



**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GRANITE RIDGE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE RIDGE (“**Declaration**”) is made as of SEPTEMBER 2, 2016, by GRANITE RIDGE DEVELOPMENT COMPANY, LLC, a Utah limited liability company (“**Declarant**”).

RECITALS

- A. Declarant is the owner of the Property (as defined below).
- B. Declarant intends to develop the Community (as defined below) on the Property, and to develop and convey all of the Lots (as defined below) subject to a general plan of development.
- C. All of the Lots shall be held, sold, conveyed, encumbered, leased, used, occupied and improved subject to the covenants, conditions and restrictions (collectively, the “**Covenants**”) as set forth in this Declaration, all of which are created for the mutual benefit of the Lots. It is the intention of the Declarant in imposing the Covenants to maintain a generally uniform pattern of development, to protect and enhance the property values and aesthetic values of the Lots by eliminating inconsistent uses or improvements, all for the mutual protection and benefit of the owners of the Lots. The Covenants are intended to, and shall in all cases, run with the title of the land, and be binding upon the successors, assigns, heirs, lien holders, and any other person holding any interest in the Lots, and shall inure to the benefit of all other Lots in every phase of the Community. The Covenants shall be binding upon the Declarant as well as its successors in interest, and may be enforced by the Declarant, by the Association, or by any individual Owner. Notwithstanding the foregoing, no provision of this Declaration shall prevent the Declarant from developing and completing the Community, or from using any Lot or Common Area owned, held or controlled by the Declarant as a sales or construction office space, model home, temporary construction or sales office, nor limit Declarant’s right to post signs incidental to sales or construction which are in compliance with applicable Box Elder County ordinances.
- D. The Community and the Governing Documents shall at all times be governed by, interpreted under and enforced consistently with the Utah Community Association Act (Utah Code Sections 57-8a-101, *et. seq.*) as may be periodically amended or supplemented (the “**Community Act**”).
- E. This Declaration, and the Covenants contained herein, shall completely replace and supersede any protective covenants, declarations and/or bylaws, as well as any amendments or supplements to any such protective covenants, declarations and/or bylaws, that may have been previously recorded or enforced against the Property, or any similar recorded or unrecorded documents, including, without limitation that certain document entitled “Restrictions” that was recorded in the Box Elder County Recorder’s Office on May 10, 1978 in Book 305 beginning at Page 463 as Entry No. 63140H, and that certain amendment/supplement to such Restrictions that was recorded in the Box Elder County Recorder’s Office on June 3, 1992 in Book 522 beginning at Page 278 as Entry No. 45263.

DECLARATION

It is agreed by acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment respecting the Community or any Lot that the Governing Documents together with the Plat Map referred to herein, sets forth covenants, conditions, restrictions, and reservations effecting a common plan for a planned unit development that is mutually beneficial to the owners of each of the described Lots, and that the covenants, conditions, restrictions, reservations and plan are binding upon the entire Community and upon each Lot as a parcel of realty, and upon such Lot's owners or possessors, and their respective heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the property or any security interests therein without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Lots under security instruments.

ARTICLE I: Creation of the Community

1.1. Purpose and Intent

Declarant, as the owner of the real property described in Exhibit "A" and Exhibit "B" is Recording this Declaration to establish a general plan of development for Granite Ridge. This Declaration provides for the Community's overall development, administration, maintenance, and preservation, and provides a flexible and reasonable procedure for its future expansion. An integral part of the development plan is the creation of Granite Ridge Homeowners' Association, a corporation comprised of all Granite Ridge property owners, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents.

This document does not and is not intended to create a condominium under Utah law.

1.2. Binding Effect

This Declaration governs the property described in Exhibit "A" and any other property submitted to this Declaration in the future by a Recorded Supplemental Declaration. This Declaration shall run with the title to such property and shall bind anyone having any right, title, or interest in any portion of such property, their heirs, successors, successors-in-title, and assigns.

Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns may enforce this Declaration. This Declaration shall be effective for a minimum of 20 years from the date it is Recorded. After 20 years, this Declaration shall continue automatically for successive 10 year periods unless a majority of the then Owners sign a document stating that the Declaration is terminated and that document is Recorded within the year before the Declaration expires. In such case, this Declaration shall expire on the date specified in the termination document.

1.3. Governing Documents

The Governing Documents create a general development plan for Granite Ridge. The following is a list of the “**Governing Documents**” as they may periodically be amended as set forth herein:

Declaration (as recorded in Box Elder County Recorder’s Office)	Creates obligations that are binding on the Association and all present and future owners of property in Granite Ridge.
Articles of Incorporation (as recorded with Utah Division of Corporations & Commercial Code)	Establishes the Association as a non-profit corporation under Utah law.
Bylaws (as adopted by Board and attached to this Declaration as <u>Exhibit “C”</u>)	Governs the Association’s internal affairs, such as voting rights, elections, meetings, officers, etc.
Design Guidelines (as may be adopted and amended by Declarant)	Establishes site planning, architectural design, landscaping and construction standards for improvements and modifications to Lots. Also establishes an orderly process for the review and approval of proposed improvements or modifications.
Board Resolutions Rules and Regulations (as may be periodically adopted and/or amended by Board)	Establish policies, procedures rules and regulations for Association governance and activities, and for certain activities within the Community.

Additional restrictions or provisions that are more restrictive than the provisions of this Declaration may be imposed on any portion of Granite Ridge. The more restrictive provisions will be controlling over the less restrictive provisions in this Declaration. However, no Person shall Record any additional covenants, conditions, or restrictions affecting any portion of Granite Ridge without Declarant’s written consent, so long as Declarant owns any property described in Exhibit “A” or Exhibit “B”. Any instrument Recorded without the required consent is void and of no force and effect.

The Governing Documents apply to all Owners and any occupants of a Lot. They also apply to tenants, guests, visitors, and invitees.

If any court determines that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or other applications of the provision.

Any diagrams contained in the Governing Documents are used to illustrate concepts and assist the reader. The diagrams are for illustrative purposes only. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

ARTICLE II: Definitions

The terms used in the Governing Documents are given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms are defined as follows:

“Articles” means and refers to the Articles of Incorporation of Granite Ridge Homeowners’ Association, filed with Utah’s Division of Corporations and Commercial Code, as they may be amended.

“Association” means and refers to Granite Ridge Homeowners’ Association, a Utah not-for-profit corporation, its successors or assigns.

“Benefited Assessment” means and refers to assessments charged against a particular Lot or particular Lots for Association expenses as described in Section 8.10.

“Board of Directors” or **“Board”** means and refers to the body responsible for the general governance and administration of the Association, selected as provided in the Bylaws.

“Builder” means and refers to any individual or entity that constructs a home for a Lot owner or acquires any Lot(s) for the purpose of constructing homes for later sale to consumers.

“Bylaws” means and refers to the Bylaws of Granite Ridge Homeowners’ Association, as they may be amended. A copy of the initial Bylaws is attached to this Declaration as Exhibit “C”.

“Class “B” Control Period” means and refers to the time period during which the Class “B” Member may appoint a majority of the Board members. The Class “B” Control Period ends when any one of the following occurs:

- (a) When 90% of the Lots are owned by Class “A” Members other than Builders,
- (b) December 31, 2041, or
- (c) When, in its discretion, the Class “B” Member so determines.

“Common Areas” means and refers to all real property, including easements, which the Association owns, leases, or otherwise controls, or which the Association has a right to use or an obligation to maintain, for the common and general use, enjoyment and/or benefit of the Owners.

“Common Expense Fund” means and refers to that fund more particularly described under Section 8.2, which is to be used to cover basic expenses related to administration, maintenance, and management of the Association and Community including, without limitation, the Common Expenses and similar expenses as more particularly described under this Declaration.

“Common Expenses” means and refers to:

- (a) Any costs or expenses lawfully incurred by the Association pursuant to the Governing Documents or the Act;
- (b) Expenditures lawfully made or incurred by or on behalf of the Association for the administration, maintenance, repair, or replacement of the Common Areas and/or any Common Improvements;
- (c) Administrative costs and expenses incurred by the Board in creating, revising, interpreting or enforcing the Governing Documents;
- (d) Any sums which are required by the Board to perform or exercise their functions, duties or rights under the Act or the Governing Documents; and
- (e) Any other expenses lawfully and reasonably allocated by the Association among the Owners as determined by a majority vote of the Board members;
- (g) Any sums deemed by the Board as necessary to address any budget deficit(s) remaining from any previous fiscal year(s); and
- (h) Any other expenses that are identified or defined as Common Expenses under the Act or the Governing Documents.

“Common Improvements” means, refers to, and includes any structures, equipment and/or improvements that have been or may be installed, constructed or attached on or to any portion of any Common Area. Such Common Area Improvements shall include, by example and without limitation, the Community entryway signage, footpaths, trails, tree planters, retaining walls, landscaping, trees, shrubs, picnic areas, Roadway Easement Fences, any improvements located upon or within any street islands, and other similar improvements located on any portion of any Common Areas that are intended for the use and enjoyment of all Owners.

“Community” or “Granite Ridge” means and refers to the real property described in Exhibit “A” together with such additional property from the real property described in Exhibit “B” that may be subjected to this Declaration in accordance with Article IX.

“Community-Wide Standards” means and refers to the standard of conduct, maintenance, or other activity generally prevailing throughout the Community as established by this Declaration, the Design Guidelines, Rules and/or Board resolutions. The Community-Wide Standards may contain objective elements, such as specific landscape or house maintenance requirements, and subjective elements, such as matters subject to the Board’s or the DRC’s discretion.

“Declarant” means and refers to Granite Ridge Development Company, LLC, or any successor or assign who takes title to any portion of the real property described in Exhibit “A” or Exhibit “B” for development and/or sale and who is designated as Declarant in a Recorded instrument the immediately preceding Declarant executes.

“Design Guidelines” means and refers to the Community’s architectural, construction, design, landscaping and site planning guidelines and review procedures.

“Design Review Committee” or **“DRC”** means and refers to the committee established to review plans and specifications for the construction or modification of improvements and to administer and enforce the architectural and design controls as adopted by Declarant.

“Lot” shall mean and refer to each lot as shown on the Plat, whether improved or unimproved, which may be independently owned and conveyed, and upon which a Residence is intended for development, use, and occupancy. The term **“Lot”** shall refer to the land, if any, which is part of the Lot as well as any improvements, including any Residence, on the Lot. The boundaries of each Lot shall be shown on a Plat provided.

“Member” means and refers to each Lot Owner, subject to Section 6.2.

“Mortgage” means and refers to a mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Lot. The term **“Mortgagee”** shall refer to a beneficiary or holder of a Mortgage.

“Owner” means and refers to the record title holder to any Lot, but excluding, in all cases, anyone holding an interest merely as security for the performance of an obligation (e.g., a Mortgagee). If a Lot is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

“Person” means and refers to an individual, a corporation, a partnership, a trustee, or, any other legal entity.

“Plat” means and refers to any Recorded land survey plat for all or any portion of Granite Ridge.

“Record,” “Recording,” or “Recorded”: To file, the filing of, or filed of record a legal instrument in the Office of the Recorder of Box Elder County, Utah, or such other place designated as the official Box Elder County location for recording documents affecting title to real estate.

“Regular Assessment” means and refers to annual assessments levied to fund Common Expenses for the general benefit of all Lots, as determined in accordance Article VIII.

“Reserve Fund” means and refers to that certain fund more particularly identified and described under Section 8.3, which shall be used to cover the cost of repairing, replacing and/or restoring Common Areas and/or Common Improvements that have a useful life of three (3) calendar years or more and a remaining useful life of less than thirty (30) years, but excluding any cost that can reasonably be funded from the Common Expense Fund or other funds of the Association. The Reserve Fund may also be used for other purposes as may be specified in this Declaration.

“Residence” means and refers to the single-family residence built or to be built on any Lot, including the attached garage and any attached porches, decks or balconies.

“Roadway Easement” means and refers to any private or non-public improved or unimproved roadway that may run through, or immediately adjacent to, the Community as identified on the Plat.

“Roadway Easement Fences” means and refers to any fencing that may be installed along the edge of any Lot that is immediately adjacent to any Roadway Easement.

“Rules and Regulations” or **“Rules”** means and refers to rules and regulations that may be adopted and/or revised by the Board from time to time that are intended to further govern the Owners’ use and enjoyment of the Community.

“Special Assessment” means and refers to any assessments charged against all Owners in accordance with Section 8.9.

