

KATHLEEN BUXON
REGISTERED
SALT LAKE COUNTY,
UTAH

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ALCOHOL LAND TITLE CO.
REF. DEP.

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Rebecca Gray
REBECCA GRAY

AFTER RECORDING, PLEASE RETURN TO:

Robert A. Johnson, Esq.
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185 South State Street
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Salt Lake City, Utah 84111

4099126

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS OF
THE SUNBURST MEADOWS PLANNED UNIT DEVELOPMENT

THIS DECLARATION is made and executed this 8th day of May, 1985, by SUNMEADOWS ASSOCIATES, a Utah general partnership (hereinafter referred to as "Declarant").

RECITALS:

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

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

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

NOW, THEREFORE, for the foregoing purposes, Declarant hereby declares that the Property described in Article II of this Declaration is and shall be held, transferred, sold, conveyed,

BOOK 5057 PAGE 457

and occupied subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth.

I. DEFINITIONS

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

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

2. Plat shall mean and refer to the subdivision plat entitled "The Sunburst Meadows Planned Unit Development" executed and acknowledged by Declarant on the 14th day of Aug., 1984, prepared and certified to by Robert B. Jones, a duly registered Utah Land Surveyor holding Certificate No. 1525, consisting of one (1) sheet, and filed for record in the office of the County Recorder of Salt Lake County, Utah concurrently with the filing of this Declaration.

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

4. Pad shall mean and refer to any of the 33 separately numbered and individually described parcels of land shown on the Plat.

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

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

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

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

(d) The Project fences, landscaping and sidewalks.

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

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

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

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

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

11. Bylaws shall mean and refer to the Bylaws of the Association.

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

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

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

15. Project shall mean and refer to The Sunburst Meadows Planned Unit Development.

16. Declarant shall mean and refer to Sunmeadows Associates, a Utah general partnership, and/or any successor to said general partnership which, either by operation of law or through

BOOK 2857 PAGE 459

a voluntary conveyance, transfer, or assignment, comes to stand in the same relation to the Project as did its predecessor.

II. PROPERTY DESCRIPTION

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

Beginning at a point 806 feet 9 7/8 inches West (actual- 806.82 feet West) and 139 feet 8 inches South (actual- 140.12 feet South 0° 01' 25" East along the section line) from the Northeast corner of the Southeast Quarter of Section 31, Township 2 South, Range 1 East, Salt Lake Base and Meridian, and running thence South 508 1/3 feet (actual- South 0° 01' 25" East 521.50 feet); thence West 381 feet 2 1/8 inches (actual- West 381.45 feet); thence North 508 1/3 feet (actual- North 521.50 feet) along the East line extended of Jordan Village No. 3 & 4 Subdivisions; thence East 381 feet 2 1/8 inches (actual- East 381.24 feet) to the point of beginning.

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

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

ALL OF THE FOREGOING IS SUBJECT TO: all liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all easements and rights-of-way of record, otherwise existing, or enforceable in law or equity; any easements, rights-of-way, encroachments, or discrepancies shown on or

BOOK 5657 PAGE 460

revealed by the Plat; an easement for each and every pipe, line, cable, wire, utility line, or similar facility which traverses or partially occupies the above-described parcel of real property at such time as construction of all Project improvements is complete; and all easements necessary for ingress to, egress from, maintenance of, and replacement of all such pipes, lines, cables, wires, utility lines, and similar facilities.

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

III. MEMBERSHIP AND VOTING RIGHTS

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

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

Class A. Class A Members shall be all Owners, but excluding the Declarant until the Class B membership ceases. Class A Members shall be entitled to one vote for each Pad in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist or be cast with respect to any Pad.

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

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

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

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

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

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

2. Exclusive Easement Concerning Limited Common Areas. Each Member shall have an exclusive right and easement of use and enjoyment in and to those Limited Common Areas associated

BOOK 5857 PAGE 462

with his Pad. Such exclusive right and easement shall be appurtenant to and pass with title to each Pad and in no event shall be separated therefrom. The Limited Common Areas associated with a particular Pad consist of all of the following which are labeled as such on the Plat: the area to the rear of a Pad which is enclosed by fences (including all of the fenced area and that half of the fence which faces said area), all porches and the driveway adjacent to and adjoining the Pad concerned, and the walkway connecting such driveway to the front porch of the Living Unit located on the Pad or the Living Unit itself. Any Member may delegate the exclusive right and easement of use and enjoyment described in this Section to any family member, household guest, tenant, lessee, contract purchaser, or other person who resides on such Member's Pad.

