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**FIRST AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,
AND RESERVATION OF EASEMENTS
FOR
BEAR HOLLOW LAKES**

This First Amended Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for BEAR HOLLOW LAKES, is made and executed by LIQUID ASSETS H2O, L.L.C., a Utah limited liability company (the "Declarant") and KOKOPELLI INVESTMENTS, LLC (Kokopelli) and amends and replaces that Declaration of Covenants Conditions and Restrictions and Reservation of Easements previously recorded as Entry No. 309564 at Book 1171, Page 0701 of the records of the County Recorder, Box Elder County, Utah. This project is not a cooperative.

RECITALS:

A. Declarant is the owner along with Kokopelli of certain real property in Box Elder County, Utah, as set forth on Exhibit "A" hereto and as described on the face of the Plat for Bear Hollow Lakes recorded as Entry No. 309558 at Book 1171, Page 0672, of the records of the County Recorder, Box Elder County, Utah.

B. Declarant will develop the real property in accordance with this Declaration and applicable laws; and

C. The purpose of this Declaration is to: (i) protect and preserve the value and amenities of the individual Lots; (ii) protect and preserve the value and amenities of the entire project; and (iii) establish a homeowners association that will enforce the provisions of this Declaration and promote the welfare and safety of the Lot Owners.

**ARTICLE 1
SUBMISSION**

The Declarant along with the Kokopelli, owners in fee simple of the Property particularly described in Exhibit "A" attached to this Declaration, located in Box Elder County, Utah, hereby submits the Property, together with the buildings and all improvements, easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the Property, to be known as Bear Hollow Lakes, to this Declaration and the protective easements, covenants, conditions and restrictions described in herein.

ARTICLE 2 DEFINITIONS

When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated.

2.1 Act shall mean and refer to the Utah Community Association Act, U.C.A. §57-8a-101, et.seq as the same may be amended from time to time.

2.2 Architectural Review Committee ("ARC") means the person or persons appointed to review the Design Guidelines and proposed architecture, plans, specifications, designs, homes, fencing, landscaping, and other improvements within the Project.

2.3 Areas of Association Responsibility means and refers to (i) all Common Area, including the Improvements and landscaping situated thereon, (ii) any portion of the Improvements situated on a Lot which the Association is obligated to maintain, repair and replace pursuant to the terms of this Declaration or the terms of another recorded document executed by the Association, and (iii) all real property, and the improvements situated thereon, within the Project located within dedicated rights-of-way with respect to which the State of Utah, Box Elder County has not accepted responsibility for the maintenance.

2.4 Articles of Incorporation means and refers to the Articles of Incorporation of the Bear Hollow Lakes Homeowners Association, Inc.

2.5 Assessment means and refers to any amount imposed upon, assessed or charged a Lot, Owner, Resident, or Member.

2.6 Association means and refers to Bear Hollow Lakes Homeowners Association, Inc.

2.7 Association Lien means and refers to any lien created and imposed by this Declaration.

2.8 Association Rules means and refers to rules and regulations regulating the use and enjoyment of the Property which may be adopted by the Board of Directors from time to time.

2.9 Beach Area means and refers to the beach portion of the Common Area and the back of the Lots.

2.10 BHR means and refers to Bear Hollow Ranch, L.L.C.

2.11 BHR Owner means and refers to a person or entity that holds an ownership interest in BHR.

2.12 Board of Directors means and refers to the governing board elected to direct the affairs of the Association.

2.13 Building means and refers to any of the structures constructed on the Property.

2.14 Business Use and Trade means and refers to any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefore.

2.15 Bylaws means and refers to the Bylaws of the Association, a copy of which is attached to as Exhibit "B" and incorporated herein by this reference.

2.16 Capital Improvement means and refers to all new improvements intended to add to, enhance or upgrade the nature, scope, utility, value, or beauty of the Property, as opposed to ordinary repair and maintenance.

2.17 Common Areas means and refers to all real property, together with all Improvements situated thereon, which the Association owns in fee or in which the Association has a leasehold interest. "Common Area" shall not include any real property, improvements or personal property acquired by the Association in lieu of foreclosure or trustee's sale or through attachment, foreclosure, Sheriff's sale, Trustee's sale, tax sale, redemption or any other judicial, quasi-judicial, bankruptcy or regulatory action.

2.18 Common Expense means and refers to expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

2.19 Declaration means and refers to this Declaration of Covenants, Conditions and Restrictions for Bear Hollow Lakes.

2.20 Design Guidelines means and refers to the outline of acceptable construction standards and specifications (including, without limitation, acceptable exterior materials and/or finishes and landscaping) promulgated from time to time, to act as guidelines for acceptable improvements to Lots. The initial Design Guidelines are as set forth in Exhibit C hereto and are incorporated herein by reference.

2.21 Designated Member means and refers to the natural person, designated by the Owner(s) of a Lot to exercise and possess the rights of an Owner, including, but not limited to the right to use the Lake and Lake Amenities. Any other Owner(s) of a Lot shall be considered Guests for purposes of using the Lake and Lake Amenities and shall have no right to vote or otherwise act as a Member of the Association. The Owner(s) shall identify the original Designated Member within thirty (30) days of the Owner(s) taking title to the Lot. The

Designated Member may thereafter be changed once and only once each calendar year on or before January 31 of that year.

2.22 Dock and/or Common Dock means and refers to the common dock constructed or to be constructed on the Property.

2.23 Dwelling Unit means and refers to a residence, house, living unit or dwelling located on a Lot.

2.24 Eligible Insurer means and refers to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

2.25 Eligible Mortgage Holder, Insurer or Governmental Guarantor means a First Mortgagee, insurer or governmental guarantor who has requested notice of certain matters from the Association in accordance with Article 12 of this Declaration.

2.26 Eligible Votes means and refers to those votes available to be cast on any issue before the Association. The right to vote, which is for any reason suspended, is not an "eligible vote".

2.27 Family means and refers to any Designated Member and his/her spouse and any child of either of them residing with them in a common residence and claimed as a dependent on the Designated Member's tax return or that of his/her spouse.

2.28 First Mortgage means any mortgage or deed of trust on a Lot which has priority over all other mortgages and deeds of trust on the same Lot.

2.29 First Mortgagee means the holder or beneficiary of any First Mortgage.

2.30 Final Plat or Plat means and refers to the Final Plat of Bear Hollow Lakes recorded as Entry No. 309558 at Book 1171, Page 0672, of the records of the County Recorder, Box Elder County, Utah., as amended or supplemented from time to time.

2.31 Guest means and refers to a visitor, guest, invitee, or any other person whose presence within the Common Area is approved by or is at the request of a particular Permitted User.

2.32 Individual Charges means and refers to a charge levied by the Board of Directors against an Owner or Permitted User for all expenses resulting from the act or omission of such Owner or Permitted User, excepting the Owner's failure to pay any Assessment.

2.33 Kokopelli means and refers to Kokopelli Investments, LLC.

2.34 Lake means and refers to the Bear Hollow Lake # 1 with Beach Area located within the Common Area as shown on the Final Plat.

2.35 Lake Amenities means and refers to the Lake, Common Dock, and other physical improvements and recreational amenities servicing the Lake.

2.36 Land means and refers to all of the real property subject to this Declaration.

2.37 Lessee means and refers to a third-party lessee, sublessee, tenant or subtenant under a lease, oral or written, of any Lot. As used herein a "third party" is any Person who is not an Owner.

2.38 Lot means and refers to each parcel of real property designated as a lot on the Final Plat and, where the context indicates or requires, shall include any Dwelling Unit, building, structure or other Improvements situated on the Lot and intended exclusively for the benefit of the Lot Owner.

2.39 Lot Number means and refers to the numbers designating a particular Lot.

2.40 Lot Owner or Owner means and refers to the person who is the owner shown of record in the office of the County Recorder of Box Elder County, Utah, of a fee or an undivided fee interest in a Lot. The term Lot Owner does 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.

2.41 Manager means and refers to the person appointed or hired by the Association to manage and operate the Project and/or assist in the administration of the Association.

2.42 Mortgagee means and refers to a mortgagee under a mortgage or a beneficiary under a deed of trust on any Lot, but shall not mean or refer to a seller under an executor contract of sale.

2.43 Period of Administrative Control means and refers to a period of time commencing on the date this Declaration is recorded and terminating not less than 120 days after all of the Lots have been conveyed by Declarant.

2.44 Permitted User means and refers to: (1) a BHR Owner and his/her family; (2) S. Craig Adams, Alicia Adams, Aubree Adams, Joshua Adams, Jacob Adams, Emily Adams, Stephen Adams, Marsha Adams; (3) Use Licensee of Declarant and/or Kokopelli and (4) a Designated Member and his/her family.

2.45 Person means and refers to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

2.46 Project means and refers to the Bear Hollow Lakes development

2.47 Project Documents means and refers to the Declaration, Bylaws, Rules and Regulations, Articles of Incorporation, and Architectural Design Guidelines.

2.48 Property means and refers to all of the land or real estate, improvements and appurtenances submitted to this Declaration.

2.49 Recreational, Oversized or Commercial Vehicle means and refers to any recreational, commercial, or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational or commercial transportation device of any kind.

2.50 Resident means and refers to any person living or staying in a Dwelling Unit.

2.51 Rotation means and refers to the system of rotating use of the Lake established from time to time by the Board of Directors.

2.52 Rules and Regulations or Rules means and refers to the rules and regulations of the Association as may be adopted by the Board from time to time pursuant to this Declaration.

2.53 Visible from a Neighboring Lot or Property means with respect to any object, that such object is or would be visible to an individual 6' tall, standing at ground level on any portion of the neighboring property.

2.54 View Corridor means any portion of a Lot that is within 35 feet of the high water mark of Bear Hollow Lake #1.

2.55 Walking Area means and refers to the walking area as shown on the Plat.

ARTICLE 3 PLAN OF DEVELOPMENT

3.1 Property Subject to the Declaration. This Declaration is being recorded to establish a general plan for the development and use of the Project and in order to protect and enhance the value and desirability of the Project. All of the Property within the Project shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any interest in any of the Property subject to this Declaration, each Person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns to all of the provisions, obligations, limitations, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereto. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for

the development and use of the Property and hereby evidences his or its intent that all the provisions, obligations, limitations, restrictions, covenants, conditions, rules, and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, restrictive and enforceable by the Association and all Owners. Declarant, Kokopelli, their respective successors, assigns and grantees, covenant and agree that the Lots and the membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

3.2 Disclaimer of Representations. Declarant makes no representations or warranties whatsoever that (i) the Project will be completed in accordance with the plans of the Project as they exist on the day this Declaration is recorded; (ii) any property subject to this Declaration will be committed to or developed for any use; or (iii) the use of any Property subject to this Declaration will not be changed in the future.

