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WASATCH COUNTY CORPORATION
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FOR COALITION TITLE AGENCY, INC.
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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

**FOR THE COTTAGES AT VICTORY RANCH
A PLANNED COMMUNITY**

**DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS
FOR THE COTTAGES AT VICTORY RANCH**

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**DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS
FOR THE COTTAGES AT VICTORY RANCH**

This Declaration is made this 11th day of March, 2008, by Victory Ranch Development, Inc., a Minnesota corporation (the "Declarant") for the purpose of creating The Cottages at Victory Ranch, a planned community.

WHEREAS, Declarant has a contract to purchase the Cottage Property defined below from Victory Ranch, L.C., its current owner; and

WHEREAS, Declarant desires to establish on the Cottage Property, and any Additional Property (defined below) added thereto, a plan for a permanent residential community to be owned, occupied and operated for the use, health, safety and welfare of its owners and residents, and for the purpose of preserving the value, the structural quality, and the architectural and aesthetic character of the Cottage Property; and

NOW, THEREFORE, Declarant declares that this Declaration shall constitute covenants to run with the Cottage Property, and that the Cottage Property, and all Additional Property added thereto, shall be owned, used, occupied and conveyed subject to the covenants, restrictions, easements, charges and liens set forth herein, all of which shall be binding upon all Persons owning or acquiring any right, title or interest therein, and their respective heirs, personal representatives, successors and assigns.

ARTICLE 1 – DEFINITIONS

Capitalized words not otherwise defined herein are used with the meanings assigned to such words in the Master Declaration (as defined below). The following words when used in the Governing Documents shall have the following meanings (unless the context indicates otherwise):

"Additional Property" means the lands that may be annexed into the Cottage Property pursuant to Section 2.2, which are identified on Exhibit B attached hereto.

"ARC" means the Association's architectural review committee established pursuant to Article 7 of this Declaration.

"Assessments" means assessments for Cottage Expenses, including Annual Assessments and any Special Assessments, as defined in Sections 6.2 and 6.3 respectively.

"Assessment Lien" means the lien created and imposed by Section 6.7.2.

"Assessment Period" means the period for which Annual Assessments shall be levied, which shall be the calendar year.

"Association" means the Victory Ranch Cottages Home Owners Association, a Utah nonprofit corporation, whose members consist of all Cottage Owners as defined herein.

"Board" means the Board of Directors of the Association as provided for in the Cottage Bylaws.

"Community" means The Cottages at Victory Ranch planned community.

"Cottage Bylaws" means the bylaws governing the operation of the Association, as amended from time to time.

"Cottage Expenses" means and includes all expenditures made or liabilities incurred by or on behalf of the Association and incident to its operation, including, without limitation, (a) management expenses, (b) taxes, (c) water and other assessments, (d) insurance premiums, (e) maintenance and repair costs, (f) employee wages, (g) professional and consulting fees, (h) any deficit remaining from a previous assessment period, (i) funds for a contingency reserve, and (j) any other expenses and liabilities that may be incurred by the Association for the benefit of the Cottage Owners under this Declaration or the Association's articles of incorporation or Cottage Bylaws.

"Cottage Owner" means an Owner (as defined in the Master Declaration) of a Unit.

"Cottage Owner-Maintained Alteration" means any alteration to a Unit approved pursuant to Section 7.1, which is subject to the requirement that such alteration be maintained and repaired at the expense of the Cottage Owner.

"Cottage Owner-Maintained Landscaping" means any landscaping for a Unit approved pursuant to Section 7.1, which is subject to the requirement that such landscaping be maintained at the expense of the Cottage Owner.

"Cottage Property" means the Units and Common Areas that are subject to this Declaration, including the Residences and all other structures and improvements located thereon now or in the future. The initial Cottage Property is legally described on Exhibit A attached hereto and includes the Units and Common Area contained within the Plats.

"Cottage Resident" means a natural person who lives on a Unit, either as a Cottage Owner, tenant or member of the household.

"County" means the County of Wasatch, Utah.

"Declarant" means Victory Ranch Development, Inc. and its successors and any Person to whom Victory Ranch Development, Inc. may expressly assign any or all of its rights under this Declaration. The Declarant may assign some or all of its rights hereunder to a Declarant Affiliate while retaining such rights to itself.

"Declaration" means this Declaration of Covenants, Conditions and Restrictions for The Cottages at Victory Ranch, as amended from time to time.

"Eligible Mortgagee" means any Person owning a mortgage on any Unit, which mortgage is first in priority upon foreclosure to all other mortgages on the Unit, and which has

requested the Association, in writing, to notify it regarding any proposed action which requires approval by a specified percentage of Eligible Mortgagors.

“Governing Documents” means this Declaration, the articles of incorporation of the Association and the Cottage Bylaws, all as amended from time to time, all of which shall govern the use and operation of the Cottage Property.

“Master ARC” means the Architectural Review Committee of the Master Association.

“Master Assessment” means any assessment by the Master Association with respect to the Master Property assessed against the Owners (as that term is defined in the Master Declaration) pursuant to the Master Declaration, such as assessments for costs relating to the Common Areas (as defined in the Master Declaration).

“Master Association” means Victory Ranch Home Owners Association, a Utah nonprofit corporation, its successors and assigns.

“Master Board” means the board of directors of the Master Association.

“Master Declaration” means the Declaration of Covenants, Conditions and Restrictions for Victory Ranch Master Planned Community filed with the Wasatch County Recorder as Entry No. 302853, Book No. 0863, Pages 0474-0554, as amended from time to time.

“Master Property” means the “Property” or “Project” as those terms are defined in the Master Declaration.

“Member” means all persons who are members of the Association by virtue of being Cottage Owners as defined in this Declaration. The words “Cottage Owner” and “Member” may be used interchangeably in the Governing Documents.

“Period of Declarant Control” means the period commencing on the date of the Recording of this Declaration and ending on the earlier of: (a) one hundred twenty (120) days after the conveyance of title by Declarant to the last Unit owned by the Declarant; or (b) such earlier date on which the Declarant elects to terminate the Period of Declarant Control by Declarant’s providing written notice of Declarant’s termination to the Association.

“Person” means any individual, corporation, limited liability company, partnership, trustee, or other or legal entity capable of holding title to real property.

“Plats” means the recorded Victory Ranch Plat F, which depict the Cottage Property, and any replat, or amended or supplemental plat recorded from time to time.

“Rules” means the Rules of the Association as approved from time to time pursuant to Section 4.3.

"Unit" means any final platted lot subject to this Declaration upon which a Residence is located or intended to be located, as shown on the Plats, including all improvements thereon. Initially, there are 8 Units.

ARTICLE 2 – PLAN OF DEVELOPMENT

2.1 Property Initially Subject to the Declaration. This Declaration is being Recorded to establish a general plan for the development and use of the Community in order to protect and enhance the value and desirability of the Community. The initial phase of the Community includes 8 Units. The Community may be expanded pursuant to the provisions of Section 2.2. All of the property within the Community 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, for himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. In addition, each such Person by so doing acknowledges that this Declaration sets forth a general scheme for the development and use of the Cottage Property and evidences his, her or its intent that all the restrictions, conditions, covenants, 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, prohibitive and enforceable by the Association and all Owners.

2.2 Annexation of Additional Property.

2.2.1 At any time on or before the later of (a) ten (10) years from the date of this Declaration or (b) date of the conveyance by Declarant of title to the last Unit owned by the Declarant, the Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property without the consent of any other Owner or Person (other than the Person who owns the property to be annexed, if other than the Declarant), from time to time, by one or more Supplemental Declarations. The annexation of all or any portion of the Additional Property shall be effected by the Declarant Recording a written instrument setting forth the legal description of the property being annexed and stating that such portion of the Additional Property is annexed and subjected to this Declaration.

2.2.2 The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. Additional Property annexed by the Declarant pursuant to this Section 2.2 need not be contiguous with other property in the Community, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. The Declarant makes no assurances as to which, if any, part of the Additional Property will be annexed.

2.2.3. The Additional Property shall not be subject to the provisions of this

Declaration unless and until added to the Cottage Property by the filing of a Supplemental Declaration as described in this Section 2.2, but once added, shall be treated in the same manner as the remainder of the Cottage Property.

2.3 Disclaimer of Representations. The Declarant makes no representations or warranties whatsoever that: (a) the Community will be completed in accordance with the plans for the Community as they exist on the date this Declaration is Recorded; (b) any property subject to this Declaration will be committed to or developed for a particular use or for any use; (c) any property not now subject to this Declaration will be subjected to the provisions hereof; or (d) the use of any property subject to this Declaration will not be changed in the future. Nothing contained in this Declaration and nothing which may be represented to a purchaser by real estate brokers or salesmen representing the Declarant or any Developer shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any property subject to this Declaration or of any part of the Additional Property.

ARTICLE 3 – RESTRICTIONS ON USE OF PROPERTY

All Cottage Owners and Cottage Residents, and all secured parties, by their acceptance or assertion of an interest in the Cottage Property, or by their occupancy of a Unit, covenant and agree that, in addition to any other restrictions which may be imposed by law, the Master Declaration or the Governing Documents, the occupancy, use, operation, alienation and conveyance of the Cottage Property shall be subject to the following restrictions:

3.1. General. The Cottage Property shall be owned, conveyed, encumbered, leased, used and occupied subject to the Governing Documents, the Master Declaration and applicable law. All covenants, restrictions and obligations set forth in the Governing Documents and Master Declaration are in furtherance of a plan for the Cottage Property and shall run with the Cottage Property and be a burden and benefit to all Cottage Owners and Cottage Residents and to any other Person acquiring or owning an interest in the Cottage Property, their heirs, personal representatives, successors and assigns.

3.2. Leasing. Leasing of Units shall be allowed, subject to reasonable regulation by the Association and subject to the following conditions: (a) no Unit shall be leased for transient or hotel purposes; (b) no Unit may be subleased and no lease may be assigned; (c) all leases shall be in writing and approved by the Association; (d) no lease shall be for a term of less than 30 days; and (e) all leases shall provide that they are subordinate and subject to the provisions of the Governing Documents, the Rules, the Master Declaration and applicable law, and that any failure of the tenant to comply with the terms of such documents shall be a default under the lease. Any Cottage Owner leasing his Unit shall remain responsible for his tenant's compliance with the Declaration and the Master Declaration and for any violation of the Declarations' terms. The Association may impose such reasonable Rules as may be necessary to implement procedures for the leasing of Units, consistent with this Section. These restrictions are in addition to those set forth in Section 3.37 of the Master Declaration.

3.3. Parking. Vehicles (as defined in Section 3.23 of the Master Declaration) may be kept, stored or parked as provided in Section 3.23 of the Master Declaration. The Board has the

right, without notice, to have any Vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the Vehicle. Any expense incurred by the Association in connection with the towing of any Vehicle must be paid to the Association upon demand by the owner of the Vehicle. If the Vehicle is owned by an Owner or Occupant, any amounts payable to the Association will be secured by the Assessment Lien against that Owner's or Occupant's Unit, and the Association may enforce collection of those amounts in the same manner provided for in this Declaration for the collection of Assessments.

3.4. Animals.

3.4.1. Cottage Owners and their families and guests may keep ordinary household pets, such as dogs and cats that do not pose an unreasonable threat to the safety of others. Uncommon or exotic animals may be kept only with the prior consent of the Board, which may be withheld by the Board in its sole discretion. The Board shall have the exclusive authority to prohibit, or to allow and regulate, by Rules, the keeping of animals on the Cottage Property. Cottage Owners shall comply with all applicable laws governing animals. No Cottage Owner or Cottage Resident may erect a kennel, dog house or other similar building or construct an outside run for animals.

