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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS OF
CANYON BREEZE R.V. RESORT

This Declaration is made and executed this 12 day of ~~DECEMBER~~, 1984, by DELIA BLAKE, (hereinafter referred to as "Declarant").

RECITALS

A. Declarant is the record owner (legal and/or equitable) of that certain parcel of real property (the Property) described in Exhibit "A" of this Declaration. Declarant desires to create on the Property a planned development for recreational vehicles with certain Common Areas for the benefit of the Development and the Owners of Lots therein.

B. Declarant desires to provide for the preservation and enhancement of the property values and amenities of the Property and for maintenance of the Common Areas. To this end and for the benefit of the Property and of the Owners thereof, the Declarant desires to subject the Property described in Exhibit "A" of this Declaration to the covenants, restrictions, easements, charges, and liens hereinafter set forth, each and all of which are for the benefit of the Development and each Owner thereof.

C. Declarant deems it desirable, for the efficient preservation of the values and amenities of the Property, to create an entity which possesses the power to maintain and administer the Common Areas, to collect and disburse the assessments and charges hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarant has, in conjunction with recordation of this Declaration, caused or will cause to be incorporated under the laws of the State of Utah as a nonprofit corporation, CANYON BREEZE OWNERS ASSOCIATION.

D. Declarant intends to annex additional lands whose Owners will become Members of the Association and will be entitled to and subject to all rights, powers, privileges, covenants, restrictions, easements charges, and liens hereinafter set forth.

NOW, THEREFORE, for the foregoing purposes, Declarant declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements charges and liens hereinafter set forth, as set forth in the plat recorded concurrently herewith.

I. DEFINITIONS

When used in this Declaration (including in that portion

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hereof under "RECITALS") the following terms shall have the meaning indicated.

1. Declaration shall mean and refer to this instrument as the same may hereafter be modified, amended, or supplemented.

2. Plat shall mean and refer to portion of the plat of the "CANYON BREEZE R. V. RESORT" consisting of 1 page, executed and acknowledged by Declarant, prepared and certified by A. Brent Burton, a registered Utah Land Surveyor, and recorded in the office of the County Recorder of Washington County, Utah, on the 17th day of December, 1984, in Book 365 at page 145 as Entry No. 269798, as the same will hereafter be modified, amended, or supplemented.

3. Property shall mean and refer to all of the real property which is covered by the Plat, a description of which is stated in Exhibit "A" of this Declaration.

4. Lot shall mean and refer to any of the separately numbered and individually described plots of land shown on the Plat.

5. Common Areas shall mean and refer to that portion of the property which is not included within the Lots, including all improvements other than utility lines now or hereafter constructed or located thereon. Common Areas shall not include recreation or amenities placed on a commercial lot, unless conveyed to the Association by Declarant.

6. Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Washington County, Utah) of a fee or an undivided fee interest in the Lot. Notwithstanding any applicable theory relating to a mortgage, deed or trust, or like instrument, the term Owner shall not mean or include a Mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

7. Association shall mean and refer to CANYON BREEZE OWNERS ASSOCIATION, a Utah nonprofit corporation.

8. Articles and By-Laws shall mean and refer to the Articles of Incorporation and the By-Laws of the Association.

9. Board of Trustees and the Board shall mean and refer to the Board of Trustees of the CANYON BREEZE OWNERS ASSOCIATION.

10. Member shall mean and refer to every person who holds membership in the Association.

11. Mortgagee shall mean any person named as a first mortgagee or beneficiary under or holder of a first deed of trust. First Mortgagee shall refer to the mortgagee who holds first lien priority.

12. Development shall mean and refer to the CANYON BREZZE R. V. RESORT Development created by this Declaration as it exists at any given time, including future addition as allowed by this Declaration.

13. Declarant shall mean and refer to Della Blake, her successors and assigns, or with any successor or assign to all or substantially all of its interest in the development of the Property.

II. DESCRIPTION OF PROPERTY

The property which is initially associated with the Development and which is and shall be held, transferred, sold, conveyed and occupied subject to the provisions of this Declaration consists of the real property situated in Washington County, State of Utah, and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property, including specifically that certain Right of Way Easement described on the Plat.