ARTICLE 4 USE RESTRICTIONS

4.1 Residential Use. Lots shall be used, improved and devoted exclusively to residential use by a Single Family. No trade or business may be conducted on any Lot or in or from any Lot or Dwelling Unit, except that an Owner or other Resident of a Dwelling Unit may conduct a business activity within a Dwelling Unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (ii) the business activity conforms to all applicable zoning ordinances; and (iii) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other residents in the Project, as may be determined from time to time in the sole discretion of the Board.

4.2 Garages. Each Owner shall keep his garage area in a neat and orderly condition with any storage areas completed enclosed. Garage doors shall be kept closed when not in use.

4.3 Burning. There shall be no exterior fires whatsoever except those located only upon Lots and contained within receptacles designed for such purpose and as approved by the Architectural Review Committee. No Owner or resident shall permit any condition to exist on his Lot, including, without limitation, trash piles, or weeds, which create a fire hazard or is in violation of local fire regulations.

4.4 Trash: Storage of Materials. All garbage and trash shall be regularly removed from the Lot, and shall not be allowed to accumulate thereon. It shall be placed and kept in covered sanitary containers where it is not visible from any neighboring Lot except for a

reasonable time prior to or after collection. All woodpiles or storage piles shall be kept screened and concealed from view of other Lots; streets and Common Areas. Garbage and trash shall be placed for pick up as required by any Rules.

4.5 Satellite Dishes and Antenna. Satellite dishes, aerials, antenna, or systems may only be installed in accordance with FCC regulations taking into consideration the written guidelines established by the Board of Directors.

4.6 Window Coverings. Front Windows shall not be painted or covered by foil, cardboard or similar materials. All window coverings visible from the Common Area shall be of a material, design and color which, in the opinion of the Board, is compatible with the exterior design and coloration of adjacent portions of the Project.

4.7 Clotheslines. No exterior clotheslines or other outside clothes drying or airing facility shall be erected or maintained on the properties in any location where the same would be visible from any street or neighboring Lot. Further, no clothes washers, clothes dryers, refrigerators or freezers may be kept, stored or operated on any balcony, patio, porch or other visible exterior area.

4.8 Car or Boat Maintenance. No car or boat maintenance of any nature shall be permitted on a Lot without the prior written approval of the Board.

4.9 Drainage. No Owner shall do any act or construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the approval of the Board.

4.10 Accessory Buildings. No detached accessory buildings or sheds may be erected and maintained on any lot unless they are constructed of the same material and of the same type of architectural design as the residential improvement. No detached accessory building or shed may be larger or higher than may be specific from time to time in the Design Guidelines. The ARC must approve all storage sheds for location and construction.

4.11 Private Docks. Private Docks are only allowed upon approval of the ARC and Board. No skiing is allowed from any Private Dock.

4.12 Buoys and other Devices in the Lakes. Installation of anchor buoys and other floating markers or devices is permitted only when approved by the Board.

4.13 Swings and Jungle Gyms. Swings and Jungle Gyms and the location of the same must be approved by the ARC.

4.14 Air Conditioning Units; Pool Equipment. All air conditioning (including heating) units shall be located on the ground and no rooftop units shall be permitted. All air conditioning

units, pool or spa pumps or motors, pool equipment and similar items shall be screened in a manner approved in advance by the ARC.

4.15 Radios and Other Speakers. No radio, television or other speakers or amplifiers shall be installed or operated on any Lot so as to be audible on other Lots or the Common Area. Small radios may be permitted in the Beach Area to the extent and in strict conformance with the Rules and Regulations.

4.16 Sanitary Facilities. None of the Lots shall be used for residential purposes prior to the installation thereon of water-flushed toilets and all bathrooms, toilets sanitary conveniences, which shall be located inside the Unit.

4.17 Fuel Storage. No gasoline, diesel fuel or other vehicle or boat fuel shall be stored or located on any Lot, excepting only standard gas cans for personal use, and in the standard fuel tank of any vehicle or boat and any community fuel tank managed by the Association.

4.18 Nuisance. It shall be the responsibility of each Owner to prevent the creation or maintenance of a nuisance in, on or about the Project. The term "nuisance" includes but is not limited to the following: (a) The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about his Lot or the Common Areas; (b) Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community by other residents, their Guests or Permittees; (c) Unreasonable amounts of noise or traffic in, on or about any Lot or the Common Area, especially after 10:00 p.m. and before 7:00 a.m. during the week and midnight and 7:00 a.m. during weekends. Noise generated from boats is not considered unreasonable in a development of this nature. It is expected that boat noise may be present both before 7:00 a.m. and after 10:00 p.m.; and (d) Drug houses and drug dealing; the unlawful sale, manufacture, service, storage, distribution, dispensing or acquisition occurs of any controlled substance; gambling, criminal activity; parties which occur frequently which bother, annoy or disturb other reasonable residents or interfere with their quiet and peaceful enjoyment of the premises; prostitution; or other violation of U.C.A. Section 78B-6-1107 as amended or supplemented.

4.19 Subdivision of a Lot. No Lot or Membership may be subdivided.

4.20 No Severance. The elements of a Lot and other rights appurtenant to the ownership of a Lot, including interest in Common Areas and Facilities and Limited Common Areas and Facilities, if any, are inseparable, and each Owner agrees that he or she shall not, while this Declaration is in effect, make any conveyance of less than an entire Lot and such appurtenances. Any conveyance made in contravention of this subsection, including under any conveyance, encumbrance, judicial sale or other transfer (whether voluntary or involuntary) shall be void.)

4.21 Temporary Structures. Tents, campers, camper-trailers, and any other mobile or temporary shelter or structure are allowed on a Lot for up to forty-eight (48) hours and then must be removed for a minimum of 5 days unless an extended stay permit is obtained from the ARC. No trailer, incomplete building, tent, shack, garage, or temporary buildings or structures of any kind, shall be used at any time for a residence.

4.22 Trees, Shrubs, and Bushes; Maintenance of Proper Sight Distance at Intersections. All property located at or near driveways, entrances, exists, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or occupant in, on or about the Common Areas without the prior written consent of the Board of Directors. The Board of Directors may alter or remove any objects planted or placed in violation of this subsection and shall not be guilty of a trespass.

4.23 Storage and Parking of Vehicles. Storage and parking of vehicles shall be in accordance with any Rules adopted by the Board of Directors from time to time. There shall be no parking on any streets in the Project and no motor vehicle or trailer may be parked or stationed in such a manner so as to create a potentially dangerous situation.

4.24 Pets. No pets, animals, livestock or poultry of any kind shall be bred in, on or about the Project. Up to two (2) domestic pets per Lot are allowed. All pets must be properly licensed and registered with the appropriate governmental agency, abide by all pet rules and regulations adopted by the Board of Directors from time to time. Pets may not create a nuisance. Pets must be on a leash at all times when in the Common Areas. Pets shall not be left unattended in the Common Areas. The following acts of animals may constitute a nuisance: (a) damage to the property of anyone other than its owner; (b) unreasonable fouling of the air by odors; (c) unsanitary conditions; (d) defecation on any common area and the feces are not immediately cleaned up by the responsible party; (e) barking, whining or howling, or other disturbing noises in an excessive, continuous or untimely fashion; or (f) molesting or harassing passersby by lunging at them or chasing passing vehicles.

4.25 Insurance. Nothing shall be done or kept in, on or about any Lot or in the Common Areas or Limited Common Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Property, over what the Association but for such activity, would pay.

4.26 Laws. Nothing shall be done or kept in, on or about any Lot or Common Areas, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

4.27 Damage or Waste. No damage to, or waste of, the Common Areas shall be committed by any Owner or Resident, their Guests or invitees; and each Owner and Resident shall indemnify and hold the Board of Directors and the other Owners in the Project harmless

against all loss resulting from any such damage or waste caused by that Owner or Resident, their Guests or invitees.

4.28 Structural Alterations. Except in the case of an emergency repair, no structural alterations, plumbing, electrical or similar work within the Common Areas of Limited Common Areas shall be done or permitted by any Owner without the prior written consent of the Board of Directors.

4.29 Chimes and Musical Sound Makers. Chimes, dream catchers, bells, tubes or other objects hung outside the Dwelling Unit which ring, strike or otherwise produce musical sounds or harmony heard by other residents are prohibited.

4.30 Fences. No fence, wall, or hedge higher than six (6) feet shall be erected or maintained on any Lot. The style and location of all fences must conform with the Design Guidelines and be approved in advance by the ARC.

4.31 Leasing of Lots. The leasing and renting of a Lot and/or Dwelling Units is subject to Rules adopted by the Board of Directors from time to time. "For Rent" and "For Lease" signs are prohibited. The Association may also require that Owners use lease forms or addenda approved by the Association (or include specific terms in their leases); and the Association may impose a review or administration fee on the lease of any Lot. Owner(s) shall notify the Association of the name and contact information for any Tenant residing in the Dwelling Unit.

4.32 Walking Area. The Walking Area may not be blocked by any means, natural or artificial, including by way of illustration but not limitation a fence or gate.

ARTICLE 5 ARCHITECTURAL REVIEW, BUILDING AND CONSTRUCTION

5.1 Designs, Plans and Specifications. Prior to commencing work on any improvement or alteration, architectural designs, plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed structures, improvements, or alterations shall be submitted to the ARC for review and approval in the form required by the ARC. Designs submitted for approval shall be limited to those prepared by architects or by qualified designers of outstanding ability whose previous work may be reviewed as a part of the approval process. The ARC must stamp all proposed plans and specifications to construct or remodel a Dwelling Unit or Lot "approved and in compliance with the Declaration and Design Guidelines" before presenting such plans and specifications to the County for the issuance of a building permit.

5.2 Composition of Architectural Review Committee. The ARC shall be comprised of between one (1) and three (3) natural persons one of whom shall be appointed by BHR. Until the termination of the Period of Administrative Control, the other two members of the ARC shall

be selected by the Declarant, thereafter the other two members shall be appointed by the Board.

5.3 Design Guidelines. The initial Design Guidelines are as set forth on Exhibit "C" hereto. The Declarant shall have sole and full authority to change, amend, and supplement the Design Guidelines during the Period of Administrative Control. Thereafter, the Design Guidelines may be amended from time to time by the Board.

5.4 Compliance. All exterior materials, architectural designs, plans, foundation location, specifications, structures, fencing, landscaping and other improvements within the Project, including by way of illustration but not limitation, original construction and all subsequent structural alterations, and changes or modifications, must be reviewed and approved in writing by the ARC. All plans, specifications and construction must satisfy the requirements of this Declaration, the Design Guidelines and all applicable zoning ordinances.

