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DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS

SILVERSTONE PUD

THIS DECLARATION made on the date hereinafter set forth by Floyd Leor Griffiths, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Pleasant Grove, County of Utah, State of Utah, which is more particularly declared as:

Refer to attached Exhibit A, which is indeeded herein the same as if set forth in its entirity.

WHEREAS, Declarant has deemed it desirable, for the efficient perservation of the values and amenities in the real property, to create a non-profit corporation under the Utah 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.

WHEREAS, 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 real property annexed pursuant to this declaration to be formed for the purpose of exercising the functions aforesaid.

NOW, THEREFORE, the Declarant hereby declares that the real property described herein is and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable, servitudes, charges and liens hereinafter sometimes referred to as "covenants and restrictions" hereinafter set forth, all of which are declared and agreed to be in aid of a plan for improvements of said property, and which shall run with the real property and be binding on all parties having any right, title or interest in the described Properties or any part thereof their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I
DEFINITIONS

When used in this Declaration, the following terms shall have the meaning indicated:

Section 1. "Association" shall mean and refer to Silverstone Owner Association, its successors and assigns.

Section 2. "Owner" or "Owners" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple interest to any Lot which is a part of the Propertier, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, (Exhibit "A") which is subject to, or any such additional property as may hereafter become subject to this Declaration or any amendments or additions to this Declaration.

Section 4. "Common Area" shall mean all real property which is a part of the Properties and which is now or hereafter acquired by the Association for the benefit, use and/or enjoyment of its Members.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Floyd Leor Griffiths.

Section 7. "Member" or "Members" shall mean and refer to those persons entitled to membership in the Association as provided in Article III, Section 1, the Articles of Incorporation and By-Laws of said Association.

Section 8. "Dwellings" or "Dwellings" shall mean any structure, home, townhouse, apartment, and any building existing upon the Properties.

ARTICLE II
PROPERTY RIGHTS

Section 1. Member's Right of Enjoyment. Every Member shall have a right of, and an easement of ingress and agress and enjoyment in, to and over the Common Area, and any improvements upon the Common Area, and shall have the right of enjoyment of the community facilities and such right of and easement of enjoyment shall be appurtenant to and shall pass with the title to every Lot subject to the following:

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(a) the right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

(b) the right of the Association to dedicate 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 Member. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Members agreeing to such dedication or transfer is subject to Article IX, Section 2; and

(c) the right of the Association to take such steps as are reasonable necessary to protect the above described property against foreclosure; and

(d) the right of the Association (by action of the Board of Directors) to reconstruct, replace or refinish any improvements or portion thereof upon the Common Area; and

(e) 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 By-laws of the Association, his right of enjoyment to the Common Area and facilities to the members of his immediate family, renters, lessors or contract purchasers who reside in his dwelling.

Section 3. Easement. The Association shall have the right to act by and through its Board of Directors, to grant rights-of-way and/or easements for any public utility purpose to any municipal agency, public utility or to the Declarant for the purpose of the installation and/or construction and/or maintenance of public utilities for the benefit of Silverstone PUD Development, provided that no such rights-of-way shall be permanently inconsistent with the enjoyment of the Common Area, and/or community facilities, by the Members of the Association. This easement shall include but not be limited to, the right of the police to enter upon any part of the common area for the purpose of enforcing the law.

(a) Parking easements Parking shall be permitted within the Common area only within spaces designated for this purpose. The association is hereby empowered to establish "parking" and "no-parking" areas within the Common Area.

(b) Traffic easements. Each owner shall have a non-exclusive easement for vehicular traffic over all private streets within the Properties, subject to the parking provision set forth above.

Section 5. Maintenance of Common Areas and Facilities. The Association shall care for and maintain the Common Areas and facilities thereon. The failure of the Association to care for and maintain the Common Areas and facilities thereon in a reasonable manner shall be grounds for an action by any Member or Owner to force the Association to provide such care or maintenance.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is subject to this Declaration shall be a Member of the Association as provided in the Articles of Incorporation any By-Laws of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot to which it appertains. Memberships in the Association shall not be assignable except to the successor-in-interest of the Owner. Ownership of such Lot shall be the only qualification for membership in the Association.

Section 2. Voting Rights. Members shall be all Owners and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, (Co-Owners) all such persons shall be Members, and may attend any meetings of the Association. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein or by the By-Laws of the Association, shall be deemed to be binding on all owners, their successors and assigns.

ARTICLE IV DUTIES AND POWERS OF THE 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, improvements and landscaping thereon in accordance with the provisions of this Declaration.