ALL OF THE FOREGOING IS SUBJECT TO: all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described land or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described land at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through and under the above-described land and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or for any assignee or successor of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration):

(i) To construct and complete improvements as Declarant deems to be appropriate, and to do all things reasonable necessary or proper in connection therewith; (ii) To construct and

complete on additional lands or any portion thereof such improvements as Declarant or said assignee or successor shall determine to build in its sole discretion; (iii) To improve portions of the Property with such other or additional improvements, facilities, or landscaping designed for the use and enjoyment of all the Owners or Declarant or as such assignee or successor may reasonably determine to be appropriate. If, pursuant to the foregoing reservations, the above described land or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservations hereby effected shall, unless sooner terminated in accordance with their terms, expire seven (7) years after the date on which this Declaration is filed for record in the Office of the County Recorder of Washington County, Utah,

III. MEMBERSHIP AND VOTING RIGHTS

1. Membership. Every Owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appertenant to the Lot in which the Owner has the necessary interest, and shall not be separated from the Lot to which it appertains. Persons or entities holding such an interest merely as security for the performance of an obligation shall not be a member,

2. Voting Rights. The Association shall have the following described two classes of voting membership:

Class A. Class A Members shall be all the Owners other than the Declarant. Class A Members shall be entitled to one vote for each Lot in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to four (4) votes for each Lot in which it holds the interest required for membership in the Association. The Class B membership shall automatically cease and be converted to Class A membership on the first to occur of the following events.

(a) When the total number of votes held by all Class A members equals the total number of votes held by the Class B Member,

(b) The expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Washington County, Utah.

3. Multiple Ownership Interests. In the event there is more than one Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such

Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is immediately made by another Owner of the same Lot. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

IV. PROPERTY RIGHTS IN COMMON AREAS

1. Easement of Enjoyment. Each Member shall have a right and easement of use and enjoyment including, but not limited to, the right of ingress and egress to and from his Lot and in and to the Common Areas. Such right and easement shall be appurtenant to and shall pass with title to each Lot and in no event shall be separated therefrom. Any Member may permit any person to the use and enjoyment described herein to any tenant, lessee, or contract purchaser who resides on such Member's Lot.

2. Easement for Use of Commercial Lot. All owners are hereby granted a permanent easement for the right of use of all facilities designated by the Declarant for the use of the owners. This use of this easement may be limited by reasonable rules and regulations and regular hours of operation. This easement shall be located on such portions of Lot 47 as are designated for this purpose. The easement itself shall be deemed common area and subject to reasonable use assessments to pay the cost of maintenance and repair of the facilities, together with a reserve for future replacements. Any costs directly associated with the commercial areas of the Clubhouse shall be paid by Declarant or their assigns. Any maintenance and replacement directly associated with areas designated for owner use such as restrooms and recreational areas shall be paid by the Association. Other shared costs of the Clubhouse shall be prorated on a fair and equitable basis, based upon the ratio of areas designated for owner use, to the total. Exterior maintenance shall be paid by the owner of lot 47, and the owner of lot 47 shall pay an equal lot assessment to share in the cost of the entire project.

3. Form For Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering title to a Lot shall describe the interest or estate involved substantially as follows:

Lot No. _____ of the the CANYON BREEZE R. V. RESORT, as the same is identified in the Plat recorded in the office of the Washington County Recorder, and in the Declaration of Covenants, Conditions and Restrictions of the CANYON BREEZE R. V. RESORT (the Declaration) recorded in Book _____ at Page _____ as Entry No. _____ of the official records of Washington County, Utah, TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas, described and as provided for in the Declaration and Plat. SUBJECT TO all of

the provisions of the Declaration, and subject, also, to liens for current taxes.

Whether or not the description employed in any such instrument is in the above-specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot.

Transfer of Title. Declarant agrees that it shall, on or prior to the first conveyance of a Lot, convey to the Association title to all Common Areas of the Development, and Declarant further agrees that it will discharge all liens and encumbrances on said Common Areas on or before the sale and closing of the last Lot in the Development.

5. Limitation on Easement. A Member's right and easement of use and enjoyment concerning the Common Areas shall be subject to the following:

(a) The owner of Lot 47 shall procure such insurance for the improvements located on Lot 47, the cost of which shall be prorated wherein the Association shall pay the cost of all facilities designated for use by the Association, with the owner paying the balance.

(b) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas;

(c) The right of the County of Washington and any other governmental or quasi-governmental body having jurisdiction over the property to access and rights of ingress and egress over and across any street, parking area, walkway, or open spaces contained within the Property for purposes of providing police and fire protection and providing any other governmental or municipal service; and

(d) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by two-thirds (2/3) of the vote of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for the purpose. Written or printed notice setting forth the purpose of the meeting and the action proposed shall be sent to all Members at least ten (10) days but not more than thirty (30) days prior to the meeting date.

