

Amended Restrictive Covenants Page 1 of 40
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05/07/2025 08:14:12 AM Fee \$428.00 By SNOW
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STATE OF UTAH Cross-Reference to Original Declaration at Document No. 20060007014

COUNTY OF WASHINGTON

**AMENDMENT AND RESTATEMENT OF THE MASTER DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE LEDGES OF ST. GEORGE**

This AMENDMENT is made this 6th day of May, 2025, by VALDERRA LAND HOLDINGS, LLC, a Utah limited liability company (hereafter the “Declarant”). The AMENDMENT wholly supersedes the original Master Declaration of Covenants, Conditions, and Restrictions of The Ledges of St. George recorded on March 8, 2006 as Document Number 20060007014 (hereafter “Original Master Declaration”) and the amendments recorded on March 26, 2015, April 28, 2015, November 21, 2018, and June 12, 2024 as Document Numbers 20150009865, 20150014097, 20180046527, and 20240018542 respectively.

RECITALS

Whereas, The Ledges of St. George Master Owners Association (the “*Association*”) needs to update the Original Master Declaration after the Utah Legislature amended the Community Association Act;

Whereas, the Association has made four amendments to the Original Master Declaration and desires to make other amendments, such that a full restatement is necessary;

NOW THEREFORE, consistent with Declarant’s powers including, without limitation, those enumerated in the Original Master Declaration, the Declarant makes the following Amendment to the Original Master Declaration:

**AMENDED AND RESTATED
MASTER DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS OF
THE LEDGES OF ST. GEORGE**

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR THE LEDGES OF ST. GEORGE**

DECLARATION

Declarant declares that all of the Property described below, and any other property that may hereafter be subjected to this Amended and Restated Declaration, shall be held, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, assessments, charges and liens, and to the Plat. This Declaration and the Plat shall be construed as covenants of equitable servitude; shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns; and shall inure to the benefit of each Owner thereof.

The Property is located in Washington County, Utah, and is described in **Exhibit A**, which is attached hereto and incorporated herein by this reference.

**ARTICLE 1
DEFINITIONS AND CONCEPTS**

The following definitions and concepts shall control in this Declaration:

1.1 “Approved Builder” is any person or entity that has approval to perform work within the Property or any portion thereof, including a Lot or Unit whether owned by one Member or a group of Members.

1.2 “Articles” means and refers to the Articles of Incorporation of The Ledges of St. George Master Owners Association. The purpose of the Articles is to establish the Association as a non-profit corporation under Utah law.

1.3 “Association” means The Ledges of St. George Master Owners Association, a Utah non-profit corporation, its successors, and assigns. During any period in which the Association is not incorporated or otherwise has a change of corporate status, the Governing Documents shall nevertheless continue to be effective as the Governing Documents of the Association, and the Association and Board shall have all rights, power, and authority granted therein, including all rights as an unincorporated association under the applicable rules of civil procedure. In the case of non-incorporation, the Board is authorized, to the extent it deems necessary, to re-incorporate under the same or similar name, and such corporation shall be deemed the successor to the Association.

1.4 “Board” means the governing body of the Association.

1.5 “Bylaws” means and refers to the Bylaws of The Ledges of St. George Master Owners Association, as may be amended from time to time. The Bylaws govern the Association’s internal affairs, such as (for purposes of example but not limitation) voting, elections, and meetings.

1.6 “Common Area” means and refers to all real property, including the improvements thereto and facilities thereon, which the Association owns, leases, or otherwise holds possessory or use rights in, at any given time, for the common use and enjoyment of the Owners.

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

1.8. “Community-Wide Standard” means the standard of conduct, maintenance, architectural style, or other activity generally prevailing throughout the Property, or minimum standards established pursuant to the Governing Documents. The Community-Wide Standard may include both objective and subjective elements and may evolve as development progresses or as the needs of the Property may change.

1.9. “Declarant” means the person or entity that executes this Declaration and submits it for recording in the Washington County Recorder’s Office, including that person or entity’s successors and assigns, including partial or limited assigns.

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

1.11. “Declaration” means this instrument and any amendments, restatements, supplements, or annexations thereto, which are recorded in the office of the Washington County Recorder.

1.12. “Directors” are members of the Board.

1.13. “Dwelling” means any building, or part thereof, situated upon a Lot and intended for use and occupancy as a residence.

1.14. “Entire Membership” means all Members, regardless of class of membership. When a vote of the Entire Membership is referenced it means all potential votes for both Class A and Class B Members; provided however, that during the five-year period stated in Section 4.2, the term Entire Membership shall exclude the Class B member when it relates to or calls for an assessment or charge to the Entire Membership.

1.15. “Golf Course” or “Golf Course Land” means and refers to any golf course adjacent to or within the Property, as designated on a Plat.

1.16. “Governing Documents” means, collectively, this Declaration, the Articles, the Bylaws, and any amendments or supplements thereto, and includes any rules and regulations established pursuant to the Declaration, Articles, or Bylaws.

1.17. “Limited Common Area” means and refers to a portion of the Common Area that has been designated for the primary or exclusive use of a particular Owner or Owners, or for Owners and occupants within a particular Neighborhood or Neighborhoods.

1.18. “Lot” means a separately numbered and individually described plot of land shown on the Plat designated as a Lot for private ownership, but specifically excludes the Common Area and Limited Common Area, if any.

1.19. “Member” means every person or entity with membership in the Association. The term “Member” is synonymous with the term “Owner.”

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

1.21. "Mortgagee" shall mean and refer to a lender holding a first Mortgage or deed of trust.

1.22. "Neighborhood" means and refers to each separately developed and denominated residential area as more specifically defined by the Declarant. A Neighborhood may be comprised of one or more housing types subject to this Declaration, whether or not governed by an additional owners association, in which owners may have common interests other than those common to all Association Members, such as a common theme, architectural design, entry feature, development name, and/or common areas and facilities which are not available for use by all Association Members. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the Bylaws) or Neighborhood Association (as defined below) having jurisdiction over the property within the Neighborhood.

1.23. "Neighborhood Assessment" shall mean assessments levied against Units in a particular Neighborhood(s) to fund Neighborhood Expenses.

1.24. "Neighborhood Expense" means any expenses, whether actual or estimated, which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood, which expenses are common to and benefit the Owners in the Neighborhood, but not all Owners within the Property.

1.25. "Neighborhood Association" or "Sub-Association" means and refers to any association or other owners association, if any, having jurisdiction over any Neighborhood concurrent with, but subject and subservient to the jurisdiction of the Association. Nothing in this Declaration shall require the creation of any Neighborhood Association.

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

1.27. "Parcel" means any division of land subject to this Declaration which is not yet platted or subdivided into Lots, but which is subject to further subdivision into Lots, development, and/or resale.

1.28. "Plat" or "Map" means a recorded subdivision plat, survey, or plan that describes the Property or any replacements thereof, or supplements, alterations, amendments, or additions thereto.

1.29. "Property" means that certain real property hereinbefore described, and such annexations and additions thereto as may hereafter be subjected to this Declaration.

1.30. "Unit" means a Lot combined with any Dwelling on the Lot. In the case of a Parcel of vacant land or land on which improvements are under construction, the Parcel shall be deemed to be a single Unit until such time as a recorded plat subdivides all or a portion of the Parcel. Thereafter, the portion encompassed on such plat shall contain the number of Units set forth on

such plat. Any portion not encompassed on such plat shall continue to be treated in accordance with this section.

1.31. "Voting Member" means the representative selected by the Class A Members within each Neighborhood pursuant to Section 3.4.

ARTICLE 2 PROPERTY RIGHTS

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

2.2. Activities within Dwellings. Each Unit is owned by the Owner subject to the covenants, conditions, restrictions, and easements in this Declaration and other provisions of the Governing Documents. No rule may interfere with the activities carried on within the confines of the Dwelling, to the extent that the activity is in compliance with local laws and ordinances, except that the Association may prohibit activities not normally associated with a project restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or the other Owners, that create a danger to the health or safety of occupants of other Dwellings, that generate excessive noise or traffic, that create unsightly conditions visible from outside the dwelling, or that create an unreasonable source of annoyance, all as may be determined in the sole and absolute discretion of the Board or any committee designated by the Board or this Declaration to make such determinations, in their sole discretion.

2.3. Common Area.

(a) *Ownership; Conveyance.* Prior to the expiration of the Declarant Control Period, the Declarant will convey fee simple title to the Common Area and Limited Common Area, if any, to the Association, free and clear of all encumbrances and liens, but subject to this Declaration, and easements and rights-of-way of record; *provided, however*, that, during the Declarant Control Period, Declarant may, in its discretion, convey, transfer, sell, assign, or otherwise dedicate all or part of any Common Area to the City of St. George or such other governmental entity or any third party as it deems necessary and appropriate. The Association shall accept the deed of conveyance of the Common Area upon Declarant's presentment of the same.

