

22330

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
HIDDEN OAKS, INC.
A PLANNED UNIT DEVELOPMENT

22330

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR
HIDDEN OAKS, INC.

THIS DECLARATION, made on this 15th day of May,
1979, by J. L. ADAMSON & SONS, INC.

R E C I T A L S :

A. Declarant is the owner of certain property in the County of Utah, State of Utah, which is more particularly described in Schedule I attached hereto and by this reference made a part hereof, entitled Real Property Description of

B. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the real property described in Schedule I and in the additional schedules which may be annexed hereto pursuant to the provisions of this Declaration, to create a non-profit corporation under the Non-Profit Corporation and Cooperative Association Act to which should be delegated and assigned the powers of owning, maintaining and administering the Common Area and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

C. Declarant will or has caused such corporation, the Members of which shall be the respective Owners of Lots in the Properties, and Owners of the Lots in the real property annexed pursuant to this Declaration, to be formed for the purpose of exercising the functions aforesaid.

D. Declarant will develop and convey all of the Properties (as hereinafter defined), pursuant to a general plan for all of the Properties and subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the Properties as hereinafter set forth. Declarant may execute, acknowledge and record a Supplemental Declaration affecting solely a "Phase" (and as such term is hereinafter defined), so long as Declarant owns all of the real property

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to be affected by such Supplemental Declaration. Such Supplemental Declaration shall not conflict with the provisions of this Declaration, but may impose further conditions, covenants and restrictions for the operation, protection and maintenance of the Subdivision.

E. Declarant hereby declares that all of the Properties shall be held, sold conveyed, encumbered, hypothecated, leased, used occupied and improved subject to the following easements, restrictions, covenants, conditions and equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Properties, or any portion thereof. The covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall run with the Properties and shall be binding upon all persons having any right, title or interest in the Properties, or any part thereof, their heirs, successors and assigns; shall inure to the benefit of every portion of the Properties and any interest therein; and shall inure to the benefit of and be binding upon Declarant, its successors in interest and each Owner and his respective successors in interest; and may be enforced by any Owner and his successors in interest, and by the Association.

Notwithstanding the foregoing, no provisions of this Declaration shall be construed as to prevent or limit Declarant's rights to complete development of the Properties and construction of improvements thereon, nor Declarant's rights to maintain model homes, construction, sales or leasing offices or similar facilities on any property in the Properties owned by Declarant or the Association, nor Declarants' right to post signs incidental to construction, sales or leasing.

ARTICLE I

Definitions

Unless otherwise expressly provided, the following words and phrases when used herein shall have the meanings hereinafter specified:

Section 1. "Architectural Committee" shall mean the committee created pursuant to Article VIII hereof.

Section 2. "Articles" shall mean the Articles of Incorporation of the Association which have been filed in the office of the Secretary of State of the State of Utah, a true copy of which is attached hereto, marked as Schedule II, and incorporated herein by reference, as such Articles may be amended from time to time.

Section 3. "Common Assessment" shall mean the charge against each Owner and his lot, representing a portion of the total costs to the Association of maintaining, improving, repairing, replacing, managing and operating the Properties, which are to be paid uniformly and equally by each Owner to the Association, as provided herein.

Section 4. "Special Assessments" shall mean a charge against a particular Owner and his Lot, directly attributable to the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, plus interest thereon as provided for in this Declaration.

Section 5. "Reconstruction Assessment" shall mean a charge against each Owner and his lot, representing a portion of the cost to the Association for reconstruction of any portion or portions of the Improvements on the common area pursuant to the provisions of this Declaration.

Section 6. "Capital Improvement Assessment" shall mean a charge against each Owner and his lot, representing a portion of the costs to the Association for the installation or construction of any improvements on any portion of the common area which the Association may from time to time authorize.

Section 7. "Association" shall mean Hidden Oaks, Inc., a corporation formed under the Non-Profit Corporation and Cooperative Association Act, its successors and assigns. Articles of Incorporation are attached hereto as Schedule II.

Section 8. "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary or holder under a deed of trust, as the case may be, and the assignees of such mortgagee, beneficiary or holder.

Section 9. "Board" shall mean the Board of Directors of the Association, elected in accordance with the By-laws of the Association. The term "Directors" shall be synonymous with the term "Trustees" as used in the Non-Profit Corporation Act and Corporate Association Articles.

Section 10. "Bylaws" shall mean the Bylaws of the Association, which have been or shall be adopted by the Board substantially in the form of Schedule III attached hereto and incorporated herein by reference, as such Bylaws may be amended from time to time.

Section 11. "Common Area" shall mean all the real property and improvements, including without limitation, any recreation facilities, landscaped areas and private roadways and walkways which are owned by the Association for the common use and enjoyment

of all of the Owners. The common area to be so owned by the Association at the time of the conveyance of the first lot shall also include the property described as common area on the map attached hereto, by this reference made a part hereof, entitled Common Area. Additional common area might be transferred to the Association in the future pursuant to the terms of Article XV. The common area located within any future subdivision or portion thereof, shall be conveyed, lien free, to the Association prior to the sale of the first Lot in that phase, or portion thereof, to the public.

Section 12. "Common Expenses" shall mean the actual and estimated costs of: maintenance, management, operation, repair and replacement of the common area (including unpaid special assessments, reconstruction assessments and capital improvement assessments), including those costs not paid by the owner responsible for payment; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all utilities, gardening and other services benefiting the common area, and all recreational facilities thereon; the costs of fire, casualty and liability insurance covering the properties; and the costs of bonding of the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Properties, or portions thereof; and the costs of any other item or items designated by, or in accordance with other expenses incurred by, the Association for any reason whatsoever in connection with the Properties, for the benefit of all of the Owners.

Section 13. "Declarant" shall mean and refer to _____
J. L. Adamson & Sons, Inc.,
its successors and assigns, so long as Declarant assigns such rights of Declarant hereunder to any such person by an express written assignment.

Section 14. "Declaration" shall mean this instrument as it may be amended from time to time.

Section 15. "Deed of Trust" shall mean and refer to a mortgage or a deed of trust, as the case may be.

Section 16. "Dwelling Unit" shall mean and refer to a building located on a lot designed and intended for use and occupancy as a residence by a single family.

Section 17. "Family" shall mean (1) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or (2) a group of not more than three (3)

persons not all so related, inclusive of their domestic servants, who maintain a common household in a residence on a lot.

Section 18. "Improvement" shall mean all structures and appurtenances thereto of every type and kind, including but not limited to buildings, out buildings, walkways, sprinkler pipes, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water-softener fixtures or equipment.

Section 19. "Properties" shall mean and refer to all of the real property described in Schedule I of the Recitals to this Declaration, together with such portion of the real property described in any additional Schedules hereto attached with respect to which a Notice of Addition of Territory has then been recorded subjecting it to this Declaration and to the jurisdiction of the Association as provided herein. (See Schedule I, Phase I attached.)

Section 20. "Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Association, pursuant to Article VI hereof.

Section 21. "Lot" shall mean and refer to any residential lot or parcel of land shown upon any recorded subdivision plat of this planned unit development, with the exception of the common area.

Section 22. "Manager" shall mean the person, firm or corporation appointed by the Association hereunder or its agents and delegated certain duties, powers or functions of the Association.

Section 23. "Member" shall mean any person or entity holding a membership in the Association as provided herein.

Section 24. "Mortgage"; "Mortgagee" shall mean any mortgage or deed of trust or other conveyance of a lot to secure the performance of an obligation, which will be void and reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" when used herein shall be synonymous with the term "Mortgage". The term "Mortgagee" shall mean a person or entity to whom a mortgage is made and shall include the beneficiary of a deed of trust; "Mortgagor" shall mean a person or entity who mortgages his or its property to another (i.e., the maker of a mortgage), and shall include the Trustor of a deed of trust. The term "Trustor" shall be synonymous with the term "Mortgagor", and the term "Beneficiary" shall be synonymous with the term "Mortgagee".

Section 25. "Notice and Hearing" shall mean written notice and a public hearing before a tribunal appointed by the Board, at

which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense, in the manner further provided in the By-Laws.

Section 26. "Owner" shall mean and refer to the person or persons or other legal entity or entities, including Declarant, holding fee simple interest of record to any Lot which is a part of the Properties, including sellers under executory contracts of sale, but excluding those having such interest merely as security for the performance of an obligation. For purposes of Article X only, unless the context otherwise requires, Owner shall also include the family, invitees, licensees and Lessees of any Owner.

Section 27. "Person" shall mean a natural individual or any other entity with the legal right to hold title to real property.

Section 28. "Record, Recorded, Filed and Recordation" shall mean, with respect to any document, the recordation of such document in the Office of the County Recorder.

Section 29. "Structural Maintenance Areas" shall mean, as the same may from time to time exist, the exterior surfaces of all residential structures, the patio fences, the exterior roofing material of the structure, the exterior lighting fixtures, and the exterior sidewalks on the lots.

Section 30. "Phase" shall mean a parcel of real property which has been divided or separated into lots, shown on a recorded subdivision map.

Section 31. "Supplemental Declaration" shall mean any declaration of covenants, conditions and restrictions which may be recorded by Declarant pursuant to Article XV of this Declaration.

Section 32. "Other Owners" shall mean the owners of the real property described in Schedule "D", their heirs, successors and assigns.

Section 33. "Map" shall mean a drawing of a parcel of property which has been divided or separated into lots including the recorded map of Plat A Phase I Hidden Oaks Inc. attached hereto and any subsequent phases recorded by

The foregoing definitions shall be applicable to this Declaration and to any Notice of Addition of Territory or Declaration Amendment.

ARTICLE II

Owners' Property Rights

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of ingress and egress and of

enjoyment in, to and over the common area which shall be appurtenant to and shall pass with title to every lot, subject to the following provisions:

(a) The right of Declarant to annex additional common area thereto pursuant to the terms of Article XV.

(b) The right of the Association to reasonably limit the number of guests of Owners using the common area facilities.

(c) The right of the Association to establish uniform rules and regulations pertaining to the use of the common area and the recreational facilities thereof, including, but not limited to, the right and obligation of the Association to enforce all parking restrictions within the Common Areas as set forth in Section 3 of Article II herein.

(d) The right of the Association to charge uniform and reasonable admission and other fees for the use of the recreational facilities, if any, situated upon a portion of the common area; provided, however, that none of the common area facilities, recreational facilities, parking spaces or other amenities in the Properties shall be leased to the Owners.

(e) The right of the Association in accordance with its Articles of Incorporation, Bylaws and this Declaration, with the vote of or written assent of two-thirds (2/3) of each class of members (excluding therefrom the voting power of Declarant), to borrow money for the purpose of improving the common area and facilities and in aid thereof, and, subject to the provisions of Article XIV of this Declaration, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners.

(f) Except for the right of ingress and egress to the owners' property the Association shall have the right to suspend the voting rights and right to use the common area facilities by an Owner for any period during which any assessment against his lot remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of the published rules and regulations of the Association provided that any suspension of such voting rights or the right to use of the common area and common area facilities, shall

be made only by the Board of Directors of the Association, after notice and an opportunity for a hearing as provided in the Bylaws of the Association.

(g) Subject to the provisions of Article XIV of this Declaration, the right of the Association to dedicate, release, alienate or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication, release, alienation or transfer shall be effective, unless an instrument signed by Members entitled to cast two-thirds (2/3) of the voting power of the Class A Members (excluding the voting power of Declarant), agreeing to such dedication, release, alienation or transfer has been recorded.

(h) The right of the Declarant (and its sales agents, customers and representatives) to the non-exclusive use of the common area and the facilities thereof, without charge, for sales, display, access, ingress, egress and exhibit purposes, which right Declarant hereby reserves; provided, however, that such use shall not be for a period of more than five (5) years after the date of recording this Declaration. Upon the request of Declarant and upon the vote of fifty-one (51%) percent of the Class A Members, this term may be extended for an additional period of time.

(i) The right of the Association (by action of the Board) to reconstruct, replace or refinish any improvement or portion thereof upon the common area, in accordance with the original design, finish or standard of construction of such improvement, or of the general improvements within the Properties, as the case may be; and not in accordance with such original design, finish or standard of construction only with the vote or written consent of the Owners holding seventy-five (75%) percent of the voting power of the Association.

(j) The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the common area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the common area and facilities to the members of his family, his tenants, or contract purchasers who reside in his dwelling unit, subject to reasonable regulation by the Board.

Section 3. Easements for Parking. Temporary guest or recreational parking shall be permitted within the common area, only within spaces and areas clearly marked for this purpose. Spaces shall be shown by signs or markings on the paved area. The Association, through its officers, committees and agents is hereby empowered to establish "parking" and "no parking" areas within the common area, as well as to enforce these parking limitations by all means lawful for such enforcement including the removal of any violating vehicle by those so empowered.

Section 4. Easements for Vehicular Traffic. In addition to the general easements for use of the common area reserved herein, there shall be and Declarant hereby reserves and covenants for itself and all future Owners within the Properties that each and every Owner shall have a non-exclusive easement appurtenant for vehicular traffic over all private streets within the Properties, subject to the parking provisions set forth in Section 3 of Article II hereof. Declarant reserves the right to grant similar easements to Owners of property in subdivisions annexed hereto pursuant to Article XV.

Section 5. Easements for City and County Public Service Use. In addition to the foregoing easements over the common area, there shall be and Declarant hereby reserves and covenants for itself and all future Owners within this Planned Unit Development, easements for city, county and federal public services, including but not limited to, the right of the police to enter upon any part of the common area for the purpose of enforcing the law.

Section 6. Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, nor release the Lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the common area and the facilities thereon or by abandonment of his Lot or any other property in the Properties.