6. Encroachments. If any portion of an improvement on a Lot encroaches upon the Common Areas or other Lots, as a result of the construction, reconstruction, repair, shifting, settlement or

movement of any portion of the development, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

7. Alienation of Common Areas. The Common properties may not be alienated, covenanted or transferred without the approval of all holders of first mortgages upon any of the properties subject to assessment except as provided in subparagraph 5(d) of this article.

V. ASSESSMENTS

1. Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a Lot, be deemed to covenant and agree to pay to the Association the monthly and the special assessments described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the Lot with respect to which such assessment is made; and (b) the personal obligation of the person who is the owner of such Lot at the time the assessment falls due. No Owner may exempt himself or his Lot from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Lot. Any such liens, however, shall be subordinate to the lien or equivalent security interest of any first Mortgage on the Lot recorded prior to the date any such common expense assessments become due.

2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the maintenance, health, safety, and welfare of residents of the Property. The use made by the Association of funds obtained from assessments may include payment of the cost of: taxes and insurance on the Common Areas; maintenance, repair, replacement, and improvement of the Common Areas, including the maintenance and repair of the right of way easement leading to the project set forth on the Plat; management and supervision of the Common Areas; Payment of maintenance fees for recreational amenities included on any commercial lot and Golf membership fees (if included) in the CANYON BREEZE R. V. RESORT establishing and funding a reserve to cover major repair or replacement of improvements within the Common Areas; and any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration or its Articles of Incorporation.

3. Base for Assessment. Each Lot which has been conveyed to an Owner shall be assessed at a same and equal rate. For the purpose of assessment, the term "Owner" shall exclude the Declarant, whose obligation shall be as set forth in paragraph 4 below.

4. Declarant shall have the duty to subsidize the operating needs of the Association as follows: Declarant shall pay on a monthly basis the lesser of:

- 1) The dues set by the Association in its annual budget

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for each lot owned by Declarant as of the first day of the month or,

- 2) The amount needed by the Association to pay its operating bills when due (excluding amounts due from owners obligated to pay dues. Operating bills shall refer to the payment of regular maintenance obligations and shall exclude payments to reserves for replacements.

5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part: (a) any expense or expenses not reasonably capable of being fully paid with funds generated by monthly assessments; or (b) the cost of any construction, reconstruction, or unexpectedly required repair or replacement in connection with the Common Areas and Right of Way Easement(s) leading to the project as shown on the Plat. Any such special assessment must be assented to by more than fifty percent (50%) of all votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for the purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) days but not more than thirty (30) days prior to the meeting date.

6. Quorum Requirements. The quorum required for any action authorized by Article 5 above shall be as follows: at the first meeting called the presence of Members or of proxies entitled to cast fifty percent (50%) of all outstanding votes shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirements set forth in Article 4) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting.

7. Equal Rate of Assessment. Both monthly and special assessments shall be fixed at a uniform (equal) rate for all Lots, subject to the provision of paragraph 3 above regarding the Declarant, or his assigns.

8. Monthly Assessment Due Dates. The monthly assessments provided for herein shall commence as to all Lots on the date deed is delivered to first purchaser of a Lot (or contract of sale) or the date of occupancy under an occupancy agreement whichever first occurs. The first monthly assessment shall be adjusted according to the number of days remaining in the month of conveyance, contract or occupancy, as the case may be. At least 15 days prior to the effective date of any change in amount of the monthly assessment the Association shall give each Owner written notice of the amount and the first due date of the assessment concerned.

9. Certificate Regarding Payment. Upon the request of any Owner or Prospective purchaser or encumbrancer of a Lot the Association shall issue a certificate stating whether or not all assessments respecting such Lot are current and, if not, the amount of the delinquency. Such certificate shall be conclusive in favor of all persons who in good faith rely thereon.

10. Effect of Non-payment -- Remedies. Any assessment not paid when due shall, together with the hereinafter provided for interest and costs of collection, be, constitute, and remain a continuing lien on the Lot, provided, however, that any such lien will be subordinate to the lien or equivalent security interest of any first mortgage on the Lot recorded prior to the date any such assessments become due. The person who is the Owner of the Lot at the time the assessment falls due shall be and remain personally liable for payments. Such personal liability shall not pass to the Owner's successors in title unless expressly assumed by them. If the assessment is not paid within thirty (30) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of Eighteen percent (18%) per annum plus late payment service charge equal to five (5) percent of each delinquent amount due with a minimum late payment of five dollars, and the Association may, in its discretion, bring an action either against the Owner who is personally liable or to foreclose the lien against the Lot. Any judgment obtained by the Association shall include reasonable attorney's fees, court costs, and each and every other expense incurred by the Association in enforcing its rights.