3.4.2. The Board shall have the right to order a Cottage Owner to immediately remove from the Cottage Owner's Unit any animal that it reasonably deems to be dangerous to other Cottage Owners and Cottage Residents. Cottage Owners with pets shall be responsible for caring for their pets in a way so as to keep the pets from becoming a nuisance to other Cottage Owners and Cottage Residents. The Board shall have the right to order a Cottage Owner to remove from the Cottage Owner's Unit any animal that routinely barks for more than ten minutes at a time, repeatedly wanders from the Unit where it lives or otherwise repeatedly behaves in a manner that is offensive to surrounding Cottage Owners and Cottage Residents; provided however, that prior to ordering such removal, the Board shall give written notice to the Cottage Owner of the offending animal of such offensive behavior and such Cottage Owner shall have 30 days to correct such offensive behavior.

3.4.3. Cottage Owners shall be responsible for cleaning up after their pets. Failure to promptly clean up after a pet will subject the Unit of the pet's Cottage Owner to a special assessment for the cost of such cleanup.

3.4.4. When a dog is on its owner's Unit, it must be under physical, electronic or verbal control. When a dog is elsewhere, it must be on a leash not more than six feet long.

3.4.5. These restrictions are in addition to those provided in Section 3.19 of the Master Declaration.

3.5. Access to Units. In case of emergency, all Units are subject to entry, without notice and at any time, by an officer or member of the Board, by the Association's management agents or by any public safety personnel. Entry is also authorized upon reasonable notice for maintenance purposes under Section 9 and for enforcement purposes under Section 13.

3.6. Time Shares. No time shares of any Unit are permitted.

**ARTICLE 4 -- THE ASSOCIATION; ORGANIZATION; ASSOCIATION
MEMBERSHIP
AND VOTING RIGHTS**

4.1 **Formation of Association.** The Association shall be a nonprofit Utah corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles, the Bylaws and this Declaration.

4.2 **Board and Officers.** The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Unless the Governing Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board may appoint various committees at its discretion. The Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to any such manager.

4.3 **Association Rules.** The Board may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations pertaining to: (a) minimum standards for any maintenance of Units within the Community; and (b) any other subject within the jurisdiction of the Association including fines and other penalties for violations of Governing Documents. In the event of any conflict or inconsistency between the provisions of this Declaration and the Rules, the provisions of this Declaration shall prevail.

4.4 **No Personal Liability.** No member of the Board or 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 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 or any member thereof, the manager, any representative or employee of the Association, any officer of the Association or any member of any other committee of the Association; provided, however, the limitations set forth in this Section shall not apply to any person who has engaged in intentional misconduct.

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

4.6 **Membership in the Association.** Every Owner of a Unit shall be a Member, and the Declarant shall be an Member so long as it owns a Unit or any other part of the Community or of the Additional Property (unless and until the Declarant expressly relinquishes in writing its status as an Member).

4.7 Votes in the Association.

4.7.1 There shall be one (1) vote to each Unit.

4.7.2 Until the expiration or termination of the Period of Declarant Control:
(a) the Association shall be deemed to have two classes of Members, Class A and Class

B; (b) the Declarant shall be the Class B Member, and all votes held by the Declarant shall be Class B votes; (c) all Owners other than Declarant shall be Class A Members, and all votes held by such Owners shall be Class A votes. Following expiration or termination of the Period of Declarant Control, the Association shall be deemed to have a single class of Members and votes. During the Period of Declarant Control, all matters coming before the Association for vote shall be decided by the vote of the Declarant as the sole Class B Member. Following the Period of Declarant Control, all Class B Memberships and all Class B votes shall cease to exist, and any issue put to a vote at a duly held meeting of Members shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting.

4.8 Voting Procedures. A change in the ownership of a Unit shall be effective for voting purposes from the time the deed or other instrument effecting such change is Recorded; the Board shall thereafter be given written notice of such change and provided satisfactory evidence thereof. The vote for each Unit must be cast as a single unit, and fractional votes shall not be allowed. If a Unit is owned by more than one Person 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 Member casts a vote representing a certain Unit, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Unit unless objection thereto is made at the time the vote is cast. If more than one Owner attempts to cast the vote or votes for a particular Unit, the vote or votes for that Unit shall be deemed void and shall not be counted.

4.9 Transfer of Membership. The rights and obligations of any Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Unit, and then only to the transferee of ownership of the Unit. A transfer of ownership of a Unit may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Unit to the new Owner thereof automatically transfers to the new Owner all of the rights and obligations of an Association membership. Each Purchaser of a Unit shall promptly notify the Association of his, her or its purchase of a Unit.

ARTICLE 5 -- ADMINISTRATION

The administration and operation of the Association and the Cottage Property shall be governed by the following provisions:

5.1. General. The operation and administration of the Association and the Cottage Property shall be governed by the Governing Documents, the Master Declaration and applicable law. Subject to the rights of the Cottage Owners set forth in the Governing Documents and applicable law, and subject to the obligations of the Master Association set forth in the Master Declaration, the Association shall be responsible for the maintenance of the Cottage Property to the extent expressly set forth in this Declaration and for the enforcement of this Declaration. The Association shall have all powers described in the Governing Documents and granted by law, including the statute under which it is incorporated. All power and authority of the Association

shall be vested in the Board, unless action or approval by the individual Cottage Owners is specifically required by the Governing Documents or by law. All references to the Association means the Association acting through the Board unless specifically stated to the contrary.

5.2. Operational Purposes. The Association shall operate with the purposes of (a) administering and enforcing the covenants, restrictions, easements, charges and liens set forth in the Governing Documents and the Rules; (b) maintaining, repairing and replacing those portions of the exterior of the Units for which it is responsible; and (c) preserving the value and architectural uniformity and character of the Cottage Property.

5.3. Binding Effect of Actions. All agreements and determinations made by the Association in accordance with the powers and voting rights established by the Governing Documents or by law shall be binding upon all Cottage Owners and Cottage Residents, and their tenants, guests, heirs, personal representatives, successors and assigns and all secured parties.

5.4. Cottage Bylaws. The Association shall have Cottage Bylaws. The Cottage Bylaws and any amendments thereto shall govern the operation and administration of the Association.

5.5. Management. The Board may delegate to a manager, managing agent or management company some or all of the financial, administrative and property management duties imposed upon the Association's officers and directors by the Governing Documents and applicable law whether such personnel are employed directly by the Association or by any Person with whom it contracts. However, no such delegation shall relieve the officers and directors of the ultimate responsibility for the performance of their duties as prescribed by the Governing Documents and by law.

5.6. Association Assets; Surplus Funds. All funds and real or personal property acquired by the Association shall be held and used for the benefit of the Cottage Owners for the purposes stated in the Governing Documents. Surplus funds remaining after payment of or provision for Cottage Expenses and reserves shall be credited against future Assessments or added to reserves, as determined by the Board.

5.7. Resale Disclosure Certificates. Any Cottage Owner intending to sell a Unit must deliver to the potential Purchaser a resale disclosure certificate for the sale Unit prepared by the Association that states whether or not any Cottage Owner-Maintained Alterations or Cottage Owner-Maintained Landscaping is present within the Unit. The Board shall permanently preserve all records necessary to prepare the certificate.

ARTICLE 6 – ASSESSMENTS FOR COTTAGE EXPENSES; LIEN CREATION

6.1. General. Assessments shall be determined and assessed against the Units by the Board, in its discretion, subject to the limitations set forth in Sections 6.2, 6.3 and 6.11, and the requirements of the Cottage Bylaws. Assessments shall be allocated among the Units as follows:

- a. All Units shall be assessed equally for all Cottage Expenses, except for certain exterior maintenance of Units as described in the following paragraph. For example, all Units shall be assessed equally for Master Assessments for the

Common Areas. See Section 6.12 of this Declaration regarding Master Assessments.

- b. The Cottage Expenses for exterior maintenance of Units under Article 8 are expenses that separately benefit various Residences and may be assessed exclusively against the benefited Unit or as otherwise provided herein. If any particular exterior maintenance expense benefits the various Units approximately equally, the Board shall allocate the expense equally among all the Units. On the other hand, if any particular exterior maintenance expense does not benefit the various Units approximately equally, the Board shall allocate the expense among the various Units on the basis of a relevant measurable quantity (such as surface area or ground area) if possible. If this is not possible, the Board shall instruct its agents and subcontractors to issue separate invoices for the various Units served and the Board shall allocate 100% of each invoice to the appropriate Unit. For example, if roofs need to be replaced on certain Residences that were all built approximately at the same time, but not with respect to more recently built Residences, the Board shall allocate the cost of the roof replacement solely among the Units for which the roofs were replaced. Notwithstanding the foregoing, snow removal costs shall always be allocated equally among the Units.
- c. Reasonable attorneys' fees and other costs incurred by the Association in connection with (i) the collection of Assessments; and (ii) the enforcement of the Governing Documents, applicable law or the Rules against a Cottage Owner or Cottage Resident or their guests may be assessed against the Cottage Owner's Unit.
- d. Fees, charges, late charges, fines and interest may be assessed with respect to the following: (i) services provided to the Cottage Owners; (ii) the late payment of Cottage Expenses and violations of the Governing Documents; and (iii) the review, preparation and recordation of amendments to the Governing Documents, the preparation of statements of unpaid Cottage Expenses and the furnishing of copies of the Association records.
- e. Assessments levied to pay a judgment against the Association shall be levied equally against the Units existing at the time the judgment was entered.
- f. If any damage to another Unit is caused by the act or omission of any Cottage Owner or Cottage Resident or their guests, the Association may assess the costs of repairing the damage exclusively against the Cottage Owner's Unit to the extent not covered by insurance.
- g. If any installment of an Assessment becomes more than 30 days past due, then the Association may, upon 10 days written notice to the Cottage Owner, declare the entire amount of the Assessment immediately due and payable in full.

- h. If Cottage Expense liabilities are reallocated for any purpose authorized by law, Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Cottage Expense liabilities.
- i. Assessments under Subsections 6.1.a-h shall not be considered Special Assessments as described in Section 6.3.

6.2. **Annual Assessments.** Annual general assessments ("Annual Assessments") shall be established and levied by the Board, subject only to the limitations set forth in Sections 6.2, 6.3 and 6.11. Each Annual Assessment shall cover all of the anticipated Cottage Expenses of the Association for that year. Annual Assessments shall provide, among other things, for contributions to a separate reserve fund sufficient to cover the periodic cost of maintenance, repair and replacement of those parts of the Units for which the Association is responsible.

6.3 **Special Assessments.** In addition to Annual Assessments, and subject to the limitations set forth hereafter, the Board may levy certain special assessments ("Special Assessments") against all Units for the purpose of defraying in whole or in part (i) the cost of any unforeseen or unbudgeted Cottage Expense; (ii) general or specific reserves for maintenance, repair or replacement; and (iii) the maintenance, repair or replacement of any part of the Cottage Property, and any fixtures or other property related thereto. Any Special Assessment shall be subject to approval by the vote of a majority of those Cottage Owners voting, in person or by proxy, at a meeting called for that purpose. Written notice of the meeting shall be sent to all Cottage Owners not less than 21 days nor more than 30 days in advance of the meeting.

6.4 **Working Capital Fund.**

6.4.1 There shall be established a working capital fund to meet unforeseen expenditures or to purchase additional equipment or services during the period before all of the Units comprising the Cottage Property are sold.

6.4.2 There shall be contributed on a one-time basis for each Unit sold by Declarant to a Purchaser an amount equal to two months' installments of the estimated Annual Assessment (excluding Master Assessments) for the Unit being conveyed. The contribution to the working capital fund shall be paid by the Purchaser at the closing of the sale of the Unit to the Purchaser. If said contribution is not paid at the closing, then: (a) the Association shall have a lien against the Unit for said contribution; (b) the Association may foreclose the lien in the same manner as Assessment Liens; and (c) the Association shall have all other remedies as if the unpaid contribution were an unpaid Assessment.

