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KATHIE L. GAYSON
RECORDER
SALT LAKE COUNTY,
UTAH
FEB 11 11 29 AM '81
GUARDIAN TITLE CO.
REF. REP.

AFTER RECORDING, PLEASE RETURN TO:

Robert J. Grow, Esq.
MARTINEAU, ROOKER, LARSEN & KIMBALL
1800 Beneficial Life Tower
36 South State Street
Salt Lake City, Utah 84111

3533163

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE HIDDEN VILLAGE PLANNED UNIT DEVELOPMENT

THIS DECLARATION is made and executed this 10th day
of FEBRUARY, 1981, by HARMER-LAMBERT, INC., a Utah cor-
poration (hereinafter referred to as "Declarant").

RECITALS:

A. Declarant is the record owner of that certain tract
of Property more particularly described in Article II of this
Declaration.

B. Various improvements have been made to the Property
described in Article II of this Declaration so as to enable its
use as a planned unit development containing certain Lots, Living
Units, Limited Common Areas, and Common Areas. Declarant desires
to provide for the preservation of the values and amenities in
said development and for the maintenance of the Limited Common
Areas and the Common Areas. To this end and for the benefit of
the Property and of the Owners thereof, Declarant desires to sub-
ject the Property described in Article II of this Declaration to
the covenants, restrictions, easements, charges, and liens here-
inafter set forth.

C. Declarant deems it desirable, for the efficient
preservation of the values and amenities in the Project, to create
an entity which possesses the power to maintain and administer the
Limited Common Areas and Common Areas, to collect and disburse the
assessments and charges hereinafter provided for, and otherwise to
administer and enforce the provisions of this Declaration. For
such purposes, Declarant has, in conjunction with recordation of
this Declaration, caused to be incorporated under the laws of the
State of Utah, as a nonprofit corporation, THE HIDDEN VILLAGE
HOMEOWNERS ASSOCIATION.

NOW, THEREFORE, for the foregoing purposes, Declarant
hereby declares that the Property described in Article II of this
Declaration is and shall be held, transferred, sold, conveyed, and
occupied subject to the covenants, restrictions, easements,
charges, and liens hereinafter set forth.

I. DEFINITIONS

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

BOOK 5212 PAGE 476

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1. Declaration shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions.

2. Plat shall mean and refer to the subdivision plat entitled "The Hidden Village Planned Unit Development" executed and acknowledged by Declarant on the 12th day of December, 1980, prepared and certified to by Rodney L. Dahl, a duly registered Utah Land Surveyor holding Certificate No. 2530, consisting of one (1) sheet, and filed for record in the office of the County Recorder of Salt Lake County, Utah concurrently with the filing of this Declaration.

3. Property shall mean and refer to the entire tract of real property described in Article II of this Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

4. Lot shall mean and refer to any of the 68 separately numbered and individually described parcels of land shown on the Plat.

5. Common Areas or Common Areas and Facilities shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners, and shall include:

(a) All portions of the Property not specifically included within the individual Lots.

(b) All Common Areas and Limited Common Areas designated as such on the Plat.

(c) All installations, equipment, and lines located on, over, or under the Common Areas and connected with or related to the furnishing of Project utility services such as electricity, gas, water, and sewer.

(d) The Project outdoor lighting, fences, landscaping, sidewalks, carports, open parking spaces, and roads.

6. Limited Common Areas or Limited Common Areas and Facilities shall mean and refer to those parts of the Common Areas and Facilities designated in this Declaration or in the Plat for the use and enjoyment of a certain Lot to the exclusion of other Lots.

7. Living Unit shall mean and refer to a structure or portion of a structure located on a Lot which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on the Lot concerned which are used in conjunction with such residence. A Living Unit shall specifically include any balcony attached thereto.

8. Owner or Lot Owner shall mean and refer to the person who is the owner of record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided fee interest in any Lot. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Owner shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has

acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

9. Association shall mean and refer to THE HIDDEN VILLAGE HOMEOWNERS ASSOCIATION, a Utah nonprofit corporation.

10. Articles or Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Association which are filed with the office of the Utah Secretary of State on or about the time this Declaration is filed for record.