11. Tax Collection from Lot Owners by Washington County Authorized. It is recognized that under the Declaration the Association will own the Common Areas and that it will be obligated to pay property taxes to Washington County. It is further recognized that each Owner of a Lot as a Member of the Association and as part of his monthly common assessment will be required to pay to the Association his pro rata share of such taxes. Notwithstanding anything to the contrary contained in the Declaration, or otherwise, Washington County shall be, and is, authorized to collect such pro rata share (on equal basis) of taxes directly from each Owner by inclusion of said share with the tax levied on each Lot. To the extent allowable, Washington County is hereby directed so to do. In the event that the assessor shall separately assess Common Areas to the Association, the Board of Trustees may require the unit owners, including the Declarant to pay a special assessment, on a pro rata basis, for property taxes.

VI. OPERATION AND MAINTENANCE

1. Maintenance of Lots. Each Lot and their utility septerns shall be maintained by the Association so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any other Lot.

2. Operation and Maintenance by Association. The Association, by its duly delegated representative, shall provide for such maintenance and operation of the Common Areas as may be necessary or desirable to make them appropriately usable in conjunction with the Lots and to keep them clean, functional, attractive and generally in good condition and repair. In the event that special need for maintenance or repair of Lot should be necessitated through willful or negligent act of the Member, his family or guests, or invitees, the cost of such maintenance shall be added to and become a part of assessment to which such Lot is subject.

3. Water, Sewer and Garbage Removal. The Association shall pay for all water, sewer and garbage removal services furnished to each Lot. Each Lot Owner shall pay for all utility services which are separately billed or metered to individual Lots by the utility or other party furnishing such service.

4. Insurance. The Association shall secure and at all times maintain the following insurance coverages:

(a) A policy or policies of fire and casualty insurance, with extended coverage endorsement, for the full insurable replacement value of all improvements comprising a part of the Common Areas. The owner of Lot 47 shall procure such insurance for the improvement of Lot 47, the cost of which shall be pro rated wherein the Association shall pay the cost of all facilities designed for use by the Association, with owner paying the balance. The Association shall be named as an additional insured and in the event of loss, the proceeds shall be used to replace the damaged facility. The name of the insured under each such policy shall be in form and substance similar to: "CANYON BREEZE OWNERS ASSOCIATION," for the use and benefit of the individual Lot Owners and Mortgagees, as their interests may appear".

(b) A comprehensive policy or policies insuring the Owners, the Association, and its directors, officers, agents, and employees against any liability incident to the ownership, use or operation of the Common Areas which may arise among themselves, to the public, and to any invitees or tenants of the Property or of the Owners. Limits of liability under such insurance shall not be less than \$1,000,000.00 for all claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage, liability for non-owned or hired automobile, liability for property of others, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use. The liability policy shall also insure the improvements of Lot 47 and the cost thereof shall be shared between the Association and the owner of Lot 47 according to a provision to be provided by the Insurance Underwriter. Such policies shall be issued on a comprehensive

liability basis, shall provide a cross-liability endorsement pursuant to which the rights of the named insureds as between themselves are not prejudiced and shall contain "a severability of interest" clause or endorsement to preclude the insurer from denying the claim of an Owner in the Development because of negligent acts of the Association or other Owners.

The following additional provisions shall apply with respect to insurance:

(1) In addition to the insurance described above, the Association shall secure and at all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the Property in construction, nature, and use.

(2) All policies shall be written by a company holding a rating of Class IV or better from Best's Insurance Reports or other similar standard yielding this minimum quality of insurer. Each insurer must be specifically licensed in the State of Utah.

(3) The Association shall have the authority to adjust losses.

(4) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their Mortgagees.

(5) Each policy of insurance obtained by the Association shall, if reasonably possible, provide a waiver of the insurer's subrogation rights with respect to the Association, the Owners, and their respective directors, officers, agents, employees, invitees, and tenants; that it cannot be cancelled, suspended, or invalidated due to the conduct of any particular Owner or Owners; that it cannot be cancelled, suspended, or invalidated due to the conduct of the Association or of any director, officer, agent or employee of the Association without a prior written demand that the defect be cured; that any "no other insurance" clause therein shall not apply with respect to insurance held individually by the Owners.

(6) Notwithstanding any provisions to the contrary herein, so long as the Mortgagee or its designee holds a mortgage or beneficial interest in a trust deed on a Lot in the Development or owns a Lot, insurance policies shall meet all requirements and contain such other coverage and endorsements as may be required from time to time by the Mortgagee or its designee.