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

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

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

Whether or not the description employed in any such instrument is in the above-specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Pad. Neither the right and easement of use and enjoyment to the Common Areas nor the exclusive right and easement of use and enjoyment to Limited

BOOK 5057 PAGE 463

Common Areas shall be separated from the Pad to which it appertains, and, even though not specifically mentioned in the instrument of transfer, such right of use and enjoyment to the Common Areas and such exclusive right of use and enjoyment to Limited Common Areas shall automatically accompany the transfer of the Pad to which they relate.

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

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

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

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

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

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

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

6. Description of Project Improvements. The improvements included in the Project are now or will be located upon the Property. The significant improvements contained in the Project include thirty-three (33) Pads, thirty (30) buildings containing thirty-three (33) Living Units situated upon the Pads, concrete driveways and sidewalks, and a play area. The location of the improvements referred to in the foregoing sentence is depicted on the Plat. The Project also contains other improvements of a less significant nature, such as fire hydrants, a Project entry sign, fencing, sprinkling system and landscaping.

V. ASSESSMENTS

1. Personal Obligation and Lien for Assessments. Each Owner (including Declarant) shall, by acquiring or in any way becoming vested with an interest in a Pad, be deemed to covenant and agree to pay to the Association the monthly and the special assessments described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (i) a charge and continuing lien upon the Pad with respect to which such assessment is made; and (ii) the personal obligation of each person who is an Owner of such Pad at the time the assessment falls due. No Owner may exempt himself or his Pad from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Pad.

2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of residents of the Property. The use made by the Association of funds obtained from assessments may include payment of the cost of: taxes and insurance on the Common Areas; maintenance, repair, and improvement of the Common Areas; management and supervision of the

50075357 PAGE 465

Common Areas; establishing and funding a reserve to cover major repair or replacement of improvements within the Common Areas; and any expense necessary or desirable to enable the Association to perform or fulfill its obligations, functions, or purposes under this Declaration, the Articles or the Bylaws.

3. Maximum Monthly Assessment. As of the date set for the commencement of monthly assessments under Section 7 of this Article V, each Pad shall be subject to a monthly assessment of not more than _____ and no/100 Dollars (\$_____). From and after January 1, 1985, the maximum monthly assessment shall be increased by fifty percent (15%) for each full year thereafter without the approval of the Members. From and after January 1, 1985, the maximum monthly assessment may be increased by more than fifteen percent (15%) per year so long as the increase is assented to by two-thirds (2/3) of the votes of each class of membership which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose. Written notice setting forth the purpose of the meeting shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The Board of Trustees of the Association may from time to time and in its discretion set the amount of the monthly assessment at any sum not in excess of the then applicable maximum amount.

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

5. Quorum Requirements. The quorum required for any action authorized by Section 3 or 4 above shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirements set forth in Sections 3 and 4) at which a quorum shall be one-half of the quorum which was required at the immediately

preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting.

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

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

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

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

VI. OPERATION AND MAINTENANCE

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

2. Operation and Maintenance by Association. The Association shall provide for such maintenance and operation of the Common Areas, excluding Limited Common Areas, as may be necessary or desirable to make them appropriately usable in conjunction with the Pads and to keep them clean, functional, attractive, and generally in good condition and repair. In the event an Owner shall fail to maintain the exterior of his Living Unit and the Limited Common Area associated therewith in a manner satisfactory to the Board of Trustees, the Association, after approval by two-thirds (2/3) vote of the Board of Trustees, shall have the right, through its agents and employees, to enter upon and to repair, maintain, and restore the Living Unit and the Limited Common Area. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Pad is subject. The provisions of Section 2 of Article VIII ("Architectural Control") shall not apply to any maintenance or repairs of Living Unit exteriors accomplished by the Association.