(b) *Board Authority.* The Board shall have the authority to maintain and insure the Common Area as set forth herein and in compliance with law. The Board shall have the right to establish rules and regulations to govern use of the Common Area, including, by way of example but not limitation, hours of use and standards of conduct. The Members shall at all times obey such regulations and use their best efforts to see that they are

faithfully observed by the persons with whom they reside, their lessees, invitees and others over whom they may exercise control or supervision. The Board shall have the power in its discretion from time to time to grant revocable licenses in the Common Area owned in fee simple by the Association to Owners or to non-Owner individuals or entities and to charge a fee for such license.

(c) *Declarant's Right of Use.* As part of the overall program of development of the Property into a residential community and to encourage the marketing thereof, the Declarant shall have the right of use of the Common Area and facilities thereon, including any community buildings, without charge during the sales and construction period to aid in its marketing activities.

2.4. Limited Common Area.

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

(b) *Costs for Maintenance.* All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be, where the Limited Common Area benefits or is reserved for the exclusive use of a particular Owner or Owners, a Specific Assessment to such Owner(s), or where the Limited Common Area benefits or is reserved for the exclusive use of a particular Neighborhood or Neighborhood(s), a Neighborhood Expense allocated among the Owners in such Neighborhood(s) to which the Limited Common Area is designated.

(c) *Board Authority.* The Board may adopt rules and regulations concerning use of the Limited Common Area. The Members shall at all times obey such regulations and use their best efforts to see that they are faithfully observed by the persons with whom they reside, their lessees, invitees and others over whom they may exercise control or supervision. Limited Common Area is subject to the rights of the Association as set forth in this Declaration, including the right of maintenance and repair.

2.5. Delegation of Use. An Owner or one having a right of use of facilities may delegate any right of enjoyment to the Common Area and facilities to family members or tenants who reside in that Owner's Dwelling, subject to any rules and regulations established by the Board, including but not limited to the Board's right to require, as it determines necessary, an Owner to forfeit his or her right of use for so long as the Owner has delegated such right to his or her tenant.

2.6. Declarant's Rights to Develop. No rule or action by the Association shall impede Declarant's right to develop the Property. This Declaration shall be liberally construed to advance Declarant's rights and interests in developing the Property. During the Declarant Control Period,

the Association's Board is made up of Directors appointed by the Declarant. At the conclusion of the Declarant Control Period, new Directors shall be elected in accordance with the Bylaws.

2.7. Construction, Business, Marketing, and Sales. Notwithstanding any provisions to the contrary in this Declaration, it shall be expressly permissible for Declarant to maintain such facilities and conduct such activities as in the sole opinion of Declarant may be reasonably required, convenient, or incidental to the construction and sale of Dwellings during the period of construction and sale of said Dwellings and upon such portion of the premises as Declarant deems necessary, including but not limited to a business office, storage areas, construction yard, signs, model units and sales offices. As part of the overall program of development of the Property into a residential community and to encourage the marketing thereof, the Declarant shall have the right of use of the Common Area and facilities thereon, including any community buildings, without charge during the sales and construction period to aid in its marketing activities.

2.8. Exclusive Rights to Use Name of Development. No person shall use the name "The Ledges of St. George" or any derivative of such name or the corresponding logo in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "The Ledges of St. George" or "The Ledges" in printed or promotional material where such term is used solely to specify that particular property is located within the Property. The Association shall be entitled to use the words "The Ledges of St. George" in its name.

ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner is a Member of the Association. Membership in the Association is appurtenant to and may not be separated from Unit ownership. Membership in the Association automatically transfers upon transfer of title by the record Owner to another person or entity. Membership rights under the Governing Documents are not assignable in whole or in part, and rights under the Governing Documents may be asserted only by a Member or a Member's attorney on behalf of the Member. Without limiting the effect of the foregoing, no Member may file a lawsuit or assert rights under the Governing Documents under any name or capacity other than the name or capacity in which the Member owns a Unit within the Property. Any lawsuit that is filed in violation of this Section 3.1 shall be dismissed, and the Association will have a direct right of action against any Member who participated in or acquiesced in the violation, for all attorney's fees and costs incurred in the lawsuit. Notwithstanding the foregoing, if a Member or group of Members brings an action in the name of an LLC or other entity, the Association has a direct right of action against those Members individually for attorney's fees and costs.

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

(a) *Class "A."* Class A Members are all Members with the exception of the Declarant, until Declarant's membership converts to Class A membership as provided for herein. Class A Members are entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, the group of such persons shall be a Member. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit. A vote cast at any Association meeting by any of such co-Owners, whether in person or by proxy, is conclusively presumed to be the vote attributable to the Unit concerned unless written objection is made

prior to that meeting, or verbal objection is made at that meeting, by another co-Owner of the same Unit. In the event an objection is made, the vote involved shall not be counted for any purpose except to determine whether a quorum exists.

(b) *Class "B."* The Class B Member is the Declarant. The Class B member is entitled to five (5) votes for each Unit that is owned by any person or entity; *provided however*, that Declarant's Class B membership status is not dependent or contingent upon Declarant's ownership of any Unit within the Property. Rather, Declarant's Class B membership will cease only upon Declarant's express surrender of Class B membership status, which surrender must be in a written instrument signed by Declarant and recorded in the office of the Washington County Recorder, which instrument shall specify the date of surrender of Class B membership. If the instrument specifies no date, the surrender date shall be the date of recording of the instrument. Declarant has the sole and absolute discretion to determine the date of its surrender. Declarant does not need to own any property within the Property in order to retain Class B membership status. If the Declarant surrenders its Class B membership status while owning Units within the Property, Declarant's membership status in such Units shall be converted to Class A.

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

3.4. Neighborhoods: Voting Members.

(a) Each Neighborhood shall elect a Voting Member who shall be responsible for casting all votes attributable to Units owned by Class A Members in the Neighborhood on all Association matters that the Board, by resolution, determines should be voted on by such Voting Members in lieu of class A Members. In addition, each Neighborhood shall elect an alternate Voting Member who shall be responsible for casting such votes in the absence of the Voting Member.

(b) The first election of a Voting Member and alternate Voting Member from each Neighborhood shall occur within one year after the sale of the first Unit in the Neighborhood to a bona fide purchaser. Thereafter, the Board shall call for an election of Voting Members and alternates on an annual basis. The procedure for electing Voting Members shall follow the procedure for election of Directors as set forth in the Bylaws, or as the Board otherwise determines by resolution.

(c) For any Neighborhood election, each Class A Member shall be entitled to one equal vote for each Unit which such Owner owns in the Neighborhood. The candidate who receives the greatest number of votes shall be elected as the Voting Member and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Member. The Voting Member and the alternate Voting Member shall serve a term of one year and until their successors are elected.

(d) Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class A Members in the Neighborhood that the Voting Member represents.

(e) Until such time as the Board first calls for the election of a Voting Member for any Neighborhood and otherwise designates the matters for which the Voting Members will vote, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents.

ARTICLE 4
ASSOCIATION FINANCES AND RECORDS

4.1. Assessments; authority. The Association is hereby authorized to levy assessments against the Owners as provided for herein. The following are the types of assessments that may be levied by the Association, which are more particularly described below: (1) annual assessments or charges; (2) special assessments; (3) specific assessments; (4) emergency assessments; (5) Neighborhood Assessments; (6) any other amount or assessment levied or charged by the Board pursuant to this Declaration; and (7) interest, costs of collection and reasonable attorney fees, as hereinafter provided.

4.2. Creation of Lien and Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, covenant and agree to pay to the Association all assessments and charges authorized in the Governing Documents, except that, notwithstanding the foregoing, the Declarant is exempt from all assessments and charges for five years, starting from the date the subdivision plat is recorded for each affected Lot. All assessments and charges shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment or amount is charged. Such assessments and other amounts shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment became due. An Owner does not become exempt from liability for assessments and other amounts owed merely because that Owner has not used the Common Area, has abandoned the Owner's unit, or for any other reason. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association, the Board, or Declarant to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making or repairs or improvements, or from any other action it takes.

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

Amended Declaration is recorded with the Washington County Recorder, and any and all future lawsuits or court or administrative proceedings. These legal-action assessments must be approved by a simple majority of the Board.

4.4. Annual Assessments; Budgeting

(a) At least annually, the Board shall prepare and adopt a budget that establishes the amount of annual assessments. Annual assessments for Common Expenses shall be based upon the estimated net cash flow requirements of the Association to cover items including, without limitation, the cost of routine maintenance and operation of the Common Area; expenses of management; premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping, care of grounds, and common lighting within the Common Area; routine renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; Director and officer compensation; expenses and liabilities from a previous assessment period; and the supplementing of the reserve fund for general, routine maintenance, repairs, and replacement of the Common Area on a periodic basis.

(b) The Board shall present any adopted budget at a meeting of the Members.

(c) If the Board fails, for any reason, to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

(d) The Board may revise the budget and adjust the annual assessment from time to time by complying with Section 4.4(b).

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

4.6. Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) To cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing any Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Dwelling, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before the Board, in accordance with the Bylaws, before levying any specific assessment under this subsection.