(b) maintain all private streets and parking areas within the Silverstone PUD properties including cleaning and periodic resurfacing.

(c) 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 lots.

(d) maintain such policies of liability and fire insurance with respect to the common area and personal property, if any owned by the Association as provided herein in furthering the purpose of and protecting the interests of the Association and members and as directed by this Declaration and the bylaws of the Association.

ARTICLE V

Covenant for Maintenance Assessments

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Lot owned by him 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 assessments or charges, and (2) Special assessments for Capital improvements and/or Reconstruction. Such assessments to be established and collected as hereinafter provided. The Annual and Special assessments, together with interest thereon, costs of collection thereof, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lots against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who is the owner of such Lots or his heirs, devisees, or personal representatives at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them. Any mortgagee who comes into possession of the Properties of any part thereof or any Lot or Lots pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure shall take the Lots or Properties free of any claims for unpaid assessments or charges against the mortgaged Lots or Properties which accrue prior to the time such holder comes into possession of the Lots or Properties. The Board of directors shall establish no fewer than two (2) separate accounts for the Silverstone Maintenance Funds, into which shall be deposited all monies paid to the association, and from which disbursements shall be made. The Silverstone Maintenance Funds shall include: (1) 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

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the common area facilities to the extent necessary under the provisions of the Declaration. The Board of directors shall not commingle any amounts deposited into any of the Siverstone Maintenance funds with one another or with any personal funds.

Section 2. Purpose of assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and of the Properties, Lots and Dwellings situated upon the Lot.

Section 3. Annual Assessments. The Annual assessment is to be set by a majority of the Board of Trustee and approved by a 2/3 vote of the members.

Section 4. Special Assessments for Capital Improvements. In addition to the Annual assessments authorized above, the Association may levy, in any assessment year, a Special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the approval of two-thirds (2/3) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose; provided, however, an adequate reserve fund for maintenance of the Common Area must be funded by regular monthly payments rather than by special assessments.

Section 5. Notice and quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent all Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast two-thirds (2/3) of all the votes of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be two-thirds (2/3) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Commencement of annual Assessments. The annual maintenance assessment for each membership shall commence on the date a deed for the Lot to which such membership is appurtenant is delivered by the Declarant or a prior Owner to the Member. The first monthly installment of each such annual assessment shall be made for the balance of the month during which a deed for the Lot is delivered to the Member and shall become due and payable and a lien on the date a deed for the Lot is delivered to the Member. Except as elsewhere provided herein the monthly installments of each such annual assessment for any Lot for any month after the first month shall become due and payable and a lien on the first day of each successive month.

Section 8. Effect of Nonpayment of Assessment: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve(12) percent per annum. Delinquent assessments together with interest thereon as provided above and costs of collection of the delinquent assessments and interest thereon, and attorney's fees for the collection thereof, shall become a continuing lien upon the Lot as provided in Article V, Section 1 herein. The Association may bring an action at law against the Owner personally obligated to pay the assessment, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. 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 may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure, deed of trust or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Notice of Assessments. The Association shall give written notice to each Member of any and all assessments levied against such Member at least thirty (30) days prior to the date said assessment shall become due and owing.

ARTICLE VI ARCHITECTURAL CONTROL

No fence, wall or other structure shall be commenced, 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 by the Board of Directors of the Association. In the event said Board fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII MAINTENANCE AND REPAIR OBLIGATION

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 shall be made or done by any person other than the Association or its authorized agents. The Association shall provide for the maintenance in good order and repair of, and shall reconstruct, replace or refinish the improvements within the Structural Maintenance Areas.

Section 2. Maintenance obligations of owners. It shall be the duty of each owner, at his sole cost and expense, to maintain, repair, replace and restore areas subject to his exclusive control, in a neat, sanitary and attractive condition. Areas subject to the exclusive control of the Owner shall include but not be limited to, the interior and all glass portions of the Owner's dwelling. Any Owner failing to adequately maintain such areas under his control, will be deemed to be in violation of the provisions of his declaration.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction

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herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than two-thirds (2/3) of the Lot Owners, provided however, that the written approval of not less than 75% of all first Mortgages must be obtained before Article X may be amended. Neither this Declaration nor the Articles of Incorporation nor By-laws of the Association shall be amended in such a manner that the rights of any first Mortgages will be adversely affected. Any amendment shall be recorded in the office of the Utah County Recorder by the Association.

Section 4. Annexation. Additional property and common area may be annexed to the Properties with the consent of two-thirds (2/3) of the Members.

