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*DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR GATEWAY RESIDENTIAL COMMUNITY*

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DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR GATEWAY RESIDENTIAL COMMUNITY

THIS DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR GATEWAY RESIDENTIAL COMMUNITY is dated _____, 1994. It is made by the STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST LAND ADMINISTRATION and by RICK SANT CONSTRUCTION, INC. a Utah corporation (DBA SANT PACIFIC GROUP).

R E C I T A L S:

- A. Capitalized terms in this Declaration are defined in Article I.
- B. The Administration is the statutory successor in interest of the Administration of State Lands and Forestry and holds legal title to certain real property which consists of approximately Two Thousand (2000) acres of land located in Washington County, Utah. Developer has leased such real property from the Administration pursuant to the State Lease Agreement.
- C. Administration desires to develop, in stages, the aforesaid lands into a planned residential community.
- D. At full development it is intended, without obligation, that said community will collectively have several residential neighborhoods and recreational areas including but not limited to tennis courts, swimming pools and clubhouse, open spaces, lakes, walkways, drives and other social, civic and cultural buildings and facilities.
- E. As part of the various stages of development of the aforesaid lands, Developer intends, without obligation and subject to the terms and conditions of the State Lease Agreement, to record various Plats; to dedicate portions of Gateway Residential Community to the public for streets, roadways, drainage, flood control, parks and general public use; and to record various Tract Declarations covering portions of Gateway Residential Community, which Tract Declarations will designate the purposes for which such portions of Gateway Residential Community may be used and may set forth additional covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements applicable to such portions of Gateway Residential Community.
- F. Developer intends or may intend, without obligation, to annex the Additional Land into the Gateway Residential Community, which land is not presently included in the Gateway Residential Community.

G. As part of the development of the aforesaid lands, Developer intends, without obligation, to sell and/or sublease various Parcels included in Gateway Residential Community to various developers, builders and sublessees and to record Tract Declarations or deeds containing restrictive covenants on the Parcels sold or subleased, and those developers, builders and lessees, with the Developer's and Administration's approval, may record Plats and, where such Parcels are owned in fee simple, make public dedications on the Parcels purchased.

H. Developer desires to form a non-profit corporation for the purpose of benefiting Gateway Residential Community and its Owners and Residents which non-profit corporation will (1) acquire, construct, operate, manage and maintain a variety of Master Common Areas and other areas upon Gateway Residential Community; (2) establish, levy, collect and disburse the Assessments and other charges imposed hereunder; and (3) as the agent and representative of the Members of the Association and Residents of Gateway Residential Community, administer and enforce all provisions hereof and enforce use and other restrictions imposed on various parts of Gateway Residential Community.

I. Developer is preparing the necessary documents for the incorporation and organization of the Association and may, without obligation, seek approval thereof by FNMA, FHA, VA and by any other governmental agencies or financial institutions whose approval Developer deems necessary or desirable.

J. Developer desires to establish for its own benefit and for the mutual benefit of all future owners, lienholders, residents, occupants or other holders of an interest in Gateway Residential Community, or any part thereof, certain easements and rights and certain mutually beneficial covenants, restrictions and obligations with respect to the proper development, use and maintenance of the various parcels and neighborhoods within the Gateway Residential Community.

K. Developer desires and intends that the Administration, Owners, Mortgagees, lessees and trustees under trust instruments or deeds, occupants, Residents and other persons hereafter acquiring any interest in or otherwise utilizing property at Gateway Residential Community, shall at all times enjoy the benefits of, and shall hold their interest subject to the rights, easements, privileges, covenants and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the aesthetic and cooperative aspects of the Gateway Residential Community and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Gateway Residential Community.

L. Developer therefore wishes to subject all of the Gateway Residential Community to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements hereinafter set forth.

NOW, THEREFORE, Developer hereby declares, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

The following words, phrases or terms used in this Declaration (including that portion hereof headed "Recitals") shall have the following meanings:

1. "Administration" means the State of Utah, School and Institutional Trust Lands Administration, as successor in interest to the Administration of State Lands and Forestry pursuant to Section 53C - 1 et seq Utah Code Annotated.
2. "Additional Land" shall mean, refer to, and consist of land within the Gateway Residential Community which is not yet subject to a recorded subdivision plat.
3. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot, Parcel and Owner pursuant to Article VII, Section 2, hereof.
4. "Articles" shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.
5. "Assessable Property" shall mean any Lot or Parcel, except such part or parts thereof as may from time to time constitute Exempt Property and excepting the real property interests in fee, reversion, or otherwise owned by the Administration.
6. "Assessment" shall mean an Annual Assessment, Special Assessment and/or Maintenance Charge.
7. "Assessment Lien" shall mean the lien created and imposed by Article VII;
8. "Assessment Period" shall mean the term set forth in Article VII, Section 7.
10. "Association Land" shall mean such part or parts of Gateway Residential Community, together with the buildings, structures and improvements thereon, and other real property which the Master Association now or hereafter owns in fee or in which the Master Association now or hereafter has a leasehold interest pursuant to the State Lease Agreement, for as long as the Master Association is the owner of the fee or leasehold interest.
11. "Board" shall mean the Board of Trustees of the Master Association.

12. "Bylaws" shall mean the Bylaws of the Master Association as the same may from time to time be amended or supplemented.

13. "Cluster Residential Development and/or Cluster Residential Use" shall mean Lots in planned unit developments or subdivisions with Dwelling Units intended for Single Family occupancy and may include those types of residential housing arrangements known as townhouses, clustered housing, duplexes, zero-lot line housing and similar arrangements, together with related areas intended for the use and enjoyment of the Owners and Residents of the Lots in the cluster development.

14. "Common Elements" means all real property and/or facilities owned by the Master Association for the common use and enjoyment by the Owners.

15. "Common Expense Fund" shall mean and refer to the fund created or to be created pursuant to the provisions of Article VII of this Declaration and into which all monies of the Master Association shall be deposited. Two separate and distinct funds shall be created and maintained thereunder, one for operating expenses and one for reserve expenses which together shall constitute the Common Expense Fund.

16. "Common Expenses" shall mean and refer to those costs and expenses arising out of or connected with the maintenance and operation of the project and Master Association as described in Article VII hereof and which determine the Assessments made to Owners.

17. "Condominium Development" shall mean a condominium ownership regime established under the laws of the State of Utah.

18. "Condominium Unit" shall mean a condominium unit (as defined under Utah Code Ann. § 57-8-1 et seq.), including its appurtenant interest in all Master Common areas, established under Utah law.

19. "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.

20. "Developer" shall mean the developer as to all leasehold interest and fee interests owned or acquired by it in the property subject to the Declaration and shall mean the State of Utah as to the contingent fee to be conveyed to Developer and now held by the State subject to Developer's rights under the Lease to acquire the fee.