6.4.3 The amounts paid into this working capital fund are in addition to the regular monthly installments of Assessments. The funds shall be deposited into the Association's account; and Declarant may not use the funds to defray any of its expenses, but it may be used for Association expenses.

6.4.4 Section 6.11 of the Master Declaration establishes a "Real Estate Transfer Assessment" for the Master Association and requires a deposit as described in that Section 6.11.

6.5. Personal Liability of Cottage Owners for Assessments; Declarant Exemption.

The obligation of a Cottage Owner (other than the Declarant) to pay Assessments shall commence at the time at which the Cottage Owner acquires title to the Unit. The Cottage Owner at the time an Assessment is payable with respect to the Unit shall be personally liable for the share of the Cottage Expenses assessed against such Unit, except that special rules apply to Cottage Expenses for the Declarant (as provided in this Section 6.5) and to Master Assessments for Victory Ranch, L.C. and "Declarant Affiliates" (as that term is defined in the Master Declaration, and which includes the Declarant), as provided in Article 6 of the Master Declaration. Where there are multiple Cottage Owners of a Unit, their personal liability shall be joint and several. The liability for Assessments is absolute and unconditional. No Cottage Owner is exempt from liability for payment of his or her share of Cottage Expenses by right of set-off, by waiver of use or enjoyment of any part of the Cottage Property, by absence from or abandonment of the Unit, by the waiver of any other rights, or by reason of any claim against the Association or its officers, directors or agents, or for their failure to fulfill any duties under the Governing Documents or applicable law. The Association may invoke the charges, sanctions and remedies set forth in Article 12, in addition to any remedies provided elsewhere in the Governing Documents or by law, for the purpose of enforcing its rights hereunder. Notwithstanding anything to the contrary provided in the Governing Documents, the Declarant shall not be obligated to pay Cottage Expenses or Master Assessments. Notwithstanding any other provision of this Declaration to the contrary, no Assessment shall be levied against Units owned by Declarant.

6.6 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a quarterly basis or such other basis as may be selected by the Association. 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. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefore shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Unit changes during an Assessment Period; successor Owners of Units shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.7 Effect of Nonpayment of Assessments; Remedies of the Association.

6.7.1 Any Assessment, or any installment of an Assessment, not paid within thirty (30) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate established from time to time by the Board. The initial rate for these purposes is 15% per annum. In addition, the Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within thirty (30) days after such payment was due. The initial late fee for these purposes is the greater of 5% of the amount not timely paid or \$15.

6.7.2 The Association shall have a lien on each Unit for all Assessments levied against the Unit and for all other fees and charges payable to the Association by the Owner of the Unit pursuant to this Declaration. Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. 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 Unit 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 interest, lien recording fees and reasonable attorneys' fees.

6.7.3 The Assessment Lien shall have priority over all liens or claims except for (a) tax liens for real property taxes; (b) assessments in favor of any municipal or other governmental body or assessment district; and (c) the lien of any First Mortgage.

6.7.4 The Association shall not be obligated to release any Recorded notice of lien until all delinquent Assessments, interest, lien fees, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Unit have been paid in full.

6.7.5 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys fees and any other sums due to the Association in any manner allowed by law including, but not limited to: (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien securing the delinquent Assessments; or (b) enforce the Assessment Lien against the applicable Unit by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or judicial foreclosure of deeds of trust or mortgages or in any other manner permitted by law. In order to facilitate the foreclosure of any such lien in the manner provided at law for the foreclosure of deeds of trust, Declarant hereby designates Coalition Title Agency, a Utah corporation, as trustee and grants and conveys the Cottage Property, IN TRUST, to act, as trustee, with full power of sale, to foreclose any such liens as directed by the Board. The Board may, at any time, designate one or more successor trustees, in the place of Coalition Title Agency, in accordance with provisions of Utah law for the substitution of trustees under deeds of trust. Such trustee, and any successors, shall not have any other right, title or interest in the Cottage Property beyond those rights and interests necessary and appropriate to foreclose any liens against Units arising pursuant hereto. In any such foreclosure, the Owner of the Unit being foreclosed shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Units purchased at such sale.

6.8 Evidence of Payment of Assessments. Upon receipt of a written request by a Member or any other Person, the Association, within a reasonable period of time thereafter, shall issue to such Member or other Person a written certificate stating: (a) that all Assessments, interest and other fees and charges have been paid with respect to any specified Unit as of the

date of such certificate; or (b) if all Assessments have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against any bona fide Purchaser of, or lender on, the Unit in question.

6.9 Purposes for Which Associations 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 Community and the Owners and Occupants 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, studies and systems, within or without the Community, which may be necessary, desirable or beneficial to the general common interests of the Community, the Owners and the Occupants, and to the establishment and funding of reasonable reserves for replacements and contingencies. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: indemnification of officers, directors and committee members of the Association, employment of professional managers, and hiring professional consultants such as architects, engineers, attorneys and accountants.

6.10 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.

6.11. Maximum General Assessment. Each year after the first full fiscal year after this Declaration is recorded, the Board may increase the Annual Assessment (excluding Master Assessments). The increase in the Annual Assessment for the fiscal years after the third full fiscal year after this Declaration is recorded may not exceed an amount, on a per Unit basis, equal to the greater of: (a) ten percent (10%) of the previous year's Annual Assessment; or (b) the percentage increase in the most recently published U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, Urban Wage Earners and Clerical Workers, All Items, with respect to the Park City, Utah area compared to the same index published twelve months earlier. Any increase in excess of this amount shall require the approval of a majority of a quorum of the votes of Cottage Owners cast in person, by proxy or by written ballot pursuant to applicable law.

6.12 Master Assessments. The Master Board shall allocate Master Assessments among the Assessable Property (as defined in the Master Declaration), subject to the requirements and procedures set forth in Article 6 of the Master Declaration, the requirements of the bylaws of the Master Association and applicable law.

ARTICLE 7 -- ARCHITECTURAL REVIEW COMMITTEE (ARC)

7.1 ARC Members: Cooperation with Master Association's Architectural Review Committee. The members of the ARC shall be appointed as provided in Sections 4.1 and 4.2 of the Cottage Bylaws. The ARC shall be responsible for coordinating its restrictions and requirements with the overarching restrictions and requirements of the Master ARC set forth in Article 3 of the Master Declaration.

7.2. Restrictions on Alterations. In addition to those set forth in the Master Declaration, the following restrictions and requirements shall apply to alterations on the Cottage Property:

- a. Except as expressly provided in this Article 7, no structure, building, addition, deck, patio, wall, enclosure, roof, window, exterior door, sign, display, decoration, exterior color change, shrubbery, material topographical or landscaping change, exterior antenna, nor any other exterior improvements to or alteration of any Residence or any other part of a Unit which is visible from the exterior of the Unit (collectively referred to as "Alterations"), shall be commenced, erected or maintained in a Unit, unless and until the plans and specifications showing the nature, kind, shape, height, color, materials and locations of the alterations shall have been approved in writing by the ARC.
- b. The Board shall establish uniform criteria for the ARC to apply in reviewing proposed Alterations. The criteria for approval shall include and require, at a minimum: (1) similarity of color, size, location, type and design in relation to existing improvements; (2) compatibility with the Unit's topography; (3) comparable or better quality of materials as used in existing improvements; (4) ease of maintenance and repair; (5) adequate protection of the Cottage Property, the Association, Cottage Owners and Cottage Residents from liability and liens arising out of the proposed alterations; (6) all "for-sale" signs must be completely uniform in appearance (e.g. different signs for different brokers will not be permitted); and (7) compliance with governmental laws, codes and regulations. The ARC shall be the sole judge of whether its criteria are satisfied and shall have the authority to impose reasonable conditions on its approval.
- c. After the initial construction of each Residence, there shall be no additions to the Residence, other than decks, patios and porches. All such additions are Alterations requiring ARC approval.
- d. If the proposed Alteration will cause the periodic maintenance and repair costs for the Unit to exceed the costs for similar Units, then the ARC may (in its discretion) condition its approval upon the Cottage Owner agreeing (on behalf of the Cottage Owner and the Cottage Owner's heirs, successors and assigns) to pay separately for all maintenance and repair costs for such Alteration. The ARC shall decide whether the Association or the Cottage Owner shall be responsible for maintaining and repairing the Alteration; but in either case the Cottage Owner shall bear the costs of maintenance and repairs. The cost of such maintenance and

repair shall be a personal obligation of the Cottage Owner and a lien against the Cottage Owner's Unit. If the Cottage Owner is responsible for the maintenance and repair of such Cottage Owner-Maintained Alteration and fails to do so, the Association may do so and charge the cost to the Cottage Owner.

- e. The ARC may (in its discretion) permit a Cottage Owner to alter the landscaping of a Unit (including the addition of a garden to the Unit) but only on the condition that the Cottage Owner (on behalf of the Cottage Owner and the Cottage Owner's heirs, successors and assigns) agrees to pay for the maintenance of such landscaping alteration. The Cottage Owner shall submit to the ARC landscaping plans with a level of detail determined by the ARC. The ARC shall decide whether the Association or the Cottage Owner shall be responsible for maintaining the landscaping alteration; but in either case the Cottage Owner shall bear the costs. If the Cottage Owner is responsible for maintenance of the landscaping alteration but fails to do so, the Association may do so and charge the cost to the Cottage Owner or the Association may, after 10 days notice to the Cottage Owner, remove said Cottage Owner-Maintained Landscaping and restore the original landscaping by resodding or relandscaping. The cost of any such restoration shall be a personal obligation of the Cottage Owner and a lien against the Cottage Owner's Unit.

7.3. Antennas.

- a. General Rule. No exterior antenna, aerial tower, wire, line, cable, dish or other device for transmitting or receiving radio, television, microwave, laser or other electro-magnetic signals ("antenna") shall be on any Unit without the written permission of the ARC. The ARC shall deny permission if it determines, in its sole discretion, that the antenna would be offensive to the sight (taking into account the visibility of the antenna during all seasons of the year) from present and future Units nearby. Any structure intended to shield an exterior antenna from sight shall be subject to review by the ARC and the Master ARC as provided in Section 3.9 of the Master Declaration.
- b. Current Regulatory Exception to the General Rule. Pursuant to 47 CFR § 1.4000, the ARC shall not impair the use of (1) antennas less than one meter in diameter designed to receive direct broadcast television satellite service; (2) antennas less than one meter in diameter or diagonal measurement designed to receive video programming services via multi-point distribution services; or (3) antennas designed to receive television broadcast signals. The ARC shall have "impaired" the use of such an antenna if it (a) unreasonably delays or prevents the installation, maintenance or use of such an antenna; (b) unreasonably increases the cost of such installation, maintenance or use; or (c) precludes reception of an acceptable quality signal. Subject to the foregoing federal regulations, the ARC shall have the right to regulate the locations of antennas.
- c. Changes to Regulatory Exceptions to General Rule. If 47 CFR § 1.4000 is repealed or modified by statute or regulation, or by administrative or judicial

action such that the ARC is permitted to exercise greater control over the placement location and use of television antennas on Units, this section shall automatically be modified to grant such greater control to the ARC.