(7) Mortgage Clause. All policies of hazard insurance must contain or have attached the standard mortgage clause commonly

accepted by private institutional mortgage investors in the area in which the mortgaged premises are located. The mortgagee (lender) must provide that the insurance carrier shall notify the first mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

(8) Review of Insurance. The Board shall periodically, and whenever requested by twenty percent (20%) or more of the Owners, review the adequacy of the Association's insurance program and shall report in writing the conclusions and action taken on such review to the Owner of each Lot and to the holder of any mortgage on any Lot who shall have requested a copy of such report. Copies of every policy of insurance procured by the Board shall be available for inspection by the Owner.

(9) Lots Not Insured by Association. The Association shall have no duty or responsibility to procure or maintain any fire, liability, extended coverage or other insurance covering any Lot any Recreational Vehicle and acts and events thereon.

5. Manager. The Association may carry out through a Manager any of its functions which are properly the subject of delegation. Any Manager so engaged may be an independent contractor or an agent or employee of the Association, shall be responsible for managing the Property for the benefit of the Association and the Owners, and shall, to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself.

6. Terms of Management Agreement. Any agreement for professional management of the Development, or any other contract providing for services of the Declarant, sponsor, or builder, may not exceed three (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.

VII. USE RESTRICTIONS

1. Use of Common Areas. The Common Areas shall be used only in a manner consistent with their community nature and with the use restrictions applicable to Lots.

2. Use of Lots. Except designated commercial lots, which initially shall be Lot 47 (upon which the Declarant may place such commercial facilities and recreational amenities as Declarant deems appropriate), all lots shall be used only for commercially built Recreational Vehicle (R.V.'s) (including Park Model R.V.'s) no more than 10 years old at the time of their first use on the lot. Exceptions to this may be granted by the Architectural Control Committee upon a showing that the R. V. is in a good and sightly condition, which determination shall be made in the sole discretion

of said committee. All R. V.'s shall be parked on the designated parking pad and the total length of the R. V. and its towing vehicle shall not exceed the length of the lot, and the R. V. shall not exceed 45' in length and 12' in width unless otherwise approved by the Architectural Control Committee.

All lots are or will be improved with a concrete pad for Recreational Vehicle parking and an 8' X 12' patio. Lighting and utility hookups are also provided. No Lot shall be used, occupied or altered in violation of law, so as to create a nuisance or interfere with the rights of any owner or in a way that would result in an increase in the cost of insurance covering the Common Areas. No more than one (1) Recreational Vehicle plus 2 other parked vehicles will be permitted or maintained upon any Lot in said subdivision. No boat trailer, boats, or pickup shall be stored more than 7 consecutive days on any Lot within the Development. No Lot or Lots shall be re-subdivided except for the purpose of combining two or more lots into ONE. No outdoor burning of trash or other debris shall be permitted. This shall not prohibit the use of a normal residential barbecue or other similar outside grill.

3. Vehicle Requirements. All vehicles shall be recreational vehicles. No mobile homes, tents or outdoor overnight camping will be allowed, except that "park model" homes shall expressly be allowed and skirting and awnings for such park model Recreational Vehicles are encouraged.

5. Fences. No fences will be allowed on the lot. Fence hedges and landscaping will not be permitted, except permanent fences installed by Developer.

6. Non-residential Use. No part of the Property shall be used for any commercial, manufacturing, mercantile, storing, vending, or other such non-residential purposes, except for lots designed for such use as designated by Declarant to provide commercial and/or recreational services to the Park. Initially Lot 47 shall be so designated. Declarant, its successors or assigns, may use the Property for a model site display, and as a sales office during the construction and sales period.

7. Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the Property or any Lot advertising the property for sale or rent, except signs used by Declarant, its successor or assigns, to advertise the property during the construction and sales period.

8. Quiet enjoyment. No noxious or offensive trade or activity shall be carried on upon any Lot or any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the owners or which shall in any way increase the rate of insurance. Specifically no generators or engines shall be run while parked on a lot, except as is needed to move the vehicles.

10. Temporary Structures, Equipment, Motor Vehicles, Etc. No structure of a temporary character, tent, shack, garage, barn, or other out building shall be used on any Lot at any time as a residence, either temporarily or permanently. No motor vehicle whatsoever may be parked on any common street or driveway. Storage sheds may be constructed on the lot upon approval of the Architectural Control Committee. Such sheds may be allowed by the Architectural Control Committee if the shed is placed on a permanent concrete slab foundation, is all metal and has a baked-on enamel finish, and is no larger than 6' by 8'. Any changes or additions to the existing improvements may be done only with the written approval of the Architectural Control Committee.

11. Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept on the Lots provided that they are not kept, bred or maintained for any commercial purpose or kept in unreasonable numbers. Notwithstanding the foregoing, no animals or fowls may be kept on the property which result in an annoyance or a nuisance, by noise or otherwise, to Lot Owners. All pets must be kept in the Recreational Vehicle or on a leash attended by an owner in the Common Areas. All owners of pets shall be responsible for the clean up of pet's waste.

12. Garbage Removal. All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. All clotheslines, refuse containers, woodpiles, and machinery and equipment shall be prohibited upon any Lot.

13. Exception for Declarant. Notwithstanding the restrictions contained in this Article VII, for the seven-year period following the date on which this Declaration is filed for record in the office of the County Recorder of Washington County, Utah, Declarant shall have the right to use any Lot owned by it and any part of the Common Areas reasonably necessary or appropriate, including, but not limited to, a model or other temporary structure as a sales office, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and/or sale of all Lots owned by Declarant. Declarant may also conduct collateral business activity on the Project on any lot Declarant may so designate for this purpose.

VIII. ARCHITECTURAL CONTROL

1. Declarant's Obligation. Declarant hereby covenants in favor of each Owner: (a) that any improvement of the Common Areas accomplished by it shall be architecturally compatible with respect to one another and (b) that on or before six years from the date on which this Declaration is filed for record in the office of the County Recorder of Washington County, Utah, there shall be substantially completed and usable as part of the Common Areas all

roads in the locations shown on the Plat.

2. The Declarant shall have the right, until complete sell out of the project to appoint a three (3) member Architectural Control Committee, which committee shall have the sole discretion in matters referred to it by the terms of this Declaration. A majority vote (2 affirmative) shall control all decisions of this Committee. After sell out, the membership shall select the Committee by majority vote at the annual meeting. Vacancies may be filled at other times by the Board of the Owners Association.

IX. CONDEMNATION

If at any time or times the Common Areas or any part thereof shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages shall be payable to the Association and shall be used promptly by Association to the extent necessary for restoring or replacing any improvements on the remainder of the Common Areas. Upon completion of such work and payment in full thereof, any proceeds of condemnation then or thereafter in the hands of the Association which are proceeds of the taking of any portion of the Common Areas shall be disposed of in such manner as the Association shall reasonably determine; provided, however, that in the event of a taking in which any Lot is eliminated, the Association shall disburse the portion of the proceeds of the condemnation award allocable to the interest of the Owner of such Lot to such Owner and any first Mortgagee of such Lot, as their interests shall appear, after deducting the proportionate share of said Lot in the cost of debris removal.

X. RIGHTS OF FIRST MORTGAGEES

Notwithstanding any other provisions of this Declaration, the following provisions concerning the rights of first Mortgagee shall be in effect:

1. Preservation of Regulatory Structure and Insurance. Unless the holders of 100% of all first Mortgagees and 75% of the Lot Owners shall have given their prior written approval, the Association shall not be entitled:

(a) by act or omission to change, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the upkeep of the Common Areas of the Property;

(b) to fail to maintain fire and extended coverage on insurable portions of the Common Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs); or

(c) to use hazard insurance proceeds for losses to the Common Areas for other than the repair, replacement or reconstruction of improvements on the Common Areas.

2. Preservation of Common Area; Change in Method of Assessment. Unless the Association shall receive the prior written approval of (1) at least 100% of all first mortgagees (based on one vote for each Mortgagee) of the Lots and (2) the Owners of at least seventy-five percent (75%) of the Lots (not including Lots owned by Declarant) the Association shall not be entitled:

(a) by act or omission to seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas, except to grant easements for utilities and similar or related purposes, as herein elsewhere reserved; or

(b) to change the ratio or method of determining the obligations, assessments, dues or other charges which may be levied against a Lot or the Owner thereof.

Neither this Article X nor the insurance provision contained in Article VI may be amended without the prior approval of all first Mortgagees.