21. "Declaration" shall mean this DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR GATEWAY RESIDENTIAL COMMUNITY, as amended or supplemented from time to time.

22. "Deed" shall mean a deed or other instrument conveying the fee simple title in a "Lot" or "Parcel".

23. "Developer" shall mean Rick Sant Construction, Inc., a Utah corporation, (dba Sant Pacific Group) and Lessee under the State Lease Agreement dated July 16, 1992 (Amended Special Use Lease Agreement No. 701) with the Administration and the successors and assigns of Developer's rights and powers hereunder.

24. "Design Guidelines" means those design guidelines for development of all the real property subject to the Declaration as established by the Developer and/or the Design Review Committee from time to time and as approved by the Administration if required by the State Lease Agreement. The current Design Guidelines were prepared by SLA Studio Land, Inc. dated December 10, 1992. Developer or the Committee reserves the right to modify the Design Guidelines, subject to any limitations on such modification contained in the State Lease Agreement, from time to time. There is no assurance that such guidelines will not change from time to time and they may change with respect to unsold parcels of property, subject to the Declaration, after one or more other such parcels have been sold by Developer.

25. "Design Review Committee" or "Committee" shall mean the Committee created pursuant to Article XI below.

26. "Development Classification" shall mean the classification to be established by the Developer pursuant to Article IV, Section 1, which designates the type of improvements which may be constructed on a Lot, Parcel or Association Land and the purposes for which such improvements and surrounding land may be utilized.

27. "Dwelling Unit" shall mean any building or portion of a building situated upon a Lot or Parcel designed and intended for use and occupancy as a residence by a single family.

28. "Eligible Mortgagee" shall mean and refer to a First Mortgagee which has requested notice of certain matters from the Master Association in accordance with Section 1 of Article XVII of this Declaration.

29. "Exempt Property" shall mean the following parts of Gateway Residential Community:

(a) All land and improvements owned by or dedicated to and accepted by the United States, a Municipal Authority, or any political subdivision thereof, for as long

as any such entity or political subdivision is the owner thereof or for so long as said dedication remains effective;

(b) All Association Land, for as long as the Master Association is the owner thereof;

(c) All Golf Course Land.

(d) Any land, subject to the State Lease Agreement, relinquished or abandoned by agreement or default to the Administration.

Property described in Item (a) of this Subsection 27 shall be fully exempt from all of the terms and provisions of this Declaration; however, all other exempt property described herein shall be exempt from assessments and membership in the Master Association and its associated privileges and responsibilities, but shall nevertheless be subject to all other provisions of this Declaration, including but not limited to, the use restrictions and architectural controls.

30. "FHA" shall mean and refer to the Federal Housing Administration.

31. "FNMA" shall mean and refer to Federal National Mortgage Association.

32. "First Mortgage" means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

33. "First Mortgagee" means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage, which First Mortgage is not subject to any lien or encumbrance except liens for taxes of other liens which are given priority by statute.

34. "Gateway Residential Community" shall mean, refer to, and consist of the following described parcels of real property owned by the State of Utah and subject to the State Lease Agreement situated in Washington County, Utah and the development to be completed thereon, together with any real property hereafter annexed pursuant to the provisions of this Declaration:

SEE ATTACHMENT A HEREIN

35. "Gateway Rules" shall mean the rules for Gateway Residential Community adopted by the Board pursuant to Article V, Section 3.

36. "Golf Course" and "Golf Course Land" shall mean the golf course real property and all improvements therein including the clubhouse and associated recreational and other facilities designated on the Master Development Plan for Gateway Residential Community. The Golf Course Land shall be subject to the use restrictions and the Master Association's possible future interest as provided in Article IV, Section 5 hereof.

37. "Golf Course Lot" shall mean a Lot which has a portion of its boundary immediately adjacent to the Golf Course or a Residential Condominium Development which has a portion of its Master Common areas immediately adjacent to the Golf Course.

38. "Golf Course Parcel" shall mean a Parcel which has a portion of its boundary immediately adjacent to the Golf Course.

39. "Lease" shall mean a written lease or sublease for the leasing or rental of any residential property.

40. "Lot" shall mean (a) any area of real property within Gateway Residential Community designated as a Lot on any Plat recorded or approved by Developer and Administration and limited by a Tract Declaration to either Single Family Residential Use or Cluster Residential Use and (b) any Condominium Unit within Gateway Residential Community which is limited to Residential Use by a Tract Declaration.

41. "Maintenance Charges" shall mean any and all costs assessed pursuant to Article X, Sections 2 and 3.

42. "Manager" shall mean such person or entity retained by the Board of Trustees to perform certain functions of the Board pursuant to this Declaration or the Bylaws. Pursuant to the provisions of the State Lease Agreement and the Municipal Authority Agreements, Gateway Property Management, Inc. will be the initial Manager for the Master Association and shall carry out certain responsibilities of the Master Association as required by the State Lease Agreement and the Municipal Authority Agreements.

43. "Master Association" shall mean the Utah nonprofit corporation to be organized by Developer to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration, its successors and assigns. Developer hereby reserves the exclusive right to cause such Master Association to be incorporated and intends to name the Master Association "THE GATEWAY RESIDENTIAL COMMUNITY ASSOCIATION, INC."

44. "Master Common Area" and "Master Common Areas" shall mean (a) all Master Association Land; (b) all land within Gateway Residential Community which the Developer and/or Administration, by this Declaration or other recorded instrument, makes available for use by Members of the Master Association; (c) all land within Gateway Residential Community which the Developer and/or Administration indicates on a Plat or in

a Tract Declaration is to be used for landscaping, drainage, and/or flood control for the benefit of Gateway Residential Community and/or the general public and is to be dedicated to the public or a Municipal Authority upon the expiration of a fixed period of time, but only until such land is so dedicated; (d) all land or right-of-way easements within Gateway Residential Community which are dedicated to the public or to a Municipal Authority, but which such Municipal Authority or other governmental agency requires the Master Association to maintain; (e) areas on a Lot or Parcel within easements granted to the Master Association or its Members for the location, construction, maintenance, repair and replacement of a wall, which easement may be granted or created on a Plat or in a Tract Declaration or by a deed or other conveyance accepted by the Master Association; (f) all land within Gateway Residential Community which is owned by the Administration but which the Administration, pursuant to a Plat which it approves, permits to be utilized as Master Common Area for a particular project contemplated by a Tract Declaration.

45. "Master Common Facilities" shall mean all structures, fixtures, devices or equipment located upon or attached to the Master Common Area.

46. "Master Development Plan" shall mean the map, site plan and other documents showing and/or identifying the various Gateway Residential Community Land Use Classifications and density allocations applicable to various Parcels as approved by the Administration, the applicable Municipal Authority and the Developer, as the same may from time to time be amended, a copy of which shall be on file at all times in the office of the Master Association. Developer reserves the right to modify the Master Development Plan from time to time either before or after the conveyance or sublease of any Parcel or Lot to a third party.