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

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

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

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

"The Sunburst Meadows Homeowners Association, a Utah nonprofit corporation, for the use and benefit of the individual Pad Owners in the Sunburst Meadows Planned Unit Development, as their interests may appear."

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

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

(iv) Each insurance policy maintained pursuant to this Section 5 shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a current rating by Best's Insurance Reports of B/VI or better. No such policy shall be maintained where: (i) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against the Federal Home Loan Mortgage Corporation or its designees, an Owner, a Mortgagee, or the

BOOK 5657 PAGE 469

Association; (ii) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent an Owner, a Mortgagee, or the Association from collecting insurance proceeds.

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

6. Owner Insurance. Each Pad Owner shall at all times maintain in force insurance covering his Pad and Living Unit meeting the following requirements:

(i) A policy of fire and extended coverage insurance shall be maintained, the scope of coverage of which shall be equal to or greater than that commonly required by private institutional mortgage investors in the area in which the Project is located. Such policy shall provide, as a minimum, fire and extended coverage insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy. Except for insurance under the National Flood Insurance Act of 1968, as amended, and for deductibles, as permitted in item (iv) of this Section 6, the amount of coverage shall be sufficient so that in the event of any damage or loss to the Owner's Pad and Living Unit of a type covered by such policy, the insurance proceeds shall provide at least compensation equal to the full amount of the damage or loss. All buildings valued at \$1,000 and over must be insured.

(ii) If the Project is located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards, flood insurance shall be maintained

BOOK 5657 PAGE 470

in the amount of the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended.

(iii) In addition to the coverage of the policies described in items (i) and (ii) of this Section 6, hazard insurance shall be maintained covering such additional risks and in such amounts as the Mortgagee of the Owner's Pad and Living Unit may from time to time require. Each Pad Owner shall obtain a vacancy permit endorsement when necessary and available.

(iv) Each insurance policy maintained pursuant to this Section 6 containing a deductible clause up to the greater of \$500.00 or one percent (1%) of the face amount of such policy applicable to either fire or extended coverage, or both, is acceptable only if such provisions are mandatory or commonly acceptable to private mortgage investors in the area or state where the Project is located. When any such policy contains a fall of building clause, such clause must be waived.

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

BOOK 5657 PAGE 471

may not become a lien on the mortgaged premises superior to the Mortgage.

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

(vii) Each insurance policy maintained pursuant to this Section 6 shall include a clause providing that the insurance carrier shall notify the Association at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy. In the event that the Association receives such a notice or otherwise learns that the required insurance described in this Section 6 lapses, is not maintained, or the premiums therefor are not paid when due, the Association shall pay such premiums or secure such insurance unless the Mortgagee of the Pad to which such insurance relates pays such premiums or secures such insurance. All costs and expenses incurred by the Association in satisfying its obligation under the immediately preceding sentence shall be, constitute, and remain: (i) a charge and continuing lien upon the Pad and Living Unit with respect to which such insurance relates; and (ii) the personal obligation of each person who is an Owner of such Pad and Living Unit during the time the insurance coverage paid for or secured by the Association is in effect. Interest upon and the collection and enforcement of the personal obligation and lien arising from such costs and expenses shall be governed by Section 9 of Article V of this Declaration.

(viii) The provisions of this Section 6 shall not be construed to limit the power or authority of an Owner to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in

BOOK 5657 PAGE 472

such amounts and in such forms as the Owner may deem appropriate from time to time.

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

VII. USE RESTRICTIONS

1. Use of Common Areas. The Common Areas (other than Limited Common Areas) shall be used only in manner consistent with their community nature and with the use restrictions applicable to Pads, Living Units, and Limited Common Areas. No automobile or other vehicle shall be parked in front of a walkway or at any location within the Project which impairs or tends to impair vehicular or pedestrian access within the Project or to and from its various parts. No leases, charges for use, rental agreements, licenses, or other income-generating arrangement of any type shall be employed or entered into with respect to any portion of the Common Areas and Facilities.

