

**FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM  
OF  
THE LOOKOUT AT RANCH LANDING CONDOMINIUMS**

THIS FIRST AMENDMENT TO DECLARATION OF CONDOMINIUMS is made and executed this 5 day of June, 2008, by THE LOOKOUT AT RANCH LANDING CONDOMINIUM ASSOCIATION, INC., a Utah non-profit corporation, with its principal place of business located in Salt Lake City, State of Utah (hereinafter referred to as "Association"), and RKW 2006, LLC, a Utah limited liability company ("Declarant").

RECITALS:

A. On or about the 4th day of October, 2007, Declarant made and executed that certain "Declaration of Condominium of The Lookout at Ranch Landing Condominiums," with respect to the certain real property located in Wasatch County, State of Utah, more particularly described therein and now known as The Lookout at Ranch Landing Condominiums (herein the "Declaration"), which Declaration was recorded in the office of the County Recorder of Wasatch County, State of Utah, on the 4th day of October, 2007, as Entry No. 326816, in Book 951, beginning at Page 185.

B. Under the terms of the Declaration, the Declarant and the Owners reserved the right to amend the Declaration, and the Declarant and the Association, on behalf of the Owners, now desire to do so in accordance with the terms hereinafter set forth.

NOW, THEREFORE, in consideration of the recitals set forth hereinabove, the Declarant and the Association hereby declare and certify as follows:

1. The Declaration is amended by the addition of Section 4.14 as follows:

4.14 Owner's Right to Convey. Subject to the provisions of Section 5.1 below, Unit Owners shall have the right to convey their Units free of any right of first refusal or similar restriction.

2. Section 6.13, Subparagraph (c), of the Declaration is hereby amended and Subparagraphs (d) and (e) to said Section 6.13 are added as follows:

(c) All improvements to be constructed upon portions of the Additional Land shall be substantially completed and all taxes due on the Additional Land to be annexed shall be paid prior to the annexation to the Project.

(d) Liens arising in connection with the Declarant's ownership and/or construction of the improvements on the Additional Land to be added to the Project shall not adversely affect the rights of existing Unit Owners or the priority of the first Mortgages on Units in the existing Project.

(e) If Fannie Mae holds any mortgage in the existing Project at the time the Additional Land and improvements are to be annexed, Declarant shall provide a title report to Fannie Mae in a form satisfactory to Fannie Mae which discloses any lien, easement or other encumbrance affecting the Additional Land to be annexed or which will affect the existing Project after such annexation.

3. Sections 8.4 through 8.7 of the Declaration are hereby amended and supplemented by the additional language and renumbering of the paragraphs as follows:

8.4 Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the Units and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. Such rules and regulations may include, without limitation: (i) a requirement that draperies, shades, or other interior window coverings, including the interior surfaces of any window or door glass used in Units shall present a uniform appearance of type and color from the exterior of any Building or all Buildings and that the Association shall have the right to inspect and reinspect and approve all proposed draperies, shades, or other interior window coverings to insure compliance with such rules before installation thereof in a Unit, and (ii) that Limited Common Areas conform to standardized regulations regarding appearance, maintenance and modifications thereof. In furtherance of the above, and unless modified by the Declarant and a majority of the Owners, (i) no bed sheets, aluminum foil, cardboard or paper of any kind may be used as a window covering (except as may be needed solely in connection with the painting of the interior of a Unit and not exceeding a period of 48 hours); and (ii) all exterior windows and sliding doors shall be treated with two (2) inch horizontal wood or aluminum blinds or shutters with wood stained to a light natural color matching interior cabinets and aluminum being an approved off-white color, except that sliding doors may be treated with vertical blinds of the same materials and colors. The Association may suspend any Owner's voting rights in the Association during any period or periods during which such Owner fails to comply with such rules and regulations, or with any other obligations of such Owner under this Declaration. The Association may also take judicial action against the Owner to enforce compliance with such rules, regulations or other obligations or to obtain damages for non-compliance, all to the extent permitted by law.