7.4. **Review Procedures.** The following procedures and those procedures set forth in Section 3.3 of the Master Declaration shall govern requests for Alterations under this Section:

- a. All plans required pursuant to Section 3.3 of the Master Declaration shall be submitted to the Master ARC in accordance with that Section for the Master ARC's approval.
- b. Upon the applicant's submission of its plans to the Master ARC or upon the applicant's receipt of the Master ARC's full approval of the applicant's plans, the applicant shall submit to the ARC detailed plans, specifications and related information regarding any proposed Alteration, in form and content acceptable to the ARC and, if available, evidence of the Master ARC's approval of the applicant's plans. This submission must be made at least 30 days prior to the projected commencement of construction.
- c. The ARC shall give the Cottage Owner written notice of approval or disapproval. If the ARC fails to approve or disapprove within 30 days after receipt of said plans and specifications and all other information requested by the ARC, then approval will not be required, and subsections 7.2.a and 7.2.c shall be deemed to have been fully satisfied, so long as the Alterations are done in accordance with the plans, specifications and related information that were submitted. No Alterations shall be commenced prior to approval by the Master ARC and satisfaction of the ARC's requirements set forth herein.
- d. If no request for approval is submitted to the ARC, the ARC's approval shall be deemed denied, unless the Alterations are reasonably visible and no written notice of the violation has been given the Cottage Owner in whose Unit the alterations are made, by the ARC or another Cottage Owner, within nine months following the date of completion of the Alterations. Notice may be direct written notice or the commencement of legal action by the Association or a Cottage Owner. The Cottage Owner of the Unit in which the Alterations are made shall have the burden of proof, by clear and convincing evidence, that the Alterations were completed and reasonably visible for at least six months following completion and that the notice was not given. The implied approvals under subsection 7.4.c and this subsection 7.4.d apply only to the ARC. The applicant's improvements remain subject to Section 3.3.7 of the Master Declaration, which provides that any failure to act by the Master ARC shall not be deemed a waiver of its right to withhold approval.

7.5. **Remedies for Violations.** The Association may undertake any measures, legal or administrative, to enforce compliance with this Article and shall be entitled to recover from the Cottage Owner causing or permitting the violation all attorneys' fees and costs of enforcement, whether or not a legal action is started. Such attorneys' fees and costs shall be a lien against the

Cottage Owner's Unit and a personal obligation of the Cottage Owner. In addition, the Association shall have the right to enter the Cottage Owner's Unit and to restore any part of the Residence or Unit to its prior condition if any alterations were made in violation of this Article, and the cost of such restoration shall be a personal obligation of the Cottage Owner and a lien against the Cottage Owner's Unit.

ARTICLE 8 -- MAINTENANCE

8.1 Mandatory Maintenance by Association.

8.1.1 For the purpose of preserving the architectural character, quality and high standards for appearance of the Cottage Property, the Association shall (a) provide exterior maintenance for the Residence on each Unit as follows: paint, repair, and replace (or recondition) roofs, gutters, down-spouts (but not down-spout extensions), entry doors (except hardware and except door replacement), garage doors (except hardware and except door replacement), and exterior siding, soffits and other building surfaces; (b) provide for lawn, shrub and tree maintenance on all Units, including watering; and (c) provide for maintenance of driveways and sidewalks (where existing) on all Units, including, without limitation, removal of snow and ice. In addition, the Association shall (x) maintain all sidewalks and trails located within or adjacent to right-of-ways within the Cottage Property that are adjacent only to the Cottage Property; (y) mow and maintain the landscape areas between the streets and the sidewalks; and (z) mow and maintain all landscape improvements located within the drainage and utility easement areas on the Cottage Property.

8.1.2 The Association's obligation to maintain exterior building surfaces shall exclude patios, decks, deck stairs, deck landings, porch stairs, porch landings, porch floors, door hardware, air conditioning equipment, window glass and frames, and any other items not specifically referred to in this Section 8.1, unless otherwise approved under Section 8.2.

8.1.3 Each Cottage Owner shall provide access to its irrigation system for the Association's use and maintenance of that Cottage Owner's Unit. Each Cottage Owner shall be responsible for the cost of water for the irrigation of that Cottage Owner's Unit.

8.2. Optional Maintenance by Association. In addition to the mandatory maintenance described in Section 8.1, the Association may, with the approval of a majority of the votes of its Members cast in person or by proxy at a meeting called for such purposes, undertake to provide additional exterior maintenance to the Units or Residences or maintenance of water and sewer systems serving the Units.

8.3 Maintenance by Cottage Owner. Except for the exterior maintenance required to be provided by the Association under Sections 8.1 or 8.2, all maintenance of the Residences and Units (including, but not limited to, Cottage Owner-Maintained Alterations and Cottage Owner-Maintained Landscaping) shall be the sole responsibility and expense of the Cottage Owners thereof. However, the Cottage Owners and Cottage Residents shall have a duty to promptly notify the Association of defects in or damage to those parts of the Cottage Property which the Association is obligated to maintain. The Association may require that any exterior maintenance to be performed by the Cottage Owner be accomplished pursuant to specific uniform criteria

established by the Association. The Association may also undertake any exterior maintenance that the responsible Cottage Owner fails to or improperly performs and may assess the Unit and the Cottage Owner for the cost thereof.

8.4. Damage Caused by Cottage Owner. Notwithstanding any provision to the contrary in this Section, if in the judgment of the Association, the need for maintenance of any part of the Cottage Property is caused by the willful or negligent act or omission of a Cottage Owner or Cottage Resident or their guests, or by a condition in a Unit which the Cottage Owner or Cottage Resident has willfully or negligently allowed to exist, the Association may cause such damage or condition to be repaired or corrected (and enter upon any Unit to do so), and the cost thereof may be assessed against the Unit of the Cottage Owner responsible for the damage.

8.5. Garbage Removal. Unless provided by the Master Association, the Association shall contract for the weekly removal of a certain quantity of refuse from each Unit. The Cottage Owner of each Unit shall be responsible for the prompt removal of all excess refuse.

ARTICLE 9 -- INSURANCE

9.1. Required Coverage. The Association shall obtain and maintain, at a minimum, a master policy or policies of insurance in accordance with the insurance requirements set forth in Utah Code § 57-8-29 and the additional requirements set forth herein, issued by a reputable insurance company or companies authorized to do business in the State of Utah, as follows:

- a. Comprehensive public liability insurance for the Association, its directors, officers, employees and agents. The policy shall cover accidents, incidents and occurrences on or about the exteriors of Residences and Units. The policy amount shall be at least \$1,000,000 per occurrence. The policy shall insure against claims for death, bodily injury and property damage, and such other risks as are customarily covered by such policies for projects similar in construction, location and use to the Cottage Property. The policy shall contain a "severability of interest" endorsement that shall preclude the insurer from denying the claim of a Cottage Owner or Cottage Resident because of negligent acts of the Association or other Cottage Owners or Cottage Residents.
- b. Fidelity bond or insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, employees or persons responsible for handling funds belonging to or administered by the Association, if deemed to be advisable by the Board. The fidelity bond or insurance shall name the Association as the named insured. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers, or a waiver of defense based upon the exclusion of persons serving without compensation shall be added.
- c. Worker's compensation insurance for any employees of the Association, as required by law.
- d. Directors and officers liability insurance with such reasonable limits and coverages as the Board shall determine from time to time.

e. Such other insurance as the Board may determine from time to time to be in the best interest of the Association and the Cottage Owners.

9.2. Premiums; Improvements; Deductibles. All insurance premiums shall be assessed and paid as Cottage Expenses. The insurance need not cover improvements and betterments to the Units installed by Cottage Owners, but if improvements and betterments are covered, any increased cost may be assessed against the Units affected. The Association may, in the case of a claim for damage to a Unit, (a) pay the deductible amount as a Cottage Expense; (b) assess the deductible amount against the Units affected in any reasonable manner; or (c) require the Cottage Owners of the Units affected to pay the deductible amount directly.

9.3. Loss Payee; Insurance Trustee. All insurance coverage maintained by the Association shall be written in the name of, and the proceeds thereof shall be payable to, the Association (or a qualified insurance trustee selected by it) as trustee for the benefit of the Cottage Owners and secured parties, including Eligible Mortgagees, that suffer loss. The Association, or any insurance trustee selected by it, shall have exclusive authority to negotiate, settle and collect upon any claims or losses under any insurance policy maintained by the Association.

9.4. Waivers of Subrogation. All policies of insurance shall contain waivers of subrogation by the insurer against the Association, or a Cottage Owner, members of the Cottage Owner's household, officers or directors, as applicable, and, if available, waivers of any defense based on co-insurance or of invalidity from any acts of the insured. Anything herein to the contrary notwithstanding, the Association agrees that it shall make no claim against any Owner, Resident, or Declarant, and each Owner and Resident agrees to make no claim against the Association, officers or directors of the Association, or Declarant, or employees or agents of any thereof, or against the property manager or its officers, employees or agents, or other Owners or Residents, for any loss or damage to the Residences, or to personal property, even if caused by the act or neglect of any one or more of such persons, due to a peril insured against by casualty insurance purchased by the Association, or any Owners, and all such claims, to the extent of such recovery, are hereby waived and released; provided, however, that this waiver shall not apply to vandalism or malicious mischief and shall apply only so long as such release does not prejudice the insured's rights under the applicable policy or policies. The Board shall have the right to determine who shall pay the deductible portion not covered by insurance.

9.5. Cancellation; Notice of Loss. All policies of property insurance and comprehensive liability insurance maintained by the Association shall provide that the policies shall not be canceled or substantially modified, for any reason, without at least 30 days prior written notice to the Association, all of the insureds and all Eligible Mortgagees.

9.6. Restoration in Lieu of Cash Settlement. All policies of property insurance maintained by the Association shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable (a) without the prior written approval of the Association (or any insurance trustee); or (b) when in conflict with provisions of any insurance trust agreement to which the Association may be a party, or any requirement of law.

9.7. No Contribution. All policies of insurance maintained by the Association shall be the primary insurance where there is other insurance in the name of the Cottage Owner covering the same property, and may not be brought into contribution with any insurance purchased by Cottage Owners or their Eligible Mortgagees.

9.8. Effect of Act Not Within Association's Control. All policies of insurance maintained by the Association shall provide that the coverage shall not be voided by or conditioned upon (a) any act or omission of a Cottage Owner or Eligible Mortgagee, unless acting within the scope of authority on behalf of the Association; or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the Cottage Property over which, the Association has no control.

9.9. Cottage Owner's Personal Insurance. Each Cottage Owner of a Residence shall obtain at his or her own expense fire and casualty insurance for (a) the Cottage Owner's Residence and (b) personal property and personal liability insurance. All insurance policies maintained by Cottage Owners shall name the Association as an additional named insured and shall provide that they are without contribution as against the insurance purchased by the Association.

ARTICLE 10 -- CASUALTY; CONDEMNATION

10.1. Reconstruction. The Cottage Owner of a damaged Unit shall be responsible for repairing and replacing the damaged portion promptly following the damage to or destruction thereof. Any repair or reconstruction shall be substantially in accordance with the plans and specifications of the Cottage Property as initially constructed and subsequently improved upon. Notice of substantial damage or destruction shall be given pursuant to Section 15.7.a.

10.2. Condemnation and Eminent Domain. If all or any part of the Cottage Property is taken by condemnation or eminent domain, the provisions of Utah Code § 57-8-32.5 shall govern; provided, that notice shall be given pursuant to Section 15.7.a. Eligible Mortgagees shall be entitled to priority for condemnation awards in accordance with the priorities established by applicable law and the Governing Documents, as their interests may appear.

10.3. Notice. All Eligible Mortgagees shall be entitled to receive notice of any condemnation proceedings or substantial destruction of the Cottage Property, and the Association shall give written notice thereof to an Eligible Mortgagee pursuant to Section 15.7.a.

ARTICLE 11 -- EASEMENTS

11.1. Easement for Maintenance, Repair, Replacement and Reconstruction. Each Unit, and the rights of the Cottage Owners and Cottage Residents thereof, shall be subject to the rights of the Association to a non-exclusive, perpetual, assignable, commercial easement in gross on and over the Units for the purposes of maintenance, repair, replacement and reconstruction of the Residences, and utilities serving the Residences, to the extent necessary to fulfill the Association's obligations under the Governing Documents, including (without limitation) Sections 8.1 and 8.2 of this Declaration.