5.5 Review Considerations Generally. In reviewing each submission, the Architectural Review Committee may consider the proposed design, harmony of external design with existing structures and the common scheme, the location in relation to surrounding structures, topography, finish grade and elevation, among other things. Decisions of the ARC may be based on purely aesthetic considerations.

5.6 Permits and Inspections. All required building permits and inspections must be obtained by the Owner of the property.

5.7 Fees. The Owner of the property shall pay all required fees, including, but not limited to any review fee imposed by the Board.

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

5.9 Variance. The Board, in its sole and absolute discretion, may authorize variances from compliance with any of the Design Guidelines.

5.10 Limitation of Liability. The Declarant, ARC, Board, Association, and/or any of their employees, agents, representatives or consultants shall not be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans and specifications. Each Owner agrees to and shall defend, indemnify, save and hold the Declarant, ARC, Board, Association and their employees, agents, representatives or consultants, harmless from any and all loss, damage or liability they may suffer, including

defense costs and attorney fees, as a result of any claims, demands, actions, costs, expenses, awards or judgments arising out of their review or approval of architectural designs, plans and specifications.

5.11 Enforcement of Design Guidelines. Any construction, alteration, or other work done in violation of this Declaration shall be considered to be non-conforming. Upon written request from the Board an Owner shall at his own cost and expense remove such non-conforming construction, alteration, or other work and shall restore the land to substantially the same condition as existed prior to the non-conforming construction, alteration, or other work. Should an Owner fail to remove and restore as required hereunder, the Board shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as existed prior to the construction, alteration or other work, without being deemed to be a trespasser and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Association Lien.

5.12 Inspection. The Architectural Review Committee, or any authorized representative shall have the right during normal business hours, after forth-eight (48) hours notice to the Owner thereof, to enter upon any portion of the Project for the purpose of determining whether or not any work is being performed or was performed in compliance with this Declaration and the Design Guidelines.

ARTICLE 6 MAINTENANCE

6.1 Areas of Association Responsibility. The Association, or its duly delegated representative, shall manage, maintain, repair and replace the (i) Common Area, and all Improvements located thereon, and (ii) all Association Property. The Board shall be the sole judge as to the appropriate maintenance of all Areas of Association Responsibility and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

6.2 Lots. Each Owner shall be responsible for maintaining his or her Lot. Each Owner shall be responsible for maintaining, repairing or replacing all buildings, Residential Units, landscaping or other Improvements situated on his or her Lot. All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair. All grass, hedges, shrubs, vines and plants of any type on a Lot that are the responsibility of the Owner thereof shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Committee. No yard equipment, wood piles or storage area may be maintained so as to be visible from neighboring property or streets.

6.3 Irrigation Water and Pump Station. The Association shall lease water rights and/or shares sufficient for irrigation of the common areas and lots as well maintaining water in the lake. The Association shall be a member of an entity with certain adjoining landowners for the use and maintenance of a pump station.

6.4 Culinary Water. Culinary Water can be obtained either through purchase of a culinary water share from UKON or purchase of a well right from Declarant to be used within one of three existing wells as set forth on the Plat and in accordance with the Grant of Easement recorded on each Lot. Regardless of which option is selected, all costs of maintenance, repair, or service of every kind needed on a well, well house, pump, holding tanks, pressure tanks, and piping within a well house shall be borne equally, share and share alike by the Lots serviced or which could be serviced by that well, well house, pump, pressure tanks, and piping with the well house. All costs of maintenance, repair or service on the water lines servicing only one Lot shall be borne by that Lot Owner. The water from the well shall be used only for one single-family dwelling on each Lot, with the exception of Well No. 1 which will also service property owned by BHR. The water, wells, tanks, etc. are not part of a community water system and are not in any way the responsibility of the Declarant or the Association. The water, wells, tanks, etc. are and shall forever be, the sole responsibility of the Lot Owners serviced by the well as set forth herein. The individual Lot Owner shall have the ability to enforce the terms of this covenant. Wells will service the following Lots:

Well No. 1 shall service Lots 1 through 5 and BHR.

Well No. 2 shall service Lots 6 through 12

Well No. 3 shall service Lots 13 through 19

6.5 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of an Area of Association Responsibility is caused through the willful or negligent act of any Owner, Family, Lessee, Guests or Invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Member and the Member's Lot is subject and shall be secured by the Association Lien. Any charges or fees to be paid by the Owner of a Lot pursuant to this Section in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Association Lien.

6.6 Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration

of said fourteen (14) day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Association Lien.

6.7 View Impairment. Neither the Declarant nor the Association guarantees or represents that any view over and across any property, including any Lot or Building will be preserved without impairment. Neither the Declarant nor the Association shall have the obligation to prune or thin trees or other landscaping except as set forth herein. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

ARTICLE 7 LAKE AND COMMON AREAS

7.1 Permitted Users. Except as hereinafter set forth, the Common Areas, Lake and/or Lake Amenities may be used only by Permitted Users and their Guests. So long as Kokopelli or Declarant own any Lot they may, but shall not be required to, license their rights as an Owner in said Lot to use of the Lake and Lake Amenities to any person or entity.

7.2 Reasonable Charge. The Board of Directors may charge a reasonable fee, and may require a reasonable deposit for use of the Common Areas, Lake and/or Lake Amenities. Said fees and/or charges shall be added to and become a part of the Assessment to which the Owner and the Owner's Lot is subject and shall be secured by the Association Lien.

7.3 Association Boat. The Association may from time to time own a boat and make the same available to Members. Use of the boat and any associated fees and/or costs shall be as set forth in the Rules established by the Board. Any fees and/or charges shall be added to and become a part of the Assessment to which the Owner and the Owner's Lot is subject and shall be secured by the Association Lien.

7.4 Use Restrictions. Guests are permitted so long as the guest is in the presence and under the control and supervision of a Permitted User, who shall be responsible for the safe, proper, and reasonable operations of the boat and water skiing activities therefrom, and for the conduct of all persons in the boat. The Association may (but shall not be obligated to) require proof of insurance and/or evidence of driving and/or other operating ability, as the Association deems appropriate prior to permitting an individual to operate a boat on the Lake. A boat that is not owned by the Association may be used only if liability insurance exists in an amount set forth from time to time by the Rules and names the Association, BHR and Kokopelli as additional insureds. Proof of insurance must be provided at least annually. Good judgment and common practice standards in the utilization of safety equipment (i.e. life vests, helmets, etc.) is expected by anyone in and around the lake and lake amenities.

7.5 Rotations. A Permitted User must be physically present at the Lake for his/her Guests to use a Rotation. The failure to be present shall be considered a material violation of the Declaration and may subject the Permitted User to a sanction and fine in accordance with the Rules, including the suspension of the right to use the Lake. Rotation schedules shall be as established from time to time by the Board of Directors. Rotation schedules shall be subject to change for any reason, including, but not limited to water ski tournaments.

7.6 Tournaments. The Association and BHR shall have the right to use the Common Area for promotional ski tournaments and events on Bear Hollow Lake #1 and /or Bear Hollow Lake #2. Use of Bear Hollow Lake #2 by the Association shall be with the permission of BHR only. For such purposes, the Association and/or BHR shall have the right to sell sponsorships, charge fees and admission and to retain the same.

7.7 Risks Associated with Lake. Each Owner, each Lessee, and each person using and/or entering the Property, including any trespassers, acknowledges and assumes the risk of the inherent and unavoidable potential dangers and hazards, including bodily injury, death or property damage, whether caused by accident, negligence, or lack of due care, of (1) entering land with a Lake, Lake Amenities and other improvements, (2) purchasing, owning, leasing, or using land adjacent to a Lake, Lake Amenity, an unfenced body of water, (3) the sport of water skiing and wake boarding or other water recreational activities which will frequently occur on the Property and (4) the operation of motorized water craft in such lake. Each Permitted User, their guests and invitees shall execute such waiver or releases of claims, hold harmless agreements or acknowledgements as the Association may require from time to time as a condition to use the Lake or other portion of the Common Area. The Association will not employ or otherwise have available lifeguards, monitors, supervisors or other persons to monitor or supervise use of the Lake, the activities of persons on or at the Lake or the safety of any person. No act or omission of the Association shall create any responsibility or obligation of the Association, the Board, the Officers of the Association or the members to monitor or supervise the Lake or Common Area use.

7.8 Risk of Flooding. Each owner purchasing a Lot acknowledges the possibility of water from the lake and/or river rising onto the Beach Area or other area of the Lots and beyond because of unusually heavy rain, mechanical problems with the system providing water to the Lake or other causes, including but not limited to, erosion, and neither Declarant, Box Elder County, the Association, the Board, the Committee or any officer or director of the Association shall be responsible therefore or for any damage resulting therefrom, and each Owner assumes the risk thereof. Each Owner, in designing and building their Unit and other improvements on their Lot, shall appropriately evaluate and otherwise protect the Unit and such improvements, as the Owner deems appropriate.

7.9 Provisions Restricting Delegation of Use. The use of the Common Area Improvements is limited to Permitted Users and their Guests, subject to the Rules adopted by the Board of Directors, which are subject to change.

7.10 Lake No. 2. Lake No. 2 is not part of the Common Areas and any use of Lake No. 2 is by permission of BHR only and subject to any restrictions imposed by BHR from time to time.

**ARTICLE 8
EASEMENTS AND RIGHTS-OF-WAY**

8.1 Owners' Easements of Enjoyment.

a. Every Owner, Lessee and Permitted User shall have a right and easement of enjoyment in and to the Common Area which right shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions: (i) The right of the Association to dedicate, convey, transfer or encumber the Common Area as provided in this Declaration; (ii) The right of the Association to regulate the use of the Common Area through the Association Rules and to prohibit access to such portions of the Common Area, such as landscaped areas, not intended for use; and (iii) The right of the Association to suspend the right of an Owner or Lessee and such Owner's or Lessee's family, tenants and guests to use the Common Area as otherwise provided herein.

b. Every Permitted User shall have a right and easement of enjoyment to use for boating and other permitted purposes Bear Hollow Lake #1 to its high water mark under such Rules as may from time to time be reasonably established by the Board.

c. If a Lot is leased or rented by the Owner thereof, the Lessee and the members of his family residing with such Lessee may be considered the Designated Member for purposes of use of the Lake and other Common Areas during the term of the lease if the Owner makes such designation with the Association pursuant to the terms of this Declaration. In such instance the Owner may reserve all voting rights.

8.2 Road and Utility Easement. There is hereby created as set forth on the Plat, or as ultimately constructed or installed, an easement upon, across, over and under the Common Area and the Lots for reasonable ingress, egress, installation, replacing, repairing or maintaining of all roads, trails and utilities, including, but not limited to, gas, water, sewer/septic, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Area or Lots but no sewers, electrical lines, waterlines, or other utility or service lines may be installed or located on the Common Area or Lots except as initially designed, approved and constructed or as approved by the Board. No building or other permanent structure shall be erected or maintained on any part of any area indicated on the Plat as an easement.