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

12. Mortgage shall mean and include both a first mortgage on any Lot or a first deed of trust on any Lot.

13. Mortgagee shall mean and include both a mortgagee under a first mortgage on any Lot and a beneficiary under a first deed of trust on any Lot.

14. Project shall mean and refer to The Hidden Village Planned Unit Development.

15. Declarant shall mean and refer to HARMER-LAMBERT, INC., a Utah corporation, and/or any successor to said corporation which, either by operation of law or through a voluntary conveyance, transfer, or assignment, comes to stand in the same relation to the Project as did its predecessor.

II. PROPERTY DESCRIPTION

The Property which is and shall be held, transferred, sold, conveyed, and occupied subject to the provisions of this Declaration consists of the following-described real property situated in Salt Lake County, State of Utah:

Beginning at a point North 562.64 feet and West 22.41 feet from the Southeast corner of Section 19, Township 2 South, Range 1 East, Salt Lake Base and Meridian and running thence S 0°24'25" W 299.96 feet along the right of way line of 700 East Street; thence West 1150.54 feet; thence N 2°15' E 247.85 feet; thence N 2°50' E 55.96 feet; thence East 1123.04 feet to the point of beginning. Contains approximately 7.879 acres.

EXCLUDING all presently existing or to be constructed or installed sewer lines, water mains, gas lines, electrical conduits, telephone lines, and related facilities which are now or hereafter owned by any governmental or quasi-governmental authorities or by any utility company.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

ALL OF THE FOREGOING IS SUBJECT TO: all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all easements and rights-of-way of record, otherwise existing, or enforceable in law or equity; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Plat; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described parcel of real property at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across, through, and under the above-described parcel of real property and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant (in a manner not inconsistent with the provisions of this Declaration) to construct, complete, or remodel any Living Unit located on a Lot and to improve the Common Areas with such structures and facilities designed for the use and enjoyment of all the Members as Declarant may reasonably determine to be appropriate. If, pursuant to this reservation, the above-described parcel of real property or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire 20 years after the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

III. MEMBERSHIP AND VOTING RIGHTS

1. Membership. Every Owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appurtenant to the Lot in which the Owner has the necessary interest, and shall not be separated from the Lot to which it appertains.

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

Class A. Class A Members shall be all Owners, but excluding the Declarant until the Class B membership ceases. Class A Members shall be entitled to one vote for each Lot in

which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist or be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which the interest required for membership in the Association is held. The Class B membership shall automatically cease and be converted to Class A membership on the first to occur of the following events:

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

(b) The expiration of ten (10) years after the date on which the Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

3. Multiple Ownership Interests. In the event there is more than one Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owners, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned unless an objection is immediately made by another Owner of the same Lot. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.

IV. PROPERTY RIGHTS IN COMMON AREAS
AND
DESCRIPTION OF PROJECT IMPROVEMENTS

1. Easement of Enjoyment. Each Member shall have a right and easement of use and enjoyment in and to the Common Areas. Such right and easement shall be appurtenant to and shall pass with title to each Lot and in no event shall be separated therefrom. Any Member may delegate the right and easement of use and enjoyment described in this Section to any family member, household guest, tenant, lessee, contract purchaser, or other person who resides on such Member's Lot.

2. Exclusive Easement Concerning Limited Common Areas. Each Member shall have an exclusive right and easement of use and enjoyment in and to those Limited Common Areas associated with his Lot. Such exclusive right and easement shall be appurtenant to and pass with title to each Lot and in no event shall be separated therefrom. The Limited Common Areas associated with a particular Lot consist of all of the following which are labeled as such on the Plat: (i) All patio areas enclosed by fences (including all of the fenced area and the fence itself) and all porches adjacent to and adjoining the Lot concerned; and (ii) The numbered carport identified on the Plat by the same number as the Lot concerned. Any Member may delegate the exclusive right and easement of use and enjoyment described in this Section to any family member, household guest, tenant, lessee, contract purchaser, or other person who resides on such Member's Lot.

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

Lot No. _____ contained within The Hidden Village Planned Unit Development, as the same is identified in the Plat recorded in Salt Lake County, Utah as Entry No. _____, in Book _____, at Page _____, and in the "Declaration of Covenants, Conditions, and Restrictions of The Hidden Village Planned Unit Development" recorded in Salt Lake County, Utah as Entry No. _____, in Book _____, at Page _____.