47. "Member" shall mean any person holding a Membership in the Master Association by virtue of ownership of a lot as provided in this Declaration.

48. "Membership" shall mean a membership in the Master Association and the rights granted to the Owners and Developer pursuant to Article VI to participate in the Master Association.

49. "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any portion of a Lot or Parcel or interest therein as security for the payment of a debt or obligation.

50. "Mortgagee" shall mean a beneficiary of a Mortgage as well as a named Mortgagee.

51. "Municipal Authority" shall mean the applicable governmental entity or municipality which has jurisdiction over some part of Gateway Residential Community including without limitation, Washington County, Washington City and Hurricane City.

52. "Municipal Authority Agreement(s)" shall mean (a) that certain Development Agreement entered into among the Washington City, Developer, Gateway Property Management, Inc., and the Administration and (b) that certain Planned Unit Development Agreement entered into among the City of Hurricane, Developer, Gateway Center Property Management, Inc. and the Administration.

53. "Neighboring Property" is any property or street within Gateway Residential Community (including annexed property) other than the specific property in reference.

54. "Owner" shall mean (a) any person(s) or entity(s) who is (are) record holder(s) of the fee simple interest of any Lot, Parcel or Master Common Area, but excluding others who hold an interest therein merely as security and (b) any person(s) or entity(s) entitled to occupy all of a Parcel, Lot or Master Common Area under a lease or sublease for an initial term of at least ten (10) years in which case the fee owner or sublessor of the Parcel, Lot or Master Common Area shall not be deemed the Owner thereof for purposes of this Declaration during the term of said lease or sublease.

55. "Parcel" shall mean an area of real property within Gateway Residential Community limited by a Tract Declaration or the Master Development Plan to one of the following Land Use Classifications: Residential Condominium Development (but only until the condominium regime therefor is recorded), Single Family Residential Development or Cluster Residential Development (but only until they have been subdivided into Lots and related amenities and rights-of-way) but any such areas shall cease to be a Parcel upon the recordation of a Plat or other instrument covering the area and creating Lots and related amenities. A Parcel shall not include a Lot, any Exempt Property or any Master Association Land but, in the case of staged developments, shall include areas not yet included in a Plat or other recorded instrument creating Lots and related amenities. Developer shall have the right, subject to the terms of the State Lease Agreement and the Municipal Authority Agreements, to identify and create and/or reconfigure the boundaries of any Parcel of which Developer is the Owner.

56. "Plat" shall mean any subdivision plats or record of survey maps affecting Gateway Residential Community filed in the office of the Recorder for Washington County, Utah as such may be amended from time to time, including but not limited to any such recorded plats or maps respecting all or any portion of the Additional Land.

57. "Recording" shall mean placing an instrument of public record in the office of the County Recorder of Washington County, Utah and "Recorded" shall mean having been so placed of public record.

58. "Resident" shall mean:

(a) Each buyer under a contract of sale covering any part of the Assessable Property, regardless of whether the contract is recorded, and each tenant or lessee actually residing on any part of the Assessable Property; and

(b) Members of the immediate family of each Owner, lessee, tenant and of each buyer referred to in subparagraph (a) actually living in the same household with such Owner, lessee, tenant or buyer.

Subject to such rules and regulations as the Master Association may hereafter specify (including the imposition of special non-resident fees for use of the Association Land if the Master Association shall so direct), the term "Resident" also shall include the on-site employees, guests or invitees of any such Owner, lessee, buyer or tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

59. "Residential" or "Residential Areas" shall include Single Family Residential Developments, Cluster Residential Developments, Residential Condominium Developments, Timeshare Developments, all common recreational areas and facilities associated with any of the foregoing Residential Areas and any other non-commercial areas.

60. "Sign Guidelines" means those signage guidelines for development of all the real property subject to the Declaration as established by the Developer and/or the Design Review Committee from time to time and as approved by the Administration if required by the State Lease Agreement. The current Sign Guidelines were prepared by SLA Studio Land, Inc. dated June 21, 1993. Developer or the Committee reserves the right to modify the Sign Guidelines, subject to any limitations on such modification contained in the State Lease Agreement, from time to time. There is no assurance that such guidelines will not change from time to time and they may change with respect to unsold parcels of property, subject to the Declaration, after one or more other such parcels have been sold by the Developer.

61. "Single Family" shall mean a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of persons not all so related, who maintain a common household in a Dwelling Unit.

62. "Single Family Residential Development or Single Family Residential Use" shall mean Lots in a planned unit development or subdivision intended for Single Family occupancy in detached Dwelling Units together with related areas intended for the use and enjoyment of the Owners and Residents of such Lots.

63. "Special Assessment" shall mean any assessment levied and assessed pursuant to Article VII, Section 5.

64. "State Lease Agreement" shall mean that certain Amended Special Use Lease Agreement No. 701 dated July 16, 1992 between the Administration and Developer as

amended from time to time, pursuant to which Developer has rights to develop Gateway Residential Community.

65. "Timeshare Development or Timeshare Use" shall include, but not be limited to, any development of timeshare interests as defined under Utah law or any other vacation ownership program within Gateway Residential Community approved by Developer and the applicable Municipal Authority.

66. "Tract Declaration" shall mean a declaration recorded pursuant to Article IV, Section 1 of this Declaration. A Tract Declaration may include a deed or sublease transferring title and/or occupancy rights which contains restrictions on use and establishes a Land Use classification for a Parcel as described in Article IV Section 1 of this Declaration. The Tract Declaration shall identify the density allocated to the property it covers.

67. "Use" shall mean one or more specific types of property development and classification as set forth in Article IV Section 1 of this Declaration.

68. "VA" shall mean the Veterans Administration.

69. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall standing on Neighboring Property, on the level of the base of the object being viewed.

ARTICLE II

PROPERTY SUBJECT TO GATEWAY RESIDENTIAL COMMUNITY DECLARATION

Section 1. General Declaration Creating Gateway Residential Community.

Developer hereby declares that all of the real property, subject to the terms and conditions of the State Lease Agreement, within Gateway Residential Community, including the real property identified in Article I Section 30 together with any Additional Land annexed pursuant to Article XVI of this Declaration, is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration as amended or modified from time to time. In addition, some or all of the real property within Gateway Residential Community shall be subject to recorded Tract Declarations as applicable and as amended from time to time. Developer intends to develop Gateway Residential Community by subdivision into various Lots and Parcels and to sell or sublease such Lots and Parcels. As portions of Gateway Residential Community are developed and sold or subleased to other builders or developers for development, Developer shall record one or more Tract Declarations covering such property. Said Tract Declarations will specify the Land Use Classification and permitted uses of property described therein (in accordance with Article IV hereof) and will incorporate this Declaration and establish such additional covenants, conditions and restrictions as may be

appropriate for that property. This Declaration and all subsequent Tract Declarations are declared and agreed to be in furtherance of a general plan for the subdivision, development, improvement and sale of Gateway Residential Community and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Gateway Residential Community and every part thereof. All of this Declaration and applicable Tract Declarations shall run with Gateway Residential Community (i.e., the land described in Article I, Section 30) for all purposes and shall be binding upon and inure to the benefit of Developer, the Master Association, all Owners and Residents and their successors in interest. Nothing in this Declaration shall be construed to prevent the Developer from modifying the Master Development Plan. This Declaration shall not be construed to prevent the Developer from dedicating or conveying portions of Gateway Residential Community, including streets or roadways, for uses other than as a Lot, Parcel, Golf Course Land or Association Land, subject to the provisions of Article IV, Section 1.