Section 5. Ownership of Common Area. Subject to the limitations contained in this Declaration, the Owners shall have the non-exclusive right to use and enjoy the Common Area. The Association shall have the right to limit the number of guests of members which may use the Common Area or facilities upon the Common Area.

Section 6. Residential Use. All Dwellings shall be used for private residential purposes exclusively, and the Owner's use of each such Lot shall not endanger the health or disturb the reasonable enjoyment of any other Owner or resident. The term "residential" as used herein, shall be held and construed to exclude hospitals, clinics, mobile homes, hotels, motels, boarding houses, commercial and professional uses, including personal service shops, whether in the townhomes, or otherwise, and all such uses are expressly prohibited. Nothing contained in this article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant from the use of any Lots or Dwellings for promotional or display purposes or as "Model Homes" or the like.

Section 7. Nuisances. No noxious or offensive activities 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 a 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.

Section 8. Signs. No signs, posters, displays, billboards, or other advertising device of any kind shall be displayed to the public view on any portion of the Properties or any Lots without the prior written consent of the Board of Directors, except one sign for each dwelling, or not more than three (3) feet by two (2) feet, advertising the property for sale.

Section 9. Vehicular Restriction. No Owner of a lot shall park, store, or keep any vehicle except wholly within the parking area designated therefor. No Owner shall park, store or keep on any property or street (public or private) within or adjacent to 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 by the Board of Directors to be a nuisance.) No Owner shall conduct or allow to be conducted any major repairs or major restoration of any motor vehicle, boat, trailer, aircraft, or other vehicle upon any portion of any Lot or upon the Common Area.

Section 10. Animal restriction. No animals, livestock, reptiles, or poultry of any kind shall be raised, bred, or kept on any Lot of 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. The Association 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 or on a leash being held by a person capable of controlling the animal.

Section 11. 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

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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 thereof.

Section 12. Common Area Facilities. Nothing shall be altered or constructed in or removed from the area except upon the written consent of the Association.

Section 13. Illegal and Immoral Activities. Nothing shall be done or kept in or on the Properties which shall be illegal or of immoral nature, and nothing shall be done or kept in or on the properties which will increase the rate of or cause a cancellation of insurance on any property insured by the Association, without the approval of the Board of Directors.

Section 14. Destruction of Common Area. 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 or said Owner or of his family and guests, both minor and adult. 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 assessments.

Section 15. Party Walls. Each wall which is built as part of the original construction of the Dwellings upon the Properties and placed on the dividing line between Lots or Dwellings shall constitute a party wall, and to the extent not consistent with the provisions of the Section, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omission shall apply thereto.

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

(b) Destruction by Fire or other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, subject however, to the right of any such Owner under any rule of law regarding liability for negligent or willful acts or omissions.

(c) Weatherproofing. Notwithstanding any other provision

of this Section, any Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(d) Right to Contribution runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to the Owner's successors in title.

(e) Arbitration. In the event of any dispute concerning a party wall, or resulting from the provisions of this Section, each party to the dispute shall choose one arbitrator and such arbitrators shall choose one additional arbitrator, and the decision made by a majority of all arbitrators shall be binding upon all of the parties to the dispute. In the event any party to any such dispute refuses to appoint an arbitrator within ten (10) days after written request for the appointment of the same, then the Board of Directors of the Association shall select an arbitrator on behalf of such party.

(f) Encroachments. If any portion of a party wall shall encroach upon any adjoining Lot, or upon the Common Area or community facilities, by reason of settlement or shifting of any Dwelling, or the repair or reconstruction of any Dwellings, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the Dwelling stands, shall exist.

(g) Easements. Each Lot and Dwelling shall be subject to easement to the benefit of the Owners of the adjoining and abutting Lots and Dwellings for the unobstructed and uninterrupted, use of any and all pipes, ducts, flues, chutes, conduits, cables and wire outlets and utility lines of any kind, to easements for lateral support of adjoining and abutting dwellings, and to easements for the leadwalks, sidewalks, and patios serving adjoining and abutting Dwellings.

Section 16. Reconstruction Following Fire or Other Casualty. In the event any Dwelling is partially or totally destroyed by fire or other casualty, then the Owner of the same shall promptly reconstruct such Dwelling at his own expense in accordance with the original plans and specifications for the same (or as the same may be modified with the written consent of the Board of Directors), and any failure promptly so to do shall be considered a violation of the provisions of this Article.