(c) The Association may also levy a specific assessment against the Units within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in, or the Voting Member representing, the Neighborhood and an opportunity for such Owners or Voting Member to be heard before the Board prior to levying any such assessment.

4.7. Emergency Assessments. Notwithstanding anything contained in this Declaration, the Board, without Member approval, may levy emergency assessments in response to an emergency situation. Prior to the imposition or collection of any assessment due to an emergency situation, the Board shall pass a resolution containing the written findings as to the necessity of such expenditure and why the expenditure was not or could not have been reasonably foreseen or accurately predicted in the budgeting process and the resolution shall be distributed to the Members with the notice of the emergency assessment. If such expenditure was created by an unbudgeted utility maintenance or similar expense or increase, the assessment created thereby shall be discontinued by the Board by a similar resolution, if such expense is subsequently reduced, or to the extent the next succeeding annual budget incorporates said increase into the annual assessment. An emergency situation is one in which the Board finds:

(a) An expenditure, in its discretion, required by an order of a court, to defend the Association in litigation, or to settle litigation;

(b) An expenditure necessary to repair or maintain the Property or any part of it for which the Association is responsible where a threat to personal safety on the Property is discovered;

(c) An expenditure necessary to repair, maintain, or cover actual Association expenses for the Property or any part of it that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget (for example: increases in utility rates, landscape or maintenance contract services, attorney fees incurred in the defense of litigation, etc.); or

(d) Such other situations in which the Board finds that immediate action is necessary and in the best interests of the Association.

4.8. Neighborhood Assessments: Budgeting

(a) The Board shall be responsible for preparing a budget of the estimated Neighborhood Expenses for each Neighborhood in the same manner and on the same schedule as provided for in establishing the budget for annual assessments as set forth in Section 4.4(a).

(b) The Board shall present the adopted Neighborhood budget, including the amount of the Neighborhood Assessment to be levied pursuant to such budget, in a meeting of the Members within the Neighborhood.

(c) Failure of the Board to fix Neighborhood Assessment amounts or rates or to present the budget at a meeting of the Members shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Neighborhood Assessments. In such event, each Owner shall continue to pay Neighborhood Assessments on the same basis as during the last year for which a Neighborhood Assessment was made, if any, until a new Neighborhood Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

(d) If the Board fails, for any reason, to determine the budget for any year, then the Neighborhood budget most recently in effect shall continue in effect until a new Neighborhood budget is determined.

(e) The Board may delegate its responsibility of establishing a Neighborhood budget and the amount of any Neighborhood Assessment to any Neighborhood Association or Neighborhood Committee established pursuant to the Bylaws.

(f) In addition, any Neighborhood, acting either through a Neighborhood Committee elected as provided in the Bylaws or through a Neighborhood Association, if any, may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood, the Association shall provide the requested services, and the cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment.

4.9. Uniform Rate of Assessment; Periodic Assessment. Unless otherwise specifically provided for herein or elsewhere in the Governing Documents, assessments must be fixed at a uniform rate for all Units; provided, however, that no assessments shall accrue against the Declarant for Units owned by Declarant during the five-year period specified in Section 4.2.

4.10. Declarant's Option to Fund Budget Deficits. During the Declarant Control Period, Declarant may but is not obligated to fund any budget deficit of the Association, including, without limitation, funding any initial capital or operational reserve fund. In the event Declarant funds any budget deficit, it shall not establish any obligation by Declarant to continue to fund any future deficits.

4.11. Payment: Due Dates.

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

(b) Assessment due dates shall be established by the Board. The Board may provide for the payment of assessments in equal installments throughout the assessment year on a monthly or quarterly basis.

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

4.12. Effect of Non-Payment of Assessment: Remedies of the Association. Any assessment or installment thereof not paid within thirty (30) days after the due date therefor shall be delinquent and shall bear interest from the due date at the rate of eighteen percent (18%) per annum (or such lesser rate as the Directors shall determine appropriate) until paid. In addition, the Board may assess a late fee for each delinquent installment that shall not exceed ten percent (10%) of the installment.

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

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

(ii) foreclose the lien against the Unit in accordance with the laws of the State of Utah;

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

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

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

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

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

(b) *Attorney's Fees and Costs.* There shall be added to the amount of any delinquent assessment the costs and expenses of any action, sale or foreclosure, and reasonable attorney fees incurred by the Association, together with, where applicable, an account for the reasonable rental for the Dwelling from time to time of commencement of

the foreclosure. The Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental without regard to the value of the other security.

(c) **Power of Sale.** A power of sale is hereby conferred upon the Association which it may exercise. Under the power of sale, the Unit of an Owner may be sold in the manner provided by Utah law. The Association may designate any person or entity qualified by law to serve as trustee for purposes of power of sale foreclosure.

4.13. **Exempt Property.** The following property subject to this Declaration is exempt from the assessments created herein: (a) all property dedicated to and accepted by any local public authority; (b) all Common Area and Limited Common Area; (c) all Units or other real property owned by Declarant or any other person or entity that has a recorded partial assignment of Declarant rights from Declarant in accordance with Section 14.8; (d) all Units or other real property owned by any other Declarant, but this exemption applies only for five years starting from the date the subdivision plat is recorded for each affected Lot; and (e) any other property declared exempt as set forth in this Declaration or within any Plat.

4.14. **Subordination of Lien to Mortgages.** The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage held by an institutional lender if the mortgage was recorded prior to the date the assessment became due. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due prior to such sale or transfer. Notwithstanding any sale or transfer of a Unit, no Owner is relieved from personal liability for assessments coming due after that Owner takes title, or from the lien of such later assessments accruing before such sale or transfer.

4.15. **Association Documents and Records.**

(a) *Member Request for Corporate Records.* Upon written demand and five (5) business days' notice, a Member is entitled to inspect and copy the following records: (i) the Articles; (ii) the Bylaws; (iii) any resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Members or any class or category of Members; (iv) the minutes of all Members' meetings for a period of three years; (v) records of all action taken by Members without a meeting, for a period of three years; (vi) all written communications to Members generally as Members for a period of three years; (vii) a list of the names and business or home addresses of the Association's current Directors; (viii) a copy of the Association's most recent annual report delivered to the Division of Corporations under Utah Code Annotated section 16-6a-1607; (ix) all financial statements prepared for periods ending during the last three years that a Member could have requested under Utah Code Annotated section 16-6a-1606.

(b) *Member Request for Restricted Corporate Records.* Upon written demand and five (5) business days' notice, a Member is entitled to inspect and copy the Association's "other records," as that term is used and interpreted under Utah Code Annotated section 16-6a-1602(2), as amended, only upon a showing that the Member has requested the records in good faith and for a proper purpose. "Other records" under this Section 4.15(b) include reserve account statements for the three years preceding the written demand, Association contracts, tax returns for the three years preceding the written demand, and

Association invoices (excluding attorney invoices). The demand issued in accordance with this section 4.15(b) must describe with reasonable particularity the purpose for the request and the records the Member desires to inspect. The Association may decline to respond to a record request that fails in the Board's determination to state a proper purpose or has no proper purpose, including requests that are vexatious, harassing, unduly burdensome, or not otherwise made in good faith. The requested records must be directly connected with the described purpose. If the Board reasonably believes in its sole determination that the Member will use the requested information for any other purpose or is not brought in good faith or that production of the information may reasonably jeopardize the privacy (financial or otherwise) of other Members, the Association may deny the request, or in the alternative, the Board may insist that the information be provided only after a court of competent jurisdiction has ruled on the matter (whether by stipulation or otherwise) and issued an order limiting the use and dissemination of the information to be produced. By requesting and receiving the records provided under this subpart (b), the Member agrees not to use the records for any unlawful purpose or to vex, harass or intimidate Board members or any Member, and that the information shall not be disseminated to third parties, creditors, or the like. The Member further agrees to indemnify, defend, and hold the Association, its Board members, officers, and its managing agent, and their respective successors, heirs, and assigns, harmless from any claim made or damage sustained by any person or entity arising from, related to, or concerning any inspection, use, or receipt of copies of the Association records provided under this subpart (b). This indemnification shall include attorney's fees and costs incurred by the Association, its Board members and officers and managing agents and their successors, heirs and assigns as it may relate in any way to the records requested and produced. The receiving Owner's written agreement to indemnify, defend and hold harmless as stated above shall be a precondition to delivery of any information requested under this subpart (b). The Association shall have an automatic lien against the Owner's Unit in the amount of the indemnity obligation, which may be collected as an assessment of the Association.

(c) *Costs.* A requesting Member shall pay, as a precondition to delivery of any requested record, all reasonable costs associated with a record request under any subpart of this Section 4.15, including but not limited to, professional fees such as accounting fees and attorney's fees incurred at the Board's sole discretion, bookkeeping fees, office personnel time billed at current rates, and any costs incurred for the management company, and all other reasonable costs.

4.16. Reasonable Payment to Directors. The Board may authorize and fix the compensation of Directors. The Association may pay compensation in a reasonable amount to its Directors or officers for services rendered to the Association.