Section 2. Master Association Bound. Upon issuance of a Certificate of Incorporation to the Master Association, the Covenants shall be binding upon and shall benefit the Master Association.

Section 3. Covenants Run With The Land. In order to cause the Covenants to run with Gateway Residential Community and to be binding upon Gateway Residential Community and the Owners thereof from and after the date of recordation of this Declaration, the Administration, in cooperation with the Developer, as provided in the State Lease Agreement, hereby make all conveyances of real property interests in the Gateway Residential Community, whether or not so provided therein, subject to the Covenants herein set forth; and by accepting deeds, leases, easements or other grants or conveyances to any portion of Gateway Residential Community, the Owners and other transferees for themselves and their heirs, executors, administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally bound by all of the Covenants (including but not limited to the obligation to pay Assessments) hereinafter set forth except to the extent such persons are specifically excepted herefrom.

ARTICLE III

EASEMENTS AND RIGHTS OF ENJOYMENT IN MASTER COMMON AREAS

Section 1. Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the Master Common Areas which shall be appurtenant to and shall pass with the title to every Lot and Parcel, subject to the following provisions:

- (a) The right of the Association to suspend the voting rights and right to the use of the Master Common Areas by any Member (i) for any period during which any Assessment against his Lot or Parcel remains delinquent; (ii) for a period not to exceed 60 days for any infraction of this Declaration, a Tract Declaration, the Gateway Rules or applicable design and architectural regulations, and (iii) for

successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period.

(b) The right of the Association to grant permits, licenses, easements and rights of way to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association so long as such permits, licenses, easements and rights-of-way are intended to benefit Gateway Residential Community and do not have any substantial adverse effect on the enjoyment of the Master Common Areas by the Members.

(c) The right of the Association to regulate the use of the Master Common Areas through the Gateway Rules and to prohibit access to those Master Common Areas, such as landscaped rights-of-ways, not intended for use by the Members. The Gateway Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Master Common Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

(d) The right of the applicable Municipal Authority and any other governmental or quasi-governmental body having jurisdiction over the Gateway Residential Community to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within Gateway Residential Community for purposes of providing police and fire protection, transporting school children; and providing other governmental or municipal service.

(e) The right of the Administration to retake possession of the leasehold pursuant to relinquishment, abandonment or default under the terms of the State Lease Agreement.

Section 2. Easements for Encroachments. If any part of a Dwelling Unit built in substantial accord with the boundaries for such Dwelling Unit as depicted on a Plat (or in other approved documents depicting the location of such on the Lot) encroaches or shall encroach upon the Master Common Areas, or upon an adjoining Lot, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Master Common Areas encroaches or shall encroach upon a Lot of a Dwelling Unit, an easement for such encroachment and for the maintenance of the same shall and does exist. Each Owner shall have an unrestricted right of ingress or egress to and from its Lot or Parcel.

Section 3. Delegation of Use. Each Member shall, in accordance with this Declaration and the Gateway Rules and the limitations therein contained, be deemed to have delegated his right of enjoyment in the Master Common Areas to the members of his family, his tenants or lessees, his guests or invitees or to his tenant's family, guests or invitees.

Section 4. Transfer of Title. The Administration and the Developer agree that pursuant to the State Lease Agreement, they shall cause the conveyance, by deed or by sublease, to the Master Association of fee title to or a leasehold interest in the Master 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) before the closing of the first sale of a Lot or Parcel within Gateway Residential Community. The Master Association shall not lease or sublease the Master Common Areas or any portion thereof to a third party.

ARTICLE IV

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

Section 1. Land Use Classifications. As portions of Gateway Residential Community are readied for development and sale or sublease to developers, the Land Use Classifications, restrictions, easements, rights-of-way and other matters, including new or different uses and restrictions therefor and including any number of subclassifications thereof for any special uses, shall be fixed by Developer in a Tract Declaration which shall be recorded for that portion of Gateway Residential Community. Any such Tract Declaration, after recording, shall be construed as a supplement to this Declaration and fully a part hereof for all purposes to the same extent as if all of the provisions thereof were set forth in this Declaration. In exercising its authority to record Tract Declarations, Developer may impose new Land Use Classifications or new restrictions so long as such are generally in conformance with then existing uses and restrictions applicable to Gateway Residential Community (i.e. Residential) and with the scheme of development contemplated by the Master Development Plan and this Declaration. The Land Use Classifications for Lots, Parcels and Association Land established by a Tract Declaration shall not be changed except as specifically permitted by this Declaration. The contemplated Land Use Classifications are as follows:

- (a) Single Family Residential Use;
- (b) Cluster Residential Use;
- (c) Residential Condominium Development Use;
- (d) Timeshare Development Use;
- (e) Master Association Land, which may include Master Common Areas;
- (f) Golf Course Use including a restaurant, tennis courts, swimming pools, parking and other recreational and related uses;

- (g) General Public or Quasi-Public Uses approved by the Developer.

Unless otherwise specifically provided in this Declaration, the definitions and characteristics of such Land Use Classifications, and specific permitted and prohibited uses in such Classifications, shall be determined in the Tract Declaration and shall be within the complete discretion of the Developer. All Tract Declarations shall be subject to the Design Guidelines, the zoning laws of applicable Municipal Authority, the applicable Municipal Authority Agreement and the State Lease Agreement.

Section 2. Covenants, Conditions, Easements and Restrictions Applicable to Lots and Parcels Within All Land Use Classifications. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots and Parcels, the Owners and lessees thereof, and all Residents, whether or not a Tract Declaration has been recorded on said property and regardless of the Land Use Classification of such property.

(a) Architectural Control. No improvements (whether temporary or permanent), alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any property within Gateway Residential Community, or the improvements located thereon, from its natural or improved state existing on the date this Declaration is recorded shall be made or done without the prior approval of the Design Review Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or made without the prior written approval of the Design Review Committee. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots or Parcels, shall be subject to the prior written approval of the Design Review Committee. No changes or deviations in or from the plans and specifications once approved by the Design Review Committee shall be made without the prior written approval of the Design Review Committee.