11.2. Continuation and Scope of Easements. The easements set forth in this Section shall supplement and not limit any easements described elsewhere in this Declaration or recorded and shall include reasonable access to the easement areas through the Units for purposes of maintenance, repair, replacement and reconstruction.

11.3 Golf Course. The Cottage Property is located adjacent to a proposed golf course and is burdened, along with all other easements, by the easements and notices set forth in Article 10 of the Master Declaration.

ARTICLE 12 – COMPLIANCE AND REMEDIES

Each Cottage Owner and Cottage Resident, and any other Person owning or acquiring any interest in the Cottage Property, shall be governed by and comply with the provisions of applicable law, the Governing Documents, the Rules, the decisions of the Association, and such amendments thereto as may be made from time to time. A failure to comply shall entitle the Association to the relief set forth in this Section, in addition to the rights and remedies authorized elsewhere by the Governing Documents and by law.

12.1. Entitlement to Relief. The Association may commence legal action to recover sums due, for damages, for injunctive relief or to foreclose a lien owned by it, or any combination thereof, or an action for any other relief authorized by the Governing Documents or available at law or in equity. Legal relief may be sought by the Association against any Cottage Owner, or by a Cottage Owner against the Association or another Cottage Owner, to enforce compliance with the Governing Documents, the Rules, applicable law or the decisions of the Association. However, no Cottage Owner may withhold any assessments payable to the Association, or take (or omit) other action in violation of the Governing Documents, the Rules or applicable law, as a measure to enforce such Cottage Owner's position, or for any other reason.

12.2. Sanctions and Remedies. In addition to any other remedies or sanctions, expressed or implied, administrative or legal, the Association shall have the right, but not the obligation, to implement any one or more of the following remedies against Cottage Owners and Cottage Residents and/or their guests who violate the provisions of the Governing Documents, the Rules, or applicable law:

- a. The Association may commence legal action for damages, or equitable relief in any court of competent jurisdiction.
- b. The Association may impose late charges of up to 15% of each late payment of an Assessment or installment thereof.
- c. In the event of default of more than 30 days in the payment of any Assessment or installment thereof, all remaining installments of Assessments assessed against the Unit owned by the defaulting Cottage Owner may be accelerated and shall then be payable in full if all delinquent Assessments, together with all costs of collection and late charges, are not paid in full prior to the effective date of the acceleration. Reasonable advance written notice of the effective date of the acceleration shall be given to the defaulting Cottage Owner.

- d. The Association may impose reasonable fines, penalties or charges for each violation of applicable law, the Governing Documents or the Rules of the Association.
- e. The Association shall suspend the voting rights of any Cottage Owner. Such suspensions shall be limited to periods of up to 60 days for each violation.
- f. The Association may enter any Unit in which, or as to which, a violation or breach of the Governing Documents exists which materially affects, or is likely to materially affect in the near future, the health or safety of the other Cottage Owners or Cottage Residents, or their guests, or the safety or soundness of any Residence or other part of the Cottage Property or the property of the Cottage Owners or Cottage Residents, and to summarily abate and remove, at the expense of the offending Cottage Owner or Cottage Resident, any structure, thing or condition in the Unit which is causing the violation, provided that any improvements which are a part of a Residence may be altered or demolished only pursuant to a court order or with the agreement of the Cottage Owner.
- g. The Association may foreclose any lien arising under the provisions of the Governing Documents or under law, in the manner provided for the foreclosure of mortgages by action or advertisement under a power of sale in the State of Utah.

12.3. Rights to Hearing. Before imposing any of the remedies authorized by

Subsections 12.2.d or e; the Board shall, upon written request of the offender, grant to the offender a fair and equitable hearing as contemplated by Utah Code § 57-8-20. The offender shall be given notice of the nature of the violation and the right to a hearing, and at least 14 days within which to request a hearing. The hearing shall be scheduled by the Board and held within 30 days after receipt of the hearing request by the Board, and with at least 10 days prior written notice to the offender. If the offender fails to appear at the hearing, then the right to a hearing shall be waived and the Board may take such action as it deems appropriate. The decision of the Board and the rules for the conduct of hearings established by the Board shall be final and binding on all parties. The Board's decision shall be delivered in writing to the offender within ten days following the hearing, if not delivered to the offender at the hearing.

12.4. Lien for Charges, Penalties, Etc. Any assessments, charges, fines, penalties or interest imposed under this Article 12 shall be a lien against the Unit of the Cottage Owner or Cottage Resident against whom the same are imposed and the personal obligation of such Cottage Owner in the same manner and with the same priority and effect as Assessments under Article 6. The lien shall attach as of the date of imposition of the remedy, but shall not be final as to violations for which a hearing is held until the Board gives written notice following the hearing. All remedies shall be cumulative, and the exercise of or failure to exercise, any remedy shall not be deemed a waiver of the right to pursue any others.

12.5. Costs of Proceedings and Attorneys' Fees. With respect to any collection measures, or any measures or action, legal, administrative, or otherwise, which the Association takes to enforce the provisions of applicable law, Governing Documents or Rules, whether or not finally determined by a court or arbitrator, the Association may assess the violator and his or her

Unit with any expenses incurred in connection with such enforcement, including without limitation fines or charges previously imposed by the Association, reasonable attorneys' fees, and interest (at the highest rate allowed by law) on the delinquent amounts owed to the Association.

12.6. Liability for Cottage Owners' and Cottage Residents' Acts. A Cottage Owner shall be liable for the expense of any maintenance, repair or replacement of the Cottage Property rendered necessary by such Cottage Owner's acts or omissions, or by that of Cottage Residents or guests in the Cottage Owner's Unit, to the extent that such expense is not covered by the proceeds of insurance carried by the Association or such Cottage Owner or Cottage Resident. However, any insurance deductible amount and/or increase in insurance rates, resulting from such acts or omissions may be assessed against the Cottage Owner responsible for the condition and against his or her Unit.

12.7. Enforcement by Cottage Owners. The provisions of this Article 12 shall not limit or impair the independent rights of other Cottage Owners to enforce the provisions of the Governing Documents, the Rules, and applicable law.

ARTICLE 13 -- DECLARANT RIGHTS

Declarant hereby reserves exclusive and unconditional authority to exercise the following rights for as long as it owns a Unit, or for such other period as may be specifically indicated:

13.1. Complete Improvements. To complete or allow other persons to complete all the Residences in the Units until such time as a Residence exists on each Unit.

13.2. Add Additional Property. To add Additional Property to the Cottage Property during the period and as described in Section 2.2.

13.3. Relocate Boundaries and Alter Units. To relocate boundaries between Units and to otherwise alter Units owned by it, to the extent permitted by Article 11 of the Master Declaration.

13.4. Sales Facilities. To construct, operate and maintain a sales office, management office, model Units and/or Residences, and other development, sales and rental facilities within any Units owned by Declarant from time to time; and to allow homebuilders to do so.

13.5. Signs. To erect and maintain signs and other sales displays offering the Units for sale or lease, in or on any Unit owned by Declarant; and to allow homebuilders to do so.

13.6. Control of Association. To control the operation and administration of the Association, including without limitation the power to appoint the members of the Board for terms of 10 years (or such other terms as determined by Declarant), until the earliest of: (a) a voluntary surrender of control by Declarant; or (b) 60 days after conveyance to Cottage Owners other than Declarant of 100% of the total number of Units authorized to be included in the Cottage Property as provided in Section 3.2 of the Cottage Bylaws.

13.7. Consent to Certain Amendments. As long as Declarant owns any unsold Unit or any of the Additional Property, Declarant's written consent shall be required for any amendment to the Governing Documents or Rules.

13.8. Consolidation. To merge or consolidate the Community with another common interest community of the same form of ownership.

13.9. Access to Records. For as long as it owns any Unit or any of the Additional Property, the right to examine books and records of the Association to the same extent as the Cottage Owners.

ARTICLE 14 -- AMENDMENTS

This Declaration may be amended by the Board with the consent of (a) Cottage Owners of Units to which are allocated at least 67% of the votes in the Association; and (b) the consent of Declarant to certain amendments as provided in Section 13.7. Consent of the Cottage Owners may be obtained in writing or at a meeting of the Association duly held in accordance with the Cottage Bylaws. The consent of the Declarant shall be in writing. Any amendment shall be subject to any greater requirements imposed by law. The amendment shall be effective when recorded. An affidavit by the Secretary of the Association as to the outcome of the vote, or the execution of the foregoing agreements or consents, shall be adequate evidence thereof for all purposes, including without limitation, the recording of the amendment. Notwithstanding the foregoing, during the first ten years following the date of this Declaration, so long as the Declarant or any Declarant Affiliate owns any Unit or any portion of the Additional Property, the Declarant may amend this Declaration without the consent or approval of any other Owner or other Person.

ARTICLE 15 – RIGHTS OF ELIGIBLE MORTGAGEES

Notwithstanding anything to the contrary in the Governing Documents, and subject to any greater requirements of applicable law, Eligible Mortgagees shall have the following rights and protections:

15.1. No Right of First Refusal. The right of a Cottage Owner to sell, transfer or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restrictions.

15.2. Priority of Lien. Any holder of a first mortgage on a Unit or any purchaser of a first mortgage at a foreclosure sale that comes into possession of a Unit by foreclosure of the first mortgage or by deed or assignment in lieu of foreclosure takes the Unit free of any claims for unpaid Assessments or any other charges or liens imposed against the Unit by the Association which have accrued against such Unit prior to the acquisition or possession of the Unit by said first mortgage holder or purchaser, except (i) as provided in Section 6.8 and under applicable law and (ii) that any unreimbursed Assessments or charges may be reallocated among all Units in equal amounts.

15.3. **Priority of Taxes and Other Charges.** All taxes, assessments and charges which may become liens prior to the first mortgage under state law shall relate only to the individual Units and not to the Cottage Property as a whole.

15.4. **Priority for Condemnation Awards.** No provision of the Governing Documents shall give a Cottage Owner, or any other party, priority over any rights of the Eligible Mortgagee of the Unit pursuant to its mortgage in the case of a distribution to such Cottage Owner of insurance proceeds or condemnation awards for losses to or a taking of the Unit. The Association shall give written notice to all Eligible Mortgagees of any condemnation or eminent domain proceeding affecting the Cottage Property promptly upon receipt of notice from the condemning authority.

15.5. **Requirements for Management Agreements.** The term of any agreement for professional management of the Cottage Property may not exceed two years. Any such agreement must provide at a minimum for termination without penalty or termination fee by either party (i) with cause upon 30 days' prior written notice; and (ii) without cause upon 90 days' prior written notice.

15.6. **Access to Books and Records/Audit.** Eligible Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during normal business hours and to receive free of charge, upon written request, copies of the Association's annual reports and other financial statements. Financial statements, including those which are audited, shall be available within 120 days of the end of the Association's fiscal year. If a request is made by Fannie Mae or any institutional guarantor or insurer of a mortgage loan against a Unit for an audit of the Association's financial statements for the preceding year, the Association shall cause an audit to be made and deliver a copy to the requesting party.

15.7. **Notice Requirements.** Upon written request to the Association identifying the name and address of the holder, insurer or guarantor of a mortgage on a Unit and the Unit number or address, the holder, insurer or guarantor shall be entitled to timely written notice of:

- a. any condemnation loss or any casualty loss which affects a material portion of the Cottage Property or the Unit securing the mortgage;
- b. any 60-day delinquency in the payment of Assessments or charges owed by the Cottage Owner of a Unit on which it holds a mortgage;
- c. any lapse, cancellation or material modification of any insurance policy maintained by the Association; and
- d. any proposed action which requires the consent of a specified percentage of Eligible Mortgagees.