Section 7. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns that it will convey fee simple title to the common area described in Article I, Section 11 of this Declaration to the Association, free and clear of all encumbrances and liens, except easements, conditions and reservations set forth in this Declaration. Said conveyance shall be made prior to the conveyance of the first Lot to a purchaser from Declarant. Declarant shall similarly convey the common area of any property annexed hereto.

Section 8. Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each

Lot. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on more than one Lot not under common ownership, or any part thereof, they may be paid by the Association and each Owner shall be obligated to pay or to reimburse the Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against his own Lot and interest, if any, in the common area.

ARTICLE III

Membership in Association

Section 1. Membership. Every owner of a Lot shall be a member of the Association, and no Owner shall have more than one membership in the Association. Memberships in the Association shall not be assignable, except to the successor-in-interest of the Owner, and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association.

Section 2. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or Mortgagee of such Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class "A" Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser the right to exercise the contract seller's membership rights on seller's behalf. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Lot until fee title to the Lot sold is transferred. In the event the Owner of any Lot shall fail or refuse to transfer the membership registered in his name to the purchaser of such Lot upon transfer of fee title thereto, the Board of Directors shall have the right to record the transfer upon the books of the Association. The Board of Directors shall have the right to charge a reasonable Special Assessment against any Owner, and his Lot, equal to the cost to the Association of effectuating any such transfer of his membership upon the books of the Association.

ARTICLE IV

Voting Rights

Section 1. Classes of Voting Membership. The Association shall have two (2) classes of voting membership as follows:

Class A. Class A Members shall originally be all Owners with the exception of the Declarant for so long as there exists a Class B membership. Class A Members shall be entitled to one (1) vote for each Lot owned. Declarant shall become a Class A Member with regard to Lots owned by Declarant upon conversion of Declarant's Class B Membership as provided below. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised in accordance with Article IV, Section 2 of this Declaration, and in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant and it shall be entitled to three (3) votes for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

- (a) When the total votes outstanding in the Class A membership, inclusive of votes attributable to any property annexed to the Properties, equals the total votes outstanding in the Class B membership; or
- (b) Three (3) years from the date of recording this Declaration; or
- (c) On voluntary cancellation of Class B membership by Declarant.

Section 2. Vote Distribution. Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, ("co-owner"), all such co-owners shall be Members and may attend any meetings of the Association, but only one such co-owner shall be entitled to exercise the vote to which the Lot is entitled. Such co-owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the Class A vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Lot shall be exercised as the majority of the co-owners of the Lot mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the corresponding voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Lot where the majority

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of the co-owners present in person or by proxy and representing such Lot cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or by the Bylaws of the Association, shall be deemed to be binding on all Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration and in the Articles of Incorporation and Bylaws of the Association.

ARTICLE V

Duties and Powers of Association

The Association, acting through the Board of Directors, shall also have the power and duty to:

(a) Maintain, repair and otherwise manage the common area and all facilities, and replace those elements of common area that must be replaced on a periodic basis, including the improvements and landscaping thereon in accordance with the provisions of Article VI of this Declaration.

(b) Maintain all private streets within this Planned Unit Development, including cleaning and periodic resurfacing.

(c) Maintain all private sewer systems within the common area.

(d) Grant easements, rights of way, or strips of land, where necessary, for utilities and sewer facilities over the common area to serve the common area and the Lots.

(e) Maintain such policy or policies of insurance as may be permitted or allowed in this Declaration and the Bylaws attached hereto as Schedule III.

(f) Employ or contract with a professional manager to perform all or any part of the duties and responsibilities of the Association, and shall have the power to delegate its powers to committees, officers and employees. Any such agreement shall be for a term not in excess of three (3) years, subject to cancellation by either party without cause or payment of a termination fee upon ninety (90) days or less written notice.

(g) After fifteen (15) days written notice, without being liable to any Owner, enter upon any Lot, for the purpose of enforcing by peaceful means the provisions of this Declaration, or for

the purpose of maintaining or repairing any such area as required by this Declaration.

(h) Any and all additional power required to accomplish the duties and functions provided for in this Declaration.

ARTICLE VI

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual common assessments for common expenses, (2) capital improvements assessments, (3) special assessments, and (4) reconstruction assessments; such assessments to be established and collected as hereinafter provided. Such assessments, together with interest, costs and reasonable attorneys' fees for the collection thereof, shall be charge on the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. Subject to provisions of this Declaration protecting first mortgagees, the personal obligation for delinquent assessments shall pass to the successors in interest of such owner. The Board of Directors shall establish no fewer than two (2) such separate accounts into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under the provisions of this Declaration. Each of the Association's Maintenance Funds shall include: (1) an Operating Fund for current expenses of the Association, and (2) a common area Reserve Fund for replacements, painting and repairs (which would not reasonably be expected to recur on an annual or less frequent basis) of the common area facilities to the extent necessary under the provisions of this Declaration. The Board of Directors shall not commingle any amounts deposited into any of the Association's Maintenance Funds with one another.

Section 2. Purpose of Common Assessments. The Assessments levied by the Association shall be used to promote the common health, safety, benefit, recreation and welfare of the Owners and for the improvement and maintenance of the common area and of the dwelling units situated upon the Lots in the Properties as provided herein. The assessments shall also be for an adequate reserve to be used as appropriate for maintenance repairs and replacement of those

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elements of the common property that must be replaced on a periodic basis. However, disbursements from the Common Area Reserve Fund shall be made by the Board of Directors only for the specific purposes specified in this Article VI. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the Common Area Reserve Fund are to be used. Nothing in this Declaration shall be construed in such a way as to permit the Association to use any Assessments to abate any nuisance or annoyance emanating from outside the boundaries of the Properties. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts deposited into any such Fund are earmarked for specified purposes authorized by this Declaration.

Section 3. Damage to Common Area by Owners. The foregoing maintenance, repairs or replacements within the common area arising out of or caused by the willful or negligent act of the Owner, his family, guests or invitees shall be done at said Owner's expense or a Special Assessment therefor shall be made against his Lot; provided, however, that the liability of an individual Owner for such damage to the common area shall not be absolute, but shall only be that for which the Owner is legally responsible under State law.

Section 4. Basis of Maximum Common Assessment. Until January 1st of the year immediately following the conveyance of the first improved Lot in the Properties to an Owner, the maximum Common Assessment under Article VI shall be *****Three Hundred***** Dollars (\$300.00) per Lot per year.

(a) From and after January 1st of the year immediately following the conveyance of the first improved Lot to an Owner, the maximum annual Common Assessment may be increased by the Board effective January 1st of each year not more than the greater of (1) twenty percent (20%) or (2) the percentage by which the U.S. Bureau of Labor Statistics for the area, all items Consumer Price Index has increased as of the date of the increase over the level of said index as of the date the Common Assessment was last established, above the maximum annual common assessment for the previous year, without a vote of the membership.

(b) From and after January 1st of the year immediately following the conveyance of the first improved Lot to an Owner, the maximum annual Common Assessment may be increased above the greater of (1) twenty percent (20%), or (2) said percentage by which said Index has so

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increased, by the vote or written assent of fifty-one percent (51%) of each Class of Members.

(c) The Board of Directors may fix an annual Common Assessment at an amount not in excess of the maximum.

Section 5. Capital Improvement and Reconstruction Assessments. In addition to the Common Assessments authorized above, the Board of Directors of the Association may levy, in any assessment year, a Capital Improvement Assessment or Reconstruction Assessment applicable to the year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement or other such addition upon the common area, including fixtures and personal property related thereto; provided that any such assessment in excess of Two Thousand Dollars (\$2,000.00) shall have the vote or written assent of a majority of the votes of Members who are subject to such assessments, excluding therefrom the votes of Declarant.

Section 6. Notice and Quorum for an Action Authorizing Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action by the Members authorized under Sections 4 and 5 shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be twenty-five percent (25%) of the voting power of the Association. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 7. Equal Rate of Assessment. Common Assessments, Capital Improvement Assessments and Reconstruction Assessments provided for in this Article VI must be fixed at an equal rate for all Lots within the Properties; provided, however, that the Association may, subject to the provisions of Section 3 of this Article, levy Special Assessments against selected Owners who have caused the Association to incur special expenses due to willful or negligent acts of said Owners, their guests or agent. All Common Assessments shall be collected on a regular basis by the Board of Directors at such frequency as the Board shall determine.

Section 8. Date of Commencement of Common Assessments: Due Date. All assessments provided for herein shall be made in regular monthly installments after the assessment is made. The annual Common Assessment for each phase of development within the Properties shall commence as to all Lots within such phase of development, as provided for herein, on the first day of the month following the conveyance of the Common Area within the

phase. The first annual Common Assessment shall be adjusted according to the number of months remaining in the fiscal year as set forth in the Bylaws. The Board of Directors shall fix the amount of the annual Common Assessment against each Lot at least thirty (30) days in advance of each Common Assessment period. Written notice of any change in the amount of the annual Common Assessment shall be sent to every Owner subject thereto, at least thirty (30) days prior to the effective date of such change. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments against a Lot is binding upon the Association as of the date of its issuance.

The Board of Directors shall cause to be prepared an annual balance sheet and operating statement reflecting income and expenditures of the Association for each fiscal year, including deposits in and withdrawals from the Common Area Reserve Fund and the Operating Fund, and shall cause to be distributed a copy of each such statement to each member, and to each first Mortgagee who has filed a written request for copies of the same with the Board of Directors, in the manner provided in the Bylaws of the Association. At least sixty (60) days prior to the beginning of each fiscal year, the Board of Directors shall prepare and distribute to the membership of the Association, a written, itemized estimate (budget) of the expenses to be incurred by the Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and deposits into the Common Area Reserve Fund, less any expected income and accounting for any surplus from the prior year's respective Association Maintenance Fund.)

Each annual Common Assessment shall constitute an aggregate of separate assessments for each of the Associations Maintenance Funds, reflecting an itemization of the amounts assessed and attributable to prospective deposits into the Common Area Reserve Fund, the Operating Fund and any other Association Maintenance Funds established by the Association. If the estimated sums prove inadequate for any reason, including nonpayment of any Owner's annual Common Assessment, the Board may, at any time, levy supplemental Common Assessments, subject to provisions of Section 4 of this Article, for any of the Associations Maintenance Funds which shall be assessed equally against the Owner of each Lot in the Properties.

Each annual Common Assessment may be paid by the Owner to the Association in one check or payment or in separate checks, as payments attributable to deposits into specified Maintenance

Funds. In the event that any installment of a Common Assessment payment is less than the amount assessed and the payment does not specify the Association Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from the Owner shall be credited in order of priority first to the Operating Fund, until that portion of the Common Assessment has been satisfied, and second to the Common Area Reserve Fund.

At the end of any fiscal year of the Association, the Owners may determine that all excess funds remaining in the Operating Fund, over and above the amounts used for the operation of the Properties, may be returned to the Members proportionately, or may be retained by the Association and used to reduce the following year's Common Assessments. Notwithstanding anything contained in the Articles or Bylaws to the contrary, if prior to dissolution of the Association the Association has not obtained tax exempt status from both the Federal and State government, then upon such dissolution of the Association, any amounts remaining in the Common Area Reserve Funds shall be distributed to or for the benefit of the Members in a proportion equal to their individual, respective contributions.

Section 9. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments herein:

- (a) All Properties dedicated to and accepted by a local public authority; and
- (b) The common area.

No other property shall be exempt from assessment.

ARTICLE VII

Effective of Non-Payment of Assessments

Remedies of the Association

Section 1. Effect of Non-Payment of Assessments: Remedies of the Association. Any installment of a Common Assess-

ment, Capital Improvement Assessment, Special Assessment or Reconstruction Assessment not paid within thirty (30) days after the due date shall bear interest from the due date of such installment at the rate of 12 percent (12%) per annum. If any installment of an assessment is not paid within thirty (30) days after it is due, the Owner responsible therefor may be required further by the Board of Directors to pay a late charge of Five Dollars (\$5.00) or five percent (5%) of the amount of the delinquent installment, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his Lot. If any installment of a Common Assessment is not paid within thirty (30) days after its due date, the Board shall mail an acceleration notice to the Owner and to each first Mortgagee of a Lot which has requested a copy of the notice. The notice shall specify (1) the fact that the installment is delinquent, (2) the action required to cure the default, (3) a date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default must be cured, and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Common Assessment for the then current fiscal year and sale of the Lot. The notice shall further inform the Owner of his right to cure after acceleration and to bring a court action to assert the non-existence of a default or any other defense of the Owner to acceleration and sale. If the delinquent installments of Common Assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Board at its option may declare all of the unpaid balance of the annual Common Assessment to be immediately due and payable without further demand and may enforce the collection of the full Common Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 2. Notice of Assessment. No action shall be brought to enforce any assessment lien herein, unless at least thirty (30) days has expired following the date a Notice of Assessment is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Lot, and a copy thereof has been recorded by the Association in the office of the County Recorder in which the Properties are located; said Notice of Assessment must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid assessment at twelve percent (12%) per annum, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant. Such Notice of Assessment shall be

signed and acknowledged by an officer of the Association, and said lien shall be prior to any declaration of homestead recorded after the date on which this Declaration is recorded. The lien shall continue until fully paid or otherwise satisfied.

Section 3. Foreclosure Sale. Any such sale provided for above may be conducted by the Board of Directors, its attorneys or other persons authorized by the Board in accordance with the provisions of the Utah Code Annotated, 1953 as amended, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association, through duly authorized agents, shall have the power to bid on the Lot at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a Notice of Assessment was filed by the Association, the officers thereof shall record an appropriate Release of Lien, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifty Dollars (\$50.00), to cover the cost of preparing and recording such release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the liens upon any Lot created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00).