(b) Animals. No animal, bird, fowl, poultry or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot or Parcel and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. All pets must be kept in a fenced yard or on a leash at all times. No animal, bird, fowl, poultry or livestock shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal, bird, fowl, poultry or livestock shall be maintained so as to be Visible From Neighboring Property, unless otherwise approved by the Design Review Committee. Upon the written request of any Member or Resident, the Design Review Committee shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal, bird, fowl, poultry or livestock is a generally recognized house or yard pet, whether such a pet is a nuisance or whether the number of animals or birds

on any such property is reasonable. Any decision rendered by the Design Review Committee shall be enforceable in the same manner as other restrictions contained herein.

(c) Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary (nonresidential or otherwise) or permanent. Temporary buildings or structures used during the construction of any structure on any property shall be removed immediately after the completion of construction.

(d) Maintenance of Lawns and Plantings. Except where otherwise provided in a Tract Declaration, each Owner of a Lot or Parcel shall keep all shrubs, trees, hedges, grass and plantings of every kind located on

(i) his Lot or Parcel (including set back areas and Master Common Areas),

(ii) planted public right-of-way areas between sidewalks (or bike paths) and the street curb on the front or side of his property, if any;

(iii) any other public right-of-way or easement area which abuts the Owner's Lot or Parcel and which is located between the boundary line of his Lot or Parcel and the paved area of any street, sidewalk, bike path or similar area; and

(iv) any non-street public right-of-way or easement area adjacent to his Lot or Parcel,

neatly trimmed, and shall keep all such areas properly cultivated and free of trash, weeds and other unsightly material; provided, however, that such Owner shall not be responsible for maintenance of any area over which (1) the Association assumes the responsibility in writing; (2) the Association has been given such responsibility by a Recorded instrument as provided in Article X, Section I of this Declaration; or (3) a Municipal Authority assumes the responsibility. The Design Review Committee may require landscaping by the Owner of all or any portion of an improved or developed Lot or an improved or developed Parcel including the areas described in Subsections (i), (ii), (iii) and (iv) above.

(e) Nuisances: Construction Activities. No weeds, dead trees or plants, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Parcel, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance

shall be permitted to exist or operate upon any Lot or Parcel so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. Normal construction activities and parking in connection with the building of improvements on a Lot or Parcel shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots and Parcels shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved by the Design Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot or Parcel during construction of improvements may be kept only in areas approved by the Design Review Committee, which may also require screening of the storage areas. The Design Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance.

(f) Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot or Parcel which shall induce, breed or harbor infectious plant diseases or noxious insects.

(g) Repair of Building. No building or structure on any Lot or Parcel shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection (a) above and subject to the provisions of any Tract Declaration, such building or structure shall be immediately repaired, rebuilt or demolished.

(h) Antennas. No antenna, satellite receiving station or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any Lot or Parcel, whether attached to a building or structure or otherwise, unless approved by the Design Review Committee.

(i) Mineral Exploration. Subject to the rights of the Administration under the State Lease Agreement, no Lot or Parcel shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

(j) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or Parcel, except in covered containers of a type, size and style which are approved by the Design Review Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to

make the same available for collection. All rubbish, trash and garbage shall be removed from the Lots and Parcels and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot or Parcel.

(k) Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot or Parcel unless they are erected, placed or maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

(l) Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot or Parcel except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other improvements; or (ii) that which Developer or the Association may require for the operation and maintenance of Gateway Residential Community.

(m) Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot or Parcel except pursuant to the Sign Guidelines and except:

(i) Signs required by legal proceedings.

(ii) Not more than two (2) identification signs for individual residences, each with a face area of seventy-two (72) square inches or less.

(iii) Signs (including "for sale" and "for lease" signs) the nature, number and location of which have been approved in advance and in writing by the Design Review Committee.

(iv) Signs of builders on any Lot or Parcel approved from time to time by Developer as to number, size, colors, design, message content, location and type.

(v) Such other signs (including but not limited to construction job identification signs, builders signs, and subdivision identification signs) which are in conformance with the requirements of the applicable Municipal Authority and which have been approved in writing by the Design Review Committee as to size, colors, design, message content and location.

(n) Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot shall be further subdivided or separated into smaller lots or parcels by any

Owner, and no portion less than all of any such Lot or Parcel, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Developer, which approval must be evidenced on the Plat or other instrument creating the subdivision, easement or other interest. This provision shall not apply to transfers of an ownership interest in the whole of any Lot or Parcel. Further, this provision shall not, in any way, limit Developer from subdividing or separating into Lots or Parcels any property at any time owned by Developer and which has not previously been platted or subdivided into Lots. No portion of a Lot improved with a Dwelling Unit (i.e., less than the entire Lot), may be rented, and then only to a Single Family. No buildings or other permanent structures shall be constructed on any Lot or Parcel until a Tract Declaration has been recorded on such property. No Tract Declaration or further covenants, conditions, restrictions or easements shall be recorded by any Owner or other person against any Lot or Parcel without the provisions thereof having been first approved in writing by the Developer or the Design Review Committee and any covenants, conditions, restrictions or easements recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot or Parcel, and no applications for variances or use permits, shall be filed with a Municipal Authority unless the proposed use of the Lot or Parcel complies with this Declaration and any applicable Tract Declaration.

(o) Utility Easements. There is hereby created a blanket easement upon, across, over and under each Lot and Parcel for ingress to, egress from, and the installation, replacing, repairing and maintaining of, all utility and service lines and systems, including, but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. as such utilities are installed in connection with the initial development of the Lot or Parcel and the construction of the first Dwelling Unit or other building thereon. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the Lots and Parcels. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Lot or Parcel except as initially programmed and approved by the Developer or the Design Review Committee, or, if installed after recordation of the Tract Declaration, as approved by the developer of such property and the Design Review Committee.

(p) Party Walls. Except as hereinafter provided, the rights and duties of Owners with respect to Party Walls or Party Fences between Lots and Parcels, between Lots, and between Parcels shall be as follows:

(i) The Owners of contiguous Lots or Parcels who have a Party Wall or Party Fence shall both equally have the right to use such Wall or

Fence, provided that such use by one Owner does not interfere with the use and enjoyment of the same by the other Owner.

(ii) Except as provided below the cost of reasonable repair and maintenance of a Party Wall or a Party Fence shall be shared equally by the adjoining Lot Owners.

(iii) In the event that any Party Wall or Party Fence is damaged or destroyed through the act or failure to act of an Owner or any of his tenants, lessees, agents, guests or members of his family, (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to promptly rebuild and repair the Party Wall or Party Fence without cost to the Owner of the adjoining Lot or Parcel. Any dispute over an Owner's liability for such damage shall be resolved as provided in Subsection (vi) below, but any liability imposed on an Owner hereunder shall not prevent the Owner from seeking indemnity therefor from the persons causing such damage.