4.17 Management Contracts. The Association may contract with a third-party servicer of the Board's choosing to provide any management services.

ARTICLE 5
INSURANCE

5.1. Casualty Insurance on Insurable Common Area.

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

(b) In addition to casualty insurance on the Common Area, the Board may elect to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Board deems appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the Units including the structural portions and fixtures thereof. The insurance coverage with respect to the Units shall be written in the name of, and the proceeds thereof shall be payable to the Association as trustee for the Owners. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a Common Expense of the Association to be included in the regular annual assessments as levied by the Association. Insurance premiums may be different depending on the Neighborhood for which the coverage is obtained and therefore assessments for premiums paid by the Association may be assessed non-uniformly among different Neighborhoods as Neighborhood Assessments.

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

(d) All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the State of Utah which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear;

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(iv) contain an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

(vii) provide a waiver of subrogation under the policy against any Owner or household member of an Owner;

(viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(ix) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

(e) In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and manager and the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(iv) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(v) a cross liability provision; and

(vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

5.2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a special assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Owner. In the event that the Association is maintaining blanket casualty and fire insurance on the Units, the Association shall repair or replace the same to the extent of the insurance proceeds available. In the event of damage or destruction by fire or other casualty to any portion of the Property covered by insurance written in the name of the Association, the Directors are empowered to and shall represent the Members in any proceedings, negotiations, settlements or agreements. The Association is appointed attorney-in-fact of each Owner for this purpose; provided however that no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

5.3. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

5.4. Liability Insurance. The Board shall obtain a comprehensive policy of public liability insurance covering all of the Common and Limited Common property for at least \$1,500,000.00 per occurrence for personal or bodily injury and property damage that results from the operation, maintenance or use of the Common Areas. Liability insurance policies obtained by the Association shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners.

5.5. Directors and Officers Liability Insurance; Indemnity. The Board shall obtain a policy to protect Board members, Board officers, and ACC members from any lawsuit or action alleging any misconduct in the performance of their duties. Except in the event of willful misconduct, the Association shall indemnify Board members, Board officers, and ACC members from any lawsuit or action alleging any neglect or misconduct in the performance of their duties.

5.6. Fidelity Insurance. The Board may elect to obtain fidelity coverage against dishonest acts on the part of managers, Directors, officers, employees, volunteers, management

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

5.7. Periodic Review of Policies. The Board may periodically review all insurance policies in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacements of the Property which may be damaged or destroyed. The Board may, to the extent it deems necessary to more fully protect and insure the Association and its property, or to otherwise comply with evolving laws and insurance standards, modify the coverage standards set forth in this Article 5 without the necessity of amending this Declaration.

ARTICLE 6 RULES, BUILDING STANDARDS, AND ARCHITECTURAL CONTROLS

6.1. Architectural Control Committee. The Board may establish the Architectural Control Committee ("ACC"), which is composed of three or more representatives who are appointed by the Declarant during the Declarant Control Period, or after that time, appointed by the Board of Directors. Members of the ACC elect a chair of the ACC. An action of the ACC is valid only if it is provided in writing and signed by the chair of the ACC. The ACC is authorized to perform only those functions that are specified under this Declaration. If the Board does not establish or appoint the ACC, the Board itself will carry out the functions and responsibilities of the ACC. Notwithstanding the above, during the Declarant Control Period, at the Declarant's option, the Declarant shall be entitled to carry out the functions and responsibilities of the ACC or may otherwise appoint or remove all members of the ACC, who each serve at the pleasure of the Declarant. Unless appointed by the Declarant, all members of the ACC shall be Members of the Association. In all events, the Board may, in its sole discretion, modify any decision or action of the ACC.

6.2. Architectural Approval; Unit Improvements. No structure, building, fence, wall, or thing may be placed, erected, or installed upon any Lot or to any Unit, and no improvements or other work (including staking, clearing, excavation, grading and other site work, paving, exterior alterations of existing improvements, or planting or removal of landscaping) may take place within the Property until the plans and specifications showing, without limitation, the nature, kind, shape, height, materials, colors and location of the same have been submitted to and approved in writing by the ACC in accordance with this Article and any rules and regulations adopted by the Board. The ACC may issue an approval under this Section only if the proposed structure, building, fence, wall, or thing is consistent with the Governing Documents and the Community-Wide Standard. Although the ACC will endeavor to detect any nonconformity with the Governing Documents or the Community-Wide Standard, if the ACC fails to identify any nonconforming aspect of an application, that failure shall not be deemed a waiver of the pertinent requirement, and compliance is still required. Only the Board may provide a variance as to any specific regulation, and it is valid only if it is in writing. No ACC approval is valid unless it is in writing and signed by the chair of the ACC. ACC approval is required regardless of whether the structure, building, fence, wall, or thing to be constructed, placed, erected, or installed is new, or an addition, extension or expansion,

change or alteration, or re-construction, replacement, re-erection, or re-installation of any of the foregoing. Notwithstanding anything herein to the contrary or anything in the ACC rules and regulations to the contrary, no plans and specifications of any kind, nature, shape, height, materials, colors, location, etc., shall be approved or shall be deemed approved by the ACC or the Board absent an affirmative written notice of approval by the ACC or the Board. The ACC may, in its discretion, conduct a non-binding preliminary review as a courtesy to the Owner, and the ACC's guidance in connection with the preliminary review is valid only if it is written and signed by an ACC member. No Lot may be disturbed (including but not limited to staking, clearing, excavation, grading, or other site work) unless construction on a home begins within 30 days of the disturbance. An Owner shall finish construction on the Owner's home within one year of the date a building permit is issued. The ACC's written approval under this Section expires one year after it is given, and if no construction has commenced by that time, the owner must apply for ACC approval again.

6.3 Approved Builders at The Ledges. Any work within the Property for which a building permit is required must be performed by an Approved Builder who has a current general contractors license from the State of Utah. No Member may allow any person or entity to perform work on the Member's Lot or Unit in violation of this Section 6.3. A builder is considered an Approved Builder only if the builder has applied to the Board for Approved Builder status, submitted all required information and signed documents, and has received written confirmation from the Board that the builder is approved to perform work within the Property. The Board may maintain a current list of builders who are each considered an Approved Builder. The Board may establish rules and regulations further governing the grant and revocation of Approved Builder status. If the Board revokes a builder's status as an Approved Builder, the builder must immediately cease all further work within the Property, even if the work is ongoing, and the builder shall remove the builder's name from the building permit issued by the city. This Section applies with full force to any Member building his or her own home in the Property, and such Member may be removed from the Approved Builder list for the same reasons that any other builder may be removed from the list. Each Member will ensure that any contract for any construction within the Property will include the following: (1) a provision stating that the builder's removal from the Approved Builder list will constitute grounds for termination for cause under the contract, and that the builder will hold harmless the Member and the Association from all claims related to the removal and the cessation of construction; and (2) a provision providing that the builder will hold harmless, defend, and indemnify the Association from any claim related to any revocation of the builder's Approved Builder status. Any builder who performs work within the Property shall perform the work in strict accordance with the plans that are approved under Section 6.2, and no builder may perform any work that has not been approved in writing in accordance with Section 6.2. Each Member stands as a surety for any violations of this Section by the Member's contractor or builder. If a Lot is conveyed during construction and prior to the issuance of a certificate of occupancy, the new Member shall sign whatever documents that are necessary for approval from the ACC to resume construction, and if the new Member fails to do so, the Association may obtain an injunction to stop the construction. The Approved Builder requirement is intended to ensure that builders who perform work within the Property meet certain minimum standards and that they have agreed to abide by all Association rules and regulations. A person or entity's status as an "Approved Builder" does not constitute a warranty or guarantee by the Association, the ACC, or any Board member or committee member, that construction by the Approved Builder will be free of design or construction defects or any error or negligence whatsoever. The Association and the ACC will not supervise the means and methods of the construction of any Dwellings. The

provisions of Section 6.11 apply to the fullest possible protection of the Declarant, the Association, the ACC, and the Board members and committee members in connection with this Paragraph 6.3.

6.4. Compensation; Third-Party Services. Unless authorized by resolution of the Board, ACC members may not receive any compensation for services rendered. The Association will reimburse ACC members for reasonable expenses incurred by them in connection with the performance of any Committee function or duty. The Association shall pay any professional consultant retained by the ACC that is approved by the Board. The Association may contract with a third-party provider to perform any function that may be exercised by the ACC, including but not limited to plan reviews, interactions with any applicant for approval under Section 6.2, gathering application documents, meetings in the field, and any other action that is related to the process of receiving and reviewing requests for approval under Section 6.2.