8.3 Declarant's Use for Sales and Leasing Purposes. Declarant shall have the right and an easement to maintain sales or leasing offices, management offices and models

throughout the Project and to maintain one or more advertising signs on the Common Area while the Declarant is selling Lots. Declarant reserves the right to place models, management offices and sales and leasing offices on any Lots owned by Declarant and on any portion of the Common Area in such number, of such size and in such locations as Declarant deems appropriate.

8.4 Declarant's Easements.

- a. Declarant shall have the right and an easement on and over the Areas of Association Responsibility to construct all Improvements the Declarant may deem necessary and to use the Areas of Association Responsibility and any Lots and other property owned by Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project.
- b. The Declarant shall have the right and an easement upon, over, and through the Areas of Association Responsibility as may be reasonably necessary for the purpose of discharging its obligations and exercising the rights granted to or reserved by the Declarant by this Declaration.

8.5 Easement in Favor of Association. The Lots are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

- a. For inspection of the Lots in order to verify the performance by Owners of all items of maintenance and repair for which they are responsible;
- b. For inspection, maintenance, repair and replacement of the Areas of Association Responsibility accessible only from such Lots;
- c. For correction of emergency conditions in one or more Lots;
- d. For the purpose of enabling the Association, the Board, the Architectural Committee or any other committees appointed by the Board to exercise and discharge their respective rights, powers and duties under the Project Documents;
- e. For inspection of the Lots (i) in order to verify that the provisions of the Project Documents are being complied with by the Owners, their guests, tenants, invitees and the other occupants of the Lot, or (ii) to satisfy the disclosure requirements, if any, of applicable law.

8.6 Joint or Common Utility Easements with Neighboring Subdivisions or Developments. The Declarant for itself and/or its successors in interest (including but not limited to the Association), hereby reserves the irrevocable and exclusive right, without any additional consent required, to enter into easement agreements with or to convey to owners or Declarant of adjoining subdivisions, projects or developments any and all reasonable and necessary utility easements or rights-of-way for access, ingress, egress, transportation, cable, utilities, gas, water, power, sewer, storm drain systems, and so forth under, over, across or through the Project.

**ARTICLE 9
THE ASSOCIATION; ORGANIZATION;
MEMBERSHIP AND VOTING RIGHTS**

9.1 Formation of Association. The Association shall be a Utah nonprofit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Project Documents. In the event of any conflict or inconsistency between this Declaration and the Articles, Bylaws or Association Rules, this Declaration shall control.

9.2 Board of Directors and Officers. A Board of Directors consisting of five (5) Directors as more fully set forth in the Articles of Incorporation and Bylaws shall direct the affairs of the Association. During the Period of Administrative Control, the Declarant shall be entitled to appoint three (3) of the Directors. So long as it owns any Lot in addition to all other voting rights, Kokopelli shall be entitled to appoint one (1) Director. In addition to all other voting rights BHR shall be entitled to appoint one (1) Director. This sub-paragraph may not be amended without the consent of BHR.

9.3 Officers and Agents. The Board of Directors shall elect and/or appoint officers and agents of the Association, including without limitation a President, Vice-President, Secretary, and Treasurer.

9.4 The Association Rules. The Association may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations pertaining to (i) all aspects of the Association's rights, activities and duties, (ii) the management, operation and use of the areas of association responsibility, or (iii) any other subject within the jurisdiction of the Association. Except as limited herein, the Association Rules may be adopted, amended and repealed by a majority of the members of the Board. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail.

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

employee of the Association, or any committee, committee member or officer of the Association; provided, however, the limitation set forth in this Section shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

9.6 Implied Rights. The Association may exercise any right or privilege given to the Association expressly by the Project Documents or Statute and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Project Documents or Statute or reasonably necessary to effectuate any such right or privilege.

9.7 Membership in the Association. Each Lot Owner and BHR shall be a Member of the Association. Membership in the Association by Lot Owners is mandatory. Membership, including the right to use the Common Area, Lake, Lake Amenities and related recreational improvements may not be partitioned from the ownership of a Lot, except that BHR shall not be required to own a lot. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

9.8 Classes of Members. The Association shall have three (3) classes of membership, to-wit:

- a. Class A. Class A members shall be all Owners, with the exception of the Declarant and Kokopelli. Each Class A member shall be entitled to one (1) vote for each Lot owned.
- b. Class B. The Class B members shall be the Declarant and Kokopelli. The Class B members shall be entitled to three (3) votes for each Lot owned.
- c. Class C. The Class C member shall be BHR. In addition to any other votes, the Class C member shall be entitled to three (3) votes.

9.9 Voting Procedures. No change in the ownership of a Lot shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot is owned by more than one person or entity and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Designated Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast by a Class A Member for a particular Lot, none of the votes shall be counted and all of the votes shall be deemed void.

9.10 Voting By Mail, Etc. Unless the project documents require otherwise, when directors are to be elected or any other matter is submitted to a vote of the members, such vote may be conducted by mail, email or as provided in the Bylaws or as determined by the Board.

9.11 Transfer of Membership. The rights and obligations of any Member may not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Utah. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to said Lot to the new Owner thereof. Each Purchaser of a Lot shall be subject to all of the terms, conditions and obligations set forth in this Declaration upon becoming the Owner of a Lot.

9.12 Suspension of Voting Rights. If a Class A Member otherwise entitled to vote is delinquent in the payment of periodic or special assessments, fines, penalties, interest, late charges, transfer fees, refinance fees, costs of collection, lien fees, attorneys' fees or other monies owed to the Association or is not in compliance with the terms of the Project Documents, such Owner's right to vote shall be suspended until the delinquency, breach or violation is paid in full, cured or corrected.

**ARTICLE 10
COVENANT FOR ASSESSMENTS, FEES, CHARGES, FINES
AND PENALTIES AND CREATION OF LIEN THEREFOR**

10.1 Creation of Association Lien and Personal Obligation for Assessments, Fees, Charges, Fines and Penalties. The Declarant and Kokopelli, for each Lot owned, and each Owner, by becoming the Owner of a Lot, is deemed to covenant and agree to pay Assessments, fees, charges, fines and penalties to the Association in accordance with this Declaration. Said covenant is appurtenant to and runs with the land. All Assessments, fees, charges, fines and penalties shall be established and collected as provided in this Declaration. The Assessments, fees, charges, fines and penalties, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, fees, charges, fines or penalties, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment, fee, charge, fine or penalty is levied or made. Recording of this Declaration constitutes record notice and perfection of the lien established hereby. Each Assessment, fee, charge, fine and penalty, together with interest and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in enforcing the Project Documents and collecting or attempting to collect delinquent Assessments, fees, charges, fines or penalties, whether or not suit is filed, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the Assessment, fee, charge, fine or penalty became due. The personal obligation for delinquent Assessments, fees, charges, fines

or penalties shall not pass to the successors in title of the Owner unless expressly assumed by them.

10.2 Budget. At least annually the Board shall prepare and adopt a budget for the Association as required by the Act.

10.3 Annual Assessments.

- a. In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, including the establishment of replacement and maintenance reserves, the Board, for each Assessment Period, shall assess an Annual Assessment against each Lot, except a Lot owned by Declarant or Kokopelli.
- b. Until the conveyance of the first Lot to an Owner other than Declarant or Kokopelli there shall be no annual assessment.
- c. The initial annual assessment shall be \$3,000.00 per lot.
- d. The Board shall not levy an Annual Assessment that is more than twenty-five percent (25%) greater than the immediately preceding fiscal year's Annual Assessment without the approval of a majority of the Members of the Association who are voting in person or by proxy at a meeting duly called for this purpose.
- e. The Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give such notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will, become inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessment by Members, it may, subject to the twenty-five percent (25%) limit set forth above, increase the Annual Assessment for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Board.

10.4 Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the Association's fiscal year.

10.5 Special Assessments. The Association may levy against each Lot, except a Lot owned by Declarant or Kokopelli, in any Assessment Period, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any improvements the Association is responsible for, provided that any Special

Assessment in excess of \$1,000.00 per lot shall have the assent of two-thirds ($\frac{2}{3}$) of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose.

10.6 Lot Specific Assessments. Lot Specific Assessments shall be levied by the Board of Directors against Lots, except a Lot owned by Declarant or Kokopelli, with respect to which particular costs have been incurred by the Association. In the event the Association undertakes to provide work, materials or services on or about a Lot which are necessary to cure or remedy a breach or violation of the Project Documents that the Owner has refused to cure or remedy, such Owner by refusing to undertake or complete the required cure or remedy shall be deemed to have agreed in writing that all of the costs and expenses incurred in connection therewith shall be Lot Specific Assessments.

10.7 Rate of Assessment.

- a. Both annual and special assessments must be fixed at a uniform rate for all Lots, except that no lot held by Declarant or Kokopelli shall be subject to any annual, special or lot specific assessment until such property is sold or as otherwise provided herein.
- b. Except as set forth below, Kokopelli shall pay to the Association an amount equal to one (1) annual lot assessment regardless of the number of lots owned by Kokopelli.
- c. In the event Kokopelli or Declarant license their rights as an Owner in a Lot to use of the Lake and Lake Amenities to any person or entity an amount shall be paid to the Association equal to the amount the annual assessment on that Lot would be if the same was assessed.

10.8 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason.

10.9 Sale of Boat. In the event the Association sells a boat for an amount in excess of the purchase price of that boat, such amount in excess of the purchase price will be reimbursed pro-rata to those individuals or entities who have paid gas fees for use of a boat during the preceding year.

10.10 Purposes for which Association's Funds may be Used. The Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Project and the Owners by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which

may be necessary, desirable or beneficial to the general common interests of the Project and the Owners.

10.11 Reserve Fund. To the extent it is required by the Act, the Board shall conduct a "reserve analysis" and maintain a reserve fund. To the extent that the Act is amended or repealed this obligation shall also be amended or repealed automatically unless separate action is taken by the members to preserve these obligations. Funds contained in a reserve fund may not be used for daily maintenance expenses or any purpose other than the purpose for which the reserve fund was established unless a majority of the members of the Association vote to approve the use of reserve funds for daily maintenance expenses or another use other than those for which the fund was established. All reserve funds shall be maintained separate from other funds of the Association.