“Supplemental Declaration” means and refers to a Recorded instrument which subjects additional property to this Declaration, identifies Common Area and/or imposes additional restrictions and obligations on the land described.

“Use Restrictions” means and refers to the restrictions governing use and occupancy of, and activities occurring upon, the Lots and the Common Areas as set forth under Section 3.1, as such restrictions may be amended or clarified as provided in this Declaration.

ARTICLE III: Use and Conduct

3.1. Restrictions on Use and Occupancy

The use and occupancy restrictions set forth in this Section 3.1 may be amended (and new use or occupancy restrictions may be added) only in accordance with Article XVI. The use and occupancy restrictions set forth in this Section 3.1 may be clarified by the Board’s adoption of a Rule.

(a) Residential and Related Uses. Subject to Section 3.1(b), the Community shall be used only for residential and related purposes. Related purposes may include offices for the Association or its management agent(s), Declarant’s business or sales office(s), including real estate resale brokerage operations, and any business use that meets the conditions of Section 3.1(b). In addition, the Association or Declarant may permit any other commercial activity that does not detract from the Community’s residential and recreational character.

(b) Business Use. No business shall be conducted in or from any Lot, except that an Owner or a resident of the Lot may conduct business activities within the Residence if the business activity:

- (i) is not apparent or detectable by sight, sound, or smell from outside the Residence,
- (ii) complies with applicable zoning requirements,
- (iii) does not involve regular visitation of the Residence by clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and

(iv) is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous, offensive or illegal use, or threaten the security or safety of others within the Community, as determined in the Board's sole discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (A) such activity is engaged in full or part time, (B) such activity is intended to or does generate a profit, or (C) a license is required.

This Section does not apply to Declarant's activities, or the activities of Persons that Declarant approves, with respect to the development and sale of property or to the provision of services in the Community. Additionally, this Section shall not apply to any Association activity related to operating, maintaining, or advancing the Community's residential character.

(c) Occupants Bound. Every Owner shall cause anyone occupying or visiting his or her Lot (or any dwelling that may be built upon such Lot) to comply with the Governing Documents and shall be responsible for all violations and losses they cause to the Common Areas, notwithstanding the fact that such Persons also are fully liable and may be sanctioned for any violation.

(d) Animals and Pets. No animals of any kind, including livestock and poultry, shall be raised, bred, or kept on any portion of the Community, except that for each Residence there shall be permitted a reasonable number of usual and common household pets, including dogs, cats, chickens, etc, as determined in the Board's discretion. Pets shall not be permitted by their Owners to roam free, and any which are permitted to roam free, or, in the Association's sole discretion, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to other Owners or residents of any portion of the Community, shall be removed upon the Board's request at the Owner's expense. If the Owner fails to honor such request, the Board may cause the pet to be removed at the Owner's expense. No pets shall be kept, bred, or maintained on any homesite for any commercial purpose.

(e) Wildlife. Capturing, killing, or trapping wildlife is prohibited within the Community, except in circumstances imposing an imminent threat to the safety of Persons or pets.

(f) Firearms. The discharge of firearms within the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size.

(g) Nuisances. No Owner shall engage in any activity which constitutes a nuisance (meaning offensive or detrimental activity, as determined by the Board), which materially disturbs or destroys the vegetation, wildlife, or air quality within the Community, or which results in unreasonable levels of sound or light pollution.

(h) Exterior Lighting. All exterior lighting must conform to the requirements of the Design Guidelines. Excessive exterior lighting on any Lot is prohibited. The Board in its sole discretion shall determine whether any exterior lighting is excessive.

(i) Owner-Installed Fences. If an Owner desires to erect or install any temporary or permanent fence or similar item, the Owner must first obtain the DRC's written approval. The

DRC may only approve fences that are constructed of beige vinyl. Owner-Installed Fences shall not be deemed a Common Improvement. Accordingly, any such Owner-Installed Fences must be continuously and properly maintained by the Owner who erected or installed such fence, or the successor in interest of such Owner. Any such Owner-Installed Fences also must be continuously and properly maintained to the satisfaction of the DRC's standards.

(j) Storage of Goods. Storage (except in approved structures or containers) of furniture, fixtures, appliances, machinery, equipment, or other goods and chattels on the Common Area (except by the Association), or, if not in active use, any portion of a Lot which is visible from outside the Lot is prohibited.

(k) Prohibited Conditions. The following conditions, structures, or activities are prohibited on any Lot:

(i) Shacks or other structures of a temporary nature on any Lot except as may be authorized by Declarant during the initial construction of improvements within the Community. Temporary structures used during the construction or repair of a Residence or other improvements shall be removed immediately after the completion of construction or repair,

(ii) Freestanding flagpoles, provided, flags may be displayed using a bracket or other approved device mounted to the Residence so long as the size of the flag displayed does not exceed that of a standard United States flag (as determined in the Board's discretion and as may be set forth in a Board rule,

In any event, and notwithstanding the above list of prohibited conditions, as set forth in Article IV, any structure, improvement, or thing proposed for construction, erection, installation, or placement on a Lot requires prior Reviewer approval unless otherwise specifically exempt under the Design Guidelines.

(l) Quiet Enjoyment. Nothing shall be done or maintained on any part of a Lot that emits foul or obnoxious odors outside the Lot or creates noise or other conditions that disturb the peace, quiet, safety, comfort, or serenity of the occupants and invitees of other Lots.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Community, which in the Board's reasonable determination may cause embarrassment, discomfort, annoyance, or nuisance to others.

(m) Signs. No sign shall be erected within the Community except in accordance with the criteria as set forth in the Design Guidelines or as set forth in Rules that have been adopted by the Board. This restriction shall not apply to entry, directional, and marketing signs installed by Declarant or a Builder. The Association shall have the right to erect signs on the Common Area.

The Association shall not regulate the content of political signs, however, it may regulate the time, place, and manner of posting such signs (including design criteria). All other signs, posters, circulars, and billboards, excluding "for sale" and "for rent" signs, are prohibited except those required by law or those which meet the standards set forth in the Design Guidelines or in any Rules.

(n) Holiday Decorations. Owners may display holiday decorations located or visible from outside their Residences if the decorations are of the kinds normally displayed in single family

residential community, are of reasonable size and scope; and do not disturb other Owners and residents by excessive light or sound emission or by causing an unreasonable amount of spectator traffic. Holiday decorations shall be displayed in season only.

(o) Antennas and Satellite Dishes. No antenna, satellite dish, or other device for the transmission or reception of television or radio (including amateur or ham radios) signals is permitted outside the Residence, except those devices whose installation and use is protected under federal law or regulations. Notwithstanding such protection, an application for such an antenna or other device must be submitted to the DRC for approval, and approval will be granted only if:

(i) The antenna or other device is designed and positioned for minimal visual intrusion (*i.e.* located in a manner that minimizes visibility from the street or from an adjacent Lot, and

(ii) The antenna or other device complies to the maximum extent feasible with the Design Guidelines within the confines of applicable federal regulations (*i.e.* without precluding reception of a quality signal or unreasonably increasing the cost of the antenna or device.)

(p) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style that are pre-approved by the DRC or specifically permitted under the Design Guidelines, or as required by the applicable governing jurisdiction. Containers shall be screened from view outside of the Lot except when they are being made available for collection and then only for the shortest time reasonably necessary to effect such collection. Rubbish, trash, and garbage must be removed from the Lots and may not accumulate on any Lot. Outdoor incinerators may not be kept or maintained on any Lot.

(q) Unightly Conditions. All portions of a Lot outside enclosed structures shall be kept in a clean and tidy condition at all times. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot in a manner which is unsanitary, unsightly, offensive or detrimental to any other portion of the Community, as determined by the Board.

(r) Vehicles and Parking. As used in this Section, the term "vehicles" includes, without limitation, automobiles, trucks, boats, trailers, motorcycles, snowmobiles, campers, vans, and recreational vehicles. No vehicle may be left upon any portion of the Community except in a garage, driveway, designated on or off street parking spaces or other area designated by the Board. No person shall park any recreational vehicles, mobile homes, trailers, campers, snowmobiles, boats or other watercraft, stored vehicles, and unlicensed vehicles or inoperable vehicles within the Community other than in enclosed garages or designated parking spaces within a Lot. This Section shall not apply to emergency vehicle repairs.

(s) Lot Vehicular Access. Vehicular access to and from any Lot may only be attained from public streets as identified on the Plat. Vehicular access to and from any Lot may not be attained from any Roadway Easement.

(t) Household Composition. The Association shall not interfere with any Owner's freedom to determine the composition of his/her household.

(u) Activities within Residences. The Association shall not interfere with activities carried on within a Residence, except it may prohibit activities not normally associated with residential property, that are illegal, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible outside the Residence, or that are an unreasonable source of annoyance.

3.2. Framework for Regulation

As part of the general plan of development, the Governing Documents establish a framework of covenants, easements, and restrictions that govern the Community. This includes the Use Restrictions set forth under Section 3.1. Within that framework, the Board shall have the authority to clarify the Use Restrictions by adopting Rules, while the Declarant and/or Members shall have the ability to respond to unforeseen problems and changes affecting the Community by amending the Use Restrictions as set forth under Article XVI.

3.3. Owners' Acknowledgment and Notice to Purchasers

All Owners are given notice that the use of their Lots, and use of the Common Area, is limited by the Use Restrictions as amended, expanded, and otherwise modified from time to time. Each Owner, by accepting a deed, acknowledges and agrees that the use, enjoyment, and marketability of his or her Lot can be affected by the Use Restrictions and Rules, which may change from time to time. All Lot purchasers are on notice that the Board may have adopted Rules, and that such Rules may not be set forth in a Recorded document. Copies of the current Rules may be obtained from the Association.

ARTICLE IV: Architecture and Landscaping

4.1. General

No structure or thing shall be placed, erected, or installed upon any Lot, and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations, or planting or removal of landscaping) shall take place upon any Lot within Granite Ridge, except in compliance with this Article IV and the Design Guidelines.

DRC approval shall be required prior to repainting the exterior of any structure located in the Community, in accordance with the DRC's color scheme. DRC approval shall not be required prior to rebuilding any structure (including the Residence) located on any Lot, provided that such rebuilding is consistent with previously approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of any structure located on his or her Lot without design review approval. However, modifications to the interior of screened porches, patios, and any other portions of a Lot visible from outside the structure are subject to DRC approval. Although DRC review is not required under the limited circumstances set forth above, each Owner will still have the responsibility to comply with any applicable Rules and any applicable laws.

Each Residence shall be designed by and built in accordance with the plans and specifications of a licensed architect or design professional unless Declarant, in its sole discretion, or its designee otherwise approves

This Article does not apply to Declarant's activities or to the Association's activities during the Class "B" Control Period.

4.2. Design Review

(a) By Declarant. Declarant shall have exclusive authority to administer and enforce development controls and to review and act upon all applications for improvements within the Community. Declarant's rights under this Article IV shall continue for as long as Declarant owns any portion of the Community. Declarant may designate one or more Persons to act on its behalf in reviewing applications. In reviewing and acting upon any request for approval, Declarant or its designee acts solely in Declarant's interest and owes no duty to any other Person.

Declarant may from time to time delegate or assign all or any portion of its rights under this Article to the DRC. Any such delegation shall be in writing, specifying the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

(b) Design Review Committee ("DRC"). Upon Declarant's delegation or upon expiration or termination of Declarant's rights under this Article, the DRC shall assume jurisdiction over development matters. When appointed, the DRC shall consist of at least three (3), but not more than five (5), persons who shall serve and may be removed and replaced at the Board's discretion. Members of the DRC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, who may be compensated in such manner and amount, if any, as the Board may reasonably determine.

As long as Declarant owns any portion of the Community, the DRC shall notify Declarant of any action to be taken under this Article. During such time, Declarant shall have the right, in its sole and absolute discretion, to veto any action taken by the DRC, provided the Declarant's right to veto must be exercised within ten (10) business days after it receives notice of the DRC's action. The party submitting the plans for approval shall not be notified of the DRC's approval or disapproval until after the Declarant's right to veto has been exercised or has expired.

The Board may create and appoint subcommittees of the DRC. Subcommittees may be established to preside over particular areas of review (e.g. landscape plans) and shall be governed by procedures the Board or the DRC may establish. Any subcommittee's actions are subject to review and approval by the Declarant, for as long as the Declarant may review the DRCs decisions, and the DRC. Notwithstanding the above, neither the DRC nor the Declarant shall be obligated to review all actions of any subcommittee, and the failure to take action in any instance shall not be a waiver of the right to act in the future.