ARTICLE 16 -- MISCELLANEOUS

16.1. **Severability.** If any term, covenant, or provision of this instrument is held to be invalid or unenforceable for any reason whatsoever, such determination shall not be deemed to alter, affect or impair in any manner whatsoever any other portion of this instrument or exhibits.

16.2. Construction. The masculine gender of any word used herein shall include the feminine or neutral gender, or vice versa, and the singular of any word used herein shall include the plural, or vice versa. References to the Utah Code, or any section thereof, shall be deemed to include any statutes amending or replacing the applicable provisions of the Utah Code and the comparable sections thereof.

16.3. Tender of Claims. If any incident occurs that could reasonably give rise to a demand by the Association against Declarant for indemnification pursuant to applicable law, the Association shall promptly tender the defense of the action to its insurance carrier and give Declarant written notice of such tender, the specific nature of the action and an opportunity to defend against the action.

16.4. Notices. Unless specifically provided otherwise in the Governing Documents or applicable law, all notices required to be given by or to the Association, the Board, the Association officers or the Cottage Owners or Cottage Residents shall be in writing and shall be effective upon hand delivery, or mailing if properly addressed with postage prepaid and deposited in the United States mail; except that registrations pursuant to Section 2.2 of the Cottage Bylaws shall be effective upon receipt by the Association.

16.5. Conflicts Among Documents. In the event of any conflict among the provisions of applicable Utah law, the Declaration, the Cottage Bylaws or any Rules approved by the Association, applicable Utah law shall control. As among the Declaration, Cottage Bylaws and Rules, the Declaration shall control, and as between the Cottage Bylaws and the Rules, the Cottage Bylaws shall control. As between the Declaration and the Master Declaration, the Declaration shall control to the extent its sets forth stricter terms than the Master Declaration; however, to the extent irreconcilable inconsistencies arise, the Master Declaration shall control.

IN WITNESS WHEREOF, the undersigned Declarant has executed this instrument the day and year first set forth above.

Victory Ranch Development, Inc.

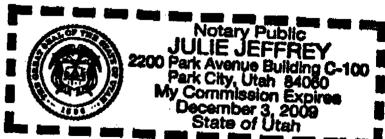
By: Mark Hookey

Its: COO

STATE OF MINNESOTA)
Utah 98)
COUNTY OF Summit)
ss.

The foregoing instrument was acknowledged before me this 17th day of March, 2008, by Mark Hookey, the COO of Victory Ranch Development, Inc., a Minnesota corporation, on behalf of the corporation.

Julie Jeffrey
Notary Public



JOINDER OF FEE OWNER

The undersigned, as fee title owner of the Cottage Property, hereby joins in the execution of this Declaration solely for the purpose of subjecting its interest in the Cottage Property to the terms and conditions of this Declaration.

Victory Ranch, L.C.

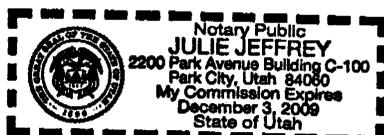
By: Robert M. Larsen

Its: Managing Member

STATE OF UTAH)
COUNTY OF Summit)ss.

The foregoing instrument was acknowledged before me this 17 day of March, 2008, by Robert M. Larsen, the managing member of Victory Ranch, L.C., a Utah limited liability company, on behalf of the company.

Julie Jeffrey
Notary Public



**CONSENT TO DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR THE COTTAGES AT VICTORY RANCH**

THIS CONSENT TO DECLARATION is made this 10th day of March, 2008, by WELLS FARGO BANK, NATIONAL ASSOCIATION ("Beneficiary"), the holder of that certain Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated June 19 2006, between Victory Ranch, L.C., a Utah limited liability company, and Beneficiary, recorded on June 20, 2006, in the Office of the County Recorder for Wasatch County, Utah, as Instrument No. 303325, in Book 866, Pages 514-534, as amended by that certain Amendment to Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing between Victory Ranch, L.C., Victory Ranch Development, Inc. and Beneficiary, dated August 20, 2007, recorded on August 22, 2007, in the Office of the County Recorder for Wasatch County, Utah, as Instrument No. 324961, in Book 948, Pages 196-208 encumbering the real property situated in the County of Wasatch, State of Utah, legally described on **Schedule I** attached (the "Property") and as the same may be amended from time to time (the "Deed of Trust").

Lender does hereby approve and consent to recordation of the Declaration of Covenants, Conditions, and Restrictions for The Cottages at Victory Ranch with the Wasatch County Recorder's Office, provided, that by consenting to the Declaration, (i) the Lender does not in any manner constitute itself or obligate itself as a Declarant as defined in the Declaration; (ii) such consent does not modify or amend the terms and conditions of the Deed of Trust and related loan documents; and (iii) the Deed of Trust shall remain as a lien on the Property, prior to any assessment liens or other liens imposed under the Declaration, as the same may be amended from time to time, until released or satisfied.

By this Consent, Lender also hereby notifies the Association (as defined in the Declaration) that Lender requires prior written notification at the address listed below of any proposed action that requires approval of Eligible Mortgagees under the Declaration and any notices under Section 15.7 of the Declaration.

In testimony whereof, Lender has caused this Consent to Declaration to be executed the day, month and year first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By Tim Van Holland

Tim Van Holland
Its Vice President

425 East Hennepin Avenue
Minneapolis, MN 55414
Attn: Tim Van Holland

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

The foregoing instrument was executed before me this 10 day of March, 2008, by Tim Van Holland, the Vice President of WELLS FARGO BANK, NATIONAL ASSOCIATION, who acknowledged the same as his/her free act and deed on behalf of the national banking association.


Lori L. Strommen

Notary Public

Loan No. 104941/103345



SCHEDULE I
Legal Description of Deed of Trust

Description 1:

PARCELS 4-A and 5-A:

A parcel of land located in the South half of the Northeast quarter and the North half of the Southeast quarter of Section 5; Lot 1 of Section 5; Lot 4 and the Southwest quarter of the Northwest quarter of Section 4, and the following part of the Northwest quarter of the Southwest quarter of said Section 4, all located in Township 3 South, Range 6 East, Salt Lake Base and Meridian, Summit and Wasatch Counties, State of Utah, to-wit:

BEGINNING at the Northwest corner of the Southwest quarter of said Section 4; and running thence East 80 rods; thence South 28 rods; thence Northwest to the point of BEGINNING.

PARCEL 25-A:

All of Section 25, Township 2 South, Range 5 East, Salt Lake Base and Meridian, Summit and Wasatch Counties, State of Utah:

EXCEPTING THEREFROM the Northeast quarter of the Northeast quarter of the Northeast quarter of Section 25, Township 2 South, Range 5 East, Salt Lake Base and Meridian.

ALSO EXCEPTING THEREFROM a parcel of land for wildlife mitigation in the West Half of the West Half of Section 25, Township 2 South, Range 5 East, Salt Lake Base and Meridian, Wasatch and Summit Counties, Utah, more particularly described in that certain Declaration of Taking in favor of the United States of America, recorded in Book 216 at Page 655 of Wasatch County Records, and Book 558 at Page 219 as Entry Number 321995 of the Summit County Records.

Also less and excepting any portion lying in Summit County.

PARCEL 29-A:

All that portion of the Southwest quarter of the Southwest quarter of Section 29, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit County, State of Utah, described as follows:

BEGINNING at the Southwest corner of the Southwest quarter of Section 29, and running thence North 17 rods; thence Southeasterly along the County Road 37 rods to a

point 6-1/2 rods North of the Section line; thence Northeasterly following the County Road 45 rods to a point on the quarter Section line 21 rods North of the Section line; thence South 21 rods; thence West 80 rods to the point of BEGINNING.

PARCEL 30-A:

A parcel of land located in the Northwest quarter; the North half of the Southwest quarter; the West half of the Northeast quarter, lying West of the Weber-Provo River Diversion Canal; and the Northwest quarter of the Southeast quarter, lying west of the Weber-Provo River Diversion Canal; all in Section 30, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit and Wasatch Counties, State of Utah.

Less and excepting any portion lying in Summit County

PARCEL 30-B:

A parcel of land located in the Southeast quarter of the Southeast quarter of Section 30, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit County, State of Utah, described as follows:

BEGINNING at the Southeast corner of the Southeast quarter of the Southeast quarter of said Section 30, Township 2 South, Range 6 East, Salt Lake Base and Meridian, and running thence Westerly to the Southwest corner of the Southeast quarter of the Southeast quarter of said Section 30; thence following the South boundary line of the County Road in a Northeasterly direction to a point where the road intersects the East boundary line of said Section 30; thence running Southerly along the East Section line of said Section 30, to the place of BEGINNING.

EXCEPTING THEREFROM any portion described within that certain Warranty Deed in favor of the State Road Commission recorded in Book U at Page 17 as Entry Number 80323 of the Summit County Records.

PARCELS 31-A and 31-B:

All of Section 31, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit and Wasatch Counties, State of Utah.

EXCEPTING THEREFROM any portion described within the following:

BEGINNING at the South quarter corner of said Section 31 (160 rods East of the Southwest corner of said Section), thence West along the south line of said Section, 40 rods; thence North 16 rods; thence East 40 rods; thence South 16 rods to the point of BEGINNING.

ALSO EXCEPTING THEREFROM that certain strip of land 110 feet in width conveyed by Neils Wm. Larsen, et.al. to Weber River Water Users Assn., a corporation of Utah, by

Warranty Deed dated October 18, 1929, recorded October 26, 1929 in Book 17 of Deeds at Page 544 as Entry Number 46308 of the Wasatch County Records.

ALSO EXCEPTING THEREFROM that portion described in the Warranty Deed from Frank H. Sorensen and Rhoda Neder Sorensen to Provo River Water Users Assn., a corporation of Provo, Utah, dated March 28, 1942, recorded December 18, 1944 in the office of the County Recorder of Wasatch County, Utah in Book 22 of Deeds at Pages 105-106, as Entry Number 62829.

ALSO EXCEPTING THEREFROM any portion described within that certain Warranty Deed in favor of the State Road Commission of Utah recorded in Book U at Page 18 as Entry Number 80324 of the Summit County Records and Book 23 at Page 498 as Entry Number 69735 of the Wasatch County Records.

PARCEL 32-A:

A parcel of land located in the West half of the Northwest quarter and the Northwest quarter of the Southwest quarter of Section 32, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit and Wasatch Counties, State of Utah.

PARCEL 32-B:

A parcel of land located in the Northeast quarter of the Northwest quarter of Section 32, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit County, State of Utah, described as follows:

BEGINNING at a point 80 rods East and 23 rods South from the Northwest corner of said Section 32; thence East 13 rods; thence South 57 rods; thence West 13 rods; thence North 57 rods to the point of BEGINNING.

PARCEL 32-C:

A parcel of land located in the East half of the Southeast quarter of Section 32, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Summit County, State of Utah, described as follows:

BEGINNING at the Northwest corner of the Northeast quarter of the Northeast quarter of Section 5, Township 3 South, Range 6 East, Salt Lake Base and Meridian; thence North 100 rods, more or less, along the quarter Section line between the Southeast quarter of the Southeast quarter and the Southwest quarter of the Southeast quarter of Section 32, Township 2 South, Range 6 East, Salt Lake Base and Meridian, to County Road; thence East 2 rods; thence South 100 rods, more or less, to a point 2 rods East of the place of beginning; thence West 2 rods to the point of BEGINNING.

PARCELS 36-A, 36-B and 36-C:

All of Section 36, Township 2 South, Range 5 East Salt Lake Base and Meridian,
Wasatch County, State of Utah:

EXCEPTING THEREFROM any portion described within that certain Quit Claim Deed
in favor of Arthur Bates recorded in Book 31 at Page 250 as Entry Number 77385 of the
Wasatch County Records.