10.12 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a monthly basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration or the laws of the State of Utah. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period; successors Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

10.13 Common Area, Transfer, Refinance and Disclosure Fees.

- a. Each initial purchaser and any subsequent purchaser of a lot shall pay to the Association immediately upon becoming the Owner of the Lot a reinvestment fee in an amount to be established by the Board but in no event great than .5% of the value of the lot and any improvements thereon. The initial reinvestment fee shall be .5% of the lot and any improvements thereon. Except that any purchase pursuant to the right of first refusal set forth in Paragraph 13.8 below shall not be subject to the reinvestment fee.
- b. Any Owner of a Lot who sells or refinances his or her Lot and requires a status or disclosure statement from the Association in connection therewith shall pay to the Association a document or disclosure fee in such amount as is established from time to time by the Board.
- c. None of the forgoing fees shall be collected in an amount or in a fashion that is in violation of Utah Code Annotated § 57-1-46 as it may be amended from time to time. To the extent that the fee collected pursuant to this section would violate Utah Code Annotated § 57-1-46 as amended, the fee amount and/or manner of administration shall be deemed amended as necessary to bring the

fee amount and administration of fee collection and retention into conformity with Utah Code Annotated § 57-1-46 as it may be amended from time to time.

d. Fees charged pursuant hereto shall be secured by the Association Lien.

10.14 Fines and Penalties. In addition to any other rights or remedies which the Association may have under this Declaration or at law or in equity as a result of the violation of this Declaration or the Project Documents, the Association shall have the right, subject to applicable law, to levy reasonable fines or penalties against an Owner for any violation of this Declaration or the Project Documents by the Owner, any other Residents of the Owner's Lot or any of the Owner's family, tenants, guests, contractors or agents. The amount of the fine or penalty for each violation shall be established by the Board.

10.15 Notice of Violation, Appeal and Payment of Fines and Penalties.

a. The Board, or any person designated by the Board, may serve a "Notice of Violation" against an Owner or Lessee for a violation of any provision of the Project Documents by the Owner, his family or guests. A Notice of Violation shall contain (i) a description of the violation, (ii) the appropriate time and place at which the violation was observed, (iii) an opportunity to cure in compliance with the Act, (iv) the amount of the fine to be paid by the Owner or Lessee for such violation if not timely cured, (v) the name of the person issuing the Notice of Violation, and (vi) a statement advising the Owner or Lessee of the Owner's or Lessee's right to appear before the Board on the date, time and place specified for a hearing at which the Owner or Lessee can offer any defenses or mitigation circumstances.

b. A Notice of Violation shall be deemed to have been served if delivered personally to the Owner or Lessee named in the Notice of Violation or sent to the Owner or Lessee by registered or certified United States mail, return receipt requested, postage prepaid. A Notice of Violation served by mail shall be deemed to have been received by the Owner or Lessee to whom the notice was addressed on the earlier of the date the notice is actually received or three (3) days after the notice is deposited in the United States mail. A Notice of Violation given to the Owner by mail shall be addressed to the Owner at the address of the Owner as shown on the records of the Association. A Notice of Violation given to the Lessee by mail shall be addressed to the Residential Unit occupied by the Lessee. If a Lot is owned by more than one person or entity, a Notice of Violation to one of the joint Owners shall constitute notice to all of the joint Owners.

c. The Owner or Lessee shall pay the fine set forth in the Notice of Violation to the Association within fourteen (14) days after the Notice of Violation is served on the Owner or Lessee or, if the Owner or Lessee appears at the hearing

specified in the Notice of Violation, within fourteen (14) days after a hearing before the Board in which the Board upholds the fine.

d. Any fines or penalty levied pursuant hereto shall be secured by the Association Lien established pursuant to Section 7.1.

10.16 Costs of Enforcement. Any costs incurred by the Association in enforcing this Declaration or the other Project Documents shall be the obligation of the Owner of the Lot against which enforcement is sought. Such costs shall include, but not be limited to, reasonable attorneys' fees, whether or not suit is filed. The obligation to pay the costs of enforcement shall be secured by the Association Lien.

10.17 Effect of Nonpayment of Assessments, Fees, Charges, Fines and Penalties; Remedies of the Association.

a. Any Assessment, fee, charge, fine or penalty, or any installment of an Assessment, fee, charge, fine or penalty not paid within fifteen (15) days after the Assessment, fee, charge, fine or penalty, or the installment thereof, first became due shall bear interest from the due date at the rate of 36% per annum or such other rate of interest established from time to time by the Board. In addition, the Board of Directors may establish a late fee to be charged to any Owner who has not paid any Assessment, fee, charge, fine or penalty, or any installment thereof, within fifteen (15) days after such payment was due.

b. The Association shall have a lien on each Lot for all Assessments, fees, charges, fines and penalties, together with interest and late charges, costs of collecting and reasonable attorneys' fees levied against or charged to a Lot or the Owner thereof. The Association may, at its option, record a Notice of Lien setting forth the name of the delinquent owner as shown in the records of the Association, the legal description or street address of the Lot against which the Notice of Lien is recorded and the amount claimed to be past due as of the date of the recording of the Notice, including late charges, interest, costs of collection, lien recording fees, lien release fees, reasonable attorneys' fees and the costs of preparing the Notice of Lien.

c. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled which insofar as it adversely affects the Association's lien for unpaid Assessments and each Owner, by accepting a deed or other document of conveyance to a Lot, waives his right to claim his homestead exemption has priority.

d. The Board may suspend for the entire period during which any Assessments, fees, charges, fines and penalties, together with interest and late

charges, costs of collecting and reasonable attorneys' fees remain delinquent the obligated Owner's right to vote or other membership rights in the manner prescribed the Act.

e. The Board may enforce the lien as allowed by law, including but not limited to those provisions of U.C.A. § 57-8a-301, et. seq as the same may be amended from time to time. The Declarant and Kokopelli hereby convey and warrant pursuant to U.C.A. § 57-1-20 and U.C.A. § 57-8a-402 to Northern Title Company, with power of sale, each lot and all improvements to the lot for the purpose of securing payment of assessments under the terms of the Declaration.

f. The Board may, without notice or demand, institute an action at law for a money judgment to recover the amount of the delinquent Assessment together with all fees, charges, fines and penalties, together with interest and late charges, costs of collecting and reasonable attorneys' fees.

g. The Board may require any Tenant to pay rent to the Association as allowed by and in accordance with U.C.A. § 57-8a-310 as the same may be amended from time to time.

h. The Assessment Lien 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 or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

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

ARTICLE 11 INSURANCE

11.1 Insurance. The Board of Directors may adopt General Insurance House Rules, Policies and Procedures intended as a guide for Owners and residents in order to maintain the insurability of the project, keep the insurance premium reasonable, and enforce the maintenance responsibilities of the individual owners.

11.2 Insurance Obligation of the Association. The Association shall obtain the following insurance coverage (collectively, "Association Policy"):

- a. Public Liability. Public liability coverage for the Common Areas and Facilities;
- b. Common Area and Facilities. Property, fire and extended hazard coverage for all Common Areas, Elements and Facilities;
- c. D&O. Directors and officers coverage; and
- d. Fidelity Bond. A fidelity bond.
- e. Required by Law. All other insurance required by law.

The Association Policy **DOES NOT** cover the contents or the personal property upon the Lot, in a Dwelling Unit, or belonging to the Lot Owner or Lessee, or personal liability. Coverage C (as that is defined by the standard homeowners insurance policy) – Personal Property is excluded from the Association Policy. The Association **IS NOT REQUIRED** to cover property, fire or hazard insurance on a Lot or loss of business, rents or rental income although it expressly reserves and is hereby granted the right to obtain such and other coverage for its benefit. Earthquake insurance is optional.

11.3 Minimum Amount of Insurance Coverage. The liability insurance purchased by the Association shall be in an amount not less than \$1,000,000.00 per occurrence and \$2,000,000.00 per aggregate or such higher amounts as may be required by law and optional umbrella liability coverage to be determined by the Board of Directors from time to time for bodily injury, death, and property damage. This amount may be increased or decreased unilaterally by the Board of Directors.

11.4 Additional Insureds. All policies shall name Declarant, BHR, Kokopelli, S. Craig Adams, Alicia Adams, Stephen Adams and Marsha Adams as additional insureds at no additional charge to the same.

11.5 Premium a Common Expense. The premiums for insurance coverage and the fidelity bond are to be considered a Common Expense.

11.6 Changes in Amounts of Required Insurance. The amounts of insurance required may be increased or decreased unilaterally by the Board of Directors.

ARTICLE 12
RIGHTS OF FIRST MORTGAGEES

12.1 Notification to First Mortgagees. Upon receipt by the Association of a written request from a first Mortgagee or insurer or governmental guarantor of a First Mortgage informing the Association of its correct name and mailing address and the Lot number or address to which the request relates, the Association shall provide such Eligible Mortgage Holder or Eligible Insurer or Guarantor with timely written notice of the following:

- a. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor;
- b. Any delinquency in the payment of Assessments or charges owed by an Owner of a Lot subject to a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer or Guarantor or any other default in performance by the Owner of any obligation under the Project Documents, which delinquency remains uncured for the period of sixty (60) days;
- c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- d. Any proposed action which will require the consent of a specified percentage of Eligible Mortgage Holders as set forth in this Section.

12.2 Approval Required to Terminate Project. Any termination of the legal status of the Project for reasons other than the substantial destruction or a substantial taking in condemnation of the Project shall not be effective unless approved by Eligible Mortgage Holders holding First Mortgages on Lots the Owners of which have at least sixty-seven percent (67%) of the votes in the Association allocated to Owners of all Lots subject to First Mortgages held by Eligible Mortgage Holders.

12.3 Approval Required for Amendment to Declaration, Articles or Bylaws.

a. The approval of Eligible Mortgage Holders holding First Mortgages on Lots the Owners of which have at least fifty-one percent (51%) of the votes in the Association allocated to Owners of all Lots subject to First Mortgages held by Eligible Mortgage Holders shall be required to add or amend any material provisions of the Declaration, Articles or Bylaws which establish, provide for, govern or regulate any of the following:

- (i) Voting rights;

- (ii) Assessments, assessment liens, or subordination of assessment liens;
- (iii) Reserves for maintenance, repair and replacement of areas of association responsibility;
- (iv) Insurance or fidelity bonds;
- (v) Responsibility for maintenance and repairs;
- (vi) Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
- (vii) Boundaries of any Lot;
- (viii) Convertibility of Lots into Common Areas or of Common Areas into Lots;
- (ix) Leasing of Lots;
- (x) Imposition of any restriction on an Owner's right to sell or transfer his Lot;
- (xi) A decision by the Association to establish self-management when professional management had been required previously by an Eligible Mortgage Holder;
- (xii) Restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the Project Documents;
- (xiii) Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs;
- (xiv) Any provisions which expressly benefit First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors.

b. Any addition or amendment to the Declaration, Articles or Bylaws shall not be considered material if it is for the purpose of correcting technical errors or for clarification only.

12.4 First Mortgagee's Right of Inspection of Records. Any First Mortgagee will, upon written request, be entitled to (i) inspect the books and records of the Association during normal business hours, (ii) receive within ninety (90) days following the end of any fiscal year of the

Association, a financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party, and (iii) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings.