The Association shall make available to Unit Owner, holders and insurers of the first mortgage on any Unit, and prospective purchasers of any Unit current copies of this Declaration, the By-laws, and such rules and regulations which are promulgated by the Association.

8.5 Financial Statements. The Association shall maintain the books and financial records of the Association, and, cause to be prepared within one hundred twenty (120) days of the end of each fiscal year of the Association, a financial statement of the Association for the preceding fiscal year and to make the same available to the holder, insurer or guarantor of any first mortgage secured by a Unit, entity or governmental agency with a current or prospective interest in any Unit, upon submission of a written request for it. If audited financial statements of the Association exist, they shall be made available to the foregoing parties upon request.

8.6 Granting Easements. The Association may, without a vote or consent of the Owners, or of any other person, grant or create, on behalf of the Association, on such terms as it deems advisable, utility and similar easements and rights-of-way over, under, across, and through the Common Areas.

8.7 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or By-law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

4. Section 9.8 of the Declaration is deleted and the following is substituted as follows:

9.8 Personal Obligation of Owner. The amount of any General or Special Assessment against any Unit shall be the personal obligation of the Owner thereof to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Unit. Such personal obligation of a Unit Owner shall not pass to successors in title or interest in the Unit, unless assumed by written agreement of such successor or otherwise required by law.

5. The Declaration is amended by the addition of Section 9.12 as follows:

9.12 Reserve for Replacements and Working Capital.

(a) The Association shall maintain an adequate reserve fund for Common Expenses. Commencing not earlier than the calendar year after expiration of the Declarant Control Period (meaning the period when Declarant is entitled to appoint only one member of the Management Committee), the Management Committee may make assessments for such reserve fund as they reasonably deem proper for general working capital, for a general operating reserve, and for a reserve fund for replacements and major maintenance or capital replacement, and will be funded and maintained from General Assessments. In addition, the Declarant shall create a "Working Capital Fund" for the benefit of the Association for the initial months of operations of the Condominium Project which shall be funded by Purchasers of Units as follows. At the closing of the sale of a Unit by Declarant to a Purchaser, the Purchaser shall pay to the Association an amount equal to the Association's estimate of one fourth (1/4) of the projected General Assessment for the first full calendar year after recordation of this Declaration (i.e., the equivalent of three months installments if installments are made monthly), two thirds (2/3) thereof to be deposited into the Working Capital Fund and one third (1/3) thereof to be deposited into the reserve fund; provided, however that at such time as the Declarant Control Period terminates, the Declarant shall become obligated to pay to the Association at the time of sale of each Unit or the expiration of one (1) year from the time the Declarant Control Period terminates, the required deposit for each unsold Unit which is part of the Condominium Project; further provided, that the Declarant is entitled to seek reimbursement of such deposit for each Unit from a Buyer of each Unit, as each such Unit is sold and closed. Funds not expended from the Working Capital Fund prior to the expiration of four (4) years from the first sale of a Unit, shall be transferred to the reserve fund. Thereafter, the Association may increase the reserve fund or replace funds withdrawn from the reserve fund with funds collected through General Assessments. The Declarant shall have no right to use any of the Working Capital Fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

(b) Payments by Purchasers to the Association under paragraph 7.12(a) above shall not be credited against, or relieve Purchasers from, their obligation to pay other Assessments levied against Units by the Association.

(c) Upon the sale of a Unit from one Unit Owner to another, the Association shall not be obligated to return to the transferor any funds held in reserve.

6. Section 10.1 of the Declaration is deleted in its entirety and replaced as follows:

10.1 Provided by Association. The Association shall secure and at all times maintain for the benefit of the Association and the Owners the following insurance coverages:

(a) Hazard Coverage. A multi-peril policy or policies of fire and other hazard insurance covering the entire Project (both Units and Common Areas), with extended coverage and all other coverages in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use, including the standard "All risk" endorsement, on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Project. Each such policy shall contain the standard mortgagee clause which must be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of Mortgagees as their interests may appear. The insured shall be the Association as a trustee for the Unit Owners, or their authorized representatives. In addition, the Association should obtain, if available, an Inflation Guard Endorsement, a Building Ordinance or Law Endorsement, a Steam Boiler and Machinery Coverage Endorsement (with minimum liability of \$2,000,000 per accident) if the Project has central heating or cooling, and if Fannie Mae is the holder of a mortgage on the Project, an Agreed Amount Endorsement.