6.5. Rules, Regulations, Standards, and Procedures. The Board may adopt, amend, modify, cancel, limit, create exceptions to, and expand the rules and design criteria of the Association. The Members shall at all times obey such regulations and are liable and responsible for their violation by the persons with whom they reside, their lessees, invitees and others over whom they may exercise control or supervision. The ACC may recommend the adoption of regulations related to aesthetic and architectural standards for the Association. It is contemplated that each Neighborhood within the Property may have different architectural styles, standards, and themes. Because it is impossible to cover every contingency and because there are some aspects of architectural design that do not lend themselves to be easily articulated, the Board has broad authority and discretion in establishing regulations, standards, and guidelines and in reviewing and approving plans submitted to the ACC for review. During the Declarant Control Period, the Declarant's consent is required as a precondition for any change to any rules or design criteria of the Association. The Declarant reserves the right, during the Declarant Control Period, to adopt, amend, modify, cancel, limit, create exceptions to, expand, and enforce the Association's rules, design criteria, and other matters identified in this Section 6.5, without complying with the rules and rulemaking procedures stated in Utah Code Annotated section 57-8a-217.

6.6. Fee for Review. An Owner who applies for an approval from the ACC under Section 6.2 shall pay the fee for processing the application, in the amount set by the ACC. If the Association has contracted with a third-party provider under Section 6.4 for services related to processing and reviewing requests for ACC approval under Section 6.2, the Owner shall pay the third-party provider directly for the cost of the review, processing, and management of the Owner's application and associated materials, within 30 days of any invoice issued for those review services. The Association shall have a lien on the Unit of any Owner for any amounts invoiced under this Section 6.6.

6.7. Prohibited Structures. The following structures are prohibited in any part or portion of the Property: dome structures, log homes, pre-manufactured homes; partial pre-manufactured homes; offsite built homes of any kind; re-located homes; and Earth or Berm homes of any type. No structure of a temporary nature, including but not limited to a trailer, bus, basement-only residence, motor home, outhouse, tent, shack, garage, shed, or other outbuilding may be used at any time as a residence either temporarily or permanently, nor may any such structures be erected or placed on the Property at any time. No old or second-hand structures shall be moved onto any of the Lots. The Board may adopt provisions that are more restrictive or comprehensive than this Section.

6.8 Minimum Landscaping and Design Standards for Units. Any portion of a Unit or Lot that is visible from neighboring property, golf course, or Snow Canyon State Park shall be kept neat, clean, and free of weeds and refuse. To the extent not prohibited by law, nothing shall be affixed to the outside of any Dwelling that has not received the prior written approval of the ACC. Each Unit, including front, back, and side yards, shall be fully landscaped and maintained in accordance with the rules and regulations established by the Declarant or the Board, and the landscaping must strictly comply with the landscaping plan that is approved in writing by the ACC. Notwithstanding, the ACC may approve natural land features such as shelf ledges that do not require landscaping elements. Landscaping shall not be modified without prior approval of the ACC. If any unauthorized modification occurs, the Member shall promptly remove the modification within thirty (30) days of notice from the Board. Notwithstanding, a Member may, without seeking prior approval from the ACC, add plants and flowers that are on the Association's approved plant list and approved flower list, which may be amended from time to time. Any modification may not interfere with the view from neighboring property or of other Units adjacent to Golf Course Land. The ACC shall have authority and discretion to make determinations on the issue of view interference. Within thirty (30) days of occupancy, each Owner of a Dwelling shall install permanent draperies or suitable window treatments on all exterior windows. In no event shall windows be covered with paper, aluminum foil, bed sheets, or any other materials or temporary coverings not specifically intended for such purpose. No interior or exterior reflective material shall be used as a window covering. All roof finishes cannot exceed a reflectance of 38%, which may require painting and periodic repainting to maintain the surface reflectivity.

6.9. Enforcement Authority. The Board has the exclusive authority to enforce any rules, regulations, and standards against any Owner or builder, including, but not limited to, the authority to establish and levy fines and penalties, initiate legal proceedings to enforce its rules, regulations, and standards, and abate or enjoin any violation thereof, and take any other action authorized by this Declaration. Notwithstanding the foregoing, the ACC is authorized to notify the Board of any violation of this Declaration or other provisions of the Governing Document.

6.10. Application to Declarant. A Declarant shall not be required to comply with the provisions of this Article in the initial construction of the Property. A Declarant shall fulfill all functions of the ACC under this Declaration until a Declarant expressly surrenders this right by written instrument, or until each Lot in the Property (including all possible expansion area(s)) has a home constructed on it. Additionally, a Declarant may, in its discretion, grant to any builder an expedited ACC review process.

6.11. Non-Liability; Indemnification. Rules, regulations, standards, guidelines, and procedures established by the Board are intended as a mechanism for maintaining and enhancing the overall aesthetics of the property and the particular Neighborhood to which they apply; they do not create any duty to any person or entity. Each Owner shall defend, indemnify, and hold harmless the Declarant, the Board, the ACC, the Association, and any third-party contractor retained by the Association from and against any claim or action based on any alleged responsibility or alleged obligation for ensuring the structural or mechanical integrity or soundness of approved construction or modifications, and for ensuring compliance with building codes and other governmental requirements. The Declarant, Association, and ACC do not guarantee or warrant that all Dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners. Declarant, the ACC, the Association, the Board, any committee, or member of any of the foregoing shall not be

held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition or quality of work of any contractor or its subcontractors, employees or agents, regardless of whether Declarant has approved or featured such contractor as a builder within Property, and regardless of whether the person or entity is an Approved Builder; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Dwelling. An Owner who applies for ACC approval under Section 6.2 agrees to hold harmless, defend, and indemnify the Declarant, the Association, members of the Board and the ACC, and any third-party consultant or agent working on the Association's or ACC's behalf from any claims arising from or related to the denial of any application or the ACC approval process.

ARTICLE 7
PARTY WALLS; RED CLIFFS DESERT RESERVE BOUNDARIES

7.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction upon the Property and placed on the dividing line between the Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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

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

7.4. Arbitration. In the event of any dispute arising concerning a party wall, or under Sections 7.1, 7.2, or 7.3, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator within ten (10) days of their selection, and the decision shall be by a majority of all the arbitrators. Should any party refuse to appoint an arbitrator within ten (10) days after written request to do so, the Directors of the Association shall select an arbitrator for the refusing party.

7.5 Red Cliffs Desert Reserve Boundaries. An Owner whose property has any common boundary with the Red Cliffs Desert Reserve boundaries, as established and defined under the Habitat Conservation Plan adopted by Washington County in or around December 1995, shall build and maintain fencing or barriers along such boundaries that will prevent any entry by a desert tortoise or any other federally protected species. The fencing or barrier required under this Section shall be built and maintained to the satisfaction of any local, state, or federal regulatory body that regulates or protects federally protected species, including but not limited to the U.S. Fish and Wildlife Service. The fencing or barrier required under this Section may be of a temporary nature while a Lot is unimproved, but once a Dwelling is constructed on a Lot, the fencing or barrier must be of a permanent nature. Each Owner whose property is adjacent to the Red Cliffs Desert Reserve

boundaries grants a nonexclusive license to the Association and the Declarant to enter the Owner's property to monitor compliance with this Section, and to build or repair any fencing or barriers to bring the property into compliance with this Section. An Owner shall pay for the cost of any improvement made by the Association on the Owner's behalf under this Section. In addition, the Association can enforce the Declaration as to this Section 7.5 in the same manner that it may be enforced as to other requirements in the Governing Documents, including but not limited to the issuance of fines.

ARTICLE 8 MAINTENANCE

8.1. Owner's Responsibility. Each Owner shall maintain the Owner's Unit and all structures, parking areas and other improvements on the Unit, and any appurtenant Limited Common Areas, in a manner consistent with the Governing Documents, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Association pursuant to any additional or supplemental declaration or the adoption of any rule or regulation applicable to such Unit and/or Neighborhood. The Association shall, however, in the default of the Owner to perform maintenance which is the Owner's responsibility, and after ten (10) days' written notice (which notice shall not be required in the event of emergency or threat to life, health, property or safety), provide exterior maintenance upon each Unit and Lot and the Limited Common Area adjacent and appurtenant thereto. The cost of such maintenance shall be assessed against the Unit.

8.2. Association's Responsibility. The Association shall be responsible for maintenance of the Common Area and the Limited Common Area. The cost of such maintenance shall be a Common Expense. Notwithstanding the foregoing, the Association is not responsible for the maintenance of those parts of the Common Area that are adjacent to any Unit, including but not limited to any roads in any Limited Common Area, and the area of any Unit outside the walls of the Unit which is of the same character as surrounding Common Area or Limited Common Areas.

8.3. Neighborhood Association Responsibility. Any Neighborhood Association having responsibility for maintenance of all or a portion of the property within a particular Neighborhood pursuant to a declaration of covenants affecting the Neighborhood or by delegation of such responsibility by the Board shall perform such maintenance responsibility in a manner consistent with all Governing Documents. If any such Neighborhood Association fails to perform its maintenance responsibility as required herein and or in any supplemental declaration or delegation of such responsibility by the Board, the Association may perform it and assess the costs against all Units within such Neighborhood Association.