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

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

4. Exception for Developer. Notwithstanding the restrictions contained in this Article VII, for the twenty (20) year period following the date on which this Declaration is filed for record in the office of the County Recorder of Salt Lake County, Utah, Declarant shall have the right to use any Pad or

BOOK 5057 PAGE 473

Living Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and/or sale of all Pads owned by Declarant.

VIII. ARCHITECTURAL CONTROL

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

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

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

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

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

BOOK 5057 PAGE 474

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

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

IX. PARTY WALLS AND EASEMENT FOR ENCROACHMENTS

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

2. Maintenance. The cost of reasonable maintenance and repair of a party wall shall be shared by the Owners who make use of the wall in proportion to such use. Costs associated with maintenance or repairs benefitting only one Owner (such as interior painting or redecorating) shall be borne solely by the Owner benefitted.

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

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

BOOK 5657 PAGE 475

X. MISCELLANEOUS

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

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

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

4. Amendment. Except as provided in the last two paragraphs of the immediately following Section 5 of this Article, this Declaration and/or the Plat may be amended by: (i) the affirmative vote of at least two-thirds (2/3) of all Class A membership votes which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose; and, so long as the Class B membership exists, (ii) the written consent of Declarant. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows: At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the Class A membership shall constitute a quorum. If a quorum is not present at the first meeting or any subsequent meeting, another meeting may be called (subject to the notice requirement set forth in the foregoing portion of this Section 4) at which a quorum shall be one-half of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by the Association and, if the Class B membership then exists, executed by the Declarant. In such instrument an officer of the

BOOK 5057 PAGE 476

Association shall certify that the vote required by this Section for amendment has occurred.

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

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

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

(a) To abandon, partition, subdivide, encumber, sell, or transfer all or any part of the Common Areas and Facilities (except for the granting of easements for utilities and similar purposes consistent with the intended use of the Common Areas);

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

(c) To waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the

BOOK 5887 PAGE 477

exterior appearance of Living Units, the exterior maintenance of Living Units, or the maintenance of the Common Areas and Facilities (including maintenance of walks, fences and driveways and the upkeep of lawns and plantings);

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

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

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

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

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

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

BOOK 5837 PAGE 478

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

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

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

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

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

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

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

7. Interpretation. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision

hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

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

9. Severability. Invalidation of any covenant or restriction contained in this Declaration by judgment or court shall in no wise affect any other covenant or restriction which shall remain in full force and effect.

10. Annexation. Additional residential property and Common Area may be annexed to the Property with the consent of two-thirds (2/3) of each class of membership.

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

1985.

EXECUTED by Declarant on this 8th day of May,

"Declarant":

SUNMEADOWS ASSOCIATES,
a Utah general partnership

By Delmont Enterprises, a Utah
general partnership

By: Dell R. Beynon
Dell R. Beynon, Partner

By: LaMont E. Beynon
LaMont E. Beynon, Partner

By: Dinero Service, Inc., a
Utah corporation

By: [Signature]
Its: SECRET

BOOK 5657 PAGE 481


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

On this 8th day of May, 1985, personally appeared before me Dell R. Beynon and LaMont E. Beynon, who being by me duly sworn, did say that they are the sole partners of Delmont Enterprises, a Utah general partnership, that said individuals signed in behalf of said general partnership by authority of the partnership agreement, that Delmont Enterprises is a general partner of Sunmeadows Associates, a Utah general partnership, and that the within Declaration was signed in behalf of said general partnership by authority of the partnership agreement.

(SEAL)

My Commission Expires:

5-21-86


NOTARY PUBLIC
Residing at: Salt Lake City


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

On this 8th day of May, 1985, personally appeared before me Hugh Gardner, who being by me duly sworn, did say that he is the Sec. Treas. of Dinero Service, Inc., a Utah corporation, that he signed in behalf of said corporation by authority of its Bylaws or a resolution of its Board of Directors, that Dinero Service, Inc. is a general partner of Sunmeadows Associates, a Utah general partnership, and that the within Declaration was signed in behalf of said general partnership by authority of the partnership agreement.

(SEAL)

My Commission Expires:

5-21-86


NOTARY PUBLIC
Residing at: Salt Lake City, Ut