ALSO EXCEPTING THEREFROM any portion described within that certain Warranty
Deed in favor of the State Road Commission of Utah recorded in Book 23 at Page 484-
485 as Entry Number 69664 of the Wasatch County Records.

ALSO EXCEPTING THEREFROM any portion described within that certain Quit Claim
Deed in favor of Wasatch County recorded in Book 215 at Page 574-592 as Entry
Number 151213 of the Wasatch County Records.

ALSO EXCEPTING THEREFROM Parcel No. JDR-150X, A parcel of land located in
the Northwest Quarter of the Northwest Quarter (NW1/4NW1/4) of Section Thirty-Six
(36), Township Two (2) South, Range Five (5) East, Salt Lake Meridian, Wasatch
County, Utah, shown on Drawing No. 66-418-8293 and more particularly described as
follows:

BEGINNING at the Northwest Corner of said Section 36, thence along an existing fence
South 00°41'45" East 1,337.3 feet to the south line of said Northwest Quarter of the
Northwest Quarter (NW1/4NW1/4) of Section 36; thence along said south line South
89°38'45" West 13.6 feet to the section line; thence along said section line North
00°06'54" West 1,337.3 feet to the POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM Parcel JDR-150Y, A parcel of land located in the
Northwest Quarter of the southwest Quarter (NW1/4SW1/4) of Section Thirty-Six (36),
Township Two (2) South, Range Five (5) East, Salt Lake Meridian, Wasatch County,
Utah, shown on Drawing No. 66-418-8294 attached hereto and made a part hereof and
more particularly described as follows:

BEGINNING at a point which lies North 00°06'54" West along the section line 2160.4
feet from the Southwest Corner of said Section 36, thence along said section line North
00°06'54" West 75.0 feet; thence South 89°53'06" East 15.0 feet; thence South 00°06'54"
East 75.0 feet; thence North 89°53'06" West Fifteen 15.0 feet to the POINT OF
BEGINNING.

TOGETHER WITH a right of way in the Southeast Quarter of the Northeast Quarter of
Section 36 described as follows:

BEGINNING 31-1/2 rods West of the Southeast corner of the Northeast Quarter of said
Section 36 and running thence West 1 rod; thence North 80 rods; thence East 1 rod;
thence South 80 rods to the point of BEGINNING.

ALSO TOGETHER WITH the right of access to the nearest roadway of Wasatch County Route A over and across the northern right-of-way line for one 16 foot section, which said section centers at a point directly opposite Highway Engineer Station 382+80 and across the Southern right-of-way line for one 16 foot section, which section centers at a point directly opposite Highway Engineer Station 395+00 as reserved from conveyance by quit claim deed recorded February 6, 1990 as Entry Number 151213 in Book 215 at Pages 574-592 of the Wasatch County Records.

ALSO TOGETHER WITH an easement over an existing dirt roadway beginning at approximately Engineer's Station 382+80 of Wasatch County Route A lying in the Northeast Quarter of the Southeast Quarter of Section 35 and the Northwest Quarter of the Southwest Quarter of Section 36, Township 2 South, Range 5 East, Salt Lake Base and Meridian as reserved from conveyance by quit claim deed recorded February 6, 1990 as Entry Number 151213 in Book 215 at Pages 574-592 of the Wasatch County Records.

ALSO TOGETHER WITH the rights and benefits as contained in that certain Declaration of Covenants, Conditions and Restrictions for Victory Ranch a Master Planned Community, recorded June 9, 2006, as Entry No. 302853, in Book 863, at Page 474, Wasatch County Recorder's Office.

LESS AND EXCEPTING ANY PORTION LYING WITHIN VICTORY RANCH PLAT A AND VICTORY RANCH PLAT B.

ALSO, LESS AND EXCEPTING:

A TRACT OF LAND LOCATED IN THE NORTHEAST, SOUTHEAST AND SOUTHWEST QUARTERS OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, WASATCH COUNTY, UTAH, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF US HIGHWAY 189 (STATE HIGHWAY 32), PROJECT NO. S-240, SAID POINT BEING 50 FEET LEFT OF ENGINEER'S CURVE-TO-SPIRAL STATION 252+01.53 OF SAID PROJECT, SAID POINT ALSO BEING NORTH 00°00'59" WEST 3378.89 FEET ALONG THE SECTION LINE TO THE CENTERLINE OF SAID PROJECT, SOUTH 64°51'08" WEST 1997.95 FEET ALONG SAID CENTERLINE, AND SOUTHWESTERLY ALONG SAID CENTERLINE AND ALONG A 10X22 FOOT CHORD SPIRAL CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 3°18' AND A CHORD BEARING OF SOUTH 65°57'08" WEST 219.97 FEET, AND NORTH 21°50'52" WEST 50.00 FEET FROM THE SOUTHEAST CORNER OF SECTION 36, TOWNSHIP 2 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE ALONG SAID NORTHERLY RIGHT OF WAY LINE THE FOLLOWING TWO (2) COURSES: (1) WESTERLY 196.26 FEET ALONG THE ARC

OF AN 1859.86 FEET RADIUS CURVE THROUGH A CENTRAL ANGLE OF $06^{\circ}02'46''$, SAID ARC HAVING A CHORD BEARING SOUTH $71^{\circ}10'31''$ WEST 196.17 FEET, AND (2) SOUTH $84^{\circ}38'26''$ WEST 477.56 FEET TO THE EASTERLY RIGHT OF WAY OF A PROPOSED TRAIL; THENCE ALONG SAID PROPOSED TRAIL RIGHT OF WAY THE FOLLOWING SIX (6) COURSES: (1) NORTH $33^{\circ}56'06''$ EAST 397.41 FEET TO A POINT ON A 523.00 FEET RADIUS CURVE TO THE RIGHT, (2) NORTHEASTERLY 431.19 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $47^{\circ}14'16''$, SAID ARC HAVING A CHORD BEARING NORTH $57^{\circ}33'14''$ EAST 419.08 FEET, (3) NORTH $81^{\circ}10'23''$ EAST 71.52 FEET TO A POINT ON A 358.00 FEET RADIUS CURVE TO THE RIGHT, (4) EASTERLY 92.39 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $14^{\circ}47'10''$, SAID ARC HAVING A CHORD BEARING NORTH $88^{\circ}33'58''$ EAST 92.13 FEET, (5) SOUTH $84^{\circ}02'28''$ EAST 132.46 FEET TO A POINT ON A 57.00 FEET RADIUS CURVE TO THE LEFT, AND (6) EASTERLY 16.33 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $16^{\circ}25'11''$, SAID ARC HAVING A CHORD BEARING NORTH $87^{\circ}44'57''$ EAST 16.28 FEET; THENCE NORTH $79^{\circ}32'21''$ EAST 112.46 FEET; THENCE NORTH $58^{\circ}01'10''$ EAST 255.39 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY OF A PROPOSED ROADWAY, SAID POINT ALSO BEING ON A NON-TANGENT 265.00 FEET RADIUS CURVE TO THE RIGHT; THENCE EASTERLY 397.00 FEET ALONG SAID SOUTHERLY RIGHT OF WAY AND THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $85^{\circ}50'11''$, SAID ARC HAVING A CHORD BEARING SOUTH $68^{\circ}03'58''$ EAST 360.91 FEET; THENCE SOUTH $25^{\circ}08'52''$ EAST 50.50 FEET ALONG SAID SOUTHERLY RIGHT OF WAY TO THE NORTHERLY RIGHT OF WAY OF SAID US HIGHWAY 189; THENCE ALONG SAID NORTHERLY RIGHT OF WAY SOUTH $64^{\circ}51'08''$ WEST 784.77 FEET; THENCE SOUTHWESTERLY ALONG A 10X22 FOOT CHORD SPIRAL CURVE TO THE RIGHT OFFSET 50 FEET PERPENDICULARLY DISTANT NORTHERLY FROM THE CENTERLINE OF SAID PROJECT NO. S-240, SAID SPIRAL CURVE HAVING A CENTRAL ANGLE OF $3^{\circ}18'$ AND A CHORD BEARING OF SOUTH $65^{\circ}56'42''$ WEST 217.09 FEET TO THE POINT OF BEGINNING.

Description 2:

INCLUDING THE FOLLOWING LOTS: ALL OF LOTS 8, 9, 13 AND 19, VICTORY RANCH, PLAT "A", ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE WASATCH COUNTY RECORDER'S OFFICE.

INCLUDING THE FOLLOWING LOTS: ALL OF LOTS 30 THROUGH 37, 42 THROUGH 45, 49, 52, 53, 57, 61, 63 THROUGH 74, 78, 80 THROUGH 84 AND 87 THROUGH 94, VICTORY RANCH, PLAT "B", ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE WASATCH COUNTY RECORDER'S OFFICE.

Summit County Tax #s CD-2199, CD-2199-A, CD-2056-6, CD-2066-C,
CD-2069-F, CD-2074-A-3, CD-2075-80-F AND CD-2071-1.

WASATCH COUNTY TAX #S OWC-0810, OWC-0811, OWC-0143, OWC-0188,
OWC-0189, OWC-0191, OWC-0190, OWC-0186, OVR-1008, OVR-1009, OVR-1013,
OVR-1019, OVR-2030, OVR-2031, OVR-2032, OVR-2033, OVR-2034, OVR-2035,
OVR-2036, OVR-2037, OVR-2042, OVR-2043, OVR-2044, OVR-2045, OVR-2049,
OVR-2052, OVR-2053, OVR-2057, OVR-2061, OVR-2063, OVR-2064, OVR-2065,
OVR-2066, OVR-2067, OVR-2068, OVR-2069, OVR-2070, OVR-2071, OVR-2072,
OVR-2073, OVR-2074, OVR-2078, OVR-2080, OVR-2081, OVR-2082, OVR-2083,
OVR-2084, OVR-2087, OVR-2088, OVR-2089, OVR-2090, OVR-2091, OVR-2092,
OVR-2093, OVR-2094,

Exhibit A

Subject Property

[Legal Description]

Exhibit A

Victory Ranch Subdivision, Plat F

A tract of land located in the Southeast Quarter of Section 31, Township 2 South, Range 6 East, Salt Lake Base and Meridian, Wasatch County, Utah, described as follows:

COMMENCING AT the Southwest corner of Section 31, Township 2 South, Range 6 East, Salt Lake Base and Meridian; thence North 89°48'04" East 3714.18 feet; thence North 434.23 feet to the point of BEGINNING of the herein described tract, said point of beginning being on the northerly right of way line of Victory Ranch Drive; and running thence South 78°48'16" East 134.00 feet along said northerly right of way line to a point of cusp on a non-tangent 15.00 feet radius curve to the right; thence northwesterly 23.56 feet along the arc of said curve through a central angle of 90°00'00", said arc having a chord bearing North 33°48'16" West 21.21 feet; thence North 11°11'44" East 15.05 feet to a point on a 122.00 feet radius curve to the left; thence northerly 48.31 feet along the arc of said curve through a central angle of 22°41'13", said arc having a chord bearing North 00°08'53" West 47.99 feet; thence North 80°51'27" East 98.23 feet; thence North 55°23'20" East 135.38 feet; thence North 23°26'34" West 540.45 feet; thence North 76°59'33" West 203.76 feet to a point on a non-tangent 175.00 feet radius curve to the left; thence northerly 14.00 feet along the arc of said curve through a central angle of 04°35'06", said arc having a chord bearing North 04°39'50" East 14.00 feet; thence North 87°37'44" West 50.00 feet to a point on a non-tangent 125.00 feet radius curve to the right; thence southerly 13.78 feet along the arc of said curve through a central angle of 06°19'03", said arc having a chord bearing South 05°31'48" West 13.78 feet to a point on a compound curve 15.00 feet radius curve to the right; thence southwesterly 25.35 feet along the arc of said curve through a central angle of 96°48'47", said arc having a chord bearing South 57°05'44" West 22.44 feet; thence South 15°30'07" West 50.00 feet; thence South 74°29'53" East 0.78 feet to a point on a 15.00 feet radius curve to the right; thence southeasterly 23.56 feet along the arc of said curve through a central angle of 90°00'00", said arc having a chord bearing South 29°29'53" East 21.21 feet; thence South 15°30'07" West 92.15 feet to a point on a 155.00 feet radius curve to the left; thence southerly 96.13 feet along the arc of said curve through a central angle of 35°32'01", said arc having a chord bearing South 02°15'54" East 94.59 feet to a point on a reverse 15.00 feet radius curve to the right; thence southerly 20.00 feet along the arc of said curve through a central angle of 76°23'28", said arc having a chord bearing South 18°09'50" West 18.55 feet; thence South 33°38'27" East 50.00 feet to a point on a non-tangent 15.00 feet radius curve to the right; thence easterly 20.00 feet along the arc of said curve through a central angle of 76°23'28", said arc having a chord bearing South 85°26'43" East 18.55 feet to a point on a reverse 155.00 feet radius curve to the left; thence southeasterly 56.11 feet along the arc of said curve through a central angle of 20°44'34", said arc having a chord bearing South 57°37'16" East 55.81 feet; thence South 22°00'27" West 51.82 feet; thence South 06°25'09" East 224.16 feet; thence South 78°48'16" East 109.68 feet to a point on a non-tangent 122.00 feet radius curve to the left; thence southerly 20.04 feet along the arc of said curve through a central angle of 09°24'45", said arc having a chord bearing South 15°54'07" West 20.02 feet; thence South 11°11'44" West 15.05 feet to a point on a 15.00 feet radius curve to the right; thence southwesterly 23.56 feet along the arc of said curve through a central angle of 90°00'00", said arc having a chord bearing South 56°11'44" West 21.21 feet to the point of BEGINNING, containing 5.211 acres.

ΦVR-6115 - ΦVR-6122

Prepared By: John B. Stahl, PLS
 Date: May 1, 2007 Rev: May 11, 2007
 Cornerstone Professional Land Surveys, Inc.
 P.O. Box 901617
 Salt Lake City, Utah 84090
 (801) 495-2360
 (801) 495-2361 fax

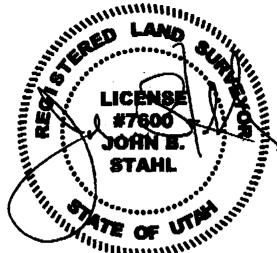


Exhibit B

Additional Real Estate

[Plats H, J, L, U and R located in Sections 31 and 32, Township 2 South, Range 6 East and Sections 5 and 6, Township 3 South, Range 6 East, also as shown on the attached Victory Ranch Phasing Master Plan]

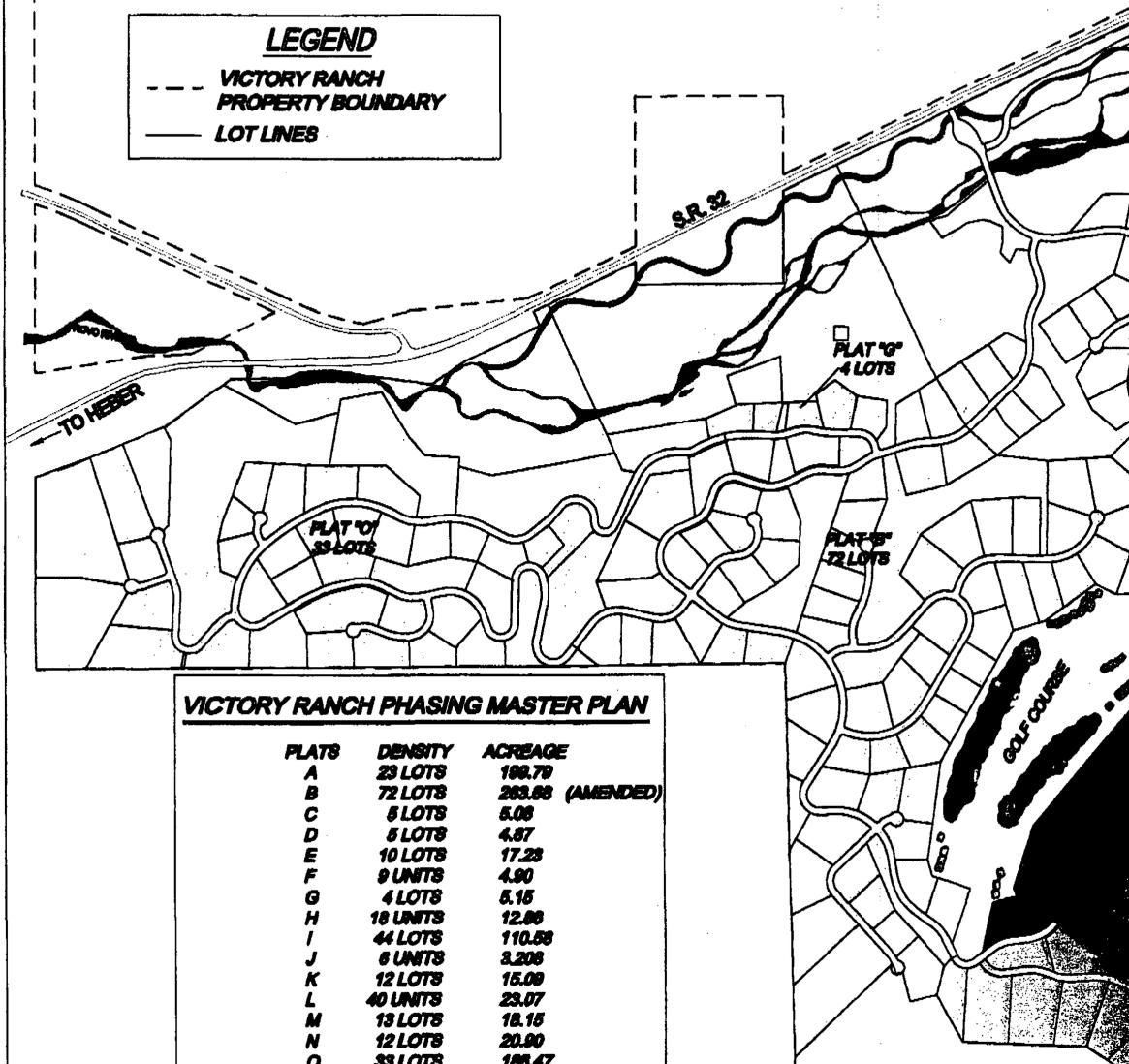


VICTORY RANCH

Ent 337434 Bk 0969 Pg 1293

LEGEND

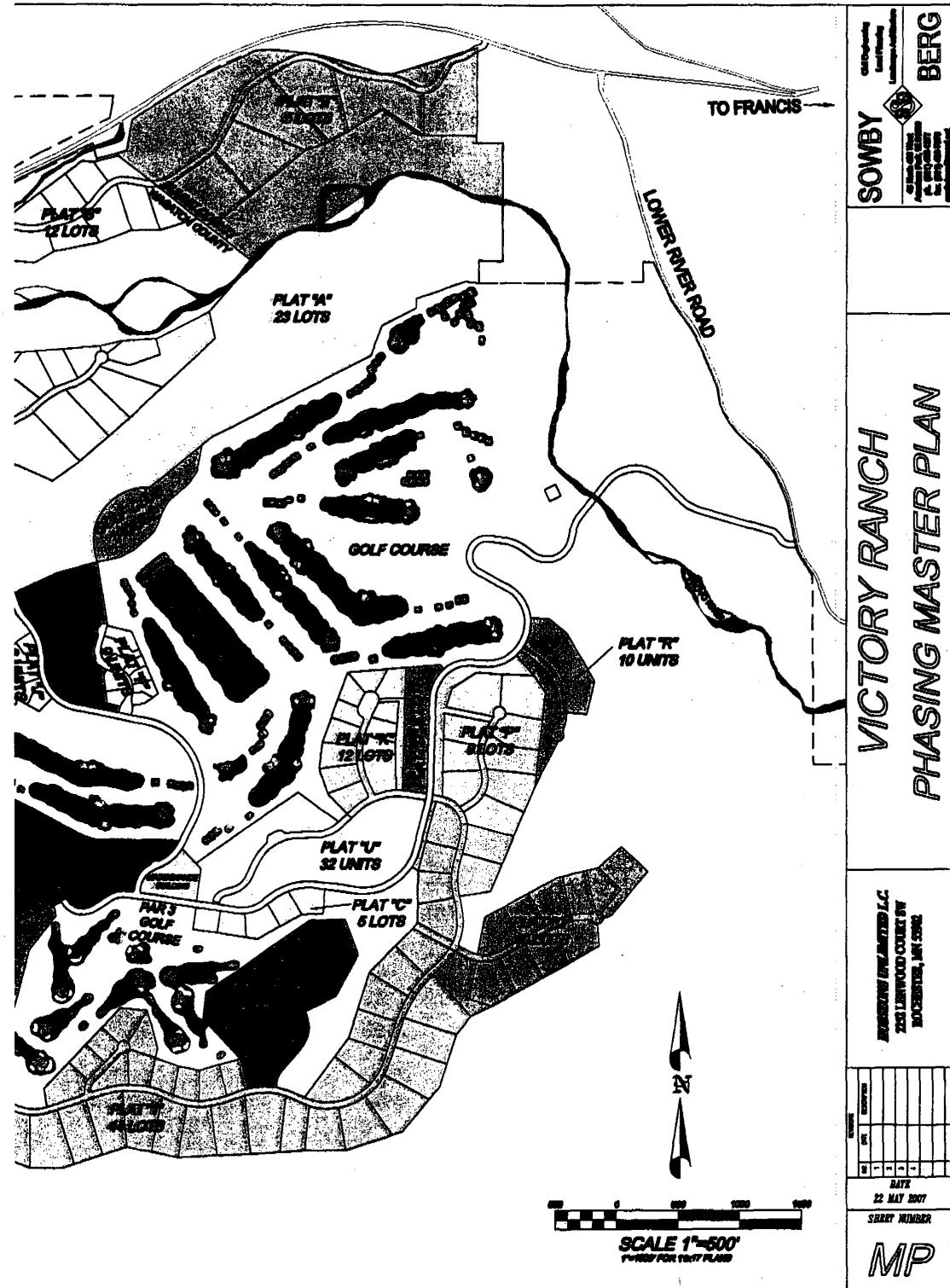
- VICTORY RANCH PROPERTY BOUNDARY
- LOT LINES



VICTORY RANCH PHASING MASTER PLAN

PLATS	DENSITY	ACREAGE
A	23 LOTS	100.78
B	72 LOTS	263.88 (AMENDED)
C	5 LOTS	5.00
D	5 LOTS	4.87
E	10 LOTS	17.28
F	9 UNITS	4.00
G	4 LOTS	5.15
H	18 UNITS	12.00
I	44 LOTS	110.58
J	8 UNITS	3.208
K	12 LOTS	15.00
L	40 UNITS	23.07
M	13 LOTS	18.16
N	12 LOTS	20.80
O	33 LOTS	100.47
P	9 LOTS	23.33
Q	10 LOTS	21.95
R	10 UNITS	8.25
S	11 LOTS	89.34
T	6 LOTS	74.27
U	32 UNITS	24.41

TOTAL UNITS: 115
TOTAL LOTS: 289



SOWBY		BERG
VICTORY RANCH PHASING MASTER PLAN		
MICHIGAN LAND CO. INC. 220 LAKWOOD COURT NW ROCHESTER, MI 48306		
Sheet No.	1	2
Date	22 MAY 2007	
Sheet Number	MP	