Unless and until such time as the Declarant delegates all or a portion of its reserved rights to the DRC or the Declarant's rights under this Article terminate, the Association shall have no jurisdiction over development matters.

(c) Reviewer. For purposes of this Article, the "**Reviewer**" is the party having jurisdiction in a particular case. The Declarant and the Association may employ architects, engineers, or other Persons to perform the review.

In reviewing applications and other materials, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed exterior design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that aesthetic determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations are not subject to review so long as they are made in good faith and in accordance with the required procedures.

(d) Fees and Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such Persons in the Association's annual operating budget.

4.3. **Design Guidelines and Procedures**

(a) Design Guidelines. The Declarant has prepared the Design Guidelines, which contain general provisions applicable to all of Granite Ridge. The Design Guidelines are intended solely to provide guidance to Owners and Builders. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval of any application.

The Declarant shall have sole and full authority to amend the Design Guidelines as long as it owns any portion of the Community. The Declarant's right to amend the Design Guidelines shall continue even if reviewing authority is delegated to the DRC, unless the Declarant also delegates the power to amend the Design Guidelines to the DRC. Upon termination or delegation of the Declarant's right to amend, the DRC may amend the Design Guidelines at its sole discretion.

Amendments to the Design Guidelines shall be prospective only. They shall not require modifications to or removal of structures previously approved once the approved construction or modification has commenced. Subject to the Community-Wide Standards, the scope of amendments to the Design Guidelines is unlimited, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within Granite Ridge. In the Declarant's discretion, the

Design Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

All Residences shall be subject to the following restrictions:

(i) Number of Buildings. Only one Residence may be constructed on each Lot. All Residences shall include an attached garage, which must not exceed 850 square feet in area. No other habitable structure and no detached garage shall be permitted on any Lot.

(ii) Residence Size. The maximum floor area for any one level of each Residence may not exceed 4000 square feet. This square footage excludes the attached garage, which may not exceed 850 square feet. The floor area includes all habitable area on each level of the Residence that is under the roof, not including any porches, balconies and/or decks. Garages are not included in the calculation of the floor area for any Residence. Minimum total floor area for each Residence shall be 1200 square feet. The maximum total floor area for each Residence shall not exceed 4000 square feet. Variances from the Residence size standards and restrictions contained in this Declaration are strictly prohibited unless a written variance is granted at the sole discretion of the DRC. Notwithstanding any other language of this Section 4.3, the second story of any Residence may not exceed 60% of the main floor square footage to ensure the Residence does not have an overpowering “boxy” appearance.

(iii) Building Height. No portion of the Residence may exceed height restrictions as imposed by Box Elder County and/or the DRB. No garage may exceed one story. A Residence may include living space above the garage provided the living space is accessible from the interior of the Residence. The garage must be attached to the Residence and the garage portion of the Residence must be secondary in appearance to the main structure of the Residence. The width of a front-loaded garage shall not exceed 33% of the width of the front elevation unless approved, in writing, by DRC. Height of garage doors must not exceed 10 feet. Doors taller than 10 feet serving garages for recreational vehicles require written DRC approval. Considerable care during design will be required to appropriately integrate doors of this size into the scale and character of the home.

(iv) No Used or Temporary Structures. No previously erected, used, or temporary structure, mobile home, trailer house, or any other non-permanent structure may be placed, installed, constructed or maintained on any Lot. This restriction shall not apply to any structure that Declarant may erect or use for administrative, sales and promotional purposes relating to the Community during its development and marketing.

(v) Non-Compliant Buildings or Structures. In the event an Owner constructs or places any structure or building of any kind or any size on a Lot without meeting the requirements for approval as outlined this Declaration or the Design Guidelines, the Board may take such action as necessary to cause the Owner to remove or modify such structure or building as required by the DRC in order to comply with the Governing Documents including, without limitation, this Declaration and/or the Design Guidelines.

(b) Procedures. Any review procedures set forth in the Design Guidelines shall govern the application and review process. Unless the Design Guidelines provide otherwise, no construction activities or other activities may begin until a request is submitted to and approved by the Reviewer. The request must be in writing and accompanied by plans and specifications and other information the Reviewer or the Design Guidelines require.

The Reviewer shall make a determination on each application after receipt of a completed application and other information it requires. The Reviewer may permit or require that an application be submitted or considered in stages, in which case, a final decision shall not be required until after the final, required submission stage. The Reviewer may (i) approve the application, with or without conditions, (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

Reviewer approval is not a substitute for any approvals or reviews required by the City of Willard, Box Elder County or any other municipality or governmental agency or entity having jurisdiction over development or construction matters.

The Reviewer shall notify the applicant in writing of the final determination on any application within forty five (45) days after its receipt of a completed application and all required information. If the Reviewer fails to respond in a timely manner, approval shall be deemed given, subject to Declarant's right to veto pursuant to Section 4.2(a). However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 4.5.

Notice shall be deemed given at the time the envelope containing the response is deposited in U.S. mail. Personal or electronic delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

As part of any approval, the Reviewer may require that construction in accordance with approved plans commence within a specified time period. If construction does not commence within the required period, approval shall be deemed withdrawn and the Owner must reapply for approval before commencing any activities. Once commenced, construction must be diligently pursued to completion. All construction work shall be completed within one year of commencement unless otherwise specified in the notice of approval or the Design Guidelines, or unless the Reviewer, in its discretion, grants an extension in writing. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant or any aggrieved Owner.

The Reviewer may exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution. For example, Builders may submit and receive pre-approval of landscaping or other plans for general application. Such pre-approved plans shall not require resubmission prior to use on a particular Lot.

4.4. No Waiver of Future Approvals

Each Owner acknowledges that the people reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, at which time, it may be unreasonable to require that such objectionable features be changed. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval of similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances

The Reviewer may authorize variances from compliance with the Design Guidelines and any procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration, or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Declarant's written consent for so long as the Declarant owns any portion of the Community.

4.6. Limitation of Liability

The standards and procedures established by this Article are a mechanism for maintaining and enhancing the overall aesthetics of Granite Ridge, they do not create any duty to any Person. The Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, for ensuring compliance with building codes and other governmental requirements, or for ensuring that every Residence is of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to other Owners.

The Declarant, the Association, its officers, the Board, the DRC, any committee, subcommittee or any member of any of the foregoing (the "**Released Parties**") shall not be held liable for soil conditions, drainage, or other general site work, any defects in plans revised or approved hereunder, any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Declarant has approved or featured such contractor as a Builder in the Community, or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot. In all matters, the Association shall defend and indemnify any Released Party as provided in Section 7.6.

4.7. Letter of Compliance

Any Owner may request in writing that the Reviewer or the Association issue a letter of compliance certifying that there are no known violations of this Article or the Design Guidelines or specifying any violations that the Reviewer or the Association knows to exist. The Reviewer or The Association shall either grant or deny such written request within 30 days after receipt

and may charge a reasonable administrative fee. Issuance of such a letter shall estop the Association from taking enforcement action against an Owner for any condition known to the Reviewer or the Association on the date of the certificate.

4.8. Enforcement

Any construction, alteration, or other work done in violation of this Article or the Design Guidelines is subject to enforcement action. Upon written request from the Association or the Declarant, Owners shall, at their own cost and expense and within a reasonable time frame identified in the request, cure the violation or restore the Lot and/or Residence to substantially the same condition as existed before the violation occurred. Should an Owner fail to cure the problem or otherwise restore the property as required, the Association, the Declarant, or their designees shall have the right to enter the property, remove the violation, and restore the property. All costs, together with the interest at the rate the Board establishes (not to exceed the maximum rate then allowed by Utah law), may be assessed against the Lot and collected as a Benefitted Assessment.

Any approvals granted under this Article are conditioned upon completion of all elements of the approved work, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline imposed, the Declarant or the Association may enter upon the Lot and remove or complete any incomplete work and assess all costs incurred against the Lot and its Owner as a Benefitted Assessment, which shall be due 10 days after it is assessed.

All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded from the Community. In such event, neither the Declarant nor the Association, or their officers and directors, or any other person associated with the Community shall be held liable to any Person for exercising the rights granted by this paragraph.

The Association shall be primarily responsible for enforcing this Article. If, however, in the Declarant's discretion, the Association fails to take appropriate enforcement action within a reasonable time period, the Declarant, for so long as it owns any portion of the Community, may, but shall not be obligated to, exercise the enforcement rights set forth above. In addition to the foregoing, the Association and the Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the Reviewer's decisions. If the Association or the Declarant prevail, they shall be entitled to recover all costs including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

ARTICLE V: Maintenance and Repair

5.1. Maintenance of Lots

Each Owner shall maintain his or her Lot, including the Residence and all landscaping and other improvements comprising the Lot, in a manner consistent with the Governing Documents, the Community-Wide Standards, and any other applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association under any Supplemental Declaration or additional covenants applicable to such Lot.

5.2. Responsibility for Repair and Replacement

Unless otherwise specifically provided in the Governing Documents, responsibility for maintenance includes responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standards.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Lot and Residence, less a reasonable deductible.

In the event of damage to or destruction of a structure on a Lot, the Owner shall promptly repair or reconstruct the structure in a manner consistent with the original construction or other plans and specifications as approved in accordance with Article IV. Alternatively, the Owner shall clear the Lot and maintain it in a neat and attractive condition consistent with the Community-Wide Standards. The Owner shall pay any costs insurance proceeds do not cover.

ARTICLE VI: The Association and its Members

6.1. Function of The Association

The Association is the entity responsible for managing and maintaining the Common Areas. In addition, the Association may perform such other community services and undertake such other responsibilities, as its Board may deem advisable from time to time. The Association also has primary responsibility for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and applicable Utah law.

6.2. Membership

Every Owner is a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all co-Owners shall share the privileges of the membership, subject to reasonable Board regulation and the voting restrictions described in Section 6.3(c) and in the Bylaws. Co-Owners are jointly and severally obligated to perform the responsibilities of an Owner. The membership rights of an Owner, that is not an individual, may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a written instrument provided to the Association's Secretary.

6.3. Voting

The Association shall have two classes of membership, Class "A" and Class "B"

(a) Class "A". Class "A" Members are all Owners except the Class "B" Member, if any. Class "A" Members have one equal vote for each Lot they own, except that there shall be only one vote per Lot. No vote shall be exercised for any Lot or any portion of the Community that is exempt from assessment under Article VIII.

(b) Class "B". The sole Class "B" Member shall be the Declarant'. The Class "B" Member shall not vote, but may appoint a majority of the Board members during the Class "B" Control Period, as specified in the Bylaws, and may exercise the additional rights specified throughout the Governing Documents.

The Class "B" membership shall terminate upon the earlier of:

(i) Two years after expiration of the Class "B" Control Period, or

(ii) when, in its discretion, the Declarant declares in an instrument terminating the Class "B" Control Period, which has been Recorded.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to one Class "A" vote for each Lot it owns.

(c) Exercise of Voting Rights. For each Lot, the Owner shall be entitled personally to exercise the vote for his or her Lot. In any situation where a Member is entitled personally to exercise the vote for his or her Lot, and there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

ARTICLE VII: Association Powers and Responsibilities

7.1 Acceptance and Control of Association Property

(a) The Association may acquire, hold, mortgage or pledge as security, lease (as landlord or tenant), operate, and dispose of tangible and intangible personal property and real property. The Association may enter into leases, licenses, or operating agreements, for payment or no payment, as the Board deems appropriate, permitting use of portions of the Common Area by Community organizations and by other third parties for the general benefit or convenience of Owners and other Granite Ridge residents.

(b) Declarant and its designees may transfer to the Association, and the Association shall accept, personal property and fee title or other property interests in any improved or unimproved real property. Upon the Declarant's written request, the Association shall transfer back to the Declarant any unimproved real property originally conveyed to the Association for no payment, to the extent conveyed by the Declarant in error or needed by the Declarant to make minor adjustments in property lines.

(c) The Association is responsible for management, operation, and control of the Common Area, subject to any covenants, easements, or restrictions set forth in the deed or other instrument transferring the property to the Association. The Board may adopt such reasonable Rules regulating use of the Common Area as it deems appropriate. Further, the Board may lease, or borrow funds to acquire, operate or maintain equipment and facilities used in Common Areas or the performance of the Association's other duties under this Declaration or other agreements. Such equipment and facilities may be leased, or such funds may be borrowed from any source, including the Declarant, on commercially reasonable terms and conditions.