Section 5. Cumulative Remedies. The assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 6. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (meaning any recorded mortgage with first priority or seniority over other mortgages) made in good faith and for value and recorded prior to the date on which the assessment came due. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or deed in lieu thereof, shall extinguish the lien of such assessments as to installments which became due prior to such sale or transfer. However, no sale or transfer shall relieve such Lot from liability for any installments or assessments thereafter becoming due or from the lien thereof.

ARTICLE VIII

Architectural Control

Section 1. Members of Committee. The Architectural Committee, sometimes referred to in this Declaration as the "Committee", shall consist of three (3) members. The initial members of the Committee shall consist of representatives of Declarant. Each of said persons shall hold office until the election of the first Board of Directors by the membership of the Association. Thereafter, new members of the Committee shall be appointed by the Board of Directors and shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause. The Board of Directors shall have the right to appoint and remove all members of the Committee.

Section 2. Review of Proposed Construction. Subject to Article X, Section 12, of this Declaration, no building, fence, wall, patio cover or other structure shall be commenced, painted, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and color and location in relation to surrounding structures and topography by the Architectural Committee. The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the upkeep and maintenance thereof will not become a burden on the Association. The Committee may condition its approval of proposals or plans and specifications on such changes therein as it deems appropriate, upon the agreement by the Owner submitting the same to grant appropriate easements to the Association for the cost of maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submissions of plans for approval, requiring a fee payable to the Association to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated, provided that in no event shall such fee

exceed One Hundred Dollars (\$100.00). The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval.

Section 3. Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8 hereof. In the absence of such designation, the vote of any two (2) members of the Committee taken without a meeting, shall constitute an act of the Committee.

Section 4. No Waiver of Future Approvals. The approval of the Committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

Section 5. Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 6. Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

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

(b) Within sixty (60) days thereafter, the Committee or its duly authorized representative may inspect such Improvement. If the Committee finds that such work was not done in substantial compliance with the approved plans it shall notify the Owner in writing of such noncompliance within such sixty-day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

(c) If upon the expiration of thirty (30) days from the date of such notification the Owner shall have

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

(d) If for any reason the Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

Section 7. Non-Liability of Committee Members. Neither the Committee nor any member thereof, nor its duly authorized Committee representative shall be liable to the Association or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes, excepting that the Committee hereby waives the non-liability provision of this paragraph to the extent necessary to obtain insurance as provided for in Article XIII hereof.

Section 8. Variance. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any supplemental declaration, including restrictions upon height, size, floor area or placement of structures, or similar

restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Board of Adjustment of Hidden Oaks Inc. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances and lot set-back lines or requirements imposed by any governmental or municipal authority.

ARTICLE IX

Maintenance and Repair Obligations

Section 1. Structural Maintenance Areas. No improvement, excavation or work which in any way alters the Structural Maintenance Areas from their natural or existing state on the date any such area is conveyed by Declarant to a purchaser of a Lot shall be made or done by any person other than the Association or its authorized agents.

Section 2. Maintenance Obligations of Owners. Subject to the duty of the Association to provide for maintenance as provided in Article IX, Section 3, of this Declaration, it shall be the duty of each Owner, at his sole cost and expense, subject to the provisions of this Declaration regarding Architectural Committee approval, to maintain, repair, replace and restore areas subject to his exclusive control, including all improvements thereon and including, but not limited to, all structural maintenance areas, in a neat, sanitary and attractive condition. Areas subject to the exclusive control of the Owner shall be deemed to include, but not be limited to, the interior and all glass portions of the Owner's Dwelling Unit and the patio area on that individual Owner's Lot. In the event that any Owner shall permit any Improvement, which is the responsibility of such Owner to maintain, to fall into disrepair or not to be so maintained so as to create a dangerous, unsafe, unsightly or unattractive condition, or to otherwise violate this Declaration, the Architectural Committee shall have the right, but not the duty, upon fifteen (15) days prior notice to the Owners of such Lot, to correct such condition and to enter upon such Owners' Lot to make such repairs or to perform such maintenance and the cost thereof shall be charged to the Owner. Said cost shall be Special Assessment and shall create a lien

enforceable in the same manner as other assessments as set forth in this Declaration. The Owner shall pay promptly all amounts due for such work, and the costs and expenses of collection may be added, at the option of the Board of Directors, to the amounts payable by each Owner as Common Assessments.

Section 3. Maintenance Obligations of Association. In addition to the provisions of Section 2 of this Article, the Association shall maintain, or provide for the maintenance of all of the common area and all improvements thereon, including recreational facilities, in good order and repair, and shall likewise provide for painting, minor repair, and replacement as necessary of the commonly metered utilities, the interior and exterior of the recreation building, and any and all utility laterals and buildings. In addition to building maintenance, the Association shall provide all necessary landscaping and gardening to properly maintain and periodically replace when necessary the trees, plants, grass and other vegetation which is on the Common Area at the time that it is conveyed to the Association and on an Owner's Lot up to the foundation lines of the residential dwelling and up to the fences surrounding the enclosed patio areas. The Association shall further maintain, reconstruct, replace and refinish any paved surface in the Common Area. All of the foregoing obligations of the Association shall be discharged when and in such manner as the Board of Directors of the Association shall determine in their judgment to be appropriate.

Section 4. Damage and Destruction Affecting Residences -- Duty to Rebuild. If all or any portion of any Lot or Dwelling Unit is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said Lot or Dwelling Unit to rebuild, repair or reconstruct said residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty.

Section 5. Variance in Exterior Appearance and Design. Any owner who has suffered damage may apply for approval to the Architectural Committee for reconstruction, rebuilding or repair of his residence in a manner which will provide for an exterior appearance and design different from that which existed prior to the date of the casualty. Application for such approval shall be made in writing together with full and complete plans and specifications, working drawings and elevations showing the proposed reconstructions and the end result thereof. The Architectural Committee shall grant such approval only if the design proposed by the Owner should result in a finished residence in harmony with exterior design of other residences on the Properties. Failure of the Architectural Committee to act within thirty (30) days after receipt of such a request in writing coupled with the drawings and plot plans showing the full

and complete nature of the proposed changes shall constitute approval thereof. If the obligation for repair falls upon the Association, Architectural Committee approval will not be required prior to the commencement of such work.

Section 6. Time Limitation. The Owner or Owners of any damaged residence, the Association and the Architectural Committee shall be obligated to proceed with all due diligence hereunder, and the responsible party shall commence reconstruction within six (6) months after the damage occurs and complete reconstruction within one (1) year after damage occurs, unless prevented by causes beyond their reasonable control.

ARTICLE X

Use Restrictions

All real property within the Properties shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant in Section 12 hereof:

Section 1. Single Family Residence. Subject to Section 3 of this Article X, each Lot shall be used as a residence for a single family and for no other purpose.

Section 2. Business or Commercial Activity. Subject to Section 3 of this Article X, no part of the Properties shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other such non-residential purposes; except Declarant, its successors or assigns, may use any portion of the Properties for a model home site, and display and sales office during the construction and sales period in accordance with Article II, Section 1(h), of this Declaration, and excepting professional and administrative occupations without external evidence thereof, for so long as such occupations are in conformance with Highland City ordinances and are merely incidental to the use of the Dwelling Unit as a residential home.

Section 3. Real Estate Business. No Dwelling Unit, Lot, Improvement or portion of the Common Area shall be used in the conduct of any real estate business, gainful occupation, profession, trade office or other non-residential activity; PROVIDED, HOWEVER, that Declarant, or its designees, shall have the non-exclusive right, subject to the provisions of Article II, Section 1(h), of this Declaration, to use without additional cost the portions of any recreational building constructed on the Common Area for purposes of sales of Lots within the Properties, provided that such use does not unreasonably interfere with the use of any recreation

facilities by the members of the Association. Furthermore, as to any Lots owned by Declarant, Declarant shall have the unrestricted right to maintain model homes thereon for sales purposes.

Section 4. Nuisances. No noxious or offensive activity (including but not limited to the repair of motor vehicles) shall be carried on, in or upon any Lot or the Common Area, nor shall anything be done therein which may be or become an unreasonable annoyance or nuisance to any other Owner. No loud noises or noxious odors shall be permitted on the Properties, and the Board of Directors shall have the right to determine in accordance with the By-Laws if any noise, odor or activity producing such noise, odor or interference constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smokey vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably interfere with television or radio reception of any Owner in the Properties, shall be located, used or placed on any portion of the Properties, or exposed to the view of other Owners without the prior written approval of the Architectural Committee.

Section 5. Signs. No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of the Properties or any Lot, without the prior written consent of the Architectural Committee, except one sign for each Dwelling Unit, of not more than three (3) feet by two (2) feet, plain white with black block letters, advertising the property for sale or rent, or except signs, regardless of size, used by Declarant, its successors or assigns, to advertise the Properties during construction and sale period. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the requirements of the Highland City ordinances.

Section 6. Parking and Vehicular Restrictions. No Owner of a Lot shall park, store or keep any vehicle except wholly within the parking area designated therefor, and any inoperable vehicle shall be stored only in covered carports. No Owner shall park, store or keep on any property or street (public or private) within the Properties any large commercial-type vehicle (dump truck, cement-mixer truck, oil or gas truck, delivery truck and any other vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board), any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle), upon any uncovered parking space, so as to be visible from anywhere in the Properties, except as otherwise provided by the Board. The above excludes camper trucks up to and including three-quarter (3/4) ton when used for everyday-type transportation and subject to approval by the Board of Directors. No Owner of a Lot shall conduct major repairs or major restorations of any motor vehicle, boat, trailer,

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aircraft, or other vehicle upon any portion of any Lot or upon the Common Area.

Section 7. Animal Restriction. No animals, livestock, reptiles or poultry of any kind shall be raised, bred or kept on any Lot or the Common Area, except usual and ordinary dogs, cats, fish, birds and other household pets may be kept on Lots subject to rules and regulations adopted by the Association, provided that they are not kept, bred or maintained for commercial purposes, or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than two (2) pets per household, provided, however, that the Association (or the Architectural Committee or such other person or entity as the Association may from time to time designate) may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Properties must be either kept within an enclosure, an enclosed patio or on a leash being held by a person capable of controlling the animal. The enclosure must be so maintained that the animal cannot escape therefrom and shall be subject to the approval of the Architectural Committee. Should any animal belonging to an Owner be found unattended out of the enclosure and not being held on a leash by a person capable of controlling the animal, such animal may be removed by Declarant (for so long as it owns any interest in the Properties) or a person designated by Declarant to do so, to a pound under the jurisdiction of the local municipality in which the Properties are situated and subject to the laws and rules governing said pound, or to a comparable animal shelter. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Properties by an Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Area. Notwithstanding any of the foregoing provisions, it shall be permissible to keep horses and cattle in those areas designated, which shall include the horse stable area and the adjoining common area.

Section 8. Trash. No rubbish, trash or garbage or other waste material shall be kept or permitted upon any Lot or Common Area, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles therefor and fire pits in the patios designed in such a manner that they do not create a fire hazard. No clothing or household fabrics shall be hung, dried or aired in such a way in the Properties as to be visible to other property, and no lumber, grass, shrub or tree clippings or plant waste, metals, bulk material or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Properties except within an enclosed structure or appropriately screened from view.

Section 9. View Obstructions. No fence, hedge, wall or other dividing instrumentality over six feet (6') in height measured from the ground on which it stands shall be constructed or maintained on any Lot, except that Declarant may vary or exceed said height or location of any fence in accordance with its architectural plans. Each Owner by accepting a deed to a Lot hereby acknowledges that any construction by Declarant may impair the view of such Owner and hereby consents to such impairment.

Section 10. Temporary Buildings. No outbuilding, basement, tent, shack, shed or other temporary building or improvement of any kind shall be placed upon any portion of the Properties either temporarily or permanently. No garage, trailer, camper, motor home or recreation vehicle shall be used as a residence in the Properties, either temporarily or permanently.

Section 11. Common Area Facilities. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Association.

Section 12. Declarant Exemption. Declarant or its successors or assigns may undertake the work of constructing Dwelling Units and developing all of the Lots included within the Properties and any annexation thereto. The completion of that work and sale, rental and other disposal of Dwelling Units is essential to the establishment and welfare of said property as a residential community. As used in this Section and its subparagraphs, the words "its successors or assigns" specifically do not include purchasers of Lots improved with completed Dwelling Units. In order that said work may be completed and the Properties be established as a fully occupied residential community as rapidly as possible, no Owner nor the Association shall do anything to

interfere with, and nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from doing on any Lot owned by Declarant whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation the alteration of its construction plans and designs as Declarant deems advisable in the course of development; or

(b) Prevent Declarant, its successors or assigns, or its or their representatives, from erecting, constructing and maintaining on any Lot, or portion thereof, owned or controlled by Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing the Properties as a residential community and disposing of the same in Lots by sale, lease or otherwise; or

(c) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from conducting on any Lot, or any portion thereof, owned or controlled by Declarant, or its successors or assigns, its business of developing, subdividing, grading and constructing Dwelling Units and other improvements in the Properties as a residential community and of disposing of Dwelling Units thereon by sale, lease or otherwise; or

(d) Prevent Declarant, its successors or assigns, or its contractors or subcontractors, from maintaining such sign or signs on any Lot owned by or controlled by it as may be necessary in connection with the sale, lease or other marketing of Lots and Dwelling Units in the Properties; or

(e) Prevent Declarant, at any time prior to acquisition of title to a Lot in a Phase by a purchaser from Declarant, to establish on that Phase additional licenses, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Properties. Declarant shall repair at his own cost or expense any damage caused by Declarant to the common area as well as such damages caused to lots or property still under Declarant's control.