(iv) In the event any Party Wall or Party Fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act or failure to act of an adjoining Owner, his tenants, lessees, agents, guests or family, it shall be the obligation of all Owners whose Lots or Parcels adjoin such Party Wall or Party Fence to rebuild and repair such Wall or Fence at their joint expense, such expense to be allocated among the Owners in accordance with the frontage of their Lots or Parcels on the Party Wall or Party Fence.

(v) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall or Party Fence without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.

(vi) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a Party Wall or Party Fence, or with respect to the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board, the decision of which shall be binding.

Anything in the foregoing to the contrary notwithstanding:

(vii) In the case of Party Fences (1) between Master Common Areas and Lots or Parcels, or (2) constructed by the Developer or the Association on Master Common Areas within a Lot or Parcel, the Association shall be responsible for all maintenance thereof, subject to the provisions of Article X, Sections 2 and 3, except that each Owner of a Lot or Parcel shall remain responsible for painting and maintaining the surface of the portion of the Party

Fence facing his Lot or Parcel and/or the portion thereof which is not a portion of the Master Common Area, and

(viii) The provisions of this Subsection (p) shall not apply to any Party Wall which separates the interiors of two Dwelling Units. The rights of the owners of such Dwelling Units with respect to such Party Walls shall be governed by the Tract Declaration or additional covenants or by Plats to be recorded by the developer of the Dwelling Units.

(q) Perimeter Fences and Walls. Perimeter fences or walls along roadways as designated by Developer shall be maintained by the Association, subject to the provisions of Article X, Sections 2 and 3, except that each Owner of a Lot or Parcel shall remain responsible for painting and maintaining the surface of the portion of the perimeter wall or fence facing his Lot or Parcel. The Association shall be responsible for the maintenance of all landscaping outside the perimeter walls and fences, except any maintenance assumed by a Municipal Authority or by an ancillary association.

(r) Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, and cable information highways, shall be erected, placed or maintained anywhere in or upon any Lot or Parcel unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures as approved by the Developer or the Design Review Committee, except for

(i) overhead power poles and lines specifically approved by the Developer and Design Review Committee, and

(ii) boxes on the ground for electrical or communication connections, junctions, transformers and other apparatus customarily used in connection with such underground lines, wires and other devices, and

(iii) such above ground electrical apparatus as may be convenient or necessary on any well sites for the operation of any pumps and wells.

(s) Overhead Encroachments. No tree, shrub or planting of any kind on any Lot or Parcel shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way, the Golf Course or other area from ground level to a height of eight (8) feet without the prior approval of the Design Review Committee.

(t) Trucks, Trailers, Campers and Boats. No motor vehicle classed by manufacturer rating as exceeding 3/4-ton, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any

Lot or Parcel or on any street in Gateway Residential Community so as to be Visible From Neighboring Property, the Master Common Areas or the streets; provided, however, the provisions of this Section shall not apply to (i) pickup trucks of less than 3/4-ton capacity with camper shells not exceeding seven (7) feet in height measured from ground level and mini-motor homes not exceeding seven (7) feet in height and eighteen (18) feet in length which are parked as provided in Subsection (v) below and are used on a regular and recurring basis for basic transportation, or (ii) trucks, trailers and campers parked in an approved recreational vehicle storage area within a Residential Area or other approved areas designated for such parking.

(u) Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot, Parcel or street in Gateway Residential Community, and no inoperable vehicle may be stored or parked on any such Lot, Parcel or street, so as to be Visible From Neighboring Property or to be visible from Master Common Areas or streets; provided, however, that the provisions of this Section shall not apply to (i) emergency vehicle repairs; (ii) temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Design Review Committee; (iii) vehicles parked in garages on Lots or Parcels so long as such vehicles are in good operating condition and appearance and are not under repair; (iv) the storage of such vehicles in an area designated for such purposes on a Tract Declaration or on a site plan approved by the Design Review Committee; and (v) non-commercial vehicle repair within a garage which is closed except as necessary for ingress and egress.

(v) Parking. It is the intent of the Developer to restrict on-street parking as much as possible. Vehicles of all Owners and Residents, and of their employees, guests and invitees, are to be kept in garages and residential driveways of the Owner and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a Lot or Parcel; provided, however, this Section shall not be construed to permit the parking in the above described areas of any vehicle whose parking on Gateway Residential Community is otherwise prohibited or the parking of any inoperable vehicle. Tract Declarations may further limit or prohibit on-street parking. Provided, however, the Association shall have the authority to authorize overnight parking on one side of any street.

(w) Roofs. No solar panel, air conditioning unit, evaporative cooler, TV antennas, satellite dishes or other apparatus, structure or object shall be placed on the roof of a Dwelling Unit except as permitted in this Subsection (w) without the prior written consent of the Design Review Committee. Any solar panel, air conditioning unit, evaporative cooler or other apparatus, structure or object which is placed on the roof of a Dwelling Unit shall be mounted on the rear of the roof so that such apparatus or object is below the highest ridge on the roof and is not visible to a

person six (6) feet tall standing anywhere on the curb or street in front of the Dwelling Unit.

(x) Arterial Fencing and Walls. All perimeter walls and fencing along arterials (for the purposes of this Subsection (x) "arterials" shall refer only to those major roads and drives specifically designated by Developer as "arterials") must be constructed and maintained in accordance with the specifications and regulations established by the Developer or Design Review Committee. The fencing and walls on all Lots or Parcels whose primary buildings back on to an arterial street shall be six (6) feet in height. All such fencing shall be placed on the front, side or rear property line, as applicable, or at a position within the landscaping easement as agreed to or specified by the Developer or Design Review Committee. Notwithstanding the foregoing, no fencing or walls shall be higher than as permitted by applicable zoning regulations and pilasters may extend beyond six (6) feet as approved by Developer or the Design Review Committee.

(y) Golf Course Lots or Parcels. The following additional restrictions shall apply to all Golf Course Lots or Parcels:

(i) The boundaries of all Golf Course Lots or Parcels adjacent to the Golf Course shall remain open and shall not be fenced on land adjoining the golf course unless such fencing is approved by the Design Review Committee. All fencing on Golf Course Lots or Parcels along the boundaries adjacent to the Golf Course shall be constructed and maintained in accordance with specifications established by the Design Review Committee.

(ii) No solar panels, TV antennas, satellite dish antennas, air conditioning units, evaporative coolers or other similar devices or objects shall be placed on the roofs of Dwelling Units located on Golf Course Lots or Parcels nor shall such objects be placed anywhere else on the Golf Course Lots or Parcels so as to be Visible From Neighboring Property; provided, however, that an air conditioning unit may be mounted on the roof of a Dwelling Unit if such unit has been architecturally screened pursuant to the prior written approval of the Design Review Committee. If a wall or any other structure is constructed or landscaping is planted to screen any solar panels, TV antennas, satellite dish antennas, air conditioning units, evaporative coolers or any other similar devices or objects from view, the design of such wall, structure or landscaping must be approved in advance by the Design Review Committee.