7.2 Maintenance of Common Areas / Common Improvements

The Association shall maintain the Common Areas and Common Improvements in accordance with the Community-Wide Standards. The Common Areas and Common Improvements shall include, for example but without limitation:

- (a) All portions of the Common Area and any improvements located thereon including, for example and without limitation, Community entryway signage and features, Roadway Easement Fences, trails, if any, and all landscaping, structures, and other improvements located on the Common Areas or on a Lot as may be more specifically described under the Governing Documents,
- (b) All landscaping, and other flora within public rights-of-way within or abutting the Community, any landscaping and other flora within any public utility, drainage easement and/or retention pond areas that may be located within the Community, and any landscaping and other flora abutting any area adjacent to the Community, and
- (c) Portions of any additional property as may be dictated by the Declarant, this Declaration, any Supplemental Declaration, any Plat, or any contract, covenant, or agreement for maintenance entered into by, or for the benefit of, the Association.

The Association shall have a perpetual easement over any Lot in order to periodically and reasonably maintain any Common Improvement (*e.g.* Community entryway signage and features, Roadway Easement Fences, etc.) that may be located on, or that may only be reasonably accessed across, such Lot.

The Association shall maintain such Common Improvements in continuous operation, except for any periods necessary, as determined by the Board, to perform required maintenance or repairs.

The costs associated with maintenance, repair, and replacement of the Common Areas and Common Improvements shall be a Common Expense. However, the Association may seek reimbursement from the Owners of, or other Persons responsible for, certain portions of the Common Areas pursuant to this Declaration, a Supplemental Declaration, or other Recorded covenants or agreements.

7.3 Insurance

The provisions of this Section 7.3 are intended to comply with the insurance requirements of the Utah Community Association Act, as may be periodically amended or supplemented. The

Association shall comply with any such insurance-related requirements of the Utah Community Association Act that are not otherwise set forth in this Declaration. In the event of any conflict between the insurance requirements of the Utah Community Association Act and this Declaration, the requirements of the Utah Community Association Act shall control.

(a) Property Insurance. The Association shall maintain, to the extent reasonably available using typical insurance carriers and markets, (a) property insurance on Improvements located on the Community that are owned, managed and/or controlled by the Association, if any, insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, and (b) liability insurance, including medical payments insurance covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas. If the Association becomes aware that property insurance or liability insurance is not reasonably available, the Association shall, within seven (7) calendar days after becoming aware, give all Owners notice that the insurance is not reasonably available.

(b) Comprehensive General Liability (CGL) Insurance. The Association shall obtain Comprehensive General Liability (CGL) insurance insuring the Association, the agents and employees of the Association, and the Owners, against liability incident to the use, ownership or maintenance of the Common Area (including Common Area Improvements) or membership in the Association. The coverage limits under such policy shall not be less than One Million Dollars (\$1,000,000.00) covering all claims for death of or injury to any one person or property damage in any single occurrence. Such insurance shall contain a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner.

(c) Insurance Coverage for Theft and Embezzlement of Association Funds. The Association shall obtain insurance covering the theft or embezzlement of funds that shall: (1) provide coverage for an amount of not less than the sum of three months of Regular Assessments in addition to the prior calendar year's highest monthly balance on all operating and reserve funds, and (2) provide coverage for theft or embezzlement of funds by: (a) officers, directors, or any other members of the Board of Directors, (b) any members of the Association, (c) employees and volunteers of the Association, (d) any manager of the Association, and (e) officers, directors, and employees of any manager of the Association.

(d) Directors and Officers Insurance. The Association shall obtain directors' and officers' liability insurance protecting the Board of Directors, the officers, and the Association against claims of wrongful acts, mismanagement, failure to maintain adequate reserves, failure to maintain books and records, failure to enforce the Governing Documents, and breach of contract (if available). This policy shall: (1) include coverage for volunteers and employees, (2) include coverage for monetary and non-monetary claims, (3) provide for the coverage of claims made under any fair housing act or similar statute or that are based on any form of discrimination or civil rights claims, and (4) provide coverage for defamation. In the discretion of the Board, the policy may also include coverage for any manager and any employees of the manager and may provide that such coverage is secondary to any other policy that covers the manager or any employees of the manager

(e) Association Personal Property. The Association shall maintain insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable.

(f) Workers' Compensation Insurance. The Board of Directors shall purchase and maintain in effect workers' compensation insurance for all employees of the Association to the extent that such insurance is required by law and as the Board of Directors deems appropriate.

(g) Insurance Trustee. An insurer under a property insurance policy issued to the Association shall adjust with the Association a loss covered under the Association's policy. Notwithstanding the above, the insurance proceeds for a loss under a property insurance policy of the Association are payable to an Insurance Trustee that the Association designates or, if no Insurance Trustee is designated, to the Association, and may not be payable to a holder of a security interest. An Insurance Trustee or the Association shall hold any insurance proceeds in trust for the Association, the Owners, and lien holders. Insurance proceeds shall be disbursed first for the repair or restoration of the damaged property. After such disbursements are made and the damaged property has been completely repaired or restored or the project terminated, any surplus proceeds are payable to the Association, the Owners, and lien holders.

(h) Insurance Trustees; Power of Attorney. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "**Insurance Trustee**"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. Each Owner appoints the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

(i) Miscellaneous

i. Waiver of Liability. The Association and Board that acquires from an insurer the property insurance required in this Section is not liable to Owners if the insurance proceeds are not sufficient to cover 100% of the full replacement cost of the insured property at the time of the loss.

ii. Election to Restore in Lieu of Cash Settlement. Each such policy shall provide that, notwithstanding any provision thereof which gives the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable if it is in conflict with any requirement of law or without the prior written approval of the Association.

iii. Name of the Insured. The named insured under each policy shall be in form and substance essentially as follows: "Granite Ridge Homeowners Association, Inc. a Utah non-profit corporation, for the use and benefit of the individual Owners."

iv. Certificate of Insurance. An insurer that issues any insurance policy under this Section, or the insurer's authorized agent, shall issue a certificate or memorandum of insurance to the Association, an Owner, and a holder of a security interest, upon the Association's, an Owner's or the holder's written request.

v. Cancellation or Nonrenewal Subject to Procedures. A cancellation or nonrenewal of any insurance policy under this Paragraph is subject to the procedures stated in Utah Code Annotated § 31A-21-303.

vi. Qualifications of Insurance Carriers & General Coverage Requirements. The Association shall use insurance carriers licensed to do business in Utah and holding a rating of XI or better in the Financial Category as established by A. M. Best Company, Inc., if reasonably available, or if not available, the most nearly equivalent rating.

vii. Waiver of Subrogation. An insurer under a property insurance policy or liability insurance policy obtained under this Article waives the insurer's right to subrogation under the policy against any Owner or member of the Owner's household.

viii. Additional Coverage. The provisions of the Declaration 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 by the Declaration, in such amounts and in such forms as the Association may deem appropriate from time to time.

ix. Review of Insurance. The Board shall annually review (or cause a review) of the coverage and policy limits of all insurance on the Community and adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the Community by a representative of the insurance carrier or carriers providing the policy or policies on the Community, or by such other qualified appraisers as the Association may select.

7.4 Rules and Fines.

Violations of any provisions of this Article VII, the Rules and Regulations or any other provisions of the Governing Documents may result in the imposition of a fine or the suspension of such Owner's right to have access to or use the Common Areas or any Common Improvements. Each Owner is accountable and responsible for the behavior of his or her tenants, family members, guests, invitees and/or any other occupants of such Owner's Lot or Residence. Fines levied against such tenants, family members, guests, invitees and/or any other occupants are the sole responsibility of the Owner.

7.4.1 Procedures for Assessment of Fines

The Board shall assess or impose fines in the following manner:

- (a) Before assessing a fine, the Board must first give the Owner a written warning that:

- (i) describes the violation;
- (ii) states the rule or provision of the Governing Documents that the Owner's conduct violates or has violated;
- (iii) states that the Board may, in accordance with the provisions of Section 57-8a-208 of the Community Act, assess fines against the Owner if a continuing violation is not cured or if the Owner commits similar violations at any time within one (1) year after the day on which the Board gives the Owner the written warning or assesses a fine against the Owner; and
- (iv) if the violation is a continuing violation, states a time that is not less than forty-eight (48) hours after the day on which the Board gives the Owner the written warning by which the Owner must cure the violation.

(b) The Board may assess a fine against an Owner if:

- (i) at any time within one year after the day on which the Board gives the Owner a written warning described under Subsection 7.4.1(a), the Owner commits another violation of the same rule or provision identified in the written warning; or
- (ii) for a continuing violation, the Owner does not cure the violation within the time period that is stated in the written warning described under Subsection 7.4.1(a).

(c) After the Board assesses a fine against any Owner under this Section 7.4, the Board may, without further warning, assess an additional fine against the Owner each time the Owner:

- (i) commits a violation of the same rule or provision at any time within one (1) year after the day on which the Board assesses a fine for a violation of the same rule or provision; or
- (ii) allows a violation to continue for ten (10) days or longer after the day on which the Board assesses the fine.

7.4.2 Limitations Regarding Fines

(a) The aggregate amount of fines assessed against any Owner for violations of the same rule or provision of the Governing Documents may not exceed \$500 in any one calendar month.

(b) Any fine assessed by the Board shall:

- (i) be made only for a violation of a rule, covenant, condition, or restriction that is set forth in the Governing Documents;
- (ii) be in the amount provided for in the Governing Documents and in accordance with Subsection 7.4.2(a); and
- (iii) accrue interest and late fees as provided in the Governing Documents.

7.4.3 Informal Hearing

(a) Any Owner who is assessed a fine under this Section 7.4 may request an informal hearing before the Board to dispute the fine no later than thirty (30) days after the day on which the Owner receives notice that the fine is assessed.

(b) At any hearing described under this Subsection 7.4.3, the Board shall:

(i) provide the Owner with a reasonable opportunity to present the Owner's position to the Board; and

(ii) allow the Owner, any member of the Board, or any other person involved in the hearing to participate in the hearing by means of electronic communication.

(c) As used in this Section 7.4, the phrase "means of electronic communication" means an electronic system that allows individuals to communicate orally in real time. Such means of electronic communication includes (i) web conferencing, (ii) video conferencing; and (iii) telephone conferencing.

(d) If an Owner timely requests an informal hearing under this Subsection 7.4.3, no interest or late fees may accrue until after the Board conducts the hearing and the Owner receives a final decision.

7.4.4 Appeal

(a) An Owner may appeal any fine assessed under this Subsection 7.4 by initiating a civil action no later than one hundred eighty (180) days after:

(i) if the Owner timely requests an informal hearing under Subsection 7.4.3, the day on which the Owner receives a final decision from the Board; or

(ii) if the Owner does not timely request an informal hearing under Subsection 7.4.3, the day on which the time to request an informal hearing under Subsection 7.4.3 expires.

7.4.5 Delegation of Board Authority

(a) Subject to Subsection 7.4.5(b), the Board may delegate the Board's rights and responsibilities under this Section 7.4 to the Manager.

(b) The Board may not delegate the Board's rights or responsibilities described in Subsection 7.4.3(b).

7.4.6 Fees, Costs and Expenses

The Association shall be entitled to recover reasonable attorney fees, costs and expenses incurred in the enforcement of the Governing Documents, including the enforcement and collection of fines.

7.4.7 Consistency with Community Act Requirements

The procedures set forth under this Section 7.4 are intended to be consistent with the requirements of Section 57-8a-208 of the Community Act as of the date this Declaration is recorded in the Recorder's Office. The Association and the Board must at all times comply with any amendments to the Community Act that may govern the manner in which fines are required to be assessed, imposed and/or collected.

7.4.8 Board Discretion

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentences, the Board may determine that under the circumstances of a particular case:

- (a) the Association's position is not strong enough to justify taking any further action,
- (b) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law,
- (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources, or
- (d) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

7.5 Implied Rights; Board Authority

The Association may exercise any right or privilege given to it expressly or by reasonable implication by the Governing Documents, and may take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, all of the Association's rights and powers may be exercised by the Board without a vote of the Members.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Areas, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or the Members.

In exercising the Association's rights and powers, making decisions on the Association's behalf, and conducting the Association's affairs, Board members are subject to, and their actions shall be judged in accordance with, the standards set forth in the Bylaws.

7.6 Indemnification of Officers, Directors, and Others

The officers, directors, and committee members, acting in such capacity, shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf (except to the extent that such officers or directors may also be Members of the Association).