Section 13. Outside Installations. No radio station or shortwave operators of any kind shall operate from any Lot or Dwelling Unit unless approved by the Board of Directors. Exterior

radio antenna, television antenna, or other antenna may be erected or maintained in the Properties, subject to the approval of the Architectural Committee.

Section 14. Insurance Rates. Nothing shall be done or kept in the Properties which will increase the rate of insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept in the Properties which would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law.

Section 15. Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind, shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of any Lot or within five hundred feet (500') below the surface of the Properties. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 16. Further Subdivision. No owner shall further partition or subdivide his Lot; provided, however, that this provision shall not be construed to limit the right of an Owner (1) to rent or lease all or any portion of his Lot by means of a written lease or rental agreement subject to the restrictions of this Declaration, so long as the Lot is not leased for transient or hotel purposes; (2) to sell his Lot; or (3) to transfer or sell any Lot to more than one person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. The terms of any such lease or rental agreement shall be subject in all respects to the provisions of this Declaration and Bylaws of the Association, and any failure by the Lessee of such Lot to comply with the terms of this Declaration or the Bylaws of the Association shall constitute a default under the lease.

Section 17. Drainage. There shall be no interference with the established drainage pattern over any Subdivision within the Properties, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time the overall grading of any Subdivision is completed by Declarant, or that which is shown on any plans approved by the Architectural Committee, which may include drainage from the Common Area over any Lot or Lots in the Properties.

Section 18. Water Supply System. No individual water supply, sewage disposal system, or water softener system shall be permitted on any Lot in the Properties unless such system is

designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Utah State Health Department, the Architectural Committee, and all other applicable governmental authorities.

ARTICLE XI

Party Fences and Party Walls

Section 1. Non-Party Fences. Each fence which is built as part of the original construction of the homes upon the Properties shall be placed on the Lots of the respective Owners, rather than in the Common Area. The Association shall be responsible for reasonable maintenance thereof, as provided herein. Such fences shall not be considered to be Party Fences as herein used.

Section 2. General Rules of Law to Apply to Party Fences. The Owners shall be at liberty to build fences, by agreement among themselves, on the Lot line between adjoining Lots, with the prior approval of the Architectural Committee. These fences shall be called "Party Fences" and shall be subject to this Article XI. To the extent not inconsistent with the provisions of this Article XI, the general rules of law regarding Party Fences and liability for property damage due to negligence or wilful acts or omissions shall apply thereto. The Owner of each Lot adjoining a Party Fence shall be an "Owner" of the fence for the purposes of this Article.

Section 3. General Rules of Law to Apply to Party Walls. Each wall which is built as a part of the original construction of the Dwelling Units upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article XI, the general rules of law regarding party walls and liability for property damage due to negligence or wilful acts or omissions shall apply thereto. The Owner of each Lot adjoining a Party Wall shall be an "Owner" of the wall for purposes of this Article.

Section 4. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Fence and Party Wall shall be shared by the Owners in proportion to their ownership thereto.

Section 5. Destruction by Fire or Other Casualty. If a Party Fence or a Party Wall is destroyed or damaged by fire or other casualty, any Owner thereof may restore it, and the other Owners thereof shall contribute to the cost of restoration thereof in proportion to such ownership 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 wilful acts or omissions.

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Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article XI shall be appurtenant to the land and shall pass to such Owner's successors-in-interest.

Section 7. Arbitration. In the event any dispute arises concerning a Party Fence or a Party Wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all of the arbitrators.

ARTICLE XII

Damage or Destruction to Common Area

Damage to or destruction of all or any portion of the Common Area shall be handled in the following manner, notwithstanding any provision in this Declaration to the contrary:

(a) In the event of damage or destruction to the Common Area, the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed.

(b) If the insurance proceeds are insufficient to effect total restoration, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment equally against each of the Lot Owners in accordance with the provisions of Article VI, Section 5, of this Declaration.

(c) Each Owner shall be liable to the Association for any damage to the Common Area not fully covered by insurance which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family and guests, both minor and adult. Notwithstanding the foregoing, the Association reserves the right to charge a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner. In the case of joint ownership of a Lot, the liability of such Owners shall be joint and several, except to the extent that the Association has previously contracted in writing with such joint owners to the contrary. The cost of correcting such damage shall be a Special Assessment against the Lot and may be collected as provided herein for the collection of Common Assessments.

ARTICLE XIII

Insurance

Section 1. Common Area. The Association shall keep all buildings, improvements, fixtures, and all other insurable property of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and shall obtain extended coverage insurance on the Common Area, and shall obtain such other hazard and casualties as the members of the Association deem desirable. Such fire and extended coverage insurance shall be for 100% of the replacement costs of the insurable Common Area. 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 for the benefit of the home owners. 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 included in the Common Assessments made by the Association.

Section 2. Insurance Obligations of Owners. Subject to the requirements of any mortgage institution, each Owner shall insure his entire Dwelling Unit, including the structural portions of the Dwelling Unit, against loss or damage by fire or by any other casualty, under the standard form of extended endorsement and broad form now in use in the State of Utah or under such other insurance as may be required by any Mortgagee of the residence. All such insurance shall be for the full replacement value of the Dwelling Unit. Each non-participating Owner shall, within thirty (30) days after recordation of the conveyance of his Lot from Declarant and thereafter at least ten (10) more days prior to the expiration, termination, cancellation or modification of any existing policy, furnish to the Association duplicate copies of policies or certificates thereof, showing that such insurance is currently in force certified by the insurance company or by its duly authorized agent. All such policies shall contain a provision that the same shall not be cancelled or terminated except upon at least thirty (30) days written notice to the Association.

Section 3. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area facilities, or other Improvements in the Properties insured by the Association, the Association shall repair or replace the same from the insurance proceeds available, subject to the provisions of Article XII of this Declaration. If such insurance proceeds are insufficient to cover the costs of such repair or replacement of the property damaged or destroyed, the Association may, but shall not be obligated to, make a

Reconstruction Assessment against all Lot 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 Lot Owners, in accordance with the provisions of Article VI, Section 5, of this Declaration. In the event of total destruction of all of the Improvements in the Properties, the proceeds of the insurance carried by the Association shall be divided proportionately among the Lot Owners, such proportion based upon the original base sales price of each improved lot at the time it was initially sold by Declarant, provided that the balance then due on any valid encumbrance of record shall be first paid in order of priority, before the distribution of any proceeds to an Owner whose Lot is so encumbered.

Section 4. Waiver of Subrogation. As to each policy of insurance maintained by the Association, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, the Manager, Declarant, and the agents or employees of each of the foregoing with respect to any loss covered by such insurance, whether or not caused by negligence or of breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

Section 5. Liability Insurance. The Association shall obtain comprehensive public liability insurance, including medical payments, liquor liability insurance and malicious mischief, in the amount of \$1,000,000 per occurrence for personal injury and/or property damage arising from the activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. Such insurance shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of a Lot Owner because of negligent acts of the Association or other lot owners. Such insurance must include other coverage in kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use.

Section 6. Minimum Financial Rating of Carrier. Each hazard insurance policy must be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of Class VI or better. Hazard insurance policies are also acceptable from an insurance carrier which has a financial rating by Best's Insurance Reports of Class V, provided it has a general policy holder's rating of at least A. Each carrier must be specifically licensed or authorized by law to transact business within the state or territory where the Mortgaged Premises are located.

- Section 7. No Assessments. Policies are unacceptable where:
- (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against any Lot Owner or any first mortgagee, its successors or assigns, including, but not limited to, Federal Home Loan Mortgage Corp; or
 - (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy-holders, or members; or
 - (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent any first mortgagee, its successors or assigns, including, but not limited to, Federal Home Loan Mortgage Corp. or the Borrower from collecting insurance proceeds.

Section 8. Other Requirements. All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutional mortgage investors in the area in which the Mortgaged Premises are located. The mortgagee clause must provide that the insurance carrier shall notify the first mortgagee (or trustee) named at least ten days in advance of the effective date of any reduction in or cancellation of the policy.

Section 9. Fidelity Coverage. The Association shall obtain fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

Section 10. Other Insurance and General. The Association may also obtain, through the Board, Workmens Compensation Insurance and other liability insurance as it may deem desirable insuring each Lot Owner and the Association, the Board of Directors and the Manager from liability in connection with the Common Area, the premiums for which are Common Expenses included in the Common Assessments made against the Owners. Such insurance policies shall have severability of interest clauses or endorsements which shall preclude the insurer from denying the claim of a Lot Owner because of the negligent acts of the Association or other dwelling unit owners.

All policies shall be reviewed at least annually by the Board of Directors and the limits increased at its discretion.

Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and

liability and bonds and other insurance meeting the requirements for planned unit developments established by Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), and the Federal Home Loan Mortgage Corp. (FHLMC), so long as there are any mortgages on any of the properties.

ARTICLE XIV

Mortgage Protection Clause

Notwithstanding any and all provisions hereof to the contrary, in order to induce the Federal Home Loan Mortgage Corp. (FHLMC), the Government National Mortgage Association (GNMA) and the Federal National Mortgage Association (FNMA) to participate in the financing of the sale of Lots within the Properties, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Declaration, these added provisions shall control):

(a) Each first Mortgagee of a Mortgage encumbering any Lots, at his written request, is entitled to written notification from the Association of any default by the Mortgagor of such Lot in the performance of such Mortgagor's obligations under this Declaration, the Articles of Incorporation of the Association or the Bylaws of the Association, which default is not cured within thirty days after the Association learns of such default.

(b) Each Owner, including every first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure of such Mortgage, or by deed (or assignment) in lieu of foreclosure, shall be exempt from any "right of first refusal".

(1) Any right of first refusal contained in the planned unit development constituent documents, or hereinafter added shall not impair the rights of a first mortgagee to (i) foreclose or take title to any Lot pursuant to the remedies provided in the mortgage, or (ii) accept a deed or an assignment in lieu of foreclosure in the event of default by a mortgagor, or (iii) interfere with the subsequent sale or lease of a unit so acquired by the mortgagee.

(2) Any first mortgagee, first mortgage purchaser, successor or assigns, that obtains title to any Lot pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, or pursuant to a deed given in lieu of foreclosure, will not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the mortgagee.

(c) Each first Mortgagee of a Mortgage encumbering any Lot, or any first mortgage purchaser, successor or assigns, and any owner of a Lot, or such first Mortgagee, its purchaser, successor or assigns, that obtains title to such Lot pursuant to the remedies provided in a Mortgage or by foreclosure of a Mortgage or by deed in lieu of foreclosure, shall not be liable for and shall take title to such Lot free and clear of any claims of unpaid assessments or charges against such Lot which accrued prior to the acquisition of title to such Lot by the Mortgagee.

(d) Unless at least one hundred percent (100%) of the first Mortgagees (based upon one vote for each Mortgage owned) of the individual units have given their prior written approval, the Association shall not be entitled to:

(1) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned, directly or indirectly, by such Association for the benefit of the units in the Association. This provision shall include, but not be limited to the Common Area. (The granting of easements for public utilities or for other public purposes consistent with the intended use of such common property by the Association shall not be deemed a transfer within the meaning of this clause);

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner;

(3) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of a Lot or Dwelling Unit, the exterior maintenance of a Dwelling Unit, the maintenance of the common property walks or common fences and driveways, or the upkeep of lawns and plantings in the Association;

(4) fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(5) use hazard insurance proceeds for losses to any common property for other than the repair, replacement or reconstruction of such common property.

(e) First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any common property located within the Common Area, and said mortgagee may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such common property within the Common Area and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees, duly executed by the Association, and an original or certified copy of such agreement is possessed by the Seller, and said Association shall provide any first mortgagee, upon request, with such a written agreement entitling any first mortgagee to reimbursement as provided for in this sub-paragraph.

(f) No provision contained in this declaration or in the Articles of Incorporation or Bylaws of the Association or in any other declaration that the Association shall hereinafter make shall give a Lot Owner, or any other party, priority over any rights of the first mortgagee pursuant to its mortgage in the case of a distribution to such Lot Owners of insurance proceeds or condemnation awards for losses to or a taking of common property.

(g) First mortgagees shall have the right to examine the books and records of the Association during normal business hours.

(h) All first Mortgagees shall be given (i) thirty days written notice prior to the effective date of any proposed material amendment to this Declaration or the Articles of Incorporation or Bylaws of the Association and prior to the effective date of any termination of an agreement for professional management of the Properties following a decision of the Owners to assume self-management of the Properties; and (ii) immediate notice following any damage to the Common Area whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000) and as soon as the Board learns of any threatened condemnation proceedings or proposed acquisition of any portion of the Properties.

(i) Homeowners Association dues or charges shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the property in the Common Area that must be replaced on a periodic basis and are payable in regular installments rather than by special assessments.

(j) A first mortgagee, upon request, is entitled to written notification from the homeowners association of

any default in the performance by the individual association's Lot Owner of any obligation under the Association's constituent document which is not cured within sixty (60) days.

(k) Any agreement for professional management of the Association, or any other contract providing for services of the developer, sponsor, or builder, may not exceed 3 years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

(l) In addition to the foregoing, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the AHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots with Dwelling Units thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their Dwelling Units if such agencies approve the Properties as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time.

(m) Neither this article XIV, nor article XIII, nor article VII Section 6 of this Declaration shall be amended without the approval of one hundred percent (100%) of the first mortgagees.