3. Notice of Matters Affecting Security. The Association shall give written notice to any first Mortgagee of a Lot requesting such notice wherever:

(a) there is any default by the Owner of the Lot subject to the first mortgage in performance of any obligation under this Declaration or the Articles or Bylaws of the Association which is not cured within thirty (30) days after default occurs; or

(b) there occurs any substantial damage to or destruction of any Lot or any part of the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of \$5,000.00. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction; or

(c) there is any condemnation proceedings or proposed acquisition of a Lot or of any portion of the Common Areas within ten (10) days after the Association learns of the same; or

(d) any of the following matters come up for consideration or effectuation by the Association:

(i) abandonment or termination of the Planned Unit Development established by this Declaration;

(ii) material amendment of the Declaration or the Articles or Bylaws of the Association; or

(iii) any decision to terminate professional management of the Common Areas and assume self-management by the Owners.

4. Notice of Meetings. The Association shall give to any first Mortgagee of a Lot requesting the same, notice of all meetings of the Association; and such first Mortgagee shall have the right to designate in writing a representative to attend all such meetings.

5. Right to Examine Association Records. Any first Mortgagee shall have the right to examine the books, records and audits financial statements of the Association.

6. Right to Pay Taxes and Charges. 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 portion of the Common Areas and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Areas; and First Mortgagees making such payments shall be owed immediate reimbursement therefore from the profits of the Association and shall be subrogated to the rights of the Association in this event. Declarant, for the Association as owner of the Common Areas, hereby covenants and the Association by acceptance of the conveyance of the Common Areas, whether or not it shall be so expressed in such conveyance, is deemed to covenant and agree to make such reimbursement.

7. Exemption from any First Right of Refusal. Any first Mortgagee and any purchaser therefrom who obtains title to the Lot pursuant to the remedies provided in the first Mortgage, or by foreclosure of the first Mortgage, or by deed or assignment in lieu of foreclosure, or by sale pursuant to any power of sale or otherwise shall be exempt from any "right of first refusal" which would otherwise affect the Lot.

8. Rights Upon Foreclosure of Mortgage. Each holder of a first Mortgage (or deed or trust) on a Lot and any purchaser from it who comes into possession of the Lot by virtue of foreclosures of the Mortgage, or by deed or assignment in lieu of foreclosure, or pursuant to power of sale or otherwise will take the Lot free of, and shall not be liable for, any claims for unpaid assessments and charges against the Lot which accrue prior to the time such holder comes into possession of the Lot.

9. Restrictions Without Approval of Mortgagees. Except as to the Association's right to grant easements for utilities and similar or related purposes, the Development's Common Areas may not be alienated, released, transferred, hypothecated, or otherwise encumbered without the approval of all holders of first Mortgage liens on the Lots.

10. Mortgagees Rights Concerning Amendments. Except as

concerns the right of Declarant to amend the Declaration and related documents as contained in Article XI of the Declaration, no material amendment to the Declaration, By-Laws or the Articles of Incorporation of the Association shall be accomplished or effective unless at least 100% of the Mortgagees (based on one vote for each Mortgagee) of the individual Lots have given their prior written approval to such amendment.

XI. DECLARANT'S RIGHT TO AMEND

Declarant shall have, and is hereby vested with, the right to unilaterally amend the Declaration as may be reasonably necessary or desirable: (i) to more accurately express the intent of any provisions of the Declaration in the light of then existing circumstances or information; (ii) to better insure, in light of the existing circumstances or information, workability of the arrangement which is contemplated by the Declaration; or (iii) to facilitate the practical, technical, administrative or functional integration of any additional tract or subdivision into the development.

XII. MISCELLANEOUS

1. Notices. Any notice required or permitted to be given to any Owner under the provisions of this Declaration shall be deemed to have been properly furnished if delivered or mailed, postage prepaid, to the person named as the Owner, at the latest address for such person as reflected in the records of the Association at the time of delivery or mailing. Any notice required or permitted to be given to the Association may be given by delivering or mailing the same to the Managing Agent or the President of the Association. Any notice required or permitted to be given to the Architectural Control Committee may be given by delivering or mailing the same to the Chairman or any member of such Committee.

2. Rules and Regulations. The Association shall have authority to promulgate and enforce such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Association in carrying out any of its functions or to insure that the Property is maintained and used in a manner consistent with the interests of the Owners.

3. Amendment. Any amendment to this Declaration shall require: (a) the affirmative vote of at least two-thirds (2/3) of all Class A membership votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose; and, (b) so long as the Class B membership exists the written consent of Declarant. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the Class A membership shall constitute a

quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirement set forth in the foregoing portion of this Article 3) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Article shall be accomplished through the recordation of an instrument executed by the Association (and by the Declarant if the Class B membership then exists). In such instrument an officer or director of the Association shall certify that the vote required by this Article for amendment has occurred. Notwithstanding anything herein contained to the contrary, until eighty percent (80%) of the Lots in the Development (including additional phases as may be added) have been sold to purchasers, Declarant shall have, and is hereby vested with, the right to unilaterally amend this Declaration as may be reasonably necessary or desirable; (a) to more accurately express the intent of any provision of this Declaration in light of the existing circumstances, information or mortgage requirements, or (b) to better insure, in light of the existing circumstances or information, workability of the arrangement which is contemplated by this Declaration.