12.5 Limitation on Partition and Subdivision. No Lot shall be partitioned or subdivided without the prior written approval of the holder of any first Mortgage on such Lot.

12.6 Failure of First Mortgagees to Respond. Any First Mortgagee who received a written request from the Board to respond to or consent to any action requiring the consent of the First Mortgagee shall be deemed to have approved such action if the Association has not received a negative response from such First Mortgagee within thirty (30) days of the date of the Association's request.

12.7 Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Article and any other provision of the Project Documents, the provisions of this Article shall prevail; provided, however, that in the event of any conflict or inconsistency between the different Sections of this Article or between the provisions of this Article and any other provisions of the Project Documents with respect to the number or percentage of Owners, First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors that must consent to (i) an amendment of the Declaration, Articles or Bylaws; (ii) a termination of the Project; or (iii) certain actions of the Association, the provision requiring the consent of the greatest number or percentage of Owners, First Mortgagees, Eligible Mortgage Holders or Eligible Insurers or Guarantors shall prevail; provided, however, that so long as there is a Class B membership in the Association, the Declarant, without the consent of any Owner or First Mortgagee being required, shall have the right to amend this Declaration, the Articles or the Bylaws in order to conform this Declaration, the Articles or the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required or requested by the Declarant.

ARTICLE 13 MISCELLANEOUS

13.1 Interpretation. To the extent Utah law is consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions, which precede the Articles and Sections 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 genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

13.2 Security. Neither the Association, nor the Declarant, nor Kokopelli shall in any way be considered insurers or guarantors of security within the Project. Neither the Association, nor the Declarant, nor Kokopelli shall be held liable for any loss or damage, including malfunction, by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner for himself and his Guests acknowledges and understands that the Declarant, Kokopelli, Association, Board of Directors, Manager, employees, agents or representatives are not insurers and that each Owner and his Guests assume all risks for loss or damage to persons or property within the Project and further acknowledges that Declarant, Kokopelli, the Association, Board of Directors, Manager, employees, agents or representatives have made no representations or warranties nor has any Owner or his Guests relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems recommended or installed or any security measures undertaken within the Project.

13.3 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 Association, all other signatories hereto, all parties who hereafter acquire any interest in a Lot or in a Project, and their respective grantees, transferees, heirs, devisees, personal representative, successors, and assigns. Each Owner or occupant of a Lot shall comply with, and all interests in all Lots shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

13.4 Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent is Intermountain Registered Agents, LLC and the initial office of the Registered Agent is 40 West Cache Valley Blvd., Suite 9A, Logan, Utah 84341.

13.5 Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Lot shall describe the interest for estate involved substantially as follows:

All of Lot _____, Bear Hollow Lakes, as the same is identified in the Final Plat in Box Elder County, Utah, as Entry No. _____, in Book _____, and Page _____ of the official records of the County Recorder of Box Elder County, Utah (as said Final Plat may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions (Declaration) for Bear Hollow Lakes recorded in Box Elder County, Utah as Entry No. _____, in Book _____, at Page _____ of the official records of the County Recorder of Box Elder County,

Utah (as said Declaration may have heretofore been supplemented).

Subject to such rights, easements, covenants, restrictions, and zoning regulations as appear of record.

Regardless of whether or not the description employed in any such instrument is in the above-specified form, 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.

13.6 Enforcement and Right to Recover Attorneys Fees. Should the Association or Board of Directors be required to take action to enforce the Declaration, Bylaws or any administrative rules and regulations adopted from time to time, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorneys fee, which may arise or accrue.

13.7 Amendment. This Declaration may be amended as follows:

a. General. Except as otherwise required herein, any amendment to this Declaration shall require the affirmative written vote or consent of at least sixty-seven percent (67%) of the total votes of the Association cast either in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting.

b. Initial Declarant Right to Amend. The Declarant alone may amend or terminate this Declaration prior to closing of a sale of the first Lot.

c. Unilateral Right to Amend Under Certain Conditions. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant if such Amendment is (1) necessary to correct typographical errors or inadvertent omissions; (2) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (3) reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; provided, however, any such amendment shall not materially adversely affect the title to any Lot unless the Owner of said Lot shall consent thereto in writing.

d. Declarant's Right to Amend Unilaterally Prior to Termination of Declarant's Right to Control. Prior to the expiration of the Period of Administrative Control, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially

adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the express written consent of said Lot Owner.

e. To Satisfy Requirements of Lender. Anything to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Lots, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot, or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Lots and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of hereof deletes, diminishes or alters such control in any manner whatsoever in the opinion of Declarant, then Declarant shall have the unilateral right to amend this Declaration to restore such control.

f. Declarant's Rights. No provision of this Declaration reserving or granting to Declarant any unexpired developmental rights may be amended, including by way of illustration but not limitation a modification which would terminate or decrease any developmental right, without the prior express written consent of Declarant, which consent may be withheld, conditioned or delayed for any reason or for no reason at Declarant's sole and exclusive discretion.

g. Execution of Amendments.

i. An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder.

ii. An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association, who shall

certify that all of the voting requirements have been satisfied, and the Declarant, if the Declarant's consent is also required, and recorded in the office of the County Recorder.

- iii. An amendment of any provision affecting BHR, a BHR Owner, S. Craig Adams, Alicia Adams, Aubree Adams, Joshua Adams, Jacob Adams, Emily Adams, Stephen Adams, Marsha Adams, Kokopelli, or the successors and assigns of the foregoing shall be effective when executed the individual or entity being affected.

13.8 Right of First Refusal. If any Owner of any Lot desires to convey the Lot, such Owner shall first notify S. Craig Adams, or his designated successors or assigns, in writing of that fact and give S. Craig Adams, his successors or assigns, the right to purchase the Lot under the same terms and conditions as those proposed to be sold to such other party, it being the intention of this paragraph that S. Craig Adams reserves the option to purchase the premises if they should be sold at any subsequent time, and reserves the refusal of the same upon the same terms and conditions as they may be offered any other person or persons. The above notice shall include the terms and conditions of the proposed sale and S. Craig Adams, his successors or assigns, shall have a period of 30 days after receiving such notice within which to notify Seller that Buyer elects to purchase the Lot. Any such notice from S. Craig Adams, his successors or assigns shall be accompanied by any earnest money required under the terms of the offer, which shall then constitute a contract between the parties even though neither has signed it.

13.9 Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants, or rights created by this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the descendants of Gary R. Herbert the Governor of Utah on this date, who are living on this date.

13.10 Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Final Plat shall take effect upon its being filed for record in the office of the County Recorder of Box Elder County, Utah.

DATED this 1 day of June 2012.

LIQUID ASSETS H2O, L.L.C.
A Utah limited liability company

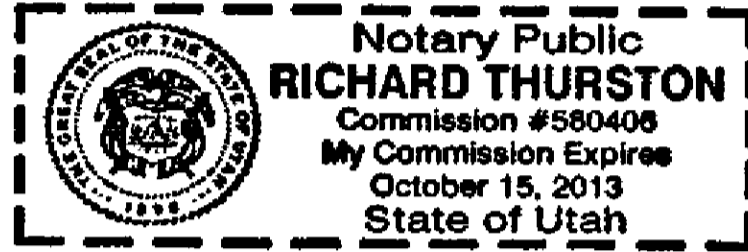
By: _____

Its: Managing Member

STATE OF UTAH)
)
 :ss
COUNTY OF CACHE)

On June 1, 2012, personally appeared before me, S. Craig Adams, who by me being duly sworn, did say that he is the Managing Member of LIQUID ASSETS H2O, L.L.C., a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said S. Craig Adams duly acknowledged to me that said Company executed the same.

[Signature]
NOTARY PUBIC



KOKOPELLI INVESTMENTS, LLC
A Utah limited liability company

By: [Signature]
Its: Managing Member

STATE OF UTAH)
)
 :ss
COUNTY OF CACHE)

On June 1, 2012, personally appeared before me, S. Craig Adams, who by me being duly sworn, did say that he is the Managing member of KOKOPELLI INVESTMENTS, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said S. Craig Adams duly acknowledged to me that said Company executed the same.

[Signature]
NOTARY PUBIC

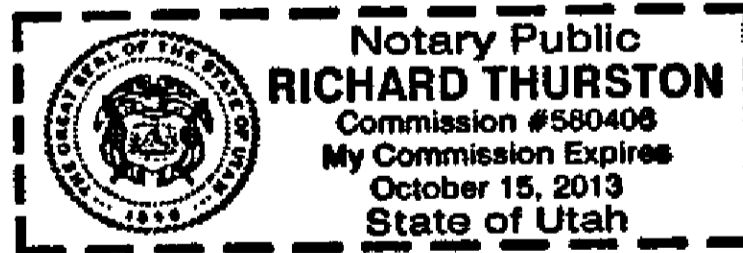


EXHIBIT "A"

SUBDIVISION BOUNDARY LEGAL DESCRIPTION

A PARCEL OF GROUND LOCATED IN THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 12 NORTH, RANGE 2 WEST OF THE SALT LAKE BASE AND MERIDIAN. DESCRIBED AS FOLLOWS:

COMMENCING AT THE RAILROAD SPIKE MONUMENT FOUND AT THE NORTHWEST CORNER OF SECTION 18, TOWNSHIP 12 NORTH, RANGE 2 WEST OF THE SALT LAKE BASE AND MERIDIAN FROM WHICH THE RAILROAD SPIKE MONUMENT FOUND AT THE WEST QUARTER CORNER OF SAID SECTION 18 BEARS SOUTH 01°12'51" EAST 2,641.41 FEET (SOUTH 00°48'19" EAST 2,641.57 FEET PER THE BOX ELDER COUNTY SURVEYORS GPS SURVEY) AND THE REBAR WITH A BOX ELDER COUNTY SURVEYORS CAP FOUND AT THE NORTHEAST CORNER OF SECTION 17 OF SAID TOWNSHIP BEARS NORTH 88°57'15" EAST 10,546.01 FEET (NORTH 89°22'00" EAST 10,546.03 FEET PER THE BOX ELDER COUNTY SURVEYORS GPS SURVEY); AND RUNNING THENCE NORTH 88°57'15" EAST 3,440.42 FEET; THENCE SOUTH 01°02'45" EAST 487.44 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF STATE HIGHWAY 30 AT ENGINEERS STATION 82+10.54 - 83.04 FEET LEFT (STATION 82+60 90.00 FEET LEFT BY RECORD) AND A POINT ON THE WEST BANK OF THE BEAR RIVER AND IS THE TRUE POINT OF BEGINNING; AND RUNNING THENCE WESTERLY ALONG THE SOUTH LINE OF SAID HIGHWAY THE FOLLOWING THREE COURSES, 1) NORTH 77°44'13" WEST 892.78 FEET; 2) THENCE NORTH 69°35'59" WEST 449.15 FEET; 3) THENCE NORTH 84°37'04" WEST 515.67 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE OF WHICH THE RADIUS POINT LIES NORTH 83°01'47" EAST 68.00 FEET; THENCE SOUTHEASTERLY 45.06 FEET ALONG THE ARC OF A 68.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 37°57'59" AND A LONG CHORD THAT BEARS SOUTH 25°57'11" EAST 44.24 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHEASTERLY 17.71 FEET ALONG THE ARC OF A 25.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 40°34'56" AND A LONG CHORD THAT BEARS SOUTH 24°38'42" EAST 17.34 FEET TO A POINT OF REVERSE CURVE; THENCE EASTERLY 119.46 FEET ALONG THE ARC OF A 45.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 152°05'59" AND A LONG CHORD THAT BEARS SOUTH 80°24'14" EAST 87.35 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHEASTERLY 28.33 FEET ALONG THE ARC OF A 25.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 64°55'48" AND A LONG CHORD THAT BEARS NORTH 56°00'41" EAST 26.84 FEET TO A POINT OF COMPOUND CURVE; THENCE EASTERLY 639.99 FEET ALONG THE ARC OF A 1,083.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 33°51'30" AND A LONG CHORD THAT BEARS SOUTH 74°35'40" EAST 630.72 FEET TO A POINT OF REVERSE CURVE; THENCE SOUTHEASTERLY 64.81 FEET ALONG THE ARC OF A 267.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 13°54'24" AND A LONG CHORD THAT BEARS SOUTH 64°37'07" EAST 64.65 FEET; THENCE SOUTH 71°34'19" EAST 178.96 FEET; THENCE SOUTHEASTERLY 391.88 FEET ALONG THE ARC OF A 333.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 67°25'39" AND

A LONG CHORD THAT BEARS SOUTH 37°51'30" EAST 369.66 FEET; THENCE SOUTH 04°08'40" EAST 383.02 FEET; THENCE SOUTHEASTERLY 61.18 FEET ALONG THE ARC OF A 50.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 70°06'08" AND A LONG CHORD THAT BEARS SOUTH 39°11'44" EAST 57.43 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE OF WHICH THE RADIUS POINT LIES NORTH 81°12'59" EAST 300.00 FEET; THENCE SOUTHEASTERLY 248.75 FEET ALONG THE ARC OF A 300.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 47°30'28" AND A LONG CHORD THAT BEARS SOUTH 32°32'15" EAST 241.69 FEET; THENCE SOUTH 89°57'32" EAST 426.68 FEET; THENCE SOUTH 47°14'13" EAST 1,405.56 FEET; THENCE SOUTH 71°24'42" EAST 146.56 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE OF WHICH THE RADIUS POINT LIES NORTH 09°24'00" EAST 212.50 FEET; THENCE NORTHEASTERLY 276.38 FEET ALONG THE ARC OF A 212.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 74°31'11" AND A LONG CHORD THAT BEARS NORTH 62°08'25" EAST 257.31 FEET; THENCE SOUTH 65°07'10" EAST 266.00 FEET TO A POINT ON THE WEST BANK OF THE BEAR RIVER AND THE POINT OF CURVE OF A NON TANGENT CURVE OF WHICH THE RADIUS POINT LIES NORTH 79°34'40" WEST 650.00 FEET; THENCE NORTHERLY ALONG THE WEST BANK OF THE BEAR RIVER THE FOLLOWING COURSES TO THE POINT OF BEGINNING, 40.94 FEET ALONG THE ARC OF A 650.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 03°36'32" AND A LONG CHORD THAT BEARS NORTH 08°37'04" EAST 40.93 FEET; THENCE NORTH 06°48'48" EAST 222.06 FEET; THENCE NORTH 02°55'56" WEST 105.12 FEET; THENCE NORTH 03°29'39" EAST 255.63 FEET; THENCE NORTHERLY 58.52 FEET ALONG THE ARC OF A 127.50 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 26°17'53" AND A LONG CHORD THAT BEARS NORTH 09°39'17" WEST 58.01 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHWESTERLY 56.39 FEET ALONG THE ARC OF A 100.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 32°18'34" AND A LONG CHORD THAT BEARS NORTH 38°57'31" WEST 55.65 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHWESTERLY 76.43 FEET ALONG THE ARC OF A 261.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 16°46'42" AND A LONG CHORD THAT BEARS NORTH 63°30'09" WEST 76.16 FEET; THENCE NORTH 71°53'29" WEST 112.84 FEET; THENCE WESTERLY 26.18 FEET ALONG THE ARC OF A 45.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 33°19'50" AND A LONG CHORD THAT BEARS NORTH 88°33'24" WEST 25.81 FEET; THENCE SOUTH 74°46'41" WEST 57.48 FEET; THENCE WESTERLY 24.59 FEET ALONG THE ARC OF A 40.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 35°13'10" AND A LONG CHORD THAT BEARS NORTH 87°36'44" WEST 24.20 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY 19.30 FEET ALONG THE ARC OF A 20.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 55°16'42" AND A LONG CHORD THAT BEARS SOUTH 82°21'30" WEST 18.56 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY 17.86 FEET ALONG THE ARC OF A 25.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 40°55'38" AND A LONG CHORD THAT BEARS SOUTH 75°10'58" WEST 17.48 FEET TO A POINT OF COMPOUND CURVE; THENCE WESTERLY 76.70 FEET ALONG THE ARC OF A 157.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 27°59'34" AND A LONG CHORD THAT BEARS NORTH 70°21'26" WEST 75.94 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHWESTERLY 23.41 FEET ALONG THE ARC OF A 100.00

FOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $13^{\circ}24'53''$ AND A LONG CHORD THAT BEARS NORTH $63^{\circ}04'06''$ WEST 23.36 FEET TO A POINT OF COMPOUND CURVE; THENCE WESTERLY 130.67 FEET ALONG THE ARC OF A 1,070.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $06^{\circ}59'49''$ AND A LONG CHORD THAT BEARS NORTH $73^{\circ}16'27''$ WEST 130.59 FEET; THENCE NORTH $76^{\circ}46'22''$ WEST 154.87 FEET; THENCE NORTHWESTERLY 56.92 FEET ALONG THE ARC OF A 120.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF $27^{\circ}10'46''$ AND A LONG CHORD THAT BEARS NORTH $63^{\circ}10'59''$ WEST 56.39 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHWESTERLY 267.61 FEET ALONG THE ARC OF A 500.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $30^{\circ}39'55''$ AND A LONG CHORD THAT BEARS NORTH $64^{\circ}55'34''$ WEST 264.42 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHWESTERLY 218.35 FEET ALONG THE ARC OF A 265.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF $47^{\circ}12'36''$ AND A LONG CHORD THAT BEARS NORTH $56^{\circ}39'13''$ WEST 212.23 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHWESTERLY 87.80 FEET ALONG THE ARC OF A 175.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $28^{\circ}44'48''$ AND A LONG CHORD THAT BEARS NORTH $47^{\circ}25'19''$ WEST 86.88 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE OF WHICH THE RADIUS POINT LIES NORTH $28^{\circ}12'18''$ EAST 125.00 FEET; THENCE NORTHWESTERLY 94.95 FEET ALONG THE ARC OF A 125.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF $43^{\circ}31'20''$ AND A LONG CHORD THAT BEARS NORTH $40^{\circ}02'02''$ WEST 92.68 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHWESTERLY 52.93 FEET ALONG THE ARC OF A 130.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $23^{\circ}19'39''$ AND A LONG CHORD THAT BEARS NORTH $29^{\circ}56'12''$ WEST 52.56 FEET TO A POINT OF REVERSE CURVE; THENCE NORTHWESTERLY 55.83 FEET ALONG THE ARC OF A 366.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF $08^{\circ}44'25''$ AND A LONG CHORD THAT BEARS NORTH $37^{\circ}13'49''$ WEST 55.78 FEET; THENCE NORTH $32^{\circ}51'35''$ WEST 201.06 FEET; THENCE NORTH $31^{\circ}13'03''$ WEST 121.36 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE OF WHICH THE RADIUS POINT LIES SOUTH $56^{\circ}02'10''$ WEST 5,447.00 FEET; THENCE NORTHWESTERLY 246.91 FEET ALONG THE ARC OF A 5,447.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF $02^{\circ}35'50''$ AND A LONG CHORD THAT BEARS NORTH $35^{\circ}15'45''$ WEST 246.89 FEET TO THE POINT OF BEGINNING. CONTAINING 41.66 ACRES, MORE OR LESS.

EXHIBIT "B"

BYLAWS OF BEAR HOLLOW LAKES HOMEOWNERS ASSOCIATION, INC. A UTAH NON-PROFIT CORPORATION

ARTICLE I NAME AND LOCATION

The name of the Corporation is Bear Hollow Lakes Homeowners Association, Inc., a Utah Non-Profit Corporation, hereinafter referred to as the "Association". The principal office of the Corporation shall be located at 14870 North Bear Hollow Drive, Garland, Utah but meetings of members and Directors may be held at such places within the State of Utah, County of Box Elder, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

Unless the context otherwise requires, all definitions shall be as found in the Declaration of Covenants, Conditions and Restrictions.

ARTICLE III MEMBERS AND VOTING RIGHTS

The Association shall have three (3) classes of membership, to-wit:

Class A. Class A members shall be all Lot Owners, with the exception of the Declarant and Kokopelli Investments, LLC (Kokopelli). Each Class A member shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B members shall be the Declarant and Kokopelli. The Class B members shall be entitled to three (3) votes for each Lot owned.

Class C. The Class C member shall be Bear Hollow Ranch, L.L.C. (BHR). In addition to any other votes, the Class C member shall be entitled to three (3) votes.

ARTICLE IV MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the day for the

annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, first class, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. A Board of Directors consisting of five (5) Directors shall direct the affairs of this Association.

Section 2. Term of Office. Each Director shall serve for a term of three years, except that terms of the initial board shall be one (1) year for Director No. 1, two (2) years for Directors No. 2 and No. 3, and three (3) years for Directors No. 4 and No. 5.

Section 3. Removal. Other than a Director appointed as set forth in Article V, Section 3 below any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director who was elected by the Members or appointed by the Board, his successor shall be selected by the remaining members of the Board and shall serve for the un-expired term of his predecessor. In the event of death, resignation or removal of a Director who was appointed pursuant to Article V, Section 3, his successor shall be

selected by the appointing entity and shall serve for the un-expired term of his predecessor.