TOGETHER WITH: (i) a right and easement of use and enjoyment in and to the Common Areas described, and as provided for, in said Plat and said Declaration of Covenants, Conditions, and Restrictions; and (ii) an exclusive right and easement of use and enjoyment in and to the Limited Common Areas associated with the aforesaid Lot described, and as provided for, in said Plat and said Declaration of Covenants, Conditions, and Restrictions.

Whether or not the description employed in any such instrument is in the above-specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the right and easement of use and enjoyment to the Common Areas nor the exclusive right and easement of use and enjoyment to Limited Common Areas shall be separated from the Lot to which it appertains, and, even though not specifically mentioned in the instrument of transfer, such right of use and enjoyment to the Common Areas and such exclusive right of use and enjoyment to Limited Common Areas shall automatically accompany the transfer of the Lot to which they relate.

4. Transfer of Title. Developer agrees that it shall, at or prior to the time it conveys the first Lot to an Owner, convey to the Association title to the Common Areas free and clear of all liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities).

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

(a) The right of the Association to suspend a Member's voting rights and right to the use of the recreational facilities included in the Common Areas for any period during which an assessment on such Member's Lot remains unpaid, or for a period not exceeding sixty (60) days for any infraction of the provisions of this Declaration or of any rule or regulation promulgated by the Association;

BOOK 5212 PAGE 481

(b) The exclusive rights and easements of use and enjoyment of other Members to Limited Common Areas associated with Lots of such Members;

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

(d) The right of Salt Lake County, any other governmental or quasi-governmental body having jurisdiction over the Property, and any utility company serving the Project to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children, and providing any other governmental, municipal, or utility service;

(e) The right of the Association to charge fees for the use of recreational vehicle parking spaces as described in Section 1 of Article VII below; and

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

6. Description of Project Improvements. The improvements included in the Project are now or will be located upon the Property. The significant improvements contained in the Project include sixty-eight (68) Lots, thirteen (13) buildings containing sixty-eight (68) Living Units situated upon the Lots, carports, asphalt driveways and parking areas, asphalt and railroad tie sidewalks or walkways, a children's play area, a barbecue area and facilities, a tennis court, a fenced recreational vehicle parking area, and an outdoor swimming pool with dressing rooms. The location of the improvements referred to in the foregoing sentence is depicted on the Plat. The Project also contains other improvements of a less significant nature, such as fire hydrants, a Project entry sign, outdoor lighting, fencing, sprinkling system, landscaping, a storage shed, garbage collection facilities, and cedar fences enclosing private patios.

V. ASSESSMENTS

1. Personal Obligation and Lien for Assessments. Each Owner (including Declarant) shall, by acquiring or in any way becoming vested with an interest in a Lot, be deemed to covenant and agree to pay to the Association the monthly and the special

assessments described in this Article, together with the herein-after provided for interest and costs of collection. All such amounts shall be, constitute, and remain; (i) a charge and continuing lien upon the Lot with respect to which such assessment is made; and (ii) the personal obligation of each person who is an Owner of such Lot at the time the assessment falls due. No Owner may exempt himself or his Lot from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Lot.

2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of residents of the Property. The use made by the Association of funds obtained from assessments may include payment of the cost of: taxes and insurance on the Common Areas; maintenance, repair, and improvement of the Common Areas; management and supervision of the Common Areas; establishing and funding a reserve to cover major repair or replacement of improvements within the Common Areas; and any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration or the Articles of Incorporation.

3. Maximum Monthly Assessment. As of the date set for the commencement of monthly assessments under Section 7 of this Article V, each Lot shall be subject to a monthly assessment of not more than Seventy-Five and no/100 Dollars (\$75.00). From and after January 1, 1981, the maximum monthly assessment shall be increased by fifteen percent (15%) for each full year thereafter without the approval of the Members. From and after January 1, 1981, the maximum monthly assessment may be increased by more than fifteen percent (15%) per year so long as the increase is assented to by two-thirds (2/3) of the votes of each class of membership which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The Board of Trustees of the Association may from time to time and in its discretion set the amount of the monthly assessment at any sum not in excess of the then applicable maximum amount.