(b) Public Liability. A comprehensive policy of public liability insurance covering all of the Common Areas insuring the Association, the Management Committee and its members, the Manager, and the Unit Owners against any liability incident to the

ownership, use, maintenance or operation of the Common Areas and public ways of the Project or of any Unit or arising out of lawsuits related to employment contracts of the Association, which may arise among themselves, to the public, or to any invitees, or tenants of the Project, or of the Unit Owners. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) covering all claims for bodily injury, including death, and/or property damage arising out of a single occurrence, including protection against water damage liability, liability for non-owned and hired automobiles and liability for property of others. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association, its committee members, its Officers or other Unit Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for similar projects in location, construction and use.

(c) Workmen's Compensation Insurance. The Association shall obtain and maintain for the benefit of and on behalf of the Association workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. The Association shall purchase for the benefit of and on behalf of the Association, in amounts not less than three (3) months assessments for all Units, and in such forms as it deems appropriate, fidelity insurance or a bond to cover against dishonesty of Committee members, Officers, employees and others who hold or administer funds, destruction or disappearance of money or securities, and forgery. The fidelity policy or bond shall name the Association as an obligee. The fidelity policy shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions.

7. Section 10.2 of the Declaration is hereby amended by the addition of Subsection (l) as follows:

(l) The Association may name as an additional insured under the policies required under this Article X, on behalf of the Association, the Association's authorized representative, including any trustee under any Insurance Trust Agreement.

8. Section 11.2 of the Declaration is deleted in its entirety and replaced as follows:

11.2 Determination of Extent of Damage or Destruction. The extent of any reconstruction or repair of Project Improvements which is required to be carried out by this Article XI due to damage or destruction shall be determined by three MAI appraisers selected by the Association. The decision of any two such appraisers shall be conclusive.

9. Section 15.1 of the Declaration is deleted in its entirety and is replaced as follows:

15.1 Notice to First Mortgagee. From and after the time a first Mortgagee (or an insurer or guarantor thereof) makes written request to the Association therefor, stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guarantees) a Mortgage, the Association shall notify such first Mortgagee (or an insurer or guarantor thereof) in writing of the following: (i) in the event that the Owner of the Unit encumbered by the first Mortgage held by such first Mortgagee neglects for a period of sixty (60) of more days to cure any failure on his part to perform any of his obligations under this Declaration; (ii) any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its Mortgage; (iii) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (iv) any proposed action that requires the consent of a specified percentage of first Mortgagees.

10. Section 15.3 of the Declaration is amended by the addition of Subparagraphs (f) and (g) as follows:

(f) To amend the Declaration in any way which has the effect of diminishing the rights, protection, or security afforded to holders or insurers of first Mortgages. A change to the provisions governing the events set forth in Section 16.1(d) would be considered material requiring the consent of first Mortgagees as provided herein.

(g) No holder or insurer of a first Mortgage on any individual Unit shall be entitled to the protections afforded them under this Section, unless such holder or insurer has requested notice in accordance with the provisions of Section 15.1.

11. Section 15.4 of the Declaration is deleted in its entirety and is replaced as follows:

15.4 Miscellaneous Mortgagee Rights.

(a) The Association shall not: (i) alter the provisions of Article X in such a way as to diminish the insurance protection required to be afforded to the parties designated to be protected thereby; or (ii) fail to maintain the insurance coverage described in said Article.

(b) Any first Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association. After the commencement of sale of individual Units, the Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs, maintenance and replacement of the Common Areas and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

(c) From and after the time a first Mortgagee makes written request to the Association therefore, the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or taking or anticipated condemnation of: (i) the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or (ii) any Unit encumbered by the Mortgage held by such Mortgagee, if the amount involved in such damage, loss, or taking is in excess of, or reasonably estimated to be in excess of, Five Thousand Dollars (\$5,000.00). Said notice shall be given within ten (10) days after the Association learns of such damage, loss, taking or anticipated condemnation.