ARTICLE XV

Annexation of Additional Property

Additional real property may be annexed to the real property described in Schedule I attached hereto and such additional real property may become subject to this Declaration by any of the methods set forth hereinafter:

Section 1. (a) Additions by Developer. If Declarant, its successors or assigns, shall develop, or cause to be developed, additional real property (Annexed Property) within the area located in the County of Utah, State of Utah, which is more particularly described in Schedule I, which is attached hereto and by this reference incorporated herein, Declarant or its successors or assigns shall have the right from time to time to add such Annexed Property or any portion or portions thereof to the Properties and to bring such Annexed Property within the general plan and scheme of this

Declaration without the approval of the Association, its Board of Directors, or Members; provided that such a right of Declarant and its successors and assigns shall terminate five (5) years from date of recording this Declaration.

(b) There may be condominium-type ownership of the Units in the development on said Annexed Property, provided such ownership does not violate any state laws or ordinances or cause any party of the project to be in violation of the seller's guidelines adopted and published from time to time by the Federal Home Loan Mortgage Corporation.

(c) For so long as and provided the Federal Housing Administration (FHA) or the Veterans Administration (VA) are insuring or guaranteeing loans on any portion of the Properties, or have agreed to insure or guarantee loans on any portion of the Properties, then a condition precedent to such annexation shall be that the FHA or VA determine that the annexation is in accordance with the general plan heretofore approved by them. As each subdivision is developed, Declarant may, with respect thereto, record a Supplemental Declaration which may supplement this Declaration with such additional covenants, conditions, restrictions, reservations and easements as Declarant may deem appropriate for that subdivision.

Section 2. Other Additions. In addition to the provisions for annexation specified in Section 1 above, additional real property may be annexed to the Properties and brought within the general plan and scheme of this Declaration upon the approval by vote or written consent of members entitled to exercise no less than two-thirds (2/3) of the voting power of the Class A Members, excluding the vote of Declarant.

Section 3. Title to Common Area. At the time of annexation of any additional property to the Properties described in Schedule I, whether such annexation was accomplished by either method set forth in Section 1 and 2 above, title to the Common Area, if any, within said Annexed Property shall be conveyed to the Association, free and clear of any and all encumbrances and liens, subject to reservations, easements, covenants, conditions and restrictions then of record, including those set forth in this Declaration.

Section 4. Notice of Addition of Territory. The additions authorized under Sections 1 and 2 of this Article XV shall be made by filing of record a Notice of Addition of Territory, or other similar instrument (which Notice or instrument may contain the Supplemental Declaration, if any, affecting each Subdivision), with respect to the additional property which shall be executed by Declarant or the Owner thereof and shall extend the general plan and scheme of this Declaration to such Annexed Property. The filing of record of said Notice of Addition shall constitute and effectuate the annexation of the Annexed Property described therein, and thereupon said Annexed Property shall become and constitute a part of

the Properties, become subject to this Declaration and encompassed within the general plan and scheme of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein, and become subject to the functions, powers and jurisdiction of the Association; and the Owners of Lots in said Annexed Property shall automatically become Members of the Association. Such Notice of Addition may contain such additions and modifications of the covenants, conditions and restrictions, reservation of easements and equitable servitudes contained in this Declaration as may be necessary to reflect the different character, if any, of the Annexed Property, or as Declarant may deem appropriate in the development of the Annexed Property, and as are not inconsistent with the general plan and scheme of this Declaration. In no event, however, shall such Notice of Addition revoke, modify or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitudes established by this Declaration as the same shall pertain to the real property originally covered by this Declaration. No addition of territory shall substantially increase assessments or substantially increase the burden upon the Common Area Facilities.

Section 5. Deannexation. Declarant may delete all or a portion of a Phase of Annexed Property from coverage of this Declaration and the jurisdiction of the Association, so long as Declarant is the Owner of all such Phase previously added to the Properties and provided that a Notice of Deletion of Territory is recorded in the Office of the Utah County Recorder in the same manner as the applicable Notice of Addition was recorded. Provided, however, that consent in writing is first had and obtained from any mortgagee of any such annexed property or of any lending institution who has issued a commitment for a loan in connection with any such annexed property.

Section 6. FHA/VA Approval. As long as there is a Class B membership, and provided that they are insuring or guaranteeing loans or have issued commitments to insure or guarantee loans, on a portion of the Properties, the following actions will require the approval of the FHA or the VA; annexation or deannexation of additional properties, dedication of Common Area, and amendment or termination of this Declaration.

ARTICLE XVI

General Provisions

Section 1. Enforcement. This Declaration, the Articles of Incorporation and the By-Laws may be enforced by the Association as follows:

(a) Breach of any of the covenants contained in the Declaration or the By-Laws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by an Owner, by the Association or the successors-in-interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in an amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.

(b) The result of every act or omission whereby any of the covenants contained in this Declaration or the By-Laws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.

(c) The remedies herein provided for breach of the covenants contained in this Declaration or in the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association to enforce any of the covenants contained in this Declaration or in the By-Laws shall not constitute a waiver of the right to enforce the same thereafter.

(e) A breach of the covenants, conditions or restrictions contained in this Declaration or in the By-Laws shall not affect or impair the lien or charge of any bonafide first Mortgage made in good faith and for value on any residential Lot or the improvements thereon, provided, however, that any subsequent owner of such property shall be bound by said covenants, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and be enforceable by the Association or the

Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, perpetually so long as there are mortgages against the Properties. Thereafter, the Owners of a majority of the Lots may sign and have recorded an instrument in writing agreeing to change such covenants and restrictions in whole or in part.

Section 4. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of community recreational facilities and Common Area. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.

Section 5. Amendments. Subject to any rights of the VA or the FHA hereunder, this Declaration may be amended only by the affirmative vote or written consent of the Owners holding not less than seventy-five percent (75%) of the voting power of each class of Members; provided, however, that the prior written approval of at least seventy-five percent (75%) of all first Mortgagees must be obtained. Notwithstanding the foregoing, until the sale of the first Lot in the Properties, Declarant shall have the right to terminate or modify this Declaration by recordation of a supplement hereto setting forth such termination or modification in accordance with the laws of the State of Utah and subject to Article XV, Section 6, of this Declaration, provided Declarant first has written approval of any such termination or modification from all institutional lenders who possess a security instrument encumbering all or any part of the real property described in Schedule I of this Declaration, which real property is situated in Utah County, State of Utah. For purposes of this Declaration, the sale shall be deemed to be the date upon which a deed conveying a Lot is recorded in the Office of the County Recorder. Notwithstanding any other provision of this Declaration, no amendment to this Declaration shall be effective unless such amendment be approved in writing by the City of Highland, or its delegates, whose action shall be governed by whether the Declaration, after such amendment, will continue to contain adequate provision for preservation and maintenance of vehicular and pedestrian access rights for individual property owners, all improvements and physical facilities such as landscaping, walls, fencing, buildings, hydrants, utility facilities, parking areas, flood lights, drainage facilities and recreational facilities, consistent with the conditions of approval of the applicable tentative tract plat.

PROVIDED, FURTHER, HOWEVER, that this Declaration shall not be amended in such a manner that the rights of any first Mortgagee will be adversely affected.

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Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, perpetually so long as there are mortgages against the Properties. Thereafter, the Owners of a majority of the Lots may sign and have recorded an instrument in writing agreeing to change such covenants and restrictions in whole or in part.

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the
City
of
Highland
by
Schubert

PROVIDED, FURTHER, HOWEVER, that this Declaration shall not be amended in such a manner that the rights of any first Mortgagee will be adversely affected.

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Section 6. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public, or for any public use.

Section 7. Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties does and shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

Section 8. Reservation of Easements. Reciprocal easements are hereby reserved for the benefit of adjoining Lot Owners for the control, maintenance and repair of the utilities adjoining Lot Owners. Declarant expressly reserves for the benefit of all of the real property in the Properties, and the Owners, reciprocal easements of access, ingress and egress over all Lots, and over the Common Area, for the use and enjoyment of the Lots in accordance with this Declaration, including without limitation for installation and repair of utility services, for drainage over, across and upon adjacent Lots for water resulting from the normal use of adjoining Lots, for maintenance and repair of any dwelling. Such easements may be used by Declarant, its successors, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Properties, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot and the Common Area. No Owner of a Lot shall interfere with the established drainage pattern over his Lot from adjoining or other Lots. Each Owner of a Lot shall make adequate provision for drainage in the event he changes the established drainage over his Lot. For purposes of this Declaration, "Established Drainage" on any Lot is defined as the drainage pattern and facilities in existence at the time that such Lot is conveyed to a purchaser from Declarant. In the event that any Dwelling Unit encroaches upon the Common Area and facilities as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Properties, a valid easement for encroachment and for the maintenance of the same shall exist so long as the encroachment exists. Declarant and the Lot Owners of each Lot on which there is constructed a Dwelling Unit along or adjacent to said Lot line shall have an easement appurtenant to said Lot over the Lot line to and over the adjacent Lot, for the purposes of accommodating any natural movement or settling of any Dwelling Unit located on said Lot, any encroachment of any Dwelling Unit due to minor engineering or construction variances, and any encroachment of eaves, roof overhangs and architectural features

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as parts of the original construction of any Dwelling Unit located on said Lot. Declarant reserves the right to grant exclusive easements over certain limited portions of the Common Area, if necessary, to certain Lot Owners for yard purposes, as required by the Federal Housing Administration. Declarant further expressly reserves for the benefit of the Association, its agents and employees, easements of access, ingress and egress, over the Lots and the Common Area for the purpose of maintaining, repairing and installing sewer pipe-lines and laterals, in accordance with the provisions of this Declaration, and as otherwise provided by law. Declarant, as well as Owners of Lots within the particular Phase, and all others who shall come in contact with the property covered hereby, shall use reasonable restraints with regard to said property when exercising any rights granted under this paragraph, and due regard shall be given to the aesthetic value, beautification, upkeep and maintenance of all of said property; there shall not be any interference with the use, benefit and enjoyment of any Owner with their Lot.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 10. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Properties or any portion of the Properties, or any improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with the Utah Land Sales Practices Act, the Veterans' Administration, the Federal Housing Administration or the City of Highland.

Section 11. Conflict. In the event of a conflict between this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, the Articles of Incorporation, or the By-Laws of Hidden Oaks, Inc., these Declarations made herein shall be controlling.

Dated: May 15, 1979

J. L. ADAMSON & SONS, INC.

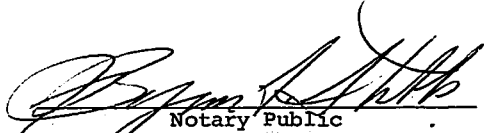
Attest:

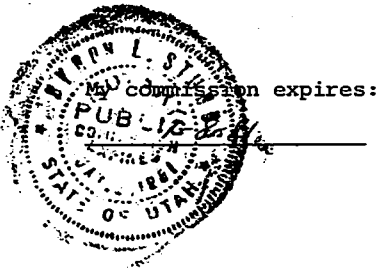
Steph L. Adamson
Secretary

By Mac J. Adamson
President

STATE OF UTAH)
COUNTY OF Salt Lake) ss.

On the 15th day of May, 1979, personally appeared before me Mac J. Adamson and Stephen L. Adamson, the President and Secretary of J. L. Adamson & Sons, Inc., a corporation of the State of Utah, who being by me duly sworn, did say that said instrument was signed in behalf of said corporation by authority of a resolution of its Board of Directors and the said Mac J. Adamson and Stephen L. Adamson acknowledged to me that the said corporation executed the same.


Notary Public
Residing at Salt Lake City



SCHEDULE I

BOUNDARY DESCRIPTION

HIDDEN OAKS, INC.

PLAT A, PHASE I

Commencing North 34.03' and East 2468.39' from the Northwest corner of Section 1 T 5 S, R 1 E, SLB&M; thence as follows: N 47°19'15" E 627.43', thence N 56°10'10" E 93.95', thence S 30°12' E 135.81'; thence S 23°12' E 54.00; thence S 66°48' W 100.88'; thence along a curve to left 62.76', Delta 3°39'46", Radius 981.77', Chords 62.75', Chord Bearing S 64°58'15" W; thence along a curve to the left 19.29' Delta 73°41'59", Radius 15.00' Chords 17.99', Chord Bearing S 26°17'40" W; thence S 10°33' E 53.44'; thence along a curve to the right 55.82' Delta 11°38'14" Radius 274.83' Chords 55.72', Chord Bearing S 4°43'53" E; thence along a curve to the left 44.85', Delta 11°38'14" Radius 220.83', Chords 44.78', Chord Bearing S 4°43'53" E; thence S 10°33' E 251.76'; thence along a curve to the left 23.56', Delta 90°00'00", Radius 15.00', Chords 21.21', Chord Bearing S 55°33' E; thence N 79°27'E 130.04'; thence N 10°33' W 170.00'; thence N 74°42'58" E 361.22'; thence S 6°08'49" E 219.37'; thence S 28°33' E 54.00'; thence S 43°00' E 225.00'; thence S 46°36' W 170.03'; thence along a curve to the left 178.09', Delta 42° 47'08", Radius 238.49', Chords 173.98', Chord Bearing S 61°54'38" E; thence along a curve to the left 71.60', Delta 82°03', Radius 50.00', Chords 65.64', Chord Bearing N 55°40'41" E; thence along a curve to the right 105.42', Delta 120°48'06", Radius 50.00', Chords 86.95' Chord Bearing N 75°03'27" E; thence N 45°27'50" E 218.87'; thence S 0°02'33" E 661.69'; thence S 40°00' W 168.00'; thence S 60° 11' 44" W 129.37'; thence S 31°07'24" W 291.33'; thence N 89°58'24" West 604.49'; thence N 61°04'45" E 155.15'; thence N 12°04'29" E 160.20'; thence N 35°13' E 503.02'; thence N 62°27' W 488.88'; thence along a curve to the right 108.58', Delta 26°52'30", Radius 231.50', Chords 107.59', Chord Bearing N 23°59'14" W; thence N 10°33' W 524.98'; thence along a curve to the right 55.82', Delta 11°38'14", Radius 274.83', Chords 55.72', Chord Bearing N 4°43' 53" W; thence along a curve to the left 44.85', Delta 11°38'14" Radius 220.83', Chords 44.78', Chord Bearing N 4°43'53" W; thence N 10°33' W 24.12'; thence along a curve to the left 29.04', Delta 110°56'15", Radius 15.00', Chords 24.71', Chord Bearing N 66° 01'44" W; thence along a curve to the left 41.01', Delta 2°23'36", Radius 981.77' Chords 41.01', Chord Bearing S 57°18'22" W; thence S 56°06' W 80.53'; thence N 11°17' W 10.87'; thence S 56°06' W 256.63'; thence W 84.57' to the point of beginning.