Section 17. Enforcement - Right to Remove or Correct Violations. In the event any violation or attempted violation of any of the covenants

or restrictions contained in this Declaration shall occur or be maintained upon any Lot, or in the event of any other conduct in violation of any of the provisions and requirements of this Declaration, then the same shall be considered to have been undertaken in violation of this Declaration, and without the approval of the Board of Directors required herein, and upon written notice from Board of Directors, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated. Within fifteen (15) days after notice of such violation is delivered to the Owner of the Lot upon which such violation exists, or to the Member responsible for such violation of the same shall be committed or attempted on premises other than the Lot owned by such Member then the Association shall have the right, through its agents and employees (but only after a resolution of the Board of Directors) to enter upon such Lot and to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the Lot upon which such violation occurred and, when so assessed, a statement for the amount thereof shall be rendered to the Owner of said Lot at which time the assessment shall become due and payable and a continuing lien upon such Lot, and a binding personal obligation of the Owner of such Lot, in all respects (and subject to the same limitations) as provided in Article V of this Declaration. The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any Lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Declaration exist on such Lot, and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry of inspection.

Section 18. Taxes, assessments and charges to common Areas. All real estate taxes and other taxes, assessments and charges levied against the Common Area by any public body and any liens which may result therefrom shall not be leviable against the Lots or Dwellings or Owners and such taxes, assessments and charges levied against the Common Area shall be enforceable only against the Association, and shall become liens only upon the Common Areas. Each Owner shall take such action necessary to obtain the separate real estate tax assessment of each Lot.

Section 19. Constructive-Notice of 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 those restrictions is contained in the instrument by which such person acquired an interest in the Properties, or any portion thereof.

ARTICLE IX

EASEMENTS FOR UTILITIES AND RELATED PURPOSES

The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of-way over the Common Area for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits and/or other purposes related to the provisions of public utilities as may be considered necessary and appropriate by the Board of Directors of the Association for the orderly maintenance, preservation and enjoyment of the Common Area and community facilities and/or for the preservation of the health, safety, convenience and/or welfare of the Owners and Members.

Any and all streets, walkways, roadways, sidewalks and/or the like, which are owned by the Association shall be subject to non-exclusive easements for ingress and egress for the benefit of all Members of the Association, the Declarant, their respective heirs, personal representatives and assigns and all other persons or other parties claiming under any of them.

There is hereby created a non-exclusive easement upon, across, over and under all of the Properties for ingress and egress, installation, replacing, repairing and maintaining utilities, including, but not limited to, water, sewer, telephone, electricity, gas and television cables. By virtue of this easement, it shall be expressly permissible for utility companies to affix and maintain pipes, wires, conduits, or other service lines on, above, across and under the roofs and exterior walls of the Dwellings. Notwithstanding anything to the contrary contained in this Section, no sewer, electrical lines, water lines, or other utilities may be installed and/or relocated upon the Properties until approved by the Board of Directors of the Association. In the event that any utility company furnishing a service covered by the general easement hereinabove provided requests a specific easement by separate recordable instrument, the Association shall have the right to grant such easement upon said

property without conflicting with the terms thereof.

ARTICLE X
MORTGAGEE'S RIGHTS AND
COVENANTS WITH MORTGAGEES

Section 1. A first mortgage at his request is entitled to written notice from the Association of any default by an Owner-mortgagor of the performance of any obligation imposed upon the Owner-mortgagor by this Declaration, and the Articles of Incorporation and the By-Laws of the Association, which said default has not been cured within thirty (30) days after default.

Section 2. Unless seventy-five percent (75)% of the first mortgagees of individual Lots have given their prior written approval, the Association shall not;

(1) by act or omission to act, seek, to abandon, partition, subdivide, encumber, sell or transfer Common Areas or any part thereof or any improvements thereon;

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

(3) waive, abandon, or change any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Dwellings, the exterior maintenance of party walls or common fences and driveways, or the upkeep of lawns and grounds on the Properties.

(4) fail to maintain Fire and Extended Coverage Insurance in an amount not less than one hundred percent (100%) of the current replacement cost of the Common Area and improvements and facilities thereon; such insurance should name as the insured, the Association for the benefit of the Owners.

(5) use hazard insurance proceeds for losses to any Common Area and improvements and facilities thereon for other than the repair, replacement, or reconstruction of such Common Area, and the improvements thereon.

Section 3. First mortgagees of the Properties or any part thereof, including Common Areas, Lots, and Dwellings, shall have the right to examine the books and records of the Association upon demand, at any reasonable time and place.

Section 4. First mortgagees of Lot or Dwellings may, jointly or singly pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policy, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area and first mortgagee making such payments shall be owed immediate reimbursement, therefore, from the Association.