Subject to Utah law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.7 Safety and Security

Owners and occupants of Lots, and their respective guests and invitees, are responsible for their own personal safety and the security of their property in Granite Ridge. The Association may, but is not obligated to, maintain or support certain activities within the Community which are designed to enhance the level of safety or security which each person provides for himself and his property. However, the Association and Declarant shall not in any way be considered insurers or guarantors of safety or security within the Community, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within Granite Ridge assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

7.8. Provision of Services

The Association may provide, or provide for, services and facilities for all or any of the Members and their Lots, and may enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities, or may include the costs in the Association's budget as a Common Expense and assess it as part of the Regular Assessments if provided to all Lots. By way of example, such services and facilities might include landscape maintenance, caretaker, and similar services and facilities.

Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board may modify or cancel existing contracts for services in its discretion, unless the services are otherwise required by the Governing Documents. Non-use of services provided to all Owners or Lots as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.9 Relationships with Other Properties

The Association may enter into contractual agreements or covenants to share costs with any neighboring properties to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.10 View Impairment

Neither the Declarant nor the Association guarantee or represent that any view over and across the Lots within the Community will be preserved without impairment by structures or landscaping and neither shall be obligated to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standards or as otherwise required under a separate covenant or agreement. The Association (with respect to the Common Area) has the right to construct improvements and add trees and other landscaping from time to time subject to applicable law. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

7.11 Relationship with Governmental and Tax-Exempt Organizations

The Association may enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area to, state or local governments, public utility providers, and non-profit, tax-exempt organizations for the benefit of the Community, the Association, and the Members. The Association may contribute money to any such entity. Any such contribution shall be a Common Expense and included as a line item in the, Association's Budget.

For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(C)(4), as the Code may be amended from time to time.

ARTICLE VIII: Association Finances

8.1 Budget

Prior to the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming fiscal year ("**Budget**") including any contributions to be made to the Reserve Fund pursuant to this Article VIII.

The Budget shall reflect the estimated sources and amounts (Regular Assessments, Special Assessments, etc.) of funds to cover any expenses that are described in the Budget, including any prior years' surplus, any non-assessment income, and anticipated assessment income. The Budget shall serve as the supporting document for the Regular Assessments for the fiscal year to which the Budget applies, and as a major guideline under which the Community is to be operated and managed during such fiscal year. In determining the Budget, the Board may, but is not required to, consider any assessment income expected to be generated from any property reasonably anticipated to become subject to assessment(s) during the upcoming fiscal year. The Board may furnish the Budget to the Owners by posting a copy of the Budget on the Association's website.

The Board shall send a copy of the final Budget and notice of the amount of the Regular Assessment to each Owner no later than thirty (30) days before the fiscal year begins. The Budget shall automatically become effective unless disapproved by a vote of at least a majority of the Owners either at the annual Owners' meeting or at a special meeting that is held and completed not later than ten (10) days following the date of the annual Owners' meeting. There shall be no obligation to call a special meeting for the purpose of considering the budget except on the filing with the Board of a petition sufficient to require the calling of a special meeting as provided in the Bylaws. If any proposed Budget is disapproved or the Board fails for any reason to determine the Budget for any given fiscal year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Regular Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised Budget as set forth above.

8.2 Common Expense Fund

With the exception of those amounts that may be set aside and deposited into the Reserve Fund as provided under this Declaration, the total amount of any and all Assessments (Regular Assessments, Special Assessments, etc.) paid by the Owners shall be deposited into the Common Expense Fund.

8.3 Reserve Fund

8.3.1 Purpose of Reserve Fund. In addition to the purposes for which a Reserve Fund is to be established as described under Subsection 8.5.2, or any other provisions of this Declaration,

the Reserve Fund may also be used to pay for any unexpected Common Expenses and capital improvements, provided that the costs for such unexpected Common Expenses and capital improvements cannot reasonably be funded through the Budget, or from the Common Expense Fund or other funds of the Association.

8.3.2 Funding of Reserve Fund. The Reserve Fund shall be funded via the Reserve Fund Line Item described under Section 8.4. The Reserve Fund may also be funded via Special Assessment(s) as set forth under Section 8.9.

8.3.3 Use of Reserve Fund. As set forth under the Community Act, the Board may not use money in the Reserve Fund (i) for daily maintenance or administrative expenses, unless a majority of the Owners vote to approve the use of Reserve Fund money for such purpose; or (ii) for any purpose other than those purposes for which the Reserve Fund was established.

8.3.4 Annual Presentation and Discussion of Reserve Fund. As required under the Community Act, the Association shall, at each annual meeting of the Owners or at a special meeting of the Owners called for the purpose of addressing the Reserve Fund: (i) present the reserve analysis; and (ii) provide an opportunity for the Owners to discuss reserves and vote on whether to fund the Reserve Fund and, if so, how to fund it and in what amount. The Association shall prepare and keep minutes of each such meeting held and indicate in the minutes any decision relating to funding the Reserve Fund.

8.4 Reserve Fund Line Item. The purpose of this Section 8.4 is to comply with Section 57-8a-211 of the Community Act, as may be periodically amended.

8.4.1 Determination of Reserve Fund Line Item. The Budget must include a “**Reserve Fund Line Item**” which shall be solely used to fund the Reserve Fund. The Reserve Fund Line Item shall be in: (A) an amount the Board determines, based upon the reserve analysis, to be prudent; or (B) a higher amount if the Board reasonably determines that such higher amount is required in order to properly maintain or replenish the Reserve Fund as a result of, for example and without limitation, an unexpected depletion of the Reserve Fund due to the repair, replacement, or restoration of Common Areas and/or Common Improvements that were not anticipated or accounted for as part of the Association’s most recent reserve analysis.

8.4.2 Veto of Reserve Fund Line Item. No later than forty-five (45) calendar days after the day on which the Association adopts the Budget, the Reserve Fund Line Item may be vetoed by the Owners (at a special meeting called by the Owners for the purpose of voting whether to veto the Reserve Fund Line Item) collectively holding at least fifty-one percent (51%) of the Percentage Interest.

If the Owners veto the Reserve Fund Line Item as provided under this Subsection 8.4.2, and a Reserve Fund Line Item exists in a previously approved Budget that was not vetoed, the Association shall fund the Reserve Account in accordance with the Reserve Fund Line Item from the previously approved Budget.

8.4.3 Owner Legal Action. If the Association fails to comply with the requirements of Section 57-8a-211 of the Community Act and/or any provisions of this Declaration pertaining to

the Reserve Fund Line Item, and the Association fails to remedy such noncompliance within the time period specified under Section 57-8a-211 of the Community Act, any Owner may file an action in state court for damages or remedies pursuant to Section 57-8a-211 of the Community Act.

8.5 Reserve Analysis

8.5.1 Reserve Analysis Frequency. As required by the Community Act, the Board shall cause a reserve analysis to be conducted no less frequently than every six (6) calendar years; and subsequently review and, if necessary, update a previously conducted reserve analysis no less frequently than every three (3) calendar years.

8.5.2 Reserve Analysis Purpose. As set forth under Section 57-8a-211 of the Community Act, the purpose of the reserve analysis is to determine: (a) the need for a Reserve Fund to accumulate money to cover the cost of repairing, replacing, or restoring Common Areas and/or Common Improvements that have a useful life of three (3) years or more and a remaining useful life of less than thirty (30) years, if the cost cannot reasonably be funded from the Budget (including the Common Expense Fund) or other funds of the Association; and (b) the appropriate amount of the Reserve Fund.

8.5.3 Reserve Analysis Contents. The contents of the reserve analysis, and the manner in which the reserve analysis is reported to the Owners, must comply with the requirements of the Community Act, as may be periodically amended. The Board may conduct a reserve analysis itself or may engage a reliable person or organization, as determined by the Board, to conduct the reserve analysis.

8.6 Funds to be Maintained Separately. The Common Expense Fund and the Reserve Fund shall be kept in separate accounts, shall be established and deposited with a federally-insured bank or credit union, and shall be deposited into a checking, savings or certificate of deposit account. In the event the Board elects to establish and maintain any separate fund (*i.e.* special capital improvement fund or fund to cover maintenance of specific Common Improvements, etc.), a separate account shall be established for each such fund and deposited with a federally insured bank or credit union.

8.7 Recordkeeping. As required under the Acts, the Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred. Such records shall be available for examination by any Owner at convenient hours of weekdays no later than fourteen (14) calendar days after the Owner makes a written request to examine such records.

8.8 Regular Assessments

The Association is authorized to levy Regular Assessments against Lots subject to the exemption of certain portions of the Subdivision as set forth under Section 8.9. Except as otherwise set forth herein, Regular Assessments shall be used to pay Common Expenses.

8.9 Special Assessments

In addition to other authorized assessments as described herein, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted and may also levy Special Assessments in order to properly fund the Reserve Fund. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.10 Benefitted Assessments

The Association may levy Benefitted Assessments against a particular Lot as follows:

- (a) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which the Association may offer. Benefitted Assessments for special services may be levied in advance of the provision of the requested service,
- (b) to cover costs incurred in bringing any Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot; their agents, contractors, employees, licensees, invitees, or guests, provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Benefitted Assessment under this subsection.

8.11 Commencement of Assessment Obligation; Time of Payment

The obligation to pay assessments commences as to each Lot on the first day of the month following: (a) the month in which the Lot is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Regular Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

Owners shall pay assessments in the manner and on the dates the Board establishes. The Board may require advance payment of assessments at closing of the transfer of title to a Lot and may impose special requirements for Owners with a history of delinquent payment. Unless the Board otherwise provides, the Regular Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require that the outstanding balance on all assessments be paid in full immediately.

8.12 Obligation for Assessments

- (a) Personal Obligation. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any Lot, covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from the assessment's

due date at a rate of 18% per annum or such higher rate as the Board may establish, subject to Utah law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or release of any Owner from the obligations to pay assessments. In such event, each Owner shall continue to pay Regular Assessments on the same basis as during the last year for which an assessment is made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner is exempt from liability for assessments by non-use of Common Area, abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant by each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some required function, or for inconvenience or discomfort arising from making repairs or improvements, or for any other reason.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a letter signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

8.13 Lien for Assessments

The Association shall have a lien against each Lot, including the Declarant's Lots, to secure payment of delinquent assessments by the Owner of such Lot, as well as interest, late charges (subject to Utah law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value. The Association's lien, when assessments become delinquent, may be enforced by suit, judgment, and judicial or non-judicial foreclosure.

At a foreclosure sale, the Association may bid for the Lot and acquire, hold, lease, mortgage, and convey the Lot. The Association may sue for unpaid assessments and other charges without foreclosing or waiving its assessment lien.

Sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure by the first Mortgagee extinguishes the lien relating to any amounts due prior to the Mortgagee's foreclosure. The purchaser of a foreclosed Lot shall not be personally liable for assessments on such Lot due prior to the foreclosure sale. Such unpaid assessments shall be a Common Expense

collectible from Owners of all Lots subject to assessment, including such purchaser, its successors and assigns.

Notwithstanding the above, while the Association owns a Lot: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it, and (c) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association.

8.14 Exempt Property

The following property shall be exempt from payment of any assessments, including Regular Assessments, Special Assessments and Benefit Assessments:

- (a) All Common Area and other portions of the Community that are not Lots;
- (b) Any Lots that are owned by the Declarant; and
- (c) Any property dedicated to and accepted by any governmental authority or public utility.

In addition, both the Declarant and the Association shall have the right, but not the obligation, to assess Lots owned by and used by Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code.

ARTICLE IX: Expansion of the Community

9.1. Annexation by Declarant

The Declarant may, from time to time, subject to this Declaration, annex additional property by Recording a Supplemental Declaration describing the property being subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to annex property pursuant to this Section expires 40 years after this Declaration is recorded. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or Exhibit "B". Any such transfer shall be memorialized in a Recorded instrument executed by Declarant.

Nothing in this Declaration shall require Declarant or any successor to subject additional property to this Declaration.

9.2. Annexation by the Association

The Association also may annex property to the provisions of this Declaration by Recording a Supplemental Declaration describing the additional property. Annexation by the Association

shall require the affirmative vote or written consent of Owners representing more than 50% of the Class "A" votes and the consent of the property owner. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent is required. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property, and by the Declarant, if Declarant's consent is required.