Contains 22.746 acres.

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SCHEDULE II
ARTICLES OF INCORPORATION

OF
HIDDEN OAKS HOME OWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

Pursuant to Section 16-6-16.1 et seq. Utah Code Annotated 1953 Replacement Volume 2B, we the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a nonprofit corporation under the laws of the State of Utah, and to that end do hereby adopt Articles of Incorporation as follows:

ONE. NAME: The name of this corporation ("Association" herein is Hidden Oaks Home Owners Association.

TWO. DURATION. The period of duration of the corporation is perpetual.

THREE. PURPOSES: The purposes for which the Association is formed are:

(a) The specific and primary purposes are to bring about civic betterments and social improvements by providing for the preservation of the architecture and appearance of a phased, planned residential development known as Hidden Oaks, Inc. ("Properties"), and by owning, operating and maintaining common area properties and facilities for the use of all residents in the entire Properties, located in the County of Utah, State of Utah.

(b) The general purposes and powers are:

1. To promote the common good, health, safety and general welfare of all of the residents within the Properties;

2. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising from the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements (the "Declaration"), applicable to the Properties, as amended from time to time, and recorded in the office of the Recorder, County of Utah, State of Utah;

3. To enforce applicable provisions of Hidden

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Oaks Home Owners Association's Declaration, By-Laws and Rules and Regulations, and any other instruments for the management and control of the Properties; to fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to contract for and pay all expenses in connection with the maintenance, gardening, utilities, materials, supplies and services relating to the common area (as defined in the Declaration) and facilities; to employ personnel reasonably necessary for administration and control of the common area and for architectural control of all of the Properties, including lawyers and accountants where appropriate; and to pay all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes and special assessments which are or would become a lien on any portion of the Properties;

4. To have and to exercise any and all powers, rights and privileges, including delegation of powers as permitted by law which a corporation organized under the Utah Non-Profit Corporation and Cooperative Association Act by law may now or hereafter have or exercise; and

5. To act in the capacity of principal agent, joint venturer, or partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall not be limited or restricted by reference to or influence from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers. Notwithstanding any of the above statements of purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

FOUR. NON-PROFIT: The Association is organized pursuant to the Utah Non-Profit Corporation and Cooperative Association Act as a non-profit corporation, § 16-6-16 through 16-6-53 Utah Code Annotated 1953 Replacement Volume 2B.

FIVE. PRINCIPAL OFFICE: The county in this state where the principal office for the transaction of the business of the Association is located is the County of Utah, at Stephen L. Adamson, 5161 W. 10400 North, Highland, Utah 84003.

SIX. MEMBERSHIP IN ASSOCIATION:

Section 1. Membership. Every owner of a Lot shall

be a member of the Association, and no owner shall have more than one membership in the Association. Memberships in the Association shall not be assignable, except to the successor in interest of the Owner (including a mortgagee), and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such lot. Ownership of such lot shall be the sole qualification for membership in the Association.

Each member shall be issued a certificate of membership in the Association. The certificate shall include the following:

CERTIFICATE NUMBER
CLASS OF MEMBERSHIP
THE NAME OF THE ASSOCIATION
THE NAME OF THE MEMBER
RESTRICTIONS ON TRANSFER
DATE OF ISSUANCE
THE LOT(S) TO WHICH THE MEMBERSHIP IS APPURTENANT

There shall be as many members as there are owners of lots in the Properties.

Section 2. Transfer. The Association membership held by any Owner of a lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such lot, and then only to the purchaser or mortgagee of such lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class A Member who has sold his lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his lot until fee title to the lot sold is transferred. In the event the Owner of any lot should fail or refuse to transfer the membership registered in his name to the purchaser of such lot upon transfer of fee title thereto, the Board of Directors shall have the right to charge a reasonable Special Assessment against any Owner, and his lot, equal to the cost of the Association of effectuating any such transfer of his membership upon the books of the Association.

SEVEN. VOTING RIGHTS:

Section 1. Classes of Voting Membership. The Association shall have two (2) classes of voting membership as

follows:

Class A. Class A Members shall originally be all Owners with the exception of the Declarant for so long as there exists a Class B membership. Class A Members shall be entitled to one (1) vote for each lot owned. Declarant shall become a Class A Member with regard to lots owned by Declarant upon conversion of Declarant's Class B membership as provided below. When more than one person holds an interest in any lot, all such persons shall be Members. The vote for such lot shall be exercised in accordance with the Declaration, and in no event shall more than one (1) vote be cast with respect to any lot.

Class B. The Class B Member shall be the Declarant and it shall be entitled to three (3) votes for each lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(a) When the total votes outstanding in the Class A membership, inclusive of votes attributable to any property annexed to the Properties, equals the total votes outstanding in the Class B membership; or

(b) Three (3) years from the date of recording the Declaration; or

(c) On voluntary cancellation of the Class B membership by Declarant.

Section 2. Vote Distribution - Class A Members. Members shall be entitled to one (1) vote for each lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any lot, ("co-owner"), all such co-owners shall be Members and may attend any meetings of the Association, but only one such co-owner shall be entitled to exercise the vote to which the lot is entitled. Such co-owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the Class A vote for each lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such lot shall be exercised as the majority of the co-owners of the lot mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the corresponding voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any lot where the majority of the co-owners present in person or by proxy and representing such lot cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be

jointly and severally responsible for all of the obligations imposed upon the jointly owned lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the By-Laws of the Association, shall be deemed to be binding on all Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in the Declaration and in the Articles of Incorporation and By-Laws of the Association.

EIGHT. DIRECTORS: The number of directors of the Association shall be five (5) and said number may be changed by a duly adopted amendment to the By-Laws of the Association, except that in no event may the number of directors be less than three (3).

The names and addresses of the persons who are appointed to act as the first directors of this corporation and to continue to act as such directors until the election and qualification of their successors are as follows:

Eric B. Adamson, 5146 West 10400 North, Highland,
Utah 84003
Stephen L. Adamson, 5161 West 10400 North, Highland
Utah 84003
J. LeGrand Adamson, 5166 West 10400 North, Highland
Utah 84003
Robert J. Wilkinson, 5170 West 10400 North, Highland
Utah 84003
Lorraine Fackrell, 374 Sixth Avenue, Midvale,
Utah 84047

The above-named individuals are also the incorporators of this corporation.

NINE. AMENDMENT. Amendment to these Articles of Incorporation shall require the vote or written consent of the Owners representing at least seventy-five percent (75%) of the voting power of the Association, and shall be subject to the requirements of the Declaration.

TEN. DISSOLUTION. The Association may be dissolved with the vote or written consent of the membership representing at least fifty percent (50%) of the voting power of the Association, subject to the requirements of the Declaration.

The Association is one which does not contemplate

pecuniary gain or profit to the Members thereof, and it is organized solely for non-profit purposes. Upon the winding up and dissolution of the Association, after paying or adequately providing for the debts and obligations of the Association, the remaining assets shall be distributed to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event such dedication is refused acceptance, such assets shall be distributed, granted, conveyed and assigned to a non-profit fund, trust, corporation or other organization which is organized and operated for similar purposes. If the Association holds any assets in trust, such assets shall be disposed of in such manner as may be directed by decree of the Court of Utah County, State of Utah, upon petition therefor by any person concerned in the liquidation.

ELEVEN. AGENT: The agent for all legal purposes for said corporation shall be Stephen L. Adamson, and said agent's address is 5161 West 10400 North, Highland, Utah 84003.

TWELVE. CONFLICT: In the event that any of the provisions provided for herein in these Articles of Incorporation or the By-Laws of said Corporation conflict with the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Hidden Oaks Home Owners Association, then and in that event, said Declaration shall be controlling.

IN WITNESS WHEREOF, the undersigned, constituting the incorporators of this Association, have executed these Articles of Incorporation on this 15th day of May, 1977.

Eric B. Adamson
ERIC B. ADAMSON

Stephen L. Adamson
STEPHEN L. ADAMSON


J. LeGrand Adamson
J. LeGRAND ADAMSON

Robert J. Wilkinson
ROBERT J. WILKINSON

Lorraine Fackrell
LORRAINE FACKRELL

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

On this 15th day of May, 1979, personally
appeared before me Eric B. Adamson, Stephen L. Adamson,
J. LeGrand Adamson, Robert J. Wilkinson and Lorraine Fackrell
the signers of the foregoing instrument, who acknowledged to
me that they executed the same.


Notary Public
Residing at

My commission expires:
1-2-81

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SCHEDULE III

BY-LAWS

OF

HIDDEN OAKS HOME OWNERS ASSOCIATION

ARTICLE I

General Plan of Ownership

Section 1. Name. The name of the Corporation is Hidden Oaks Home Owners Association, hereinafter referred to as the "Association". The principal office of the Association shall be located in Utah County, Utah.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the planned unit development known as Hidden Oaks, Inc., located in Highland, Utah County, Utah ("the Properties"), as described in the map and dedication thereof recorded or to be recorded in the County Recorder's office of Utah County, State of Utah.

Section 3. Personal Application. All present and future owners and their tenants, future tenants, employees and any other person that might use the facilities of the Properties in any manner, are subject to the regulations set forth in these By-Laws and in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements (the "Declaration" herein) recorded or to be recorded in the Office of the Utah County Recorder and applicable to the Properties.

Section 4. The mere acquisition or rental of any Lot in the Properties or the mere act of occupancy of any Lot in the Properties will signify that these By-Laws are accepted, ratified, and will be complied with.

Section 5. Unless otherwise specified herein, the terms and definitions of covenants, conditions and restrictions and reservations of easements for Hidden Oaks, Inc., a planned unit development, shall apply hereto.

ARTICLE II

Voting Rights, Majority of Quorum, Quorum, Proxies

Section 1. Voting Rights. The Association shall have two (2) classes of voting membership, as follows:

Class A. Class A Members shall be those Owners with the exception of Declarant for so long as there exists a Class B Membership. Class A Members shall be entitled to one (1) vote for each Lot which is subject to assessment, as further provided in the Declaration.

Class B. The Class B Member shall be Declarant. The

Class B Member shall be entitled to three (3) votes for each Lot owned by Declarant (which is subject to assessment), provided that the Class B Membership shall cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earliest:

- (1) When the total votes outstanding in the Class A Membership equal the votes outstanding in the Class B Membership, inclusive of any votes attributable to any property annexed to the Properties; or
- (2) Three (3) years from the date of recording the Declaration;
- (3) Earlier at the option of the Declarant.

Section 2. Majority of Quorum. Unless otherwise expressly provided in these By-Laws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of at least fifty-one percent (51%) of the total Membership of the Association shall constitute a quorum of the Membership. Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary at least twenty-four (24) hours before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease after completion of the meeting for which the proxy was filed, and upon conveyance by the Member of his Lot.

ARTICLE III

Administration

Section 1. Association Responsibilities. The Association shall have the responsibility of administering the Properties, approving the annual budget, establishing and collecting all assessments and arranging for the management of the Properties pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the Manager.

Section 2. Place of Meetings of Members. Meetings of the Members shall be held on the Properties or such other suitable place as close thereto as practicable, in Highland, Utah County, Utah, convenient to the Owners as may be designated by the Board of Directors.

Section 3. Annual Meetings of Members. The first annual meeting of Members shall be held within thirty (30) days after fifty-one percent (51%) of the escrows for the sale of all of the Lots in the Properties have closed or within six (6) months after the close of escrow for the sale of the first Lot in the Properties, whichever occurs first. Thereafter, the annual meetings of the Association shall be held on the anniversary date of the first annual meeting; provided, however, that should the anniversary date fall on a legal holiday, then such annual meeting of the Members shall be held on the next day thereafter which is not a legal holiday. At each annual meeting there shall be elected by ballot of the Members a Board of Directors, in accordance with the requirements of Section 5 of Article IV of these By-Laws. At the first annual meeting, the directors shall be elected to serve until the second annual meeting, and at the second annual meeting, directors shall be elected for a term of one (1) year beginning with the second annual meeting. Unless a director resigns before the expiration of his term of office, each director shall hold his office until his successor has been elected and the first meeting involving such successor is held. The term of office of any director elected to fill a vacancy created by the resignation of his predecessor shall be the balance of the unserved term of his predecessor. The Members may also transact such other business of the Association as may properly come before them. Each first Mortgagee of a Lot in the Properties may designate a representative to attend all annual meetings of the Members.

Section 4. Special Meetings of Members. Special meetings of the Members may be called at any time by a majority of a quorum of the Board of Directors, or upon a petition signed by Members holding at least fifteen percent (15) of the voting power of each class of the Members having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of those Members holding at least four-fifths (4/5ths) of the voting power of the Association, either in person or by proxy. Each first Mortgagee of a Lot in the Properties may designate a representative to attend all special meetings of the Members.