4. Special Assessments. From and after the date set for commencement of monthly assessments under Section 7 of this Article, the Association may levy special assessments for the purpose of defraying, in whole or in part: (i) any expense or expenses not reasonably capable of being fully paid with funds generated by monthly assessments; or (ii) the cost of any construction, reconstruction, repair, or replacement of an improvement, personal property, or fixtures upon the Common Areas. Any such special assessment must be assented to by two-thirds (2/3) of the votes of each class of membership which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

5. Quorum Requirements. The quorum required for any action authorized by Section 3 or 4 above shall be as follows; At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirements set forth in Sections 3 and 4) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting.

6. Uniform Rate of Assessment. Both monthly and special assessments shall be fixed at a uniform rate for all Lots.

7. Monthly Assessment Due Dates. The monthly assessments provided for herein shall commence as to all Lots on the first day of the month following conveyance of the Common Areas to the Association. As least fifteen (15) days prior to such commencement date and at least fifteen (15) days prior to the effective date of any change in amount of the monthly assessment, the Association shall give each Owner written notice of the amount and first due date of the assessment concerned.

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

9. Effect of Nonpayment -- Remedies. Regardless of the terms of any agreement to the contrary, the liability of the Owners of a Lot for the payment of any assessment relating to such Lot shall be joint and several, and any remedy for the collection of such assessment may be enforced against any or all Owners of the Lot concerned. If any assessment is not paid within thirty (30) days after the date on which it becomes delinquent, the amount thereof shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum and the Association may bring an action either against any or all Owners who are personally liable therefor or to foreclose the lien against the Lot. Any judgment obtained by the Association shall include reasonable attorneys' fees, court costs, and each and every other expense incurred by the Association in enforcing its rights.

VI. OPERATION AND MAINTENANCE

1. Maintenance by Owners. Except to the extent that the Association is responsible therefor under Section 2 of this Article VI, each Living Unit shall be maintained by the Owner thereof so as not to detract from the appearance of the Property and so as not to affect adversely the value or use of any other Living Unit or the Common Areas. Each Owner shall keep the Limited Common Areas associated with his Lot in a clean and orderly condition, but shall not otherwise maintain the same.

2. Operation and Maintenance by Association. The Association shall provide for such maintenance and operation of the Common Areas, including Limited Common Areas, as may be necessary or desirable to make them appropriately usable in conjunction with the Lots and to keep them clean, functional, attractive, and generally in good condition and repair. In connection therewith, the Association shall provide for such maintenance and repair of fences surrounding Limited Common Areas and of the exteriors of Living Units (including resurfacing and repainting of roofs and exterior walls, but not including replacement of glass) as may be necessary or desirable to keep them attractive and generally in good condition and repair. In performing its obligation concerning maintenance of such fences and Living Unit exteriors, the Association shall employ materials of the same kind, quality, and colors as those which were used in connection with original construction of the item concerned. The provisions of Section 2 of Article VIII ("Architectural Control") shall not apply to any maintenance or repairs of such fences or of Living Unit exteriors accomplished by the Association. In recognition of the flood control requirements imposed by Salt Lake County, the Association shall maintain the two Salt Lake County designated storm water retention areas, which are located on the sites of the children's play area and the barbeque area depicted on the Record of Survey Map. Said maintenance shall include all means necessary to prevent said areas from losing their capacity to retain storm runoff waters. The Association shall, therefore, maintain the contours of the earth in said areas in their present configuration and shall not allow any type of edifices or structure to be placed or erected in said areas which will cause a significant reduction in the water retention capacity thereof.

3. Utilities. The Association shall pay for all utility services furnished to each Lot except telephone, gas, electricity, and any other services which are separately billed or metered to individual Lots by the Utility or other party furnishing such service.

4. Manager. The Association may carry out through a Property Manager any of its functions which are properly the subject of delegation. Any Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing the Property for the benefit of the Association and the Owners, and shall, to the extent permitted by law and the terms of the agreement with the Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. It is anticipated that the Association and Declarant will enter into a Management Agreement on a month-to-month basis to begin on or about the date this Declaration is filed for record.