4. Consent in Lieu of Vote. In any case in which this Declaration requires for authorization or approval of a transaction the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Members entitled to cast at least the stated percentage of all membership votes outstanding in connection with the class of membership concerned. The following additional provisions shall govern any application of this Article

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Member.

(b) The total number of votes required for authorization or approval under this Article 4 shall be determined as of the date on which the last consent is signed.

(c) Except as provided in the following sentence, any change in ownership of a Lot which occurs after consent has been obtained from the Owners thereof shall not be considered or taken into account for any purpose. A change in ownership which would otherwise result in an increase in the total number of Class A votes outstanding shall, however, be effective in that regard and shall entitle the new Owner to give or withhold his consent.

(d) Unless the consent of all Members, whose memberships

are appurtenant to the same Lot are secured the consent of none of such Members shall be effective.

5. Reserve Fund. The Association may establish adequate reserve to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas and exterior maintenance and may cause such reserve to be funded by regular monthly or other periodic assessments against the Lot Owners rather than by special assessments.

6. Lease Provisions. Any Owner may lease his Lot provided, however, that any lease agreement between a Lot Owner and a Lessee must be in writing and must provide, inter alia, that:

(a) The terms of the lease shall in all respects be subject to the provisions of the Declaration, Articles of Incorporation of the Association and the By-Laws; and

(b) Any failure by the Lessee to comply with the terms of such documents shall constitute a default under the lease.

7. Declarant's Covenant to Construct. Declarant hereby covenants to construct all Common Areas indicated on the Plat, and all contemplated improvements to lots.

8. Declarant's Rights Assignable. All or any portion of the rights of Declarant under this Declaration or in any way relating to the Property may be assigned.

9. Interpretation. The captions which precede the Articles and Articles of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

10. Covenants to Run With Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Declarant, all parties who hereafter acquire any interest in a Lot or in the Common Areas shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration and failure to comply with any of the foregoing shall be ground for an action by the Association or any aggrieved Owner for the recovery of damages, or for injunctive relief, or both. By acquiring any interest in a Lot or in the Common Areas, the party acquiring such interest consents to, and

EXHIBIT A

LEGAL DESCRIPTION

BEGINNING at the Northeast corner of the Southwest 1/4 of the Southwest 1/4 of Section 15, Township 42 south, Range 15 West, Salt Lake Base and Meridian, said point of beginning also being S0°53'E 1322.37 feet along the section line and N89°35'15" E 1318.77 feet along the 1/16 line from the west 1/4 corner of said section 15 and running thence S0°34'55"E 80.15 feet to a point on the Northerly right-of-way line of 1-15 frontage road and a curve to the left, the radius point of which is S48°06'56" E 1979.86 feet; thence Southwesterly 42.64 feet along the arc of said curve to the point of tangency; thence S 40°39'02" W 378.00 feet along said right-of-way to a point of a curve to the right, the radius point of which is N 49°20'58" W 1839.86 feet; thence Southwesterly 80.98 feet along the arc of said curve to the point of tangency; thence S 49°24'02" W 94.75 feet along said right-of-way; thence N 32°30'W 389.57 feet; thence S50°59'W 230.00 feet to a point on the northerly right-of-way line of Red Ledge Road; thence N29°30'W E 945 feet along said right-of-way to a point of a curve to the left, the radius point of which is S60°30' W 200.00 feet; thence northwesterly 212.81 feet along the arc of said curve and along said right-of-way to the point of tangency; thence S89°32' W 665.00 feet along said right-of-way; thence N20°00E 373.89 feet to the north line of the Southeast 1/4 of the Southeast 1/4 of Section 16, Township 42 South, Range 15 West, Salt Lake Base and Meridian; thence N89°32'E 335.00 feet along said 1/16 line to the 1/16 corner; thence N89°35'15" E 1318.77 feet along said 1/16 line to the point of beginning.

Containing 15.26 acres.

1994 DEC 17 PM 3:40
269739
HERBERT S. BEMLER
WASHINGTON, D.C. 20001
BY: [Signature]

REGISTERED
SOUTHERN UTAH TITLE
CORP. 265 EAST 146-167
FEE: \$100.00
FEE: \$25.00