Section 5. Notice of Meetings of Members. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of Members, stating the purpose thereof as well as the day, hour and place where it is to be held, to each Owner of record and to each first Mortgagee of a Lot which has filed a written request for notice with Secretary, at least ten (10) but not more than sixty (60) days prior to such meeting. The notice may set forth time limits for speakers and nominating procedures for the meeting. The mailing of a notice, postage prepaid, in the manner provided in this Section, shall be considered notice served, after said notice has been deposited in a regular depository of the United States

mail. If no address has been furnished the Secretary, notice shall be deemed to have been given to a Member if posted in a conspicuous place on the Association Property.

Section 6. Adjourned Meetings. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Members holding at least twenty-five percent (25%) of the voting power of the Association. Such adjourned meetings may be held without notice thereof as provided in this Article III, except that notice shall be given by announcement at the meeting at which such adjournment is taken. If a meeting is adjourned for more than thirty (30) days, notice of the adjourned meeting shall be given as in the case of an original meeting.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspector of election; (g) election of directors; (h) unfinished business; and (i) new business. Meetings of Members shall be conducted by the officers of the Association, in order of their priority.

Section 8. Action Without Meeting. Any action, which under the provisions of the Utah Corporation Code may be taken at a meeting of the Members, may be taken without a meeting if authorized by a writing signed by all of the Members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary.

Section 9. Consent of Absentees. The transactions of any meeting of Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of Members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the

minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IV

Board of Directors

Section 1. Number and Qualification. The property, business and affairs of the Association shall be governed and managed by a Board of Directors composed of five (5) persons, each of whom, except for those appointed and serving as first directors, must either be an Owner of a Lot in the Properties, or an agent of Declarant for so long as Declarant owns a Lot in the Properties. The Board of Directors may increase, by resolution, the authorized number of members of the Board; provided that the Owners shall have the sole right to elect the new Board members. Directors shall not receive any stated salary for their services as directors; provided, however, that (1) nothing herein contained shall be construed to preclude any director from serving the Association in some other capacity and receiving compensation therefor, and (2) any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 2. Powers and Duties. The Board of Directors has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done exclusively by the Owners. The Board of Directors shall not enter into any service contract for a term in excess of one (1) year, without the approval of a majority of Owners.

Section 3. Special Powers and Duties. Without prejudice to such foregoing general powers and duties, and in addition to such powers and duties as are set forth in the Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

(a) To select, appoint, and remove all officers, agents and employees of the Association, to prescribe such powers and duties for them as may be consistent with law, and with the Articles of Incorporation, the Declaration and these By-Laws; to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) To conduct, manage and control the affairs and business of the Association, and to make and enforce such rules and regulations therefor consistent with law, with the Articles of Incorporation, the Declaration and these By-Laws, as the Board may deem necessary or advisable.

(c) To change the principal office for the transaction of the business of the Association from one location to

another within the County of Utah, as provided in Article I hereof; to designate any place within said county for the holding of any annual or special meeting or meetings of Members consistent with the Provisions of Article III, Section 2 hereof; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of law.

(d) Subject to the Declaration of the covenants, conditions and restrictions and reservations of easements for Hidden Oaks Inc., the Board of Directors has the power to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, notes, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor. The Board of Directors is hereby authorized to provide, or cause to be provided, adequate reserves for replacements as it shall deem necessary or advisable in the interest of the Association or welfare of its members, subject however to the aforesaid declaration.

(e) To enforce the provisions of the Declaration covering the Properties, these By-Laws or other agreements of the Association.

(f) To contract for and pay fire, casualty, errors and omissions, liability, malicious mischief, vandalism, liquor liability and other insurance, insuring the Owners, the Association, the Board of Directors and other interested parties, in accordance with and subject to the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable, which may include without limitation, medical expenses of persons injured on the Common Area, and to bond the agents and employees of any management body, if deemed advisable by the Board. The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Association.

(g) To contract for and pay maintenance, gardening, utilities, materials and supplies, and services relating to the Common Area and to employ personnel necessary for the operation of the Properties, including legal and accounting services, and to contract for and pay for improvements and any recreational facilities on the Common Area. In case of damage by fire or other casualty to the Common Area, if insurance proceeds exceed Twenty-Five Thousand Dollars (\$25,000), or the cost of repairing or rebuilding exceeds available insurance proceeds by more than Five Thousand Dollars (\$5,000), then the Board of Directors shall obtain firm bids from two or more responsible contractors to rebuild any portions of the Common Area, in accordance with the original plans and specifications with respect thereto, and shall, as soon as possible thereafter, call a special meeting of the Members to consider such bids.

(h) To delegate its powers according to law, and subject to the approval of the Members, to adopt these By-Laws.

(i) To grant easements where necessary for utilities and sewer facilities over the Properties to serve the Properties.

(j) To fix, determine and name from time to time, if necessary or advisable, the public agency, fund, foundation or corporation which is then or there organized or operated for charitable purposes, to which the assets of this Association shall be distributed upon liquidation or dissolution, according to the Articles of Incorporation of the Association. The assets so distributed shall be those remaining after satisfaction of all just debts and obligations of the Association, and after distribution of all property held or acquired by the Association under the terms of a specific trust or trusts.

(k) To adopt such Rules and Regulations as the Board may deem necessary for the management of the Properties, which Rules and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a meeting called for that purpose or by the written consent of such number of directors attached to a copy of the Rules and Regulations of the Association, and (2) they are posted in a conspicuous place in the Common Area. For so long as Declarant holds or directly controls at least twenty-five percent (25%) of the voting power of the Association, such Rules and Regulations shall not materially affect the rights, privileges or preferences of any Owner as established by the Declaration, the Articles of Incorporation of the Association and these By-Laws without the prior written approval of the Utah Commissioner of Real Estate. Such Rules and Regulations may concern, without limitation, use of the Association Property; signs, parking restrictions, minimum standards of property maintenance consistent with the Declaration and the procedures of the Architectural Committee; and any other matter within the jurisdiction of the Association as provided in the Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these By-Laws.

Section 4. Management Agent. On or before the date of the first annual meeting of the Membership of the Association, the Board of Directors shall appoint for the Association a professional management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to, the duties listed in Section 3 of this Article IV.

Section 5. Election and Term of Office. At the first annual meeting of the Association, and thereafter at such annual

meeting of the Members, new directors shall be elected by secret written ballot by a majority of Owners as provided in these By-Laws. In the event that an annual meeting is not held, or the Board is not elected thereat, the Board may be elected at a special meeting of the Members held for that purpose. Each director shall hold office until his successor has been elected or until his death, resignation, removal or judicial adjudication of mental incompetence. Any person serving as a director may be re-elected, and there shall be no limitation on the number of terms during which he may serve. Each Member may accumulate his votes for the election and removal of directors as provided in this Article IV. At any election of the Board, each Member may give one or more candidate for director a number of votes equal to the share of the voting power as set forth in the Declaration, multiplied by the number of directors to be elected.

Notwithstanding the foregoing, whenever (1) notice is given for an election of directors of the Board and (2) upon such date the Members other than Declarant do not have a sufficient percentage of the voting power of the Association to elect at least one director through the foregoing cumulative voting procedure, such notice shall also provide for the following special election procedure. Election of one director shall be apportioned entirely to the members other than Declarant. Any persons shall be an eligible candidate for the special election upon receipt by the Secretary of a Declaration of Candidacy, signed by the candidate, at any time prior to the election. Such election shall be by secret ballot unless a majority of the Members other than the Declarant determine otherwise. The person receiving a majority of the votes cast by the Members other than Declarant shall be elected a member of the Board in a co-equal capacity with all other directors. The remaining members of the Board shall be elected through the customary cumulative voting procedure outlined above.

Section 6. Books, Audit. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals shall obtain an independent certified audit of such books and records. A copy of each such audit shall be delivered to a Member within thirty (30) days after the completion of such audit upon written request from a Member. A balance sheet and an audited operating (income) statement for the Association shall be distributed to each Member (and to any institutional holder of a first Mortgage on a Lot in the Properties upon request) within sixty (60) days of accounting dates as follows:

(a) An initial balance sheet and an initial operating statement as of an accounting date which shall be the last day of

the month closest in time to six (6) months following the date of closing of the first sale on a Lot to a Member;

(b) Thereafter, an annual balance sheet and an annual operating statement as of the last day of the Association's fiscal year.

The operating statement for the first six (6) months accounting period referred to in (a) above shall include a schedule of assessments received or receivable itemized by Lot number and by the name of the person or entity assessed.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is elected at the next annual meeting of the Members of the Association, or at a special meeting of the Members called for that purpose. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any director, or in case the Members fail to elect the full number of authorized directors at any meeting at which such election is to take place.

Section 8. Removal of Directors. At any regular or special meeting of the Members duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. If more than one director is to be removed at any one time, each Member may accumulate his votes and vote for or against such removal of one or more of the directors in the number of votes equal to his share of the voting power as set forth in the Declaration, multiplied by the number of directors sought to be removed. Where the entire Board of Directors is not removed at one time, no director shall be removed if the number of votes cast against his removal exceeds the quotient arrived at when the total number of Members entitled to vote is divided by one (1) plus the authorized number of directors. If any or all of the directors are so removed, new directors may be elected at the same meeting. Notwithstanding the foregoing, any director who has been elected to office solely by the votes of Members other than Declarant pursuant to Section 5 of this Article IV may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in Members other than Declarant.

Section 9. Organization Meeting. The first regular ("organization") meeting of a newly elected Board of Directors shall be held within ten (10) days of election of the Board, at such place as shall be fixed and announced by the directors of the meeting at which such directors were elected, for the purpose of organization, election of officers and the transaction of other business. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

Section 10. Other Regular Meetings. Other regular meetings of the Board of Directors shall be open to the Members and may be held at such time and place within the Properties as shall be determined, from time to time, by a resolution adopted by a majority of a quorum of the directors; provided, however, that such meeting shall be held no less frequently than quarterly. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telephone or telegraph, at least seventy-two (72) hours prior to the date named for such meeting, and shall be posted at a prominent place or places within the Common Area.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be open to all members and may be called by the President (or, if he is absent or refuses to act, by the Vice President) or by any two (2) directors. At least seventy-two (72) hours notice shall be given to each director, personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting, and shall be posted at a prominent place or places within the Common Area. If served by mail, each such notice shall be sent, postage prepaid, to the address reflected on the records of the Association, and shall be deemed given, if not actually received earlier, at 5:00 o'clock p.m. on the second day after it is deposited in a regular depository of the United States Mail as provided herein. Whenever any director has been absent from any special meeting of the Board, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such director, as required by law and as provided herein.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business

may be transacted at such meeting. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though had a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs such a written waiver of notice, a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the records of the Association or made a part of the minutes of the meeting.

Section 13. Quorum and Adjournment. Except as otherwise expressly provided herein, at all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Action Without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the vote or written consent of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 15. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 16. Committees. The Board of Directors by resolution, may from time to time designate such committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution designating and establishing the committee shall provide for the appointment of its members, as well as a chairman, shall state the purposes of the committee, and shall provide for reports, termination, and other administrative matters as deemed appropriate by the Board.

ARTICLE V

Officers

Section 1. Designation. The principal officers of the

Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in their judgment may be necessary. Officers other than the President need not be directors. The office of Secretary and Treasurer may be held by the same person, but the office of President and Secretary may not be held by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the Organization Meeting of each new Board of Directors, and each officer shall hold his office at the pleasure of the Board of Directors, until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified to serve.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President or Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

Section 4. Compensation. Officers, agents and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of any officer, agent, or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent, or employee, provided that no officer, employee or director of Declarant or any affiliate of Declarant may receive any compensation.

Section 5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including but not limited to the power, subject to the provisions of Article IV, Section 16, to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall, subject to the control of the Board of Directors, have general supervision, direction and control of the Business of

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the Association. The President shall be ex officio a member of all standing committees, and he shall have such other powers and duties as may be prescribed by the Board of Directors or these By-Laws of the Association.

Section 6. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent, disabled, refuses or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or these By-Laws of the Association.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board of Directors may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board of Directors may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Members of the Association and of the Board of Directors required by these By-Laws or by law to be given. The Secretary shall maintain a book of record Owners, listing the names and addresses of the Owners as furnished the Association, and such books shall be changed only at such time as satisfactory evidence of a change in ownership of a Lot is presented to the Secretary. The Secretary shall perform such other duties as may be prescribed by the Board of Directors.

Section 8. Treasurer. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall co-sign all checks and promissory notes on behalf of the Association. The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, in accordance with the Declaration, shall render to the President and Directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such

other duties as may be prescribed by the Board of Directors or by these By-Laws.

ARTICLE VI

Obligations of Owners

Section 1. Assessments.

(a) All Owners are obligated to pay, in accordance with the provisions of the Declaration, all assessments imposed by the Association, to meet all expenses of the Association. Except as otherwise provided in the Declaration with respect to the collection of Special Assessments, the assessments shall be made equally among the Lots owned.

(b) All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Declaration.

Section 2. Maintenance and Repair.

(a) Every Owner must perform promptly, at his sole cost and expense, all maintenance and repair work on his Lot, as required under the provisions of the Declaration. As further provided in the Declaration, all plans for alterations and repair of Improvements on the Lots within the Properties must receive the prior written consent of the Architectural Committee. The Architectural Committee shall establish reasonable procedures for the granting of such approval, in accordance with the Declaration.

(b) As further provided in the Declaration, each owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area owned by the Association, which are damaged through the fault of such Owner. Such expenditures shall include all court costs and reasonable attorney's fees incurred in enforcing any provision of these By-Laws or the Declaration.