Section 4. Compensation. Directors shall be compensated in accordance with the Declarations.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V NOMINATION AND ELECTION OF BOARD OF DIRECTORS

Section 1. Nomination. Except as set forth in Section 3 below, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Appointment. During the Period of Administrative Control, the Declarant shall be entitled to appoint three (3) of the Directors. So long as it owns any Lot in addition to all other voting rights, Kokopelli shall be entitled to appoint one (1) Director. In addition to all other voting rights BHR shall be entitled to appoint one (1) Director. This sub-paragraph may not be amended without the consent of BHR.

ARTICLE VI MEETING OF BOARD OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish assessments and service charges as outlined in the Declarations and to take all other actions as outlined in the Declarations;

(b) suspend the voting rights of a member as provided in the Declarations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration; and

(d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) all duties set forth in the Declarations;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain adequate liability and hazard insurance on any property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) cause the Common Area to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. The Board of Directors may remove any officer from office with or without cause. Any officer may resign at any time giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The same person may hold the offices of Secretary and Treasurer. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board of Directors and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

**ARTICLE IX
COMMITTEES**

The Board of Directors shall establish an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

**ARTICLE X
BOOKS AND RECORDS**

The books, records and papers of the Association shall at all times, during reasonable business hours; be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

**ARTICLE XI
CORPORATE SEAL**

The Association shall have a seal in circular form having within its circumference the words: Bear Hollow Lakes Homeowners Association, Inc.

**ARTICLE XII
AMENDMENTS**

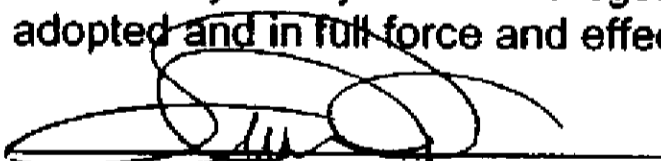
Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XIII
MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of January and end the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

I, S. Craig Adams, as Secretary of Bear Hollow Lakes Homeowners Association, Inc. hereby certify that the foregoing constitute the bylaws of this Corporation as adopted and in full force and effect on this 13 day of January 2012.


Secretary

STATE OF UTAH)
 : ss
County of Cache)

On the 13 day of January 2012, personally appeared before me
S. Craig Adams, known to be the Secretary of Bear Hollow Lakes
Homeowners Association, authorized agent for the Corporation that executed the within
and foregoing instrument and acknowledge the instrument to be the free and voluntary
act and deed of the Corporation, by authority of its bylaws or by resolution of its Board
of Directors, for the uses and purposes therein mentioned and on oath states that he
was authorized to execute the instrument. In witness whereof I have set my hand and
affixed my seal this 13 day of January 2012.

Rebecca Jean Williams
Notary Public
Residing at Cache
Commission expires: 08/11/2013



EXHIBIT "C"



ARCHITECTURAL DESIGN GUIDELINES

Purpose of the Architectural Guidelines

Bear Hollow Lakes (BHL) is an Upscale Watersports Residential Community located in Garland, Utah. These guidelines have been established to encourage excellent, diverse, yet compatible home designs that reinforce the sense of neighborhood of Bear Hollow Lakes. These guidelines are established to supplement the recorded Declaration of Covenants, Conditions and Restrictions for BHL, any restrictions or requirements noted on Deeds, Plats, and Title Restrictions, and any municipal building code requirements. These guidelines are established to provide direction to lot owners, architects, landscape architects, contractors, and other members of the design and construction team. The provision of these guidelines shall not be construed as an absolute rule that is binding on the BHL Architectural Review Committee (the BHARC), as they may not address all contextual circumstances, lot conditions, and material applications. Furthermore, each lot owner should familiarize themselves with municipal building codes and land use ordinances in the design and construction of their residences.

Authority to Create Guidelines

These Guidelines are established by Liquid Assets H2O, LLC as the Declarant, pursuant to the Declaration of Covenants, Conditions, and restrictions for BHL.

Time Requirements

There is NO time requirement begin home construction. The lot must be fully landscaped within 15 months of the closing date of Lot purchase. Lots with homes under construction within the 15 months of closing date will be given a 6 month extension on completing their landscaping following the completion of the home. The construction of a new home shall be allowed 12 months of construction time from the date of the first on-site work until the home is complete and ready for occupancy.

Home Size Requirements

The minimum size is 1800 square feet for single level homes and 2500 square feet of two story home of heated space located above grade. This does not include porches, patios, garages, or accessory buildings. All lots shall have a minimum of a two-car garage.

Boats, RV's, vehicles, and other equipment should be stored within an enclosed garage. No lean-tos, carports, awnings, or similar open storage facilities shall be allowed.

Architectural Theme

All Residences and other Structures which are constructed will be considered Four-Sided Architecture. Equal attention to all elevations in terms of detailing, materials, and colors must be utilized and will be reviewed by the BHARC. Homes are required to follow the general Craftsman design and are to include Timber Frame Home and Accents. The permitted Exterior Materials are Wood Timbers, Cement Board Siding, Brick accents and Rock. No Cement Block, Stucco, Aluminum or Vinyl Siding is permitted. All Roofs must have a Minimum of a 6/12 pitch with the use of a 30 year architectural single at a minimum. Composite and Metal Roofs are allowed.

Exterior Colors

BHARC must approve all colors. Accent staining and multi-tone painting of home exterior is encouraged.

Driveways and Sidewalks

Driveways must be constructed of pavers, concrete, or asphalt and shall run from the garage to the paving of the common road. As part of the Landscape component each lot shall have a 6' concrete sidewalk that follows the master landscape plan.

Building Placements

All buildings placements must be approved by the BHARC in order to determine adequate septic zone and preservation of view corridors. Each Unique lot will have a different setback from the sides, rear and back but must be placed to maintain uniformity to other homes.

View Corridor

The view corridor is considered to be within 35 feet of the high water mark. Maintaining the view corridor is a requirement. No trees, plants or bushes, pools, or structures taller than 3 feet above high water level are permitted in the view corridor. No Fences are allowed in this area.

Individual Lot Docks

All individual Lot Docks must be approved by the BHARC. Docks must not interfere with the safety or use of the lake. All skiing rotations will begin at the common boat dock. No skiing from any individual Lot Docks. BHARC at its discretion may disallow an individual dock for any reason.

Accessory Buildings

Accessory Buildings shall be considered "conditional uses" requiring a written application and approval from both the BHARC before construction or installation

begins. Any detached Accessory Building must conform in design and construction materials with the primary residential Dwelling Unit. The maximum height of an Accessory Building shall be 25 feet. All non permanent sheds fall into this category if there is a dispute of any kind whatsoever regarding an Accessory Building, including whether a structure meets the definition of an Accessory Building, the decision of BHARC shall be final, conclusive and binding. If the Architectural Review Committee fails to respond to an application within thirty (30) days, it shall be considered disapproved.

Fencing

All fences must be approved by the BHARC. All fences have a six foot maximum height. No Fence shall be constructed within 3 feet from sidewalk or in view corridor. No vinyl or chain link fences are allowed.

Landscaping

All irrigated landscaping must be irrigated by an automatic, underground sprinkling system using the secondary water system. Landscaping must include a minimum of 4 2-inch caliper trees with in the lot as well as a selection of trees, shrubs and landscape along the front of the lot along Slalom Way in order to coordinate with the master landscape plan. Those lots that have access pathways adjoin or row within their lots should design their landscape to compliment these areas. Ground covers such as Mulch, topsoil, decorative rock, sod, concrete, cement or masonry products, pavers, bark, brick, cobblestone, tile, terrazzo, slate, gravel, and curbing are suggested. The use of materials that will blow into lakes is not permitted. No structure, plant, improvement or other material may be placed or permitted to remain, or other activities undertaken which may create erosion or sliding problems, or which may change the direction or flow of drainage channels, or obstruct or retard the flow of water through the channels. The slope control area of each Lot and all improvements therein shall be maintained continuously by the Owner of the Lot. The lot owner shall be responsible for making sure that run-off water does not migrate onto an adjacent property owner's property, including property owned and maintained by the HOA. Each landowner shall control the subsurface water on their own property and will be responsible for damages resulting from failure to maintain control of this surface run-off water.

Lot Ancillaries

No Antae or Satellite Dish above the roof line will be allowed. Satellite dishes with a diameter of greater than one meter are prohibited. All Solar panel use must be approved by the BHARC. No clothes lines are allowed. Propane Tanks must be buried.

Pools, Jacuzzis, and Hot Tubs

The size, shape, and location of a pool, hot tub, or Jacuzzi are subject to the BHARC written approval. Above ground pre-manufactured pools are not permitted, however above ground hot tubs or Jacuzzis are permitted if appropriately screened from

adjacent property. Pool and pool equipment enclosures must be architecturally related to the dwelling in their placement, mass, and detail and be located a screened to have minimal impact of adjacent lots.

Exterior Lighting

All exterior and decorative lighting shall be, whenever possible, placed in such a manner that the source of the light is not visible to adjacent portions of the Project. Colored landscaping lighting shall be prohibited, unless approved by the BHARC. All artificial lighting visible from outside the Lot shall be subject to review and approval of the Architectural Review Committee. The design and installation of all lighting shall limit fugitive light impacts to a non-significant level.

Right to Grant a Variance

The BHARC has the authority to grant a variance according to the Declaration of Covenants and Restrictions. Granting a variance in one situation does not establish precedence for future situations.

Final Plans and Specifications and Working Drawings

The following must be submitted to the Architectural Review Committee for approval prior to initiating construction.

- a. Plot plans to scale showing the entire site, building, garages, walks, drives, fence, carriage lights, retaining walls, with elevations of the existing and finished grade and contours including those at the outside corners of the buildings and at adjacent property lines and street fronts, and elevations of floors from a designated point on the street.
- b. Detailed floor plans.
- c. Detailed elevations, indicating all materials and showing existing and finished grades.
- d. Detailed sections, cross and longitudinal.
- e. Details of cornices, porches, windows, doors, garages, garden walls, steps, patios, fences, carriage lights, etc. Specifications shall give complete description of materials to be used with supplements, addenda or riders noting the colors of all materials to be used on the exterior of the Dwelling Unit.
- f. Any and every home design, plan or specification must comply with the Design Guidelines.

Remedy for Breach of Architectural Design Guidelines

Should any Owner fail to comply with Architectural Design Guidelines, the Association shall have the right to seek an order from a court of proper jurisdiction requiring specific performance to comply with the provisions hereof or to recover damages, or both, and shall also have the authority but not the obligation to complete the landscaping or restore the property to its original condition without being guilty of a trespass, and require the Lot Owner to pay the cost of labor and materials. The costs

and expenses incurred, including a reasonable attorney's fee, whether or not a lawsuit is filed, shall be considered the personal obligation of the Lot Owner and shall constitute a lien on the interest of the Owner in such property, enforceable at law or equity, until payment is made.