(d) No provision of this Declaration gives or may give a Unit Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for loss to or taking of Units and/or the Common Areas.

(e) Any reconstruction or repair of Improvements due to damage from an insurable hazard shall be in substantial conformity with the requirements of this Declaration and with the original plans and specifications of the Project, unless fifty-one percent (51%) or more of the first Mortgagees of the individual Units who have requested notice in accordance with Section 15.1 have otherwise given their prior written approval.

(f) No Additional Land shall be added to the Project without the prior written consent of each of them that holds, insures or guarantees any mortgage in the Project at the time such Additional Land is to be added to the Project. Such consent shall not be withheld if the Additional Land and the improvements thereon substantially conform to the general plan of expansion set forth in Article VI.

(g) In the event another provision or clause of this Declaration deals with the same subject matter as is dealt with in any provision or clause of this Article XV, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations or limits of authority, as the case may be, applicable to the Association with respect to the subject concerned.

12. Section 16.1, Subsection (d), of the Declaration is deleted in its entirety and is replaced as follows:

(d) A change to the following provisions would require the vote of Members as provided in this Section 16.1 as well as the vote of first Mortgagees in accordance with the requirements of Section 15.3 (f) above:

- (i) voting rights;
- (ii) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- (iii) reductions in reserves for maintenance, repair, and replacement of Common Areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocations of interests in the general or Limited Common Areas, or rights to their use, excluding, however, a change as a result of the addition of all or any portion of the Additional Land as provided in Article VI;
- (vi) redefinition of any Unit boundaries;
- (vii) convertibility of Units into Common Areas or vice versa;
- (viii) expansion or contraction of the Project, or the addition, annexation, or withdrawal of Property to or from the Project, excluding however an expansion of the Project as a result of the addition of all or any portion of the Additional Land as provided in Article VI;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing of Units;
- (xi) imposition of any restrictions on an Owner's right to sell or transfer his or her unit;
- (xii) a decision by the Association of the Project to establish self-management if professional management has been required previously by the Declaration, Bylaws or other operating documents for the Association, or by an eligible Mortgagee;
- (xiii) restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Declaration; or
- (xiv) any provisions that expressly benefit first Mortgagees, insurers, or guarantors.

13. Section 17.1, Subsection (b), of the Declaration is deleted in its entirety and is replaced as follows:

(b) Each provision of this Declaration with respect to a Unit Owner or a Unit shall be enforceable by Declarant, by the Association, or by any aggrieved Owner by:

- (i) a proceeding for injunctive relief;
- (ii) a suit or action to recover damages; or
- (iii) in the discretion of the Association, for so long as any Unit Owner fails to comply with any such provisions, exclusion of such Unit Owner and its Authorized Users from the use of any Common Areas and from participation in any Association affairs, including but not limited to Voting.

14. The undersigned officers of the Association hereby certify as follows:

(a) The Declarant is currently the Owner of all Units and one hundred percent (100%) of the Percentage Interest and, therefore, has given its consent to this Amendment.

(b) That the Amendment to the Declaration as set forth above does not diminish the rights, protections, or security afforded to first Mortgagees and as a consequence thereof the consent of first Mortgagees of the individual Units as set forth in Article XIV of the Declaration is not necessary.

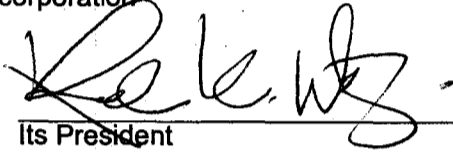
15. Effective Date. This First Amendment to Declaration of Condominium of the Lookout at Ranch Landing Condominiums shall take effect upon its being filed for record in the office of the County Recorder of Wasatch County, Utah.

16. Lender's Consent. By its execution of this Amendment, Bank of American Fork ("Construction Lender") consents to the Amendment as set forth above.