ARTICLE VII

Amendments to By-Laws

These By-Laws, the Articles of Incorporation and the Declaration may be amended by the Association in a duly constituted meeting of the Members for such purpose. No amendment to these By-Laws shall take effect unless approved by at least a majority of a quorum of Members present, in person or by proxy, at a duly constituted regular or special meeting of the Members; provided, however, that these By-Laws may be amended by a majority of the

entire Board at any time prior to the sale of the first Lot to a purchaser from Declarant. The prior written approval of all first mortgages must be secured before any material amendment to these By-Laws may take effect, and this sentence may not be amended without such prior written approval. If any loan on a Lot in the Properties is insured or guaranteed by the Federal Housing Administration (FHA) or the Veterans Administration (VA), or if the FHA or VA has committed to insure or guarantee loans on Lots in the Properties, the FHA or the VA shall have the right to veto amendments for so long as there exists a Class B Membership. Provided, however, that neither the Declaration, Articles nor By-Laws will be amended in such a manner that the rights of any first mortgages will be adversely affected.

ARTICLE VIII

Mortgages

Section 1. Notice to Association. An Owner who mortgages his Lot shall notify the Association through the Manager or the Secretary of the Board of Directors in the event there is no Manager, the name and address of his Mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Lots". Any such Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.

Section 2. Notice of Unpaid Assessments. The Board of Directors of the Association shall at the request of a Mortgagee of a Lot report any unpaid assessments due from the Owner of such Lot, in accordance with the provisions of the Declaration.

ARTICLE IX

Meaning of Terms

All terms appearing herein initially capitalized shall have the same meanings as are applied to such terms in the Declaration which terms include without limitation: "Declarant", "the Properties", "Common Area", "Manager", "Owner", "Board", "Architectural Committee", "Subdivision", "Improvement", "Lot", "Articles", "Member", "Mortgage", "Mortgagee", "Common Assessments", "Special Assessments", "Capital Improvement Assessments" and "Reconstruction Assessments".

ARTICLE X

Conflicting Provisions

In case any of these By-Laws conflict with any provisions of the laws of the State of Utah, such conflicting By-Laws shall be null and void upon final court determination to such effect,

but all other By-Laws shall remain in full force and effect. In case of any conflict between the Articles and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XI

Indemnification of Directors and Officers

Subject to obtaining the insurance as provided in the Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for Hidden Oaks, Inc., except to the extent that such liability or damage or injury is covered by insurance proceeds, the Board of Directors may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against a present or former director, officer, committee member, or employee of the Association in an action brought by a third party against such person, whether or not the Association is joined as a party defendant, to impose a liability or penalty on such person for an act alleged to have been committed by such person while a director, officer, committee member or employee; provided, the Board of Directors determines in good faith that such director, officer, or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Association or its Members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of this Section shall apply to the estate, executor, administrator, heirs, legatees, or devisees of a director, officer, committee member, or employee, and the term "person" where used in the foregoing Section shall include the estate, executor, administrator, heirs, legatees, or devisees of such person.

ARTICLE XII

Miscellaneous

Section 1. Execution of Documents. The Board of Directors, except as in these By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, committee member, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

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Section 2. Inspection of By-Laws. The Association shall keep in its office for the transaction of business the original or a copy of these By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Owners and all first Mortgagees at all reasonable times during office hours.

Section 3. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors and having been so determined, is subject to change from time to time as the Board of Directors shall determine.

Section 4. Membership Book. The Association shall keep and maintain in its office for the transaction of business a book containing the name and address of each Member. Termination or transfer of ownership of any Lot and certificate of membership by an Owner shall be recorded in the book, together with the date on which such ownership was transferred, in accordance with the provisions of the Declaration.

ARTICLE XIII

Notice and Hearing Procedure

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or the Rules and Regulations of the Properties adopted hereunder, and after written notice of such alleged failure is given to the Owner or to anyone in his family alleged to be in default in the manner herein provided, the Board of Directors shall have the right, after the alleged violator has been given an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all members of the Board to suspend or condition said Owner's and his family's right to the use of the Common Area facilities. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the Rules and Regulations of the Properties; these By-Laws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws or by law shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these By-Laws, or by the Rules and Regulations adopted by the Association, before the Owner may resort to a court of law for relief with respect to any alleged violation

by another Member for any provision of the Declaration, these By-Laws or the Rules and Regulations. The foregoing limitation pertaining to exhausting administrative remedies shall not necessarily apply to the Board or to any Member where the complaint alleges non-payment of Common Assessments, Capital Improvement Assessments or Reconstruction Assessments.

Section 2. Written Complaint. A hearing to determine whether a right or privilege of an Owner or any of his family ("respondent") under the Declaration or these By-Laws should be suspended or conditioned, shall be initiated by the filing of a written Complaint by any Owner or by any officer or member of the Board of Directors with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. The Complaint shall specify the specific provisions of the Declaration, these By-Laws or the Rules and Regulations of the Properties which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

Section 3. Service of Complaint. Upon the filing of the Complaint, the President shall serve a copy thereof on the respondent by any of the following means: Service shall be (1) given personally, (2) sent by registered or certified mail, return receipt requested, and addressed to respondent, at the address appearing on the books of the Association; or (3) posted on the Lot and in a conspicuous place on the Common Area and in the office of the Association. Service by mailing or posting shall be deemed delivered and effective two (2) days after such posting and mailing in a regular depository of the United States mail. The Complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the respondent, or on behalf of respondent will constitute a notice of defense hereunder. The copy of the Complaint shall be accompanied by: (1) a Statement that the respondent may request a hearing before a Tribunal, in a form substantially as provided in Article XIII, Section 4, and (2) a copy of Article XIII of these By-Laws. No order adversely affecting the rights of the respondent shall be made in any case, unless the respondent shall have been served as provided herein.

Section 4. Statement to Respondent. The Statement accompanying the Complaint to the respondent shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent

in the accompanying Complaint is delivered or mailed to the Board of Directors within fifteen (15) days after the Complaint was served upon you, the Board of Directors may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled Notice of Defense to the Board of Directors at the following address: _____

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Directors, you may contact _____

Section 5. Notice of Defense. The Notice of Defense shall state the respondent may:

- (1) Request a hearing before a Tribunal as hereinafter provided;
- (2) Object to a Complaint upon the ground that it does not state acts or omissions upon which the Board of Directors may proceed;
- (3) Object to the form of the Complaint on the ground that it is so indefinite or uncertain that the respondent cannot identify the violating behavior or prepare his defense; or
- (4) Admit to the Complaint in whole or in part.

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Directors. The respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense. Any objections to the form or substance of the Complaint shall be considered by the Tribunal within ten (10) days of their receipt. The Tribunal shall make its determination and notify all parties within said ten (10) day period. If the Complaint is insufficient, the complaining party shall have seven (7) days within which to amend the Complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any Amended or Supplemental Complaint. If it is determined by the Tribunal that

the Complaint is still insufficient, then the matter shall be dismissed by the Tribunal.

Section 6. Amended or Supplemental Complaint Before Submission to Tribunal. At any time before the matter is submitted to the Tribunal for its findings of fact and recommendations, the Board may file or permit the filing of an Amended or Supplemental Complaint. All parties shall be notified thereof in the manner herein provided. If the Amended or Supplemental Complaint presents new charges, the Board of Directors shall afford the respondent a reasonable opportunity to prepare his defense thereto. All new charges shall be deemed controverted, and any objections to the Amended or Supplemental complaint may be made orally and shall be noted in the record of proceedings.

Section 7. Discovery. After initiation of a proceeding in which the respondent is entitled to a hearing on the merits, the respondent and the individual filing the complaint or Supplemental Complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Directors of the Complaint or within ten (10) days after service of any Amended or Supplemental Complaint, is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party and (2) inspect and make a copy of any statements, writings and investigative reports, relevant to the subject matter of the hearing. Nothing in this Section, however, shall authorize the inspection or disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request for discovery has not been complied with shall submit a petition to compel discovery with the Tribunal appointed by the President. The Tribunal shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

Section 8. Tribunal. The President shall appoint a Tribunal of three Owners upon receipt of a written Complaint as provided in Section 2 of this Article. No member of the Tribunal shall be a director of the Association, nor shall any member of the Tribunal be involved in any prior investigation of the matter on behalf of the Board nor related by blood or marriage to either the complaining party or the respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the respondent or any Owners who are witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that the respondent may challenge any member of the Tribunal for cause where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence of the hearing. In the event of

such a challenge, the Board of Directors shall meet to determine the sufficiency of the challenge, without the President voting. If such challenge is sustained, the President shall appoint another Owner to replace the challenged member of the Tribunal. All decisions of the Board of Directors in this regard shall be final. The Tribunal shall elect a Chairman, appoint a hearing officer who shall be legally trained, and appoint a Recorder to present evidence and to ensure that a proper record of all proceedings is maintained by the qualified reporter. The Chairman shall preside at the meeting, but the hearing officer shall rule on the admission and exclusion of evidence and advise the agency on matters of law. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

Section 9. Notice of Hearing. The Tribunal shall serve a notice of hearing, as provided herein, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the service of the Complaint as provided in Section 3 of this Article XIII. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the Association at _____ on the _____ day of _____, 19____, at the hour of _____, upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

Section 10. Depositions and Written Interrogatories. On verified petition of any party, the Board of Directors, upon recommendation by the Tribunal, may order that the testimony of any material witness residing within the Properties be taken by deposition in the manner prescribed by law for depositions and written interrogatories in civil actions. The petition shall set forth the nature of the pending proceeding, the name and address of the witness whose testimony is desired, a showing of the materiality of his testimony, a showing that the witness will be unable to attend, and shall request an order requiring the witness to appear

and testify before the Secretary of the Association.

Section 11. Affidavits.

(a) At any time ten (10) or more days prior to a hearing or a continued hearing, any party may mail or deliver to the opposing party a copy of any affidavit which he proposes to introduce in evidence, together with a notice as provided in Subdivision (b). Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine an affiant, his right to cross-examine such affiant is waived and the affidavit if introduced in evidence shall be given the same effect as if the affiant had testified orally. If an opportunity to cross-examine an affiant is not afforded after request therefor is made as herein provided, the affidavit may be introduced in evidence, but shall be given only the same effect as other hearsay evidence.

(b) The notice referred to in Subdivision (a) shall be substantially the form as follows:

"The accompanying affidavit of _____ will be introduced as evidence at the hearing in the matter of _____ before a Tribunal of the Association. _____ will not be called to testify orally and you will not be entitled to question him unless you notify _____ at _____ that you wish to cross-examine him. To be effective, your request must be mailed or delivered to _____ on or before _____, 19____."

Section 12. Hearing.

(a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member. Oral evidence will be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine

opposing witnesses; to introduce exhibits; to cross-examine opposing witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding, unless it would be admissible over objection in civil matters. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Owner nor the allegedly defaulting Owner must be in attendance at the hearing. The hearing shall be open to attendance by all Owners. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, these By-Laws, the Rules and Regulations of the Properties, or the workings of the Association. Parties present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings. The Tribunal may grant continuances on a showing of good cause.

Section 13. Decision. The hearing officer who was in attendance at the hearing, if any, shall assist and advise the Tribunal in making its decision. If the respondent fails to file a Notice of Defense as provided in Section 5 of this Article XIII, or fails to appear at a hearing, the Tribunal may take action based on the evidence presented to it without notice to the respondent. However, the respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determination, only in accordance with the evidence presented to it and in accordance with these By-Laws. After all testimony and documentary evidence has been presented to the Tribunal Committee, the Tribunal Committee shall vote by secret ballot upon the matter, with a majority of the entire Tribunal Committee controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the Board of Directors at a

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conspicuous place on the Common Area, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action under the Declaration, these By-Laws or the Rules and Regulations of the Properties shall be imposed only by the Board of Directors, and in accordance with the findings and recommendations of the Tribunal. The Board of Directors may adopt the recommendations of the Tribunal in their entirety, or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent disciplinary action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective ten (10) days after it is served upon the respondent, unless otherwise ordered in writing by the Board of Directors. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties, on its own motion or petition by any party.

Section 14. All first mortgagees shall be exempt from the enforcement procedures as set forth herein in these By-Laws.

ARTICLE XIV

Membership in Association

Section 1. Membership. Every owner of a Lot shall be a member of the Association, and no owner shall have more than one membership in the Association. Memberships in the Association shall not be assignable, except to the successor in interest of the Owner (including a Mortgagee), and every membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association.

Each member shall be issued a certificate of membership in the Association. The certificate of membership in the Association shall include the following:

CERTIFICATE NUMBER
CLASS OF MEMBERSHIP
THE NAME OF THE ASSOCIATION
THE NAME OF THE MEMBER
RESTRICTIONS ON TRANSFER
DATE OF ISSUANCE
THE LOT(S) TO WHICH THE MEMBERSHIP IS APPURTENANT

There shall be as many members as there are owners of Lots in the Properties.

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Section 2. Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser or mortgagee of such Lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. A Class A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to such contract purchaser his membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Board before such contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Lot until fee title to the Lot sold is transferred. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such lot upon transfer of fee title thereto, the Board of Directors shall have the right to record the transfer upon the books of the Association. The Board of Directors shall have the right to charge a reasonable Special Assessment against any Owner, and his Lot, equal to the cost to the Association of effectuating any such transfer of his membership upon the books of the Association.

ARTICLE XV

Conflict

In the event of a conflict between these By-Laws and the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Hidden Oaks, Inc., the aforesaid Declaration shall be controlling.

Dated: 5-15-79

By Eric S. Alderson
President

Attest:
Loraine Fackell
Secretary

S.O. Dot 1288
Quinn, R.F.

UTAH COUNTY REC'D
NINA B. REID
DEPUTY CLERK
JUN 11 1979 5:00 PM
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OFFERED AT THE REQUEST OF
Stephen Randall City

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