Section 5. No provision of this Declaration or of the Articles of Incorporation of the Association or the By-Laws of the Association shall give an Owner or any other person priority over any rights of first mortgagees of Lots or Dwellings pursuant to their mortgages in the case of distribution to Owners of insurance proceeds of condemnation awards for losses to or a taking of Common Areas.

Section 6. Insurance coverage in the following kinds and amounts must be maintained by an Owner of any Lot or Dwelling pledged as security for a mortgage:

(1) The scope of coverage shall be equal to or greater than Fire and Extended Coverage and shall be at least equal to that customary in the geographical area in which the mortgaged premises are located. The policy shall provide as a minimum Fire and Extended Coverage Insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy, but not less than eighty percent (80%) of the insurable value (based upon replacement cost). Except for insurance under the National Flood Insurance Act of 1968 and for deductibles as permitted below, the amount of coverage shall be sufficient so that in the event of any damage or loss to the mortgaged premises of a type covered by this insurance, the insurance proceeds shall provide at least the lesser of: (i) compensation to the full amount of damage or loss; or (ii) compensation to the first mortgagee under the mortgage equal to the full amount of the unpaid balance of the mortgage. All buildings valued at \$1,000 and over must be insured.

Section 7. The Association shall have Fidelity coverage against dishonest acts on the parts of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the owners. The Fidelity Bond or Insurance shall name the Association as the insured and shall be written in an amount sufficient to provide protection, which in no event is less than 1- $\frac{1}{2}$ times the Association's estimated annual operating expenses and reserves. In connec-

tion with such coverage, any 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 8. The Association shall have a comprehensive policy of public liability insurance covering all of the Common Areas. Such insurance shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners.

ARTICLE XI

No representations or warranties of any kind, express or implied, have been given or made by Declarant or his 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.

IN WITNESS WHEREOF, the undersigned, being the Declarant as herein, has hereunto set its hand and seal this 28th day of May, 1986.

By John Griffiths
et al. Cinda, David, Roger

Veraw Mardock John Murphy
Melanie Monfield - Diane Mayfield
Carol J. Nyman

John May Robert Moore
Randy Ruggard - Lee Ruggard

State of Utah)
: ss.
County of Utah)

On the 28th day of May, A.D. 1986 Personally appeared before me the signers of the foregoing instrument who duly acknowledge to me that they did execute the same.

My commission expires

August 9, 1988

NOTARY PUBLIC



Terry W. Hammons

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EXHIBIT A

BOUNDARY DESCRIPTION

COMMENCING AT A POINT LOCATED SOUTH 131.60 FEET AND EAST 376.53 FEET (GRID DISTANCES) FROM THE WEST QUARTER CORNER OF SECTION 20, T80, R22, S.1.8.8M. (ground distances are SOUTH 131.62 feet and EAST 376.63 feet) - BEARINGS ARE BASED ON THE UTAH COORDINATE SYSTEM, CENTRAL ZONE: THENCE N 62°59'02"E 204.20 FEET ALONG SAID FENCE LINE TO THE $\frac{1}{2}$ OF AN EXISTING DITCH (a monument set--marked S/C 35) (the Irrigation ditch referred to herein being the same ditch as referred to in that warranty deed recorded as document 1917, in 1957--Book 773, Page 1- Charles and Maxine West); THENCE 322°02'41"E, 15.81 FEET CONTINUING ALONG THE CENTERLINE OF SAID DITCH; THENCE 332°24'58"E 26.23 FEET CONTINUING ALONG THE $\frac{1}{2}$ OF SAID IRRIGATION DITCH; THENCE 325°33'01"E 36.81 FEET CONTINUING ALONG THE $\frac{1}{2}$ OF SAID IRRIGATION DITCH; THENCE 352°11'05"E 16.00 FEET CONTINUING ALONG THE $\frac{1}{2}$ OF SAID IRRIGATION DITCH; THENCE 361°46'23"E 17.15 FEET CONTINUING ALONG THE $\frac{1}{2}$ OF SAID IRRIGATION DITCH TO THE NORTHERLY BOUNDARY OF 790 SOUTH STREET, PLEASANT GROVE CITY; THENCE S63°13'24"W 222.21 FEET ALONG THE NORTHERLY BOUNDARY OF SAID 790 SOUTH STREET WHICH IS THE INSIDE EDGE OF A CONCRETE WALK TO A COPPER RIVET SET IN SAID CONCRETE WALK; THENCE N26°19'57"W 106.31 FEET TO THE POINT OF BEGINNING.

AREA = 0.501 ACRE

29545

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