9.3. Additional Covenants and Easements

By Supplemental Declaration, the Declarant may impose additional covenants and easements on portions of the Community, including covenants obligating the Association to maintain and insure specific property and authorizing the Association to recover its costs through Benefitted Assessments. If the property is owned by someone other than the Declarant, then such owner's consent and execution of the Supplemental Declaration is required. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration

A Supplemental Declaration shall be effective upon Recording unless otherwise specified. The Lots subjected to this Declaration by Supplemental Declaration shall have equal voting rights in the Association and equal pro rata liability for Regular Assessments with all other Lots.

ARTICLE X: Additional Rights Reserved to Declarant

10.1. Marketing and Sales Activities

Notwithstanding anything in the Governing Documents to the contrary, the Declarant and Builders may construct and maintain upon portions of the Common Area and other property owned by the Declarant or the Builder such facilities, activities, and things as, in Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots. Such permitted facilities, activities, and things include but are not limited to business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, the Declarant and Builders may park vehicles in areas other than garages or driveways, including on streets. All Builder's rights under this Section are subject to the Declarant's approval.

10.2. Right to Develop

The Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

Each Owner acknowledges that Granite Ridge is a master planned community, the development of which is likely to extend over several years, and agrees not to protest, challenge, or otherwise object to changes proposed by the Declarant.

10.3. Right to Approve Changes in Granite Ridge Standards

No amendment to or modification of any Use Restrictions, rules, or the Design Guidelines shall be effective without prior notice to and the written approval of the Declarant so long as the Declarant owns any portion of the Community or has a unilateral right to annex property in accordance with Section 9.1.

10.5. Right to Transfer or Assign Declarant Rights

Any or all of the Declarant's special rights and obligations set forth in this Declaration or the Bylaws may be transferred in whole or in part to other Persons, provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless it is in a Recorded instrument signed by the Declarant. The Declarant may allow other Persons to exercise, on a one time or limited basis, any Declarant right without transferring the entire right. In such case, a Recorded instrument is not required.

10.6. Exclusive Rights to Use Name of Development

No Person shall use the name "Granite Ridge" or any derivative of "Granite Ridge" in any printed or promotional material, or in logo or depiction, without the Declarant's prior written consent. However, Owners may use the name "Granite Ridge" where such term is used solely to specify that particular property is located within Granite Ridge.

10.7. Easement to Inspect and Right to Correct

The Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of Granite Ridge, including Lots, and a perpetual non exclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency or in the case of an inspection relating to construction or in a case involving enforcement of a violation of this Declaration, the Design Guidelines or any condition of design review approval, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into the interior of an occupied Residence or other structure on a Lot shall be permitted without the Owner's consent. Except where entry is necessary to abate a violation of this Declaration, the Design Guidelines or any condition of DRC approval, the Person exercising this easement shall promptly repair, and pay for, any resulting damage.

10.8. Right to Notice of Design or Construction Claims

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Granite Ridge in connection with or in anticipation of any

potential or pending claim, demand, or litigation involving such design or construction unless the Declarant and any Builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the property Owner and conduct an inspection.

10.9. Termination of Rights

Rights granted under Sections 10.1 to 10.8 of this Article shall terminate upon the earlier of (a) the period specified in the particular Section, (b) 40 years from the date this Declaration is Recorded, or (c) the Declarant's Recording of a statement that all sales activity and resale activity within the Declarant's control has ceased. Thereafter, the Declarant may continue to use the Common Areas for the purposes stated in this Article only pursuant to a rental or lease agreement between the Declarant and the Association that provides for rental payments based on the fair market rental value of any such portion of the Common Areas. This Article shall not be amended without the written consent of the Declarant so long as the Declarant owns any property described in Exhibit "A" or Exhibit "B".

ARTICLE XI: Easements

11.1 Easements in and Use of Common Area

The Declarant grants to each Owner a right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants; and
- (b) Any restrictions or limitations contained in any deed conveying the property to the Association; and
- (c) The Board's right to:
 - (i) adopt rules regulating Common Area use, including rules limiting the number of guests who may use the Common Area,
 - (ii) suspend the right of an Owner to use any Common Area amenity (A) for any period during which any assessment or other charge against the Owner's Lot remains delinquent,
 - (iii) dedicate or transfer all or any part of the Common Area, subject to any approval requirements set forth in this Declaration,
 - (iv) rent any portion of any Common Area recreational facilities on an exclusive or non-exclusive short-term basis to any Person;
 - (v) permit use by the general public, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion;
 - (vi) mortgage, pledge, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred, and

(d) Any Owner may extend his or her right to use the Common Area to the members of his or her family, tenants, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Lot shall be deemed to have assigned all such rights to the tenants of such Lot for the lease term.

Notwithstanding any other language in the Governing Documents, Owners are prohibited from using any Roadway Easement in any manner that may be inconsistent with the purpose for which such Roadway Easement was granted to the Roadway Easement's holder. Without in any way limiting the previous sentence, Owners are prohibited from using any portion of any Roadway Easement for parking of any vehicles, campers or trailers, or for any recreational or camping purposes, even if any portion of such Roadway Easement is deemed or depicted on the Plat as being Common Area and/or part of the Community. The holder of the Roadway Easement shall have the authority to reasonably restrict or prohibit use of the Roadway Easement, provided that such restricted or prohibited use is reasonably consistent with the holder's intended and approved use of the Roadway Easement, and provided further that the Declarant (or Board, after the expiration of the Class "B" Control Period) has approved such restricted and/or prohibited uses. Any such restricted or prohibited use of the Roadway Easement may be evidenced in the Rules or in a Recorded instrument.

11.2 Easements of Encroachment

The Declarant grants easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between adjacent Lots. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property on to another's a distance of less than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3 Easements for Utilities, Etc.

(a) Installation and Maintenance. Declarant reserves for itself, so long as Declarant owns any property described in Exhibit "A" or Exhibit "B," and may in its sole discretion grant to the Association and utility providers, perpetual non-exclusive easements throughout Granite Ridge (but not through a structure) to the extent reasonably necessary to:

- (i) install utilities and infrastructure to serve Granite Ridge, cable and other systems for sending and receiving data and/or other electronic signals, drainage systems, and security and similar systems,
- (ii) install walkways, pathways and trails, street lights, and signage on property which Declarant or the Association owns or within public rights-of-way or easements reserved for such purpose on a Plat,
- (iii) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above and
- (iv) access and read utility meters.

Notwithstanding the above, the Declarant reserves the right to deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

(b) Specific Easements. The Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in Declarant's sole discretion, to develop the Community. The location of the easement shall be subject to the written approval of the burdened property Owner, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the general condition existing prior to the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot, and, except in an emergency or otherwise as provided herein, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

11.4. Easements for Maintenance, Emergency, and Enforcement

Declarant grants to the Association easements over the entire Community as necessary for the Association to fulfill its maintenance responsibilities as set forth hereunder. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board, and its duly authorized agents and assignees, including committee members, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Declarant grants to the Association, subject to any required notice, an easement and right to enter a Lot to abate a Governing Document violation and/or to remove any structure, thing, or condition that violates the Governing Documents. Any costs incurred, including reasonable attorneys fees, shall be assessed against the Lot Owner as a Benefitted Assessment.

11.5. Easements for Cross-Drainage

Every Lot and the Common Area shall be burdened with easements for natural drainage of stormwater runoff from other portions of the Community, provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of stormwater onto adjacent portions of the Community without the consent of the Owners of the affected property, the Board, and the Declarant as long as it owns any property described in Exhibit "A" or Exhibit "B".

ARTICLE XII: Dispute Resolution and Limitation on Litigation

12.1. Agreement to Encourage Resolution of Disputes without Litigation

(a) Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "**Bound Parties**"), agree to attempt to resolve disputes involving Granite Ridge without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file a law suit for a Claim described in subsection (b), without first submitting the Claim to the alternative dispute resolution procedures described in Section 12.2.

(b) as used in this Article, the term "**Claim**" shall refer to my claim, grievance, or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the Governing Documents;

(ii) the rights, obligations, and duties of any Bound Party under the Governing Documents, or

(iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article IV, which shall not be subject to review, except that the following shall not be considered "**Claims**" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 12.2:

(1) any Association action to collect assessments or other amounts due from any Owner,

(2) any Association or Declarant action to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration (relating to creation and maintenance of Community standards),

(3) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents, , and

(4) any suit in which any indispensable party is not a Bound Party.

12.2. Initiation of Litigation by Association

The Association shall not initiate any judicial or administrative proceeding unless first approved by Members entitled to cast at least 75% of the total Class "A" votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated during the Class "B" Control Period,
- (b) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens,
- (c) initiated to challenge ad valorem taxation or condemnation proceedings,
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies, or
- (e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

ARTICLE XIII: Mortgagee Provisions

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

13.1. Notices of Action

An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an "**Eligible Holder**"), will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of Granite Ridge or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder,
- (b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Lot or the Owner or occupant which is not cured within 60 days,
- (c) Any lapse, cancellation, or material modification of any Association insurance policy, or
- (d) Any proposed action that would require the consent of a specified percentage of Eligible Holders.

13.2. No Priority

No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of my Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

13.3. Notice to Association

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering the Owner's Lot.

13.4. Failure of Mortgagee to Respond

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XIV: Changes in Ownership of Lots

14.1. Any Owner, other than Declarant, desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least 14 days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Lot Owner, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

ARTICLE XV: Changes in Common Area

15.1. Condemnation

Whenever any part of the Common Area is taken or conveyed under threat of condemnation by any authority having the power of eminent domain, the Board shall determine, in the exercise of its business judgment, whether each Owner is entitled to notice. The Board may convey Common Area under threat of condemnation only if approved by the Declarant, as long as Declarant owns any property described in Exhibit "A" or Exhibit "B".

The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent practicable, unless, within 60 days after such taking, Declarant, so long as Declarant owns any property described in Exhibit "A" or Exhibit "B", agrees. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3 regarding funds for the repair of damage or destruction shall apply.

If the taking does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is

complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

15.2. **Partition.**

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property that may or may not be subject to this Declaration.

15.3. **Transfer, Dedication or Preservation of Common Area**

The Association may dedicate portions of the Common Area to the City of Willard, Box Elder County, Utah or to any other local, state, or federal governmental or quasi-governmental entity, or grant conservation easements over any such property.

ARTICLE XVI: **Amendment of Declaration**

16.1. **By Declarant**

In addition to specific amendment rights granted elsewhere in this Declaration, until a Lot is conveyed to a Person other than a Builder, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary

(a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination,

(b) to enable any reputable title insurance company to issue title insurance coverage on the Lots, (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Corporation or the Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots, or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent in writing.

So long as Declarant owns property described on Exhibit "A" or Exhibit "B" for development as part of Granite Ridge, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no materially adverse effect upon the rights the Members.

16.2. **By Members**

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent of at least 65% of the votes in the Community. In addition, so long Declarant owns any property subject to this

Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent is required. The approval requirements set forth in Article XVI also shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

16.3. Validity and Effective Date

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that the Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

16.4. Exhibits

The Exhibits that are attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article.

EXECUTED as of the date stated above.

"Declarant"

GRANITE RIDGE DEVELOPMENT COMPANY, LLC

a Utah limited liability company

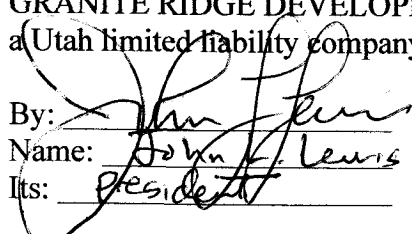
By: 
Name: John F. Lewis
Its: President

EXHIBIT A
to
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GRANITE RIDGE

LAND INITIALLY SUBMITTED

PARCEL 1 BOUNDARY

Beginning at a point on the east right-of-way line of Highway 89, said point being North 0°45'46" West 1,587.80 feet along the section line and West 2,412.62 feet from the Southeast Corner of Section 26, Township 8 North, Range 2 West, Salt Lake Base and Meridian and running thence North 77°46'47" East 253.28 feet; thence South 27°19'36" East 195.58 feet; thence South 05°45'13" East 157.82 feet to the north right-of-way of Saddleback Road and a point of curvature 330.00 foot radius non-tangent curve to the left, the center of which bears South 21°22'47" West; thence westerly 107.14 feet along the arc of said curve through a central angle of 18°36'08"; thence North 87°13'21" West 124.21 feet; thence South 83°15'21" West 82.74 feet to the east right-of-way of said Highway 89 and a point of curvature of a 3,879.80 foot radius curve to the left, the center of which bears South 82°34'35" West; thence northerly 262.09 feet along the arc of said curve through a central angle of 03°52'13" to the Point of Beginning.