(iii) Any portion of a Golf Course Lot or Parcel which is Visible From Neighboring Property shall be kept neat, clean and free of weeds and residue. All Golf Course Lots or Parcels shall be landscaped and maintained in accordance with the rules and regulations established by the Developer or

Design Review Committee. Such landscaping shall not be modified without prior approval of the Design Review Committee which Committee shall determine that such modification will not interfere with the view from Neighboring Property of that Lot or Parcel thus landscaped or of other Golf Course Lots or Parcels.

(iv) No temporary storage facilities, storage sheds or any other temporary or permanent structures may be placed on any Golf Course Lots or Parcels so as to be Visible From Neighboring Property without the prior consent of the Design Review Committee.

(v) Within thirty (30) days of occupancy each Owner of a Golf Course Lot or Parcel shall install permanent draperies or suitable window treatments on all exterior windows. In no event shall windows be covered with paper, aluminum foil, bed sheets or any other materials or temporary coverings not specifically intended for such purpose. No interior or exterior reflective material shall be used as a window covering unless such material has been approved by the Design Review Committee.

(vi) Each Golf Course Lot or Parcel shall be subject to an "errant golf ball easement" which shall permit access to golf balls which enter upon such properties without liability to the party causing such golf ball to enter upon a Golf Course Lot or Parcel, unless a golfer causes a golf ball to enter a Golf Course Lot or Parcel intentionally or with the intent of causing damage or harm. Golfers shall not retrieve golf balls from Golf Course Lots or Parcels.

(vii) Any portion of a Lot, Parcel or Master Common Areas designated as a golf cart path easement or other golf course easement on a Plat or in a Tract Declaration shall be used for golf cart paths, pedestrian walkways, maintenance and vehicle access and unhindered access between said paths and the Golf Course. Nothing shall be placed or maintained in any golf cart path easement or other golf course easement which shall interfere with the utilization thereof as a playable part of the Golf Course and all landscaping and other improvements within a golf cart path easement shall require the approval of the Design Review Committee. Developer reserves the right to grant or deed any such easement rights to the person or entity operating or owning the Golf Course and to impose such additional restrictions on the Golf Course easements at that time and from time to time as may be reasonably required to effectuate the purpose of such easements. Such easements are made for the benefit of the Developer, the operating of the Golf Course, the members and invited guests of the golf club associated with the Golf Course and for associated management, maintenance, and service personnel, for the Golf Course and related recreational purposes.

(z) Drainage. No Owner or Resident shall interfere with or obstruct the drainage pattern over his Lot or Parcel from or to any other Lot or Parcel as that pattern may be established by Developer or other developer.

(aa) Garage Openings. No garage door shall be open except when necessary for access to and from the garage.

(ab) Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot or Parcel, any member of the Design Review Committee, any member of the Board or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot or Parcel, and the improvements thereon, except for the interior portions of any completed residence, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

(ac) Developer's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Developer or by other developers or their duly authorized agents, of structures, improvements or signs necessary or convenient to the development or sale of property within Gateway Residential Community if those structures, improvements or signs have been approved by the Design Review Committee.

(ad) Health, Safety and Welfare. In the event additional uses, activities and facilities are deemed by the Design Review Committee to be a nuisance or to adversely affect the health, safety or welfare of Owners and Residents, the Design Review Committee may make rules restricting or regulating their presence on Gateway Residential Community as part of the architectural rules and guidelines.

(ae) Model Homes. The provisions of this Declaration and of Tract Declarations which prohibit nonresidential use of Lots and Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by persons engaged in the construction of residential dwellings at Gateway Residential Community and parking incidental to the visiting of such model homes so long as the location of such model homes and the opening and closing hours are approved by the Developer and the Design Review Committee, and the construction, operation and maintenance of such model homes otherwise complies with all of the provisions of this Declaration. The Developer and the Design Review Committee may also permit Lots and other areas to be used for parking in connection with the showing of model homes so long as such parking and parking areas are in compliance with the ordinances of the governing Municipal Authority and any rules of the Design Review Committee. Any homes constructed as model homes shall cease to be used as model homes at any time the Owner thereof is not actively engaged in the construction and sale of single family residences at Gateway Residential Community

and no home shall be used as a model home for the sale of homes not located at Gateway Residential Community.

(af) Incidental Uses. The Developer or the Design Review Committee may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within that Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Developer or Design Review Committee may wish to impose, in its sole discretion, for the benefit of Gateway Residential Community as a whole. By way of example and not of limitation, the uses which the Board may permit are private roadways and streets within an area having a Land Use Classification of Cluster Residential Use or Residential Condominium Development Use, tennis clubs and/or swimming clubs intended primarily for the benefit of all or certain Owners and Residents within areas having a Land Use Classification of Cluster Residential Use, Residential Condominium Development or Single Family Residential Use, a business office for the Association within an area having a Land Use Classification of Association Use, tennis courts, swimming pools and other recreational facilities intended for usage by the Residents or Owners of more than a single Lot or Parcel within any Residential Area, and a sales, information and marketing center operated by the Developer or other developers within an area having a Land Use Classification of Association Use.

(ag) Leases. Any lease agreement between an Owner and a lessee respecting a Parcel, Lot or Dwelling Unit shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All such lease agreements shall be in writing. No Parcel, Lot or Dwelling Unit may be leased for less than seven (7) days unless such Parcel, Lot or Dwelling Unit has a Land Use Classification of Timeshare Development Use. Other than the foregoing, there is no restriction on the right of any Owner to lease his Parcel, Lot or Dwelling Unit.

(ah) Easement for Development. The Developer hereby reserves an easement throughout Gateway Residential Community for the purpose of completing all improvements contemplated by this Declaration, including but not limited to improvements to the Additional Land. Developer shall be entitled to use all Master Common Areas within Gateway Residential Community, roadways within Gateway Residential Community and other facilities located in Gateway Residential Community to access and connect utility facilities to the Additional Land in order to make improvements thereto and to continue with the development of Gateway Residential Community.

(ai) Sales Offices. Developer hereby reserves the right to maintain sales offices, management offices, signs advertising Gateway Residential Community, and models in any areas of Gateway Residential Community owned by the Developer.

Developer may relocate sales offices, management offices and models to other locations within Gateway Residential Community at any time.

Section 3. Covenants, Conditions, Easements and Restrictions Applicable to Lots Within Single Family Residential Land Use Classification. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Lots and the Owners and Residents thereof lying within a Single Family Land Use Classification:

(a) General. Property classified for Single Family Residential Development under a Tract Declaration may be used only for the construction and occupancy of single family detached dwellings and typical residential activities incidental thereto, such as the construction and use of a family swimming pool, together with any common recreational facilities or any other common areas or amenities. All property within such Land Use Classification shall be used, improved and devoted exclusively to Single Family Residential Use. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any such property and no person shall enter into any Lot for engaging in such uses or for the purpose of receiving products or services arising out of such usage. No structure whatever, other than one private, single family residence, together with a private garage for cars and a guest house or servant quarters, shall be erected, placed or permitted to remain on any Lot.