5. Association Insurance. The Association shall at all times maintain in force insurance meeting the following requirements:

(i) Hazard Insurance. Fire and extended coverage insurance covering the insurable portions of the Common Areas and Facilities in an amount not less than one hundred percent (100%) of replacement cost of such insurable portions of the Common Areas and Facilities. The name of the insured under such policy or policies shall be in form and substance

BOOK 5212 PAGE 485

similar to: "The Hidden Village Homeowners Association, a Utah nonprofit corporation, for the use and benefit of the individual Lot Owners in the Hidden Village Planned Unit Development, as their interests may appear."

(ii) Fidelity Insurance. Fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees, or volunteers responsible for handling funds collected and held for the benefit of the Owners. The fidelity bond or insurance shall name the Association as the insured and shall be written in an amount sufficient to afford the protection reasonably necessary, but in no event less than one and one-half times the Association's estimated annual operating expenses and reserves. An appropriate endorsement to such policy shall be secured to cover any persons who serve without compensation if such policy would not otherwise cover volunteers.

(iii) Liability Insurance. A comprehensive policy of public liability insurance covering all of the Common Areas and Facilities. Such policy shall contain a "Severability of Interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. The scope of coverage shall include all other coverage in the kinds and amounts commonly required by private institutional Mortgage investors for projects similar in construction, location, and use. The liability coverage for personal injury and/or property damage shall be for at least \$1,000,000.00 per occurrence.

(iv) General Requirements Concerning Insurance. Each insurance policy maintained pursuant to the foregoing paragraph (i), (ii), and (iii) shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a financial rating by Best's Insurance Reports of Class VI or better. No such policy shall be maintained where: (i) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against an Owner, a Mortgagee, or the Association; (ii) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent an Owner, a Mortgagee, or the Association from collecting insurance proceeds.

(v) Additional Insurance. The provisions of this Section 5 shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Association may deem appropriate from time to time.

6. Association Insurance for the Benefit of Owners. The Association, acting for and on behalf of each Lot Owner, shall at all times maintain in force insurance covering each and every Lot and Living Unit contained within the Project, which insurance shall meet the following requirements:

BOOK 5212 PAGE 486

(i) A policy of fire and extended coverage insurance shall be maintained, the scope of coverage of which shall be equal to or greater than that commonly required by private institutional Mortgage investors in the area in which the Project is located. Such policy shall provide, as a minimum, fire and extended coverage insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy. Except for insurance under the National Flood Insurance Act of 1968, as amended, the amount of coverage shall be sufficient so that in the event of any damage or loss to a Lot and Living Unit of a type covered by such policy, the insurance proceeds shall provide at least compensation equal to the full amount of the damage.

(ii) If the Project is located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards, flood insurance shall be maintained in the amount of the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended.

(iii) In addition to the coverage of the policies described in items (i) and (ii) of this Section 6, hazard insurance shall be maintained covering such additional risks and in such amounts as the Mortgagees of the Lots and Living Units may from time to time require.

(iv) No insurance policy maintained pursuant to this Section 6 may contain a deductible clause. If any insurance policy maintained pursuant to this Section 6 contains a fall of building clause, such clause must be waived.

(v) Each insurance policy maintained pursuant to this Section 6 shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a financial rating by Best's Insurance Reports of Class VI or better. No such policy shall be maintained where: (i) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against an Owner, a Mortgagee, or the Association; (ii) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent an Owner, a Mortgagee, or the Association from collecting insurance proceeds.

(vi) Each insurance policy maintained pursuant to this Section 6 shall include the standard mortgagee clause commonly accepted by private institutional Mortgage investors in the area in which the Project is located. The mortgagee clause shall provide that the insurance carrier shall notify each Mortgagee (or trustee) named at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

(vii) The name of the insured under each policy required to be maintained pursuant to this Section 6 shall be in form and substance essentially as follows: "The Hidden Village Homeowners Association, a Utah nonprofit corporation, for the use and benefit of the individual Lot Owners in the Hidden Village Planned Unit Development, as their interests may appear."
[Said Lot Owners shall be designated by name if required.]

(viii) The provisions of this Section 6 shall not be construed to limit the power or authority of an Owner or the Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Owner or the Association may deem appropriate from time to time.