Containing 85,154 square feet or 1.95 acres, more or less.

PARCEL 2 BOUNDARY

Beginning at a point on the south right-of-way line of Saddleback Road in Willard Peaks Ranches No. 1 Apaloosa Ranch Subdivision Phase 1, said point being North 0°45'46" West 1,273.10 feet along the section line and West 2,194.48 feet from the Southeast Corner of Section 26, Township 8 North, Range 2 West, Salt Lake Base and Meridian and thence leaving said point being the Point of Beginning on a 270.00 foot radius non-tangent curve to the right, the center of which bears South 02°13'56" East; thence southeasterly 256.93 feet along the arc of said curve through a central angle of 54°31'16"; thence South 37°42'39" East 369.66 feet to a point of curvature of a 330.00 foot radius curve to the left, the center of which bears North 52°17'21" East; thence southeasterly 257.22 feet along the arc of said curve through a central angle of 44°39'32"; thence South 82°22'11" East 325.15 feet; thence North 06°27'56" East 620.82 feet; thence North 71°50'34" West 148.32 feet; thence North 68°28'02" West 148.28 feet; thence North 20°42'08" East 35.00 feet to a point of curvature of a 290.00 foot radius non-tangent curve to the right, the center of which bears North 20°42'08" East; thence northwesterly 184.41 feet along the arc of said curve through a central angle of 36°26'03" to a point of reverse curvature of a 310.00 foot radius curve to the left, the center of which bears South 57°08'11" West; thence westerly 375.26 feet along the arc of said curve through a central angle of 69°21'24"; thence North 43°10'38" East 203.74 feet; thence North 46°34'48" East 243.04 feet; thence North 04°33'47" East 316.34 feet; thence North 09°43'13" West 310.35 feet; thence North 89°55'07" East 884.80 feet; thence South 13°09'33" East 28.45 feet to a point of curvature of a 324.99 foot radius curve to the left, the center of which bears North 76°50'27" East; thence southerly 35.50 feet along the arc of said curve through a central angle of 06°15'30"; thence South 19°25'04" East 47.50 feet; thence South 70°34'57" West 5.00 feet; thence South 19°25'03" East 63.00 feet

to a point of curvature of a 130.00 foot radius curve to the left, the center of which bears North 70°34'57" East; thence southeasterly 64.74 feet along the arc of said curve through a central angle of 28°32'00"; thence South 47°57'03" East 64.10 feet to a point of curvature of a 70.00 foot radius curve to the right, the center of which bears South 42°02'57" West; thence southeasterly 30.03 feet along the arc of said curve through a central angle of 24°35'00"; thence South 23°22'03" East 93.70 feet to a point of curvature of a 130.00 foot radius curve to the left, the center of which bears North 66°37'57" East; thence southeasterly 30.25 feet along the arc of said curve through a central angle of 13°20'00"; thence South 36°42'03" East 11.09 feet; thence South 35°16'17" West 251.02 feet; thence South 54°43'44" East 40.00 feet; thence North 35°16'16" East 238.00 feet; thence South 36°42'03" East 137.41 feet; thence South 21°49'34" East 187.82 feet; thence South 00°46'12" East 300.00 feet; thence South 89°13'48" West 90.00 feet; thence South 00°46'12" East 273.67 feet; thence North 63°53'39" East 432.66 feet; thence South 00°46'59" East 927.35 feet; thence South 00°45'20" East 605.50 feet; thence North 89°57'35" West 1,011.09 feet; thence North 34°21'24" West 374.34 feet; thence North 00°05'43" East 365.07 feet; thence South 55°49'36" West 262.53 feet; thence South 00°12'18" West 179.76 feet; thence South 62°53'21" East 87.18 feet; thence North 89°13'33" East 90.76 feet; thence South 34°21'24" East 373.50 feet; thence North 89°57'36" West 902.51 feet; thence North 02°15'15" East 622.33 feet; thence North 88°55'13" West 8.51 feet; thence North 01°58'48" East 447.06 feet; thence North 88°20'12" West 435.66 feet to a point of curvature of a 3,878.41 foot radius non-tangent curve to the left, the center of which bears South 86°13'54" West; thence northerly 60.32 feet along the arc of said curve through a central angle of 00°53'28"; thence South 88°20'12" East 208.65 feet; thence North 19°38'04" West 144.46 feet to the Point of Beginning.

Excluding a 1.49 acre parcel owned by B.E.CO. & Willard City Flood Control & Drainage Special Service District, said parcel beginning at a point being North 0°45'46" West 1,551.00 feet along the section line and West 826.97 feet from the Southeast Corner of Section 26, Township 8 North, Range 2 West, Salt Lake Base and Meridian and running thence South 32°11'08" East 226.58 feet; thence South 55°21'51" West 150.22 feet; thence North 89°40'05" West 160.44 feet; thence North 19°52'23" West 206.39 feet; thence North 70°37'33" East 247.52 to the Point of Beginning.

Containing 3,600,610 square feet or 82.66 acres, more or less.

Total Project Area = 84.61 Acres

EXHIBIT B
to
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GRANITE RIDGE

LAND SUBJECT TO ANNEXATION

South Boundary

Part of the Southeast Quarter of Section 26, Township 8 North, Range 2 West, Salt Lake Baseline and Meridian described as follows:

Commencing at the Southeast Corner of Section 26, Township 8 North, Range 2 West, Salt Lake Baseline and Meridian monumented with a brass cap; thence N 00°45'40" W 760.63 feet along the east line of the the Southeast Quarter of said Section 26; thence West 1581.40 feet to a point on the south right of way line of Saddleback Road and the POINT OF BEGINNING and running

thence S 16°17'23" W 112.91 feet;
thence N 89°57'36" W 7.57 feet;
thence S 00°12'18" W 516.11 feet;
thence N 88°03'13" W 24.40 feet;
thence S 00°19'46" E 137.99 feet to the south line of the Southeast Quarter of said Section 26;
thence S 89°57'45" W 306.52 feet along said south line;
thence N 02°13'47" E 624.41 feet to a HAI rebar;
thence N 85°16'44" W 8.59 feet to a HAI rebar;
thence N 01°58'56" E 447.05 feet to a HAI rebar;
thence N 88°20'12" W 435.90 feet to the east right of way line of US Highway 89;
thence along said east right of way line 60.30 feet along a curve to the left with a radius of 3879.80 feet (center bears S86°23'54"W), a central angle of 00°53'26" and a chord that bears N04°02'49"W 60.30 feet
thence S 88°20'12" E 208.43 feet;
thence N 19°38'04" W 144.46 feet to the south right of way line of 655 South Street (Saddleback Road);
thence along said south right of way line the next three courses:
1) thence 256.93 feet along a curve to the right with a radius of 270.00 feet (center bears S02°13'56"E), a central angle of 54°31'16" and a chord that bears S64°58'17"E 247.34 feet
2) thence S 37°42'39" E 369.66 feet;
3) thence 208.85 feet along a curve to the left with a radius of 330.00 feet, a central angle of 36°15'39" and a chord that bears S55°50'29"E 205.38 feet to the point of beginning, containing 7.72 acres.

North Boundary

Part of the Southeast Quarter of Section 26, Township 8 North, Range 2 West, Salt Lake

Baseline and Meridian described as follows:

Commencing at the Southeast Corner of Section 26, Township 8 North, Range 2 West, Salt Lake Baseline and Meridian monumented with a brass cap; thence N 00°45'40" W 1310.58 feet along the east line of the the Southeast Quarter of said Section 26; thence West 2063.46 feet to a point on the north right of way line of Saddleback Road and the POINT OF BEGINNING and running

thence along said north right of way line the next two courses:

- 1) thence 161.98 feet along a curve to the left with a radius of 330.00 feet (center bears S 21°22'46" W), a central angle of 28°07'25" and a chord that bears N 82°40'57" W 160.36 feet
 - 2) thence S 83°15'21" W 149.77 feet to the east right of way line of US Highway 89;
- thence along the east right of way line of US Highway 89 278.02 feet along a curve to the left with a radius of 3879.80 feet (center bears S82°58'45"W), a central angle of 04°06'21" and a chord that bears N09°04'25"W 277.96 feet;
- thence N 77°44'23" E 251.76 feet

thence along the boundary of Willard Peak Ranches No. 1 Appaloosa Rance the next two courses:

- 1) thence S 27°19'36" E 195.58 feet;
- 2) thence S 05°45'13" E 157.82 feet to the point of beginning, containing 2.00 acres.

EXHIBIT C
to
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GRANITE RIDGE

BYLAWS OF GRANITE RIDGE HOMEOWNERS' ASSOCIATION

[see attached Bylaws consisting of thirteen (13) total pages]

**BYLAWS
OF
GRANITE RIDGE HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I.
NAME, PRINCIPAL OFFICE AND DEFINITIONS**

Section 1.01 **Name.** The name of the corporation is: Granite Ridge Homeowners' Association, Inc. (the "**Association**").

Section 1.02 **Principal Office.** The initial principal office of the Association shall be located at the address of the Declarant's principal office. The Association may have such other offices, either within or outside Utah, as the Board may determine or as the affairs of the Association may require.

Section 1.03 **Definitions.** The words used in these Bylaws shall be given their normal, commonly understood definitions, except that capitalized terms shall have the same meaning as set forth in the Declaration to which these Bylaws are attached unless the context indicates otherwise.

**ARTICLE II.
MEMBERSHIP: MEETINGS, QUORUM, VOTING, PROXIES**

Section 2.01 **Membership.** The Association shall have two classes of Membership: Class "A" and Class "B". The Class "A" Members shall be the Owners. The sole Class "B" Member shall be the Declarant. The Class "B" membership shall terminate upon the earlier of: two years after expiration of the Class "B" Control Period; or when, in its discretion, Declarant so determines and declares as evidenced by a recorded instrument. The "**Class "B" Control Period**" shall be the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board as provided herein. The Class "B" Control Period shall expire upon the first to occur of the following:

- (a) when 90% of the total number of Lots (as the Project may be amended or expanded from time to time) have certificates of occupancy issued thereon and have been conveyed to Class "A" Members;
- (b) December 31, 2041; or
- (c) When, in its discretion, the Class "B" Member so determines.

Section 2.02 **Place of Meetings.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

Section 2.03 Annual Meetings. The Association's first meeting, whether a regular or special meeting, shall be held within one year after the date of the Association's incorporation. Subsequent regular annual meetings shall be set by the Board on a date and at a time set by the Board. At the annual meeting, there shall be presented a review of the Common Expenses, itemizing receipts and disbursements for the preceding calendar year, and the allocation thereof to each Owner, the estimated Common Expenses for the coming calendar year, and a final proposed Budget based upon such estimated Common Expenses.

Section 2.04 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least 50% of the total Class "A" votes of the Association.

Section 2.05 Notice of Meetings. Notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally, via email or by regular mail, to each Member entitled to vote at such meeting, not less than 10 nor more than 30 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice. If mailed, the notice shall be deemed to be delivered when deposited with a mail carrier in accordance with Section 6.05 of these Bylaws and addressed to the Member at his address as it appears on the Association's records, with postage prepaid.

Section 2.06 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. Any Member who attends a meeting waives notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 2.07 Voting. The Members, including the Declarant, shall be entitled to cast one vote for each Lot owned, provided that in the case of a Lot with multiple Owners/Members, the Owners will agree among themselves how the vote applicable to that Lot will be cast, and if no agreement can be reached, no vote will be received related to that Lot. Any of the multiple Owners/Members for a Lot appearing at the meeting in person or by proxy shall be deemed to be acting with proper authority for all of the other Owners of that Lot unless the other Owners are also present or have filed written objections to that Owner's representation of the other Owners of the Lot in question.

Section 2.08 Proxies. Members may vote in proxy or by such proxy form as may be designated by the Board.

Section 2.09 Quorum. At any meeting of the Members, those Members who are represented for any purpose at such meeting and entitled to vote shall constitute a quorum. Once a Member is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, the Member is considered present for quorum purposes for the remainder of the meeting

and for any adjournment of that meeting, unless a new record date is or shall be set for that adjourned meeting. Unless otherwise expressly provided in the Declaration, any action may be taken at any meeting of the Members of the Association where a quorum is present, upon the affirmative vote of a majority of the votes of the Members present.

Section 2.10 Waiver of Irregularities. Any inaccuracies, irregularities, or errors, in any call for a meeting or notice of meeting, inaccuracies or irregularities in the determination of a quorum or acceptance of proxies are deemed waived unless there is an objection stated at the meeting prior to the vote being taken.