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

8.5. Alteration of Certain Maintenance Duties by Rule. The duty of maintenance for the Lot not including the Dwelling, and the Limited Common Areas adjacent and appurtenant to the Units, may be altered by rule of the Association.

ARTICLE 9

AMENITIES

9.1. Golf Course Land. Golf Course Land is not owned or controlled by the Association. The Association is not affiliated with the entity that owns the Golf Course Land.

9.2. Golf Balls, Disturbances, and Nuisances. Each Owner acknowledges and agrees that the Owner's Unit may be located adjacent to or near Golf Course Land and related facilities and that golf-course-related activities, such as regular course play, will be held at the Golf Course. Each Owner acknowledges that the location of his or her Unit may result in nuisances or hazards to persons and property on or around such Unit as a result of Golf Course operations and Golf Course-related activities, including, without limitation, the following: (a) regular Golf Course play insofar as golf balls are not susceptible of being easily controlled and accordingly may enter a Unit Owner's airspace, and strike a Unit Owner, the Unit Owner's guests, the Dwelling itself and its walls, roof, windows, landscaping, and personal property, causing personal injury and property damage; (b) maintenance activities, including but not limited to lawn mowing at early or late evening hours, and the use of fertilizers, chemicals, and pesticides; and (c) overspray from watering.

9.3. Release, Defense, and Indemnification. Each Owner covenants for the Owner and the Owner's successors, assigns, lessee's and guests that Owner shall and hereby does assume all risks associated with the close proximity to the Golf Course Land, including, but not limited to, the risk of property damage, personal injury, or other loss arising from stray golf balls or actions incidental to such golf course-related activities, and Owner releases and agrees to indemnify, defend, and hold harmless the Association, including the Board, the Directors, the Declarant, the owner of such Golf Course, and any officers, members, managers, employees, or agents of the Association, the Declarant, and the owner of such Golf Course from any liability, claims, or expenses, including attorney fees, arising from property damage, personal injury, or other loss related to the Golf Course.

9.4. Non-Exclusive Nature of Article. The covenants, conditions, restrictions, and easements contained in this Article are not intended to be and are not exclusive of any covenants, conditions, restrictions, and easements which may be contained in any applicable Plat of record or any agreement of record.

9.5. Private Amenities. The Association may, at its option, enter into a contract with any private entity to provide amenities to Owners. The private amenity may be within the Property or outside of the Property boundaries. A private entity contracted with under this Section 9.5 (hereafter an "Amenity Partner") may establish certain categories of membership that are available to Owners. Every Owner, by virtue of the Owner's ownership of a Unit within the Property, shall be entitled to an "Amenity Membership," which is the basic category of membership as defined in the Association's agreement with the Amenity Partner. The Ledges Membership entitles the Owner to the rights and privileges to such membership as established in the Association's contract with the Amenity Partner, and each Owner is obligated to pay each Amenity Partner regardless of whether the Owner uses such rights and privileges associated with the membership with the Amenity Partner. An Owner's Amenity Membership with an Amenity Partner automatically transfers upon transfer of title of the Owner's Unit to another person or entity. An Amenity Partner may set the amount of periodic fees and dues for each Owner's membership with the Amenity Partner, and the Association may bill such fees and dues to Owners as an assessment. An individual

Owner may arrange to receive enhanced or upgraded service with an Amenity Partner, but the incremental cost for such enhanced or upgraded service will be billed by the Amenity Partner directly to Owner. The Association shall have the authority to enforce the remedies provided hereunder for non-payment of Amenity Partner costs in the same manner as enforcement of nonpayment of assessments as provided under Article 4 against any Owner who fails or is otherwise delinquent in paying the Amenity Partner fees billed to the Owner, which remedies include terminating or suspending the Owner's right of access to and use of the Amenity Partner's facilities. The remedies afforded to the Association herein shall not prejudice any remedies of the Amenity Partner that is contracted with under this Section 9.5.

ARTICLE 10
USE RESTRICTIONS AND REQUIREMENTS

10.1. General Use Restrictions. Except as otherwise expressly provided for herein, all of the Property that is subject to this Declaration is hereby restricted to residential dwellings and buildings in connection therewith, including but not limited to community buildings on the Common Area, if any, and such other uses that are compatible with Declarant's master plan and not otherwise contrary to applicable law. Notwithstanding, Declarant may add property with additional uses as strictly designated by Declarant, including without limitation, overnight rentals, hotels, and commercial uses.

10.2. Quiet Enjoyment. No noxious or offensive activity may be carried on upon any part of the Property nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Owners, or which devalues the Property as a whole, or which shall in any way interfere with the quiet enjoyment of each of the Owners or which shall in any way increase the rate of insurance, including but not limited to any activity which creates excessive or obtrusive light, noise, odor, or presents or creates an unsightly appearance. Notwithstanding the foregoing, no use approved in this Declaration or by the Declarant shall be considered noxious or offensive for all purposes herein, even though it may increase the rates of insurance or create other burdens on the Association.

10.3. Parking and Non-Street-Legal Vehicles. The Board is empowered to adopt Association rules governing parking within the Property and the use of street-legal and non-street-legal vehicles within the Property on public and private roads.

10.4. Rental Restrictions.

(a) An Owner whose Unit is leased or subleased shall require a written lease or sublease that obligates each tenant and any subtenant to comply with the Governing Documents. Within fifteen days of the execution of any lease or sublease for a Unit, the Owner and any tenant (and any subtenant) shall notify the Board of the lease or sublease and provide a copy of the signed lease or sublease to the Board, together with a phone number and email address for each tenant and/or subtenant.

(b) No Unit may be leased (or subleased) or rented for less than one month. A lease or sublease that has the effect of circumventing this term minimum is prohibited. Notwithstanding, Declarant may develop other communities or Neighborhoods that allow overnight rentals, and these Neighborhoods and communities shall not be subject to any part of Section 10.4.

(c) The Owner, the Owner's tenant, and any subtenant are jointly and severally liable for tenant's or subtenant's violation of the Governing Documents.

(d) Notwithstanding the foregoing subparts of this Section 10.4, the following are exempt from the month-long term restriction provided in 10.4(b) above: (i) an Owner in the military for the period of the Owner's deployment; (ii) a Unit occupied by an Owner's parent, child, or sibling; (iii) a Owner whose employer has relocated the Owner for no less than two years; (iv) a Unit owned by a trust or other entity created for estate planning purposes if the trust or other estate planning entity was created for (A) the estate of a current resident of the Unit; or (B) the parent, child, or sibling of the current resident of the Unit; (v) Neighborhoods or communities the Declarant determines to allow for short-term rentals as the Declarant developing such property determines in its sole and unfettered discretion; (vi) any other person or entity as specifically required by state law.

(e) Notwithstanding the foregoing parts of this Section 10.4, an Owner who has a rental in the Association before these CC&Rs are recorded may continue renting until (i) the Owner occupies the Unit; or (ii) an officer, owner, member, trustee, executor, beneficiary, director, or person holding a similar position of ownership or control of an entity or trust that holds an ownership interest in the Unit, occupies the Unit; or (iii) until such rental agreement expires, whichever is sooner.

(f) The Association may create, by rule or resolution, procedures to determine and track the number of rentals and lots in the Property subject to the provisions described in Sections 10.4(d) and (e). The Association may also create procedures to promote the consistent administration and enforcement of the rental restrictions.

10.5. Timesharing. Except as specifically provided in this Section 10.5, no Owner shall offer or sell any timeshare interest, as that term is defined by Utah Code Annotated section 57-19-2(27), as amended ("Timeshare Interest"), in the Owner's Unit. Notwithstanding, a Declarant may, in Declarant's sole discretion at any time, execute a Supplemental Declaration specifying a Neighborhood or other particularly described area of the Property in which a Unit owner may sell a Timeshare Interest in a Unit or Units (hereafter the "Timeshare Area"). An Owner may sell a Timeshare Interest in any Unit that is located within a Timeshare Area.

10.6. Signs; Commercial Activity. The Board may enact rules governing the use of signs within the Property, subject to the exceptions provided in Utah Code Annotated section 57-8a-218 and 219, as amended.

10.7. Recreational Use of Water Features. Any lakes, ponds, or water features within the Property shall not be used for swimming, wading, boating or recreational use of any kind; however, this prohibition does not apply to any water features built for recreational uses, such as splash pads, swimming pools and slides, and so forth.

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

10.9. External Apparatus and Displays. No Owner shall cause or permit anything (including, without limitation, awnings, canopies or shutters) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the outside of windows or doors, without the prior written consent of the ACC. In addition, no sign, lawn ornament, or display may be maintained, erected, placed, or posted outside of any Dwelling without the prior written consent of the ACC, which consent the ACC may withhold, in its sole discretion.

10.10. Clotheslines. No portion of any Unit, other than within the Dwelling itself, may be used as a drying or hanging area for laundry of any kind.

10.11. Garbage Removal. All rubbish, trash and garbage shall be regularly removed from each Unit and shall not be allowed to accumulate thereon. Garbage shall be placed in proper containers. Garbage containers shall be kept in an area so that such containers are not visible from the Unit front yard area or street, any neighboring Units, or, in the case of Units adjacent to the Golf Course, from the Golf Course.