7. Limitation on Improvements by Association. So long as there is a Class B Member of the Association, the Association shall not, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

VII. USE RESTRICTIONS

1. Use of Common Areas. The Common Areas (other than Limited Common Areas) shall be used only in a manner consistent with their community nature and with the use restrictions applicable to Lots, Living Units, and Limited Common Areas. That portion of the Common Areas identified in Section 2 of Article VI of this Declaration as storm water retention areas shall not be used in any manner which would be inconsistent with that purpose. No automobile or other vehicle shall be parked in front of a carport, in front of a walkway, or at any location within the Project which impairs or tends to impair vehicular or pedestrian access within the Project or to and from its various parts. No leases, charges for use, rental agreements, licenses, or other income-generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Areas and Facilities; provided, however, that the Association may establish and collect a monthly use fee to be charged to each Owner who utilizes a recreational vehicle parking space in the recreational vehicle parking area situated on the west end of the Project. Such monthly use fee shall be established and maintained at a level commensurate with the charges of commercial lessors of such spaces in the

locality, but in no event less than a level that will defray all costs and expenses of the Association in any way connected with or related to the operation or ownership of such recreational vehicle parking area. The fees so collected shall be used to defray a portion of the expenses paid by the Association on behalf of the Owners. Each Owner who utilizes the recreational vehicle parking area shall bear full responsibility for any loss or damage to his vehicle while parked or stored in said area, and the Association shall not be liable for any such loss or damage. The monthly use fee provided for in this Section shall be, constitute, and remain a continuing lien upon the Lot of the Owner using the recreational vehicle parking space for which such fee is charged. The provisions of Section 9 of Article V of this Declaration shall apply to collection of such monthly use fee.

2. Use of Lots, Living Units, and Limited Common Areas. All Lots, Living Units, and Limited Common Areas are restricted to use as single-family residential housing. No Lot, Living Unit, or Limited Common Area shall be used, occupied, or altered in violation of law, so as to jeopardize the support of any other Living Unit, so as to detract from the appearance or value of any other Lot, Living Unit, or the Common Areas, so as to create a nuisance or interfere with the rights of any Owner, or in a way which would result in an increase in the cost of any insurance covering the Common Areas.

3. Recreational Vehicles. Boats, trailers, campers, large trucks, and commercial vehicles belonging to Owners or other residents of the Property shall be parked only within the recreational vehicle parking area situated on the west end of the Project.

4. Pets. No animals other than small household pets (small dogs and cats) shall be kept or allowed on any Lot, in any Living Unit, or within any part of the Common Areas. Whenever a pet is allowed to leave a Living Unit it shall be either on a leash or in a cage. The Association shall promulgate reasonable rules and regulations concerning the use of, or damages to, the Common Areas by pets and the liability of individual Owners for such damage.

5. Exception for Developer. Notwithstanding the restrictions contained in this Article VII, for the twenty (20) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, Declarant shall have the right to use any Lot or Living Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and/or sale of all Lots owned by Declarant.

VIII. ARCHITECTURAL CONTROL

1. Architectural Control Committee. The Board of Trustees of the Association shall appoint a three-member Committee the function of which shall be to insure that all improvements and landscaping within the Property harmonize with existing surroundings and structures. The Committee need not be composed of Owners. If such a Committee is not appointed the Board itself shall perform the duties required of the Committee.

2. Submission to Committee. No Living Unit, accessory or addition to a Living Unit which is visible from the Common

BOOK 5212 PAGE 489

Areas, or other improvement of a Lot which is visible from the Common Areas shall be constructed or maintained, and no alteration, repainting, or refurbishing of the exterior of any Living Unit shall be performed, unless complete plans and specifications therefor have first been submitted to and approved by the Architectural Control Committee.

3. Standard. In deciding whether to approve or disapprove plans and specifications submitted to it the Committee shall use its best judgment to insure that all improvements, construction, landscaping, and alterations on Lots within the Property conform to and harmonize with existing surroundings and structures.

4. Approval Procedure. Any Plans and specifications submitted to the Committee shall be approved or disapproved by it in writing within thirty (30) days after submission. In the event the Committee fails to take any action within such period it shall be deemed to have approved the material submitted.

5. Construction. Once begun, any improvements, construction, landscaping, or alterations approved by the Committee shall be diligently prosecuted to completion. If reasonably necessary to enable such improvement, construction, landscaping, or alteration, the person or persons carrying out the same shall be entitled to temporarily use and occupy portions of the Common Areas in the vicinity of the activity; providing, however, that any damage to the Common Areas resulting from such improvement, construction, landscaping, or alteration shall be promptly restored by the Owner concerned to its prior condition.

