with respect to any contract or other commitment made by them or action taken by them, in good faith, on behalf of the Association (except indirectly to the extent that such Association Official may also be a Member and therefore subject to Assessments hereunder to fund a liability of the Association), and the Association shall indemnify and forever hold each such Association Official free and harmless from and against any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Association Official may be entitled. If the Board deems it appropriate, in its sole discretion, the Association may advance funds to or for the benefit of any Association Official who may be entitled to indemnification hereunder to enable such Association Official to meet on-going costs and expenses of defending himself or herself in any action or proceeding brought against such Association Official by reason of his or her being, or having been, an Association Official. In the event it is ultimately determined that an Association Official to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section or otherwise under the Articles or applicable law, such Association Official shall promptly upon demand repay to the Association the total of such funds advanced by the Association to him or her, or for his or her benefit, with interest (should the Board so elect) at a rate as exclusively determined by the Board from the date(s) advanced until paid. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section shall apply to the estate, executor, administrator, heirs, legatees, or devisees of an Association Official.

## **ARTICLE 10** **MISCELLANEOUS**

10.1. Execution of Documents. The Board, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent, committee member, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

10.2. Inspection of Records. The Association shall keep in its office for the transaction of business the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the Secretary, as well as other records of the Association as required by the Community Act or Nonprofit Act, which shall be open to inspection by the Owners and all

Eligible Mortgagees in accordance with the Community Act and Nonprofit Act. The Board may require payment of the cost of reproducing copies of documents requested by a Member.

10.3. Fiscal Year. The fiscal year of the Association shall be determined by the Board and, having been so determined, is subject to change from time to time as the Board shall determine.

10.4. Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Proper termination or transfer of ownership of any Building Pad by an Owner shall be recorded in the book, together with the date on which such ownership was transferred.

10.5. Use of Technology. In recognition of the opportunities offered through computers and continuing advancements in technology, the Association may, as a Community Expense, provide for or offer services, which make use of computers and other technological opportunities. For example, to the extent Utah law permits, and unless otherwise specifically prohibited in these Bylaws, the Association may send required notices by electronic means, hold Board or Association meetings and permit attendance and voting by electronic means, and send and collect Assessments and other invoices electronically.

## **ARTICLE 11 ENFORCEMENT**

In the event of a violation of the Declaration, these Bylaws, the Association Rules, the Board may enforce the Declaration, these Bylaws, the Association in any manner prescribed by law and shall have all rights and remedies available at law and in equity.

## **ARTICLE 12 MEMBERSHIP IN ASSOCIATION**

Membership in the Association, and transfers thereof, shall be limited and determined as provided in the Declaration and the Articles. There shall be as many Members as there are Owners of Building Pads in the Community.

*(Secretary's Certification Follows)*

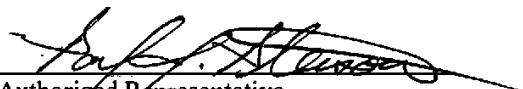
CERTIFICATION

I, the undersigned, do hereby certify:

That I am an authorized representative acting in behalf of the Declarant;

That the foregoing Bylaws constitute Bylaws of the Black Ridge Cove Homeowners Association, Inc., as adopted on the 21<sup>st</sup> day of December, 2021.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21<sup>st</sup> day of December, 2021, which are certified to be the Bylaws of BLACK RIDGE COVE HOMEOWNERS ASSOCIATION, INC., dated December 21<sup>st</sup>, 2021.



Authorized Representative