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

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

10.14. Temporary or Other Structures. No structure of a temporary nature, and no trailer, bus, basement, outhouse, tent, shack, garage, storage, utility, or other outbuilding may be used at any time as a home either temporarily or permanently, nor shall any such structures be erected or placed on the Property at any time, except as may be necessary during the course of construction of a Dwelling. No old or second-hand structures may be moved onto any of said Units. It is the Declarant's intention that all Dwellings and other buildings to be erected within the Property be new construction, of good quality, workmanship, and materials.

10.15. Sight Obstructions: View Impairment. The Board may establish guidelines for the construction of improvements and landscaping so as to maximize views. Notwithstanding the foregoing, the Declarant, Association, and their agents or governing bodies do not represent or guarantee that any views from Units will be preserved without impairment. Further, Golf Course Land is not owned by the Association and is not Common Area, and the Association has no control over the owner of the Golf Course Land's ability to change, alter, add to, or modify the location, configuration, size, and elevation of the trees, bunkers, fairways, and greens from time to time and any and all other Golf Course facilities, components, and/or features. Any such additions or changes may diminish or obstruct any view from Units, and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

10.16. Slope and Drainage Control. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of

flow of drainage channels. The slope control areas of each Unit and all improvements in them shall be maintained continuously by the Owner, except for those improvements for which a public authority or utility company is responsible. Owners are responsible to see that no nuisance or damage is created by drainage location or flow to any adjacent property.

10.17. Lateral and Subjacent Support and Drainage. An Owner's activities which affect the lateral or subjacent support, or both, of other Owners shall be responsible for damages proximately caused by such activities. Owners shall be responsible for all damage proximately caused by drainage from their Lot(s) to adjacent Owners.

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

10.19. Damage Caused by Owners, Guests and Invitees. Damage caused to the Association's Common Area, including but not limited to the Association's personal property, by a Member, or by a person who has been delegated the right to use and enjoy such Common Area by a Member, shall create a debt to the Association. Debts owed to the Association as a result of damage to the Common Area shall be an assessment charged to the Member.

10.20. Pets and Animals. The Board has the right to regulate and restrict, by rule, the keeping and harboring of pets and animals within the Property. This right includes the right to restrict the type, breed, or species of animal, the number of animals which may be kept, the areas in which the animals may be kept or taken, and to completely eliminate the keeping and harboring of pets; provided however, that unless the Board expressly authorizes the keeping of pets and animals by rule, the same shall be prohibited within the Property. The Board may also establish procedural rules and regulations to implement its rules. The Board may establish different rules and regulations to govern different Neighborhoods, and may delegate enforcement responsibility to any special or Neighborhood committee. In the event the Board authorizes the keeping of any pets and animals, Owners must take due care to ensure that their pets do not make excessive noises, cause any offensive smell, or create any physical threat to the safety of any other Owner or person within the Property, or the safety of any guests, lessees, or invitees, particularly among children. Owners are responsible for any property damage, injury, or disturbance that their pet may cause or inflict anywhere within the Property. To the extent the Association is subjected or otherwise exposed to any liability, claims, damages, costs, losses, or expense as a result of the actions of an animal, the Association has the right to make a claim against the Owner. Owners shall defend, indemnify, and hold harmless the Association from any claims, damages, or causes of action that arise from or otherwise relate to the conduct of their pets. This indemnification shall include any attorney's fees, costs, and other expenses incurred by the Association. Notwithstanding the above, commercial breeding of pets and animals is prohibited within the Property. In all events, the Association shall allow reasonable accommodations as required and defined by the federal Fair Housing Act.

10.21 Gates. The Property in the Association will be protected by a main gate as anticipated in the master plan, and this community shall be considered a gated community. The Board may determine if the main gate is to be manned, and all costs of the main gate shall be borne by the Association. In addition, Declarant may create additional neighborhoods or communities that in

Declarant's sole discretion, may require subsequent gates. These neighborhoods and communities may or may not become part of the Property of the Association, solely at the discretion and election of the Declarant who is developing the neighborhood or community. In all events, the neighborhood or community using the subsequent gate shall pay for all costs associated with the operation of the subsequent gate, and these neighborhoods or communities shall have the final say and absolute discretion over the building, design, maintenance, operation, and all other uses of the subsequent gate. The Board shall create all rules of use for the main gate, and the Board's determination shall be final for all uses or purposes, except that in no event may the Board, the Association, or any property owner or Lot or Unit owner do or allow any thing that will interfere with the use and access of any subsequent gate. This provision shall be enforceable in law and in equity, and the property owners having use of any subsequent gate are considered third-party beneficiaries of this Section and shall be entitled to attorneys' fees and costs to enforce this Section. This Section 10.21 may not be amended or modified if the amendment of modification would prejudice the rights of any third-party beneficiary referenced above.

ARTICLE 11 EASEMENTS

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

11.2. Utilities. There is hereby created a blanket easement upon, across, over and under all of the Property for utility purposes. By virtue of this easement, it shall be expressly permissible for all public utilities serving the Property to lay, construct, renew, operate and maintain conduits, cables, pipes, mains, ducts, wires and other necessary equipment on the Property, provided that all such services shall be placed underground, except that said utilities may affix and maintain electrical and/or telephone wires, pipes, circuits and conduits on, above, across and under roofs and exterior walls. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Declarant or the Association shall have the right to grant such easement on said Property without conflicting with the terms hereof. Declarant reserves the right to convey to itself and to other adjoining landowners, easements for roadway and utility use in the Common Area and Limited Common Area, if any, and the right to connect to and use roadways and utilities owned or controlled by the Association or serving the Property. The Declarant reserves the right to execute agreement(s) which may confer on itself or adjacent landowners or Owners associations the right to use Common Area and Limited Common Area, if any.

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

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

11.5. Easement for Use of Common Area. The Declarant, during the Declarant Control Period, and each Owner of the Association is hereby granted a non-exclusive right and easement of use and enjoyment in common with others of the Common Area, except as specifically limited by this Declaration. Each Owner is also hereby granted a non-exclusive easement for ingress and egress over the Common Area to the extent necessary to provide vehicular and pedestrian access to such Owner's Unit.

11.6. Easement for Declarant; Reservation of Easements by Declarant; Adjacent Properties. The Declarant hereby reserves to itself during the Declarant Control Period the right to reserve easements over, beneath, and through the Property, including over the Common Area and Limited Common Area and related facilities, for the purpose of making improvements to and developing the Property or on any additional land submitted under the Declaration, including but not limited to construction, marketing, installation and upkeep of landscaping features, entrance features, project signage, street lights, paths, trails or sidewalks or other facilities or things benefiting the Property. The Declarant reserves to itself during the Declarant Control Period the right to make any dedications and to reserve, grant, vacate, or terminate any easements, rights-of-ways and licenses as may be reasonably required by any governmental authority or to carry out the intent and design of the Declarant's plan for development of the Property, without compensation therefor. The Board is empowered to grant any easement across Association roads in favor of adjacent property owners.

11.7. Private Amenities. Declarant may enter into and burden the Property with a declaration of easements and covenant to share costs owed to Amenity Partners, as that term is defined in Section 9.5, as Declarant deems necessary in its sole discretion.

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

11.9. No Dedication. This Declaration does not dedicate the easements herein declared for the benefit of any person not herein expressly made a beneficiary hereof. Declarant expressly disclaims the creation of any right in or for the benefit of the general public.

ARTICLE 12 EXPANSION

12.1 Expansion Rights. Declarant is vested with and reserves the exclusive right, during the Declarant Control Period, to unilaterally expand the Property to include additional property more particularly described below by unilateral action without the consent of the Owners. The exercise of such expansion right shall be in the sole discretion of Declarant, and only with the written approval of the Declarant. The Declarant does not need to own the expansion property.

12.2 Expansion Property. The expansion property, all or part of which may be included in one or more expansions, is located in Washington County, Utah, and is more particularly described as follows:

All property located in the general vicinity of the Property previously described herein, which is contiguous to or within the vicinity of any phase of the development or which otherwise may be shown on any master plan created by Declarant for the Property, to include but not be limited to property on the west of SR-18 and which can be made accessible through the main gate or second gate.

12.3 Procedure for Expansion. Expansion shall occur by the Declarant filing a Declaration of Annexation or supplemental declaration which shall state the Declarant's intention to have the area described therein subject to this Declaration. Upon the recording of such a Declaration of Annexation the property described therein shall be subject to this Declaration.

12.4 Additional Covenants and Restrictions. The Declaration of Annexation or supplemental declaration may include, in addition to subjecting property to this Declaration and annexing into the Property, covenants, conditions, restrictions, and easements which relate solely to the property or neighborhood being annexed.

12.5 Withdrawal of Property. So long as it has the right to expand the Property, Declarant shall have the right to remove or to withdraw any portion of the Property from the coverage of this Declaration or to create easements or to void easements for any property owned by the Association and subject to the CC&Rs, whether or not the property is improved. Declarant shall have this right unilaterally and without the consent of the Association's membership.