6. No Liability for Damages. The Committee shall not be held liable for damages by reason of any action, inaction, approval, or disapproval by it with respect to any request made pursuant to this Article VIII.

7. Exception for Developer. The foregoing provisions of this Article VIII shall not apply to any improvement, construction, landscaping, or alteration which is carried out by Declarant on any Lot or on any part of the Common Areas and which occurs at any time during the twenty (20) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah.

IX. PARTY WALLS AND EASEMENT FOR ENCROACHMENTS

1. General Principles. Each wall constructed as part of the original construction of the Living Units and which is located on a boundary line common to two Lots shall constitute a party wall. Except as herein modified and expanded, all legal and equitable principles relating to party walls shall govern and apply to such walls.

2. Maintenance. The cost of reasonable maintenance and repair of a party wall shall be shared by the Owners who make use of the wall in proportion to such use. Costs associated with

BOOK 5212 PAGE 490

maintenance or repairs benefitting only one Owner (such as interior painting or redecorating) shall be borne solely by the Owner benefitted.

3. Destruction. If a party wall is destroyed or damaged by fire or other casualty any Owner who has used the wall may restore it. Any Owner thereafter making use of the wall shall contribute to the cost of restoration in proportion to such use; provided, however, that the foregoing portion of this sentence shall not prejudice or limit any Owner's right to obtain a larger contribution under any legal or equitable principle regarding liability for negligent or willful acts or omissions.

4. Encroachments. If any portion of a Living Unit constructed by Declarant or existing on the effective date of this Declaration, or if any portion of a Living Unit reconstructed so as to substantially duplicate the Living Unit originally constructed by Declarant or existing on the effective date of this Declaration, or if any portion of the Common Areas defined as a Limited Common Area associated with a particular Lot, encroaches upon or over an adjoining Lot, the Limited Common Areas associated with an adjoining Lot, or the Common Areas, there shall exist a perpetual easement for such encroachment.

X. MISCELLANEOUS

1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservation, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. Notices. Any notice required or permitted to be given to any Owner or Member under the provisions of this Declaration shall be deemed to have been properly furnished if mailed postage prepaid to the person who appears as a Member or Owner, at the latest address for such person appearing, in the records of the Association at the time of mailing.

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

4. Amendment. Except as provided in the last two paragraphs of the immediately following Section 5 of this Article, this Declaration and/or the Plat may be amended by: (i) the affirmative vote of at least two-thirds (2/3) of all Class A membership votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose; and, so long as the Class B membership exists, (ii) the

written consent of Declarant. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the Class A membership shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirement set forth in the foregoing portion of this Section 4) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by the Association and, if the Class B membership then exists, executed by the Declarant. In such instrument an officer of the Association shall certify that the vote required by this Section for amendment has occurred.

5. Mortgagee Protection. No "right of first refusal" contained in this Declaration or the Articles shall impair the rights of a Mortgagee to: (i) obtain title to the Lot encumbered by its Mortgage pursuant to the remedies provided for in said Mortgage, pursuant to foreclosure of said Mortgage, pursuant to exercise of a power of sale available under said Mortgage, or pursuant to a deed or assignment in lieu of foreclosure; or (ii) sell or lease such Lot after title thereto is obtained by such Mortgagee.

The lien or claim against a Lot for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the Mortgage affecting such Lot, and the Mortgagee thereunder which comes into possession of or which obtains title to the Lot shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not to burden a Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Lot affected or previously affected by the Mortgage concerned.

Unless at least two-thirds (2/3) of the Mortgagees (based upon one vote for each Mortgage), or Owners (other than Declarant) of the individual Lots have given their prior written approval, the Association shall not be entitled, by act, omission, or otherwise:

(a) To abandon, partition, subdivide, encumber, sell, or transfer all or any part of the Common Areas and

Facilities (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas);

(b) To change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner;

(c) To waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Living Units, the exterior maintenance of Living Units, or the maintenance of the Common Areas and Facilities (including maintenance of walks, fences and driveways and the upkeep of lawns and plantings);

(d) To fail to maintain the insurance coverage required by paragraph (i) of Section 5 of Article VI of this Declaration;

(e) To use hazard insurance proceeds resulting from damage to any part of the Common Areas and Facilities for purposes other than the repair, replacement, or reconstruction of the Common Areas and Facilities so damaged.