Section 2.11 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

Section 2.12 Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, prior notice, or a vote if written consent specifically authorizing the proposed action is signed by Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest date consent, dated, and delivered to the Association. Such consents, as filed with the minutes of the Association, shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving written consent authorization for any action, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

ARTICLE III.

BOARD OF DIRECTORS: SELECTION, MEETINGS, POWERS

Section 3.01 Governing Body. The Board shall govern the Association's affairs. Each Director shall have one vote. Except with respect to the Class "B" Member's appointees, each Director must be an Owner.

Section 3.02 Number of Directors. The Board shall consist of three to five Directors, as provided herein. The initial Board shall consist of three Directors.

Section 3.03 Directors During Class "B" Control Period. Directors appointed by the Class "B" Member pursuant to Section 3.05 of these Bylaws shall be appointed by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member.

Section 3.04 Nomination and Election Procedures.

(i) **Nominations and Declarations of Candidacy.** Prior to each election of the Directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a Director may file as a candidate for any position Class "A" Member votes shall fill. The Board shall also establish such other rules and regulations, as it deems appropriate to conduct the

nomination of Directors in a fair, efficient and cost-effective manner. Nominations also shall be permitted from the floor. Except with respect to Class "B" Member selected Directors, nominations for election to the Board may also be made by a nominating committee. The nominating committee, if any, shall consist of a chairperson, who shall be a member of the Board, and three or more Members. The Board shall appoint members of the nominating committee not less than 30 days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced in the notice of each election. The nominating committee may make as many nominations for election to the Board as it shall in its discretion determine. Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

(ii) **Election Procedures.** Each Member may cast all of its votes for each position to be filled from the slate of candidates on which such Member is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

Section 3.05 Election and Term of Office. Except as these Bylaws may otherwise specifically provide, election of Directors shall take place at the Association's annual meeting. Notwithstanding any other provision of these Bylaws:

(i) Within 30 days after the time that Class "A" Members other than Declarant first own 25% of the Lots, or whenever the Class "B" Member earlier determines, the President shall call for an election at which the Members may elect one of the three Directors. The remaining two Directors shall be appointees of the Class "B" Member. The Members' Director shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (ii), whichever is shorter. If such Director's term expires prior to the happening of the event described in subsection (ii), a successor shall be elected for a like term.

(ii) Within 30 days after the time that Class "A" Members other than Declarant own 50% of the Lots, or whenever the Class "B" Member earlier determines, the Board shall be increased to five Directors. The President shall call for an election at which the Members may elect two of the five Directors. The remaining three Directors shall be appointees of the Class "B" Member. The Members' Directors shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (iii) below, whichever is shorter. If such Directors' terms expire prior to the happening of the event described in subsection (iii) below, successors shall be elected for a like term.

(iii) Within 90 days after termination of the Class "B" Control Period, the President shall call for an election by which the Members shall be entitled to elect three of the five Directors. The remaining two Directors shall be appointees of the Class "B" Member. Directors elected by the Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting is scheduled to occur within 90 days after termination of the Class "B" Control Period, this subsection shall not apply and Directors shall be elected in accordance with subsection (iv) below.

(iv) Not later than the first annual meeting after the termination of the Class "B" Control Period, the Board shall be increased to five Directors and an election shall be held. Six Directors shall be elected by the Members. Three Directors shall serve a term of two years and three Directors shall serve a term of one year, as such Directors determine among themselves. Until termination of the Class "B" membership, the Class "B" Member shall be entitled to appoint one Director. Upon termination of the Class "B" membership, the Director elected by the Class "B" Member shall resign and the remaining Directors shall be entitled to appoint a Director to serve until the next annual meeting, at which time the Members shall be entitled to elect a Director to fill such position. Such Director shall be elected for a term of two years. Upon expiration of the term of office of each Director elected by the Members, Members entitled to elect such Director shall be entitled to elect a successor to serve a term of two years. Directors elected by the Members shall hold office until their respective successors have been elected.

Section 3.06 Removal of Directors and Vacancies. By the vote of Members holding a majority of the votes entitled to be cast for the election of such Director, the Members may remove, with or without cause, any Director they elected. Any Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall be elected by the Members entitled to elect the Director so removed to fill the vacancy for the remainder of the term of such Director. Any Member-elected Director who has three consecutive unexcused absences from Board meetings, or who is more than 60 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any Assessment (Regular Assessment, Special Assessment, etc.) or other charge due the Association, may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members entitled to fill such Director position may elect a successor for the remainder of the term. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a Director appointed by or elected as a representative of the Class "B" Member or Declarant.

Section 3.07 Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within 10 days thereafter at such time and place as the Board shall fix.

Section 3.08 Regular Meetings. Regular meetings of the Board may be held at such time and place as a majority of the Board shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

Section 3.09 Special Meetings. The Board shall hold special meetings when the President or Vice President or any two Directors sign and communicate written notice of such.

Section 3.10 Notice; Waiver of Notice.

(i) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each Director by: (a) personal delivery; (b) first class mail or air mail, postage prepaid; (c) telephone communication, either directly to the Director or to a person at the

Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) facsimile, email, computer, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the Director's telephone number, fax number, electronic mail number, or sent to the Director's address as shown on the records of the Association. Notices sent by first class mail, airmail or courier shall be deposited with the carrier at least five business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(ii) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each Director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.11 Telephonic Participation in Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 3.12 Quorum of Board. At all Board meetings, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not less than one nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.13 Conduct of Meetings. The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

Section 3.14 Open Meetings; Executive Session.

(i) Except in an emergency, notice of Board meetings shall be posted at least 48 hours in advance of the meeting at a conspicuous place within the Project, which the Board establishes for the posting of notices relating to the Association. Notice of such meeting can be accomplished by email as well. Notice of any meeting at which Assessments are to be established shall state that fact and the nature of the Assessment. Subject to the provisions of Section 3.15 of these Bylaws hereof, all Board meetings shall be open to all Members and, if

required by law, all Owners; but attendees other than Directors may not participate in any discussion or deliberation unless a Director requests that they be granted permission to speak. In such case, the President may limit the time any such individual may speak.

(ii) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than Directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 3.15 Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Directors. Such consent shall have the same force and effect as a unanimous vote.

Section 3.16 Powers. The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, and as provided by law. The Board may do or cause to be done on behalf of the Association all acts and things except those which the Declaration or Utah law require to be done and exercised exclusively by the Members or the membership generally.

Section 3.17 Duties. Duties of the Board shall include, without limitation:

- (i) preparing and adopting, in accordance with the Declaration, the Budget and establishing each Owner's assessments;
- (ii) levying and collecting such Assessments from the Owners;
- (iii) providing for the operation, care, upkeep, and maintenance of the Common Area and Common Improvements;
- (iv) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (v) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's judgment, in depositories other than banks;
- (vi) making and amending use restrictions and rules in accordance with the Declaration;
- (vii) opening bank accounts on behalf of the Association and designating the signatories required;
- (viii) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area and/or Common Improvements in accordance with the Declaration and these Bylaws;
- (ix) enforcing by legal means the provisions of the Declaration and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

- (x) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (xi) paying the cost of all services rendered to the Association;
- (xii) keeping books with detailed accounts of the Association's receipts and expenditures;
- (xiii) making available to any prospective purchase of a Lot, any Owner, and the holders, insurers, and guarantors of any mortgage (which for purposes of these Bylaws includes any trust deed or similar security instrument) on any Lot, current copies of the Declaration and all other books, records, and financial statements of the Association as provided in Section 6.04 of these Bylaws hereof;
- (xiv) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Project;
- (xv) indemnifying a Director, officer or committee member, or former Director, officer or committee member of the Association to the extent such indemnity is required by Utah law, the Articles, or the Declaration; and
- (xvi) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration.

Section 3.18 Compensation. Directors shall not receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total Class "A" Membership votes in the Association at a regular or special meeting of the Association. Any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested Director.

Section 3.19 Right of Members to Disapprove Actions. During the Class "B" Control Period, the Class "B" Member shall have a right to disapprove any action, policy, or program of the Association, the Board and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of Declarant under the Declaration or these Bylaws, or interfere with development or construction of any portion of the Project, or diminish the level of services the Association provides. The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to Board meetings with applicable Sections of these Bylaws and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting; and the Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. No action, policy or program subject to the right of disapproval set forth herein shall become effective or be

implemented until and unless such requirements have been met. The Class "B" Member, its representatives or agents, shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or Director, agent or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 3.20 Management. The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or those duties set forth in Sections 3.17(i) (with respect to adoption of the Budget), 3.17(ii), 3.17(vi), 3.17(vii) and 3.17(ix). Declarant or its affiliate may be employed as managing agent or manager. The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

Section 3.21 Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (i) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (ii) accounting and controls should conform to generally accepted accounting principles;
- (iii) cash accounts of the Association shall not be commingled with any other accounts;
- (iv) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (v) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;
- (vi) commencing at the end of the quarter in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:
 - a) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - b) a statement reflecting all cash receipts and disbursements for the preceding period;

c) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

d) a balance sheet as of the last day of the preceding period; and

e) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (any Assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(vii) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (a) a balance sheet; (b) an operating (income) statement; and (c) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first mortgage on a Lot, the Association shall provide an audited financial statement. During the Class "B" Control Period, the annual report shall include certified financial statements.

Section 3.22 Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 50% of the Association's budgeted gross expenses for that fiscal year.

Section 3.23 Rights to Contract. The Association shall have the right to contract with any party for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Members, within and outside the Project. Any common management agreement shall require the consent of a majority of the Board.

Section 3.24 Enforcement. The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation thereof.

Section 3.25 Board Standards. In the performance of their duties, Association Directors and officers shall be insulated from personal liability as provided by Utah law for Directors and officers of non-profit corporations, and as otherwise provided in the Declaration. Directors are required to exercise the ordinary and reasonable care as similarly positioned directors of a non-profit corporation for a homeowners association, subject to the business judgment rule. As defined herein, a Director shall be acting in accordance with the business judgment rule so long as the Director: (a) acts within the express or implied terms of the Declaration and his or her actions are not *ultra vires*; (b) affirmatively undertakes to make decisions which are necessary for the continued and successful operation of the Association and, when decisions are made, they are made on an informed basis; (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and (d) acts in a non-fraudulent manner and without reckless indifference to the affairs of the Association. A Director acting in accordance with the business judgment rule shall be

protected from personal liability. Board determinations of the meaning, scope, and application of Declaration provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Declaration.

ARTICLE IV. OFFICERS

Section 4.01 Officers. Officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Officers shall be elected from among the Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more officers may be held by the same person, except the offices of President and Secretary.

Section 4.02 Election and Term Office. The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Members, to serve until their successors are elected.

Section 4.03 Removal and Vacancies. The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

Section 4.04 Power and Duties. The Association's officers shall each have such powers and duties as generally pertain to their respective officers, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 4.05 Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any time later specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

Section 4.06 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

Section 4.07 Compensation. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 3.18 hereof.

**ARTICLE V.
COMMITTEES**

Section 5.01 **General.** The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

**ARTICLE VI.
MISCELLANEOUS**

Section 6.01 **Fiscal Year.** The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

Section 6.02 **Parliamentary Rules.** Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Utah law or the Declaration.

Section 6.03 **Conflicts.** If there are conflicts among the provisions of Utah law, the Articles, the Declaration, and these Bylaws (in that order) shall prevail.

Section 6.04 **Books and Records.** The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Declaration, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Project as the Board shall designate. The Board shall establish rules with respect to:

- a) notice to be given to the custodian of the records;
- b) hours and days of the week when such an inspection may be made; and
- c) payment of the cost of reproducing documents requested.

Every Member shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Member includes the right to make a copy of relevant documents at the Member's expense.

Section 6.05 **Notices.** Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, sent by U.S. mail, first class postage prepaid:

- (i) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member;

(ii) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(iii) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6.06 Amendment.

(i) **By Class "B" Member.** Prior to termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these Bylaws. Thereafter, the Class "B" Member may unilaterally amend these Bylaws at any time and from time to time if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, to make, purchase, insure or guarantee mortgage loans on the Lots; provided, however, any such amendment shall not materially and adversely affect the title to any Lot unless the Owner shall consent thereto in writing.

(ii) **By Members Generally.** Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 51% of the total Class "A" Membership votes in the Association, and the consent of the Class "B" Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(iii) **Validity and Effective Date of Amendments.** Amendments to these Bylaws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws. No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.