ARTICLE 13 CONDEMNATION; PARTITION

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

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, during the Declarant Control Period, and Members representing at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board. If such improvements are to be repaired or restored, the above provisions in Section 5.3 hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

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

13.2. No Partition. Except as otherwise permitted in this Declaration, the Common Area shall remain undivided and no person or entity shall bring any action for the partition of any portion

of the Common Area without the written consent of all Owners and Mortgagees. This section shall not be construed to prohibit the Board from acquiring and disposing of title to real property which may or may not be subject to this Declaration.

ARTICLE 14
AMENDMENT

14.1. By Class A Members. Except as otherwise specifically provided herein, this Declaration may be amended, modified, extended, or revoked, in whole or in part, only by the affirmative vote or written consent, obtained by written ballot or otherwise, or any combination thereof, of Owners representing at least sixty-seven percent (67%) of the total votes in the Association.

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

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

14.4. Validity. An amendment by the Class A Members during the Declarant Control Period is effective only if the Declarant provides its prior express written consent, which Declarant may deny in its sole and absolute discretion.

14.5. Challenge to an Amendment. Any procedural challenge to an amendment to this Declaration must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

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

14.7. Easement Rights in the Property. There are other properties that are accessed via Silver Cloud Drive that are not a part of the Association. The Association may seek a pro rata

contribution from the owner's association(s) for those non-Association properties for the maintenance costs of the road and operational costs for the main gate at the entrance to the Property. The Association retains the right to prevent access for any failure to pay such contribution. The Association will continue to maintain and operate a gate at the entrance to the Property. The Association may enact rules and regulations related to the usage of the gate, including but not limited to access, security, control, hardware, and access hours by contractors. In addition, the Association may lease the gate building to any third party. The Declarant may, in its sole discretion, and at its sole cost, install a gate farther west on Silver Cloud Drive.

14.8 Partial Assignment of Declarant Rights. Declarant may, if expressly made in writing and recorded with the Washington County Recorder, make a partial assignment of its Declarant rights. Notwithstanding said assignment, and notwithstanding anything in this Declaration to the contrary, neither the Members, the Board, nor any subsequent declarant or partial declarant can in any way alter, modify, amend, revoke or in any other way limit or narrow the authority of Valderra Development, LLC or Valderra Land Holdings, LLC to develop, operate, market, and maintain, or gain access to the property presently titled in Valderra Development, LLC, Valderra Land Holdings, LLC, Valderra Resort, LLC, or GCII Investments, L.C. All such attempts by any successor declarant, partial declarant, Association, Board, or anyone else shall be null and void. The purpose of this Section is to ensure that Declarant and its affiliated entities can fully develop, market, and use their property.

ARTICLE 15 ENFORCEMENT

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

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

15.3. Fines and Penalties. The Board may levy a fine or penalty not to exceed, for each violation, up to Five Hundred Dollars (\$500.00) per day against any Unit or Owner who violates this Declaration or any rule or regulation established pursuant to the authority of this Declaration. The Board may establish time frames and requirements for written notice, hearings, and cure periods for Units or Owners prior to levying such fine or penalty. The Board may, in accordance with Utah Code Annotated section 57-8a-208 as amended, establish timeframes and requirements for written notice, hearings, and cure periods for Owners in violation prior to levying such fine or

penalty. Any fine or penalty levied by the Association shall be treated as an assessment recoverable by the Association under and in accordance with Article 4.

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

15.5. Nonexclusive Remedies. All the remedies set forth in this Declaration are cumulative and not exclusive to any others provided in the Governing Documents or by law.

ARTICLE 16 GENERAL PROVISIONS

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

16.2. Powers of the Association Relating to Neighborhood Associations. The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Governing Documents. The Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor. A Neighborhood Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

16.3. Facilities and Services Open to the Public; Gates. The Board has the exclusive authority to make certain facilities and areas within the Property open for use and enjoyment of the public. Such facilities and areas may include, by way of example, tennis courts, pools, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. The Board has the exclusive authority and control over gates on the Common Areas of the Property, and the Board may establish rules and regulations affecting the gates and contract with a management company to maintain, operate, and staff such gates.

16.4. Safety and Security. Each Owner and occupant of a Dwelling, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property within the Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each person provides for himself or herself and his or her property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide

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

16.5. More Restrictive Terms: Conflicts in Further Restrictions. Nothing in this Declaration shall preclude any supplemental declaration or other recorded covenants applicable to any portion of the Property from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration and, in such case, the more restrictive shall control.

16.6. Construction and Severability. All of said conditions, covenants, and restrictions contained in this Declaration shall be construed together, but if any one of said conditions, covenants, or restrictions, or any part thereof, shall at any time be held invalid, or for any reason become unenforceable, no other condition, covenant, or restriction, or any part thereof, shall be thereby affected or impaired; and the Declarant, Association and Owners, their successors, heirs and assigns shall be bound by each article, section, subsection, paragraph, sentence, clause and phrase of this Declaration, irrespective of the invalidity or unenforceability of any other article, section, subsection, paragraph, sentence, clause or phrase.

16.7. Duration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of twenty years from the date the original Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten years.

16.8. Interpretive Conflicts. In the event of any conflict between the provisions of this Declaration, the Articles, and/or the Bylaws, the provisions of this Declaration shall control. In all cases of conflict between any Association or committee rule and/or regulation and this Declaration, the Articles, or Bylaws, this Declaration, the Articles, and Bylaws shall control.

16.9. Notices. Any notice required to be sent under the provisions of this Declaration shall be deemed to have been properly sent when deposited in the U.S. Mail, postpaid, to the last known address of the person who is entitled to receive it. Members are required to keep the Association informed as to their current mailing address. Alternatively, the Board may send any notice required under this Declaration via email to Members in lieu of notice by mail, provided that the Member has provided an acceptable email address to the Association and consented to receive notice via email.

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

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

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

ARTICLE 17
ASSIGNMENT OF RIGHTS

All of the rights and powers of Declarant herein contained may be delegated, transferred, or assigned, in whole or in part. To be valid, said delegation, transfer, or assignment must be made via a written instrument recorded in the office of the Washington County Recorder.

[signature page follows]

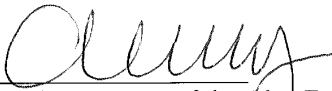
IN WITNESS WHEREOF, the undersigned, as the Declarant herein, has hereunto set his hand this 6th day of May, 2025.

DECLARANT

Valderra Land Holdings, LLC

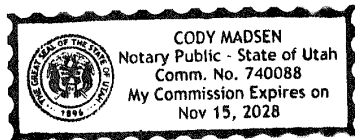
By: Valderra Investment Partners, LLC,
Manager

By: DMS Services, LLC, Manager


By: Charlene Huber, Trustee of the Alan E.
Wright Revocable Trust, uad, January 3,
2018

STATE OF UTAH) SS,
COUNTY OF Salt Lake

On this 6th day of May, 2025, personally appeared before me Charlene Huber, Trustee of the Alan E. Wright Revocable Trust, uad, January 3, 2018, who duly acknowledged before me that she is the manager of DMS Services, LLC, which is the manager of Valderra Investment Partners, LLC, which is the manager of Valderra Land Holdings, LLC, and that she is authorized to execute the foregoing document on behalf of said company for the uses and purposes stated herein.




NOTARY PUBLIC

EXHIBIT A
(Legal Description)

All lots in the following recorded subdivisions, according to the Official Plats thereof on file in the Office of the County Recorder of Washington County, State of Utah, to wit:

The Ledges of St George – Phase 1 Amended

The Ledges of St George – Phase 2

The Ledges of St George – Phase 4

The Ledges of St George – Phase 5

The Ledges of St George – Phase 6

The Ledges of St George – Phase 8

The Ledges of St George – Phase 10

The Ledges of St George – Phase 5 & Phase 10 Partial Amendment A

The Estates at Valderra - Phase 1

The Estates at Valderra - Phase 2

The Estates at Valderra - Phase 3

Villas at Valderra - Phase 1

Tax ID Numbers:

SG-LOSG-1-101 through SG-LOSG-1-128

SG-LOSG-2-201 through SG-LOSG-2-251

SG-LOSG-4-401 & SG-LOSG-4-402

SG-LOSG-5-501 through SG-LOSG-5-534

SG-LOSG-6-601 through SG-LOSG-6-621

SG-LOSG-8-801 through SG-LOSG-8-812

SG-LOSG-10-1001 through SG-LOSG-10-1041

SG-LOSG-10-1011-A & SG-LOSG-10-1012-A-1-B

SG-LOSG-5-519-A-1-A & SG-LOSG-10-1012-B

SG-EAV-1-101 through SG-EAV-1-132-A

SG-EAV-2-201 through SG-EAV-2-205-B

SG-EAV-3-11 through SG-EAV-3-17

SG-VLLV-1-1-A through SG-VLLV-1-10