In the event any taxes or other charges which may or have become a lien on the Common Areas are not timely paid, or in the event the required hazard insurance described in paragraph (i) of Section 5 of Article VI lapses, is not maintained, or the premiums therefor are not paid when due, any Mortgagee or any combination of Mortgagees may, jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association, together with interest thereon from the date of expenditure at the rate of ten percent (10%) per annum.

No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Common Areas and Facilities.

The Association shall establish an adequate reserve to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Areas and Facilities and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Lots rather than by special assessments.

From and after the time a Mortgagee makes written request to the Association therefor, the Association shall notify such Mortgagee in writing in the event that the Owner of the Lot encumbered by the Mortgage held by such Mortgagee neglects for a period of sixty (60) or more days to cure any failure on his part

BOOK 5212
PAGE 493

to perform any of his obligations under this Declaration or the Articles.

Any agreement for professional management of the Project which may be entered into by the Association and any other contract (to which the Association is a party) providing for services by Declarant, shall call for a term not exceeding three (3) years and shall provide that either party, without cause and without payment of any termination fee, may terminate the same upon not in excess of ninety (90) days written notice.

Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Association.

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

No amendment to this Section which has the effect of diminishing the rights, protection, or security afforded to Mortgagees shall be accomplished or effective unless all of the Mortgagees of the individual Lots have given their prior written approval to such amendment. Any amendment to this Section shall be accomplished by an instrument executed by the Association and filed for record in the office of the Salt Lake County Recorder. In any such instrument an officer of the Association shall certify that any prior written approval of Mortgagees required by this Section as a condition to amendment has been obtained.

So long as the Class B membership exists, and if, and only if, the Federal Housing Administration or the Veterans Administration is then the insurer of one or more Mortgages, any annexation of additional property to the Project, any dedication of Common Areas other than for utility purposes, and any amendment of this Declaration or the Articles shall require the prior written approval of such insurer.

6. Protection of Storm Water Retention Areas. Declarant, Owners, or Mortgagees shall not have the authority to change, by any vote, or by alienation, transfer, sale, or otherwise, the use of the areas identified as storm water retention areas unless the consent of the Flood Control Division of Salt Lake County has first been obtained in writing.

7. Right of Salt Lake County to Enforce this Declaration. Salt Lake County is hereby made a party to the covenants established by this Declaration. Said County shall have no vote, but it shall have the right to protect, as a party to this Declaration, the use of the storm water retention areas for that purpose.

8. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer, or assignment.

BOOK 5212
PAGE 494

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

10. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Declarant, all parties who hereafter acquire any interest in a Lot or in the Common Areas, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. Each Owner or occupant of a Lot or Living Unit shall comply with, and all interests in all Lots and in the Common Areas shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot or in the Common Areas, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

11. Effective Date. This Declaration, any amendment hereto, and any amendment to the Plat shall take effect upon its being filed for record in the office of the County Recorder of Salt Lake County, Utah.

EXECUTED by Declarant on this 10TH day of FEBRUARY, 1981.

"Declarant":

HARMER-LAMBERT, INC.,
a Utah corporation

ATTEST:

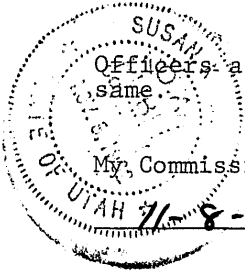
John Parsons
Secretary

By Richard M. Lambert
President

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

On this 10th day of FEBRUARY, 1981, personally appeared before me Richard M. Lambert and John Parsons, who being by me duly sworn, did say that they are the President and Secretary, respectively, of HARMER-LAMBERT, INC., a Utah corporation, and that the foregoing Declaration of Covenants, Conditions, and Restrictions of The Hidden Village Planned Unit Development was signed on behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors, and said

BOOK 5212 PAGE 495



Officers acknowledged to me that said corporation executed the same.

My Commission Expires:

7/1-8-82

Susan K. White
NOTARY PUBLIC
Residing at: Salt Lake City, UT

BOOK 5212 PAGE 496