EXECUTED the day and year first above written.

ASSOCIATION:

THE LOOKOUT AT RANCH LANDING CONDOMINIUM ASSOCIATION, INC., a Utah non-profit corporation


By:   
Its President

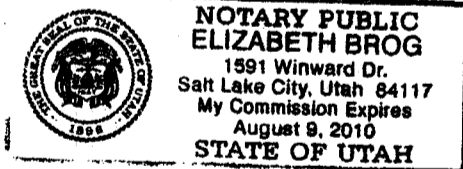
Attest:

\_\_\_\_\_  
Secretary

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

On the 5<sup>th</sup> day of June, 2008, personally appeared before me Elizabeth Brog and \_\_\_\_\_, who being by me duly sworn, did say that they are the President and Secretary, respectively, of THE LOOKOUT AT RANCH LANDING CONDOMINIUM ASSOCIATION, INC., a Utah non-profit corporation, and that the foregoing Amendment was signed on behalf of said corporation by authority of the bylaws and Declaration, and the said individuals acknowledged to me that said corporation executed the same.

  
NOTARY PUBLIC




DECLARANT:

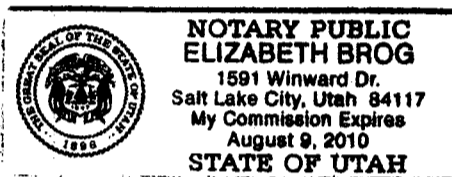
RKW 2006, LLC, a Utah limited liability company

By:   
Russell K. Watts, Manager

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

On the 5<sup>th</sup> day of June, 2008, personally appeared before me Russell K. Watts, who being by me duly sworn, did say that he is the Manager of RKW 2006, LLC, a Utah limited liability company, and that the foregoing Declaration was signed on behalf of said company by authority of the operating agreement or a resolution of its Manager, and Russell K. Watts acknowledged to me that said company executed the same.

  
NOTARY PUBLIC





CONSTRUCTION LENDER:

BANK OF AMERICAN FORK

By: *Jed R. Mitchell*  
Name: JED R. MITCHELL  
Title: VICE PRESIDENT

STATE OF UTAH                    )  
  : ss  
COUNTY OF SALT LAKE        )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of June, 2008, by  
FORK. the \_\_\_\_\_ of BANK OF AMERICAN

*Elizabeth Brog*  
NOTARY PUBLIC

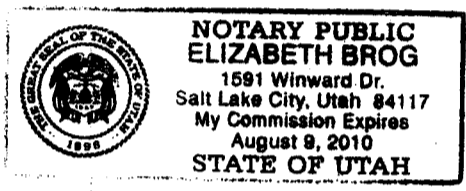


EXHIBIT "A"

to

Declaration of Covenants, Restrictions and Easements

(Residential Condominium Parcel)

Real Property located in Wasatch County, State of Utah, more particularly described as follows:

Parcel A - First Phase

Beginning at a point which is North 389.85 feet and East 23.69 feet from the South Quarter Corner of Section 5, Township 4 South, Range 5 East, Salt Lake Base and Meridian;

Thence North 00°00'39" West 606.73 feet;  
Thence East 411.58 feet;  
Thence South 148.00 feet;  
Thence West 32.32 feet;  
Thence South 136.04 feet;  
Thence West 32.41 feet;  
Thence South 322.69 feet;  
Thence West 346.73 feet to the point of beginning.

Parcel B - Second Phase

Beginning at a point which is North 389.85 feet and East 370.42 feet from the South Quarter Corner of Section 5, Township 4 South, Range 5 East, Salt Lake Base and Meridian.

Thence North 322.69 feet;  
Thence East 32.41 feet;  
Thence North 136.04 feet;  
Thence East 32.32 feet;  
Thence North 145.87 feet;  
Thence East 241.71 feet;  
Thence South 00°31'26" East 277.43 feet;  
Thence South 00°23'34" East 327.19 feet;  
Thence West 311.23 feet to the point of beginning.

Containing: 3.97 acres