(b) Tenants. The entire Dwelling Unit on a Lot may be let to a single family tenant or lessee from time to time by the Owner, subject to the provisions of this Declaration, and the Gateway Rules and any applicable Tract Declaration rules.

Section 4. Covenants, Conditions, Easements and Restrictions Applicable to Property Within a Residential Condominium Development Land Use Classification and a Cluster Residential Development Land Use Classification. The following covenants, conditions, restrictions and reservations of rights shall apply only to Dwelling Units and the Owners and Residents thereof lying within a Residential Condominium Development Land Use Classification and a Cluster Residential Development Land Use Classification:

(a) General. Property classified as a Residential Condominium Development or a Cluster Residential Development under a Tract Declaration may be used only for the construction and occupancy of Single Family Dwelling Units together with Master Common recreational facilities and other common areas. All property within such Land Use Classifications shall be used, improved and devoted exclusively to Single Family Residential Use. No gainful occupation, profession, trade or other non-residential use shall be conducted on any such property and no person shall enter into any Lot for engaging in such uses or for the purpose of receiving products or services arising out of such usage.

(b) Tenants. The entire Dwelling Unit may be let to a single family Tenant or lessee from time to time by the Owner, subject to the provisions of this Declaration, the Gateway Rules and any applicable Tract Declaration rules.

Section 5. Covenants, Conditions, Easements and Restrictions Applicable to Golf Course Land Use Classification; Possible Transfer to Master Association.

(a) General. The Golf Course Land shall be designated as such in a Plat and/or a Tract Declaration recorded by the Developer. The Golf Course Land and the clubhouse and associated recreational facilities may be publicly or privately owned (subject to the provisions of Subsection (b) below). No Association membership rights, responsibilities or assessments shall be attributable or charged to the Golf Course Land.

(b) Greenbelt Restriction--Transfer to the Association. The Golf Course Land shall be used solely as a golf course, park, and recreational area (including but not limited to a driving range, lakes, tennis courts, swimming pools, picnic areas, ramadas and other recreational facilities). In the event that for more than twelve (12) consecutive months the Golf Course is not substantially maintained for such purposes with landscaping in "reasonable condition", the Association may maintain the landscaping and shall be entitled to reimbursement from the owner of the Golf Course for the cost of that maintenance. If the Golf Course Land is not substantially maintained by its owner in "reasonable condition" for the above described purposes for a period in excess of five (5) consecutive years, then upon application by the Association to the governing Utah District Court and a determination by that Court that the Golf Course Land has not been substantially maintained in "reasonable condition" for one or more of the above described purposes by the owner for a period in excess of five (5) consecutive years, fee title to the Golf Course Land shall be transferred to the Association, subject to the provisions of the State Lease Agreement. "Reasonable condition" as used in this Subsection (b) shall mean weed control and landscaping care and maintenance which is consistent with the standard of landscaping maintenance employed by the cities of Washington and Hurricane within Washington County, State of Utah with respect to public parks.

(c) Operation of Golf Course. The Golf Course and the clubhouse and other facilities shall be operated in such a manner so as not to create a nuisance for the Owners and Residents of Gateway Residential Community. However, this paragraph shall not be construed to in any way prevent activities normally associated with the operation and maintenance of a golf course, including but not limited to the conduct of tournaments including spectators; television, radio and other media coverage; and various related activities.

Section 6. Covenants, Conditions, Easements and Restrictions Applicable to Property Within Timeshare Development Land Use Classification. The following covenants,

conditions, restrictions and reservation of rights shall apply only to Timeshare Development Use and the Owners and occupants within Timeshare Development Land Use Classifications:

(a) General. Property classified as and located within a Timeshare Development Land Use Classification may be used only for the construction and occupancy of Dwelling Units utilized for Timeshare Development as more fully described in a Tract Declaration.

(b) Tenants. All or some portion of a Timeshare Development may be leased to a single family tenants from time to time by the Owner, subject to the provisions of this Declaration, the Gateway Rules and any Tract Declaration rules.

Section 7. Variances. Subject to the provisions of the Design Guidelines, the Design Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in Article IV of this Declaration or in any Tract Declaration if the Design Review Committee determines in its discretion (a) either (i) that a restriction would create an unreasonable hardship or burden on an Owner or (ii) that a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete and (b) that the activity permitted under the variance will not have any substantial adverse affect on the Owners and Residents of Gateway Residential Community and is consistent with the high quality of life intended for Residents of Gateway Residential Community.

ARTICLE V

ORGANIZATION OF MASTER ASSOCIATION

Section 1. Formation of Association. The Association shall be a nonprofit Utah corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2. Board of Trustees and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The initial Board shall be composed of five (5) members. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the Manager. The Board's responsibilities shall include, but shall not be limited to, the following:

(a) administration, including administrative support as required for the Design Review Committee;

- (b) preparing and administering an operational budget;
- (c) establishing and administering an adequate reserve fund;
- (d) scheduling and conducting the annual meeting and other meetings of the Members;
- (e) collecting and enforcing the assessments;
- (f) accounting functions and maintaining records;
- (g) promulgation and enforcement of the Gateway Rules (but not the Design Guidelines);
- (h) maintenance of the Master Common Areas; and
- (i) all the other duties imposed upon the Board pursuant to this Declaration, the Bylaws, the Articles and the Gateway Rules.

The Board shall not, however, be responsible for those duties and areas of operation specifically designated under the Declaration, the Articles, the Bylaws or the Gateway Rules as the responsibility of the Design Review Committee.

Section 3. The Gateway Rules. By a majority vote, the Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the Gateway Rules. The Gateway Rules may restrict and govern the use of any area by any Member or Resident, by the family of such Member, or by any invitee, licensee or tenant of such Member; provided, however, that the Gateway Rules shall not discriminate among Members and shall not be inconsistent with this Declaration, the Articles or the Bylaws.

Section 4. Personal Liability. No member of the Board or of any committee of the Association (including but not limited to the Design Review Committee), no officer of the Association and no Manager or other employee of the Association shall be personally liable to any Member or to any other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the Manager, any representative or employee of the Association or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 4 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

Section 5. Ancillary Associations. In the event any homeowners or similar association is to be formed by the developer of a Parcel or subdivision at Gateway Residential Community, the articles of incorporation and bylaws or other governing

documents for such association shall not be effective unless the contents thereof have been approved by the Association and the Design Review Committee. The governing documents of such association and the rights of its members are subject and subordinate to the provisions of this Declaration, the provisions of the Articles and Bylaws of the Association and the provisions of the Gateway Rules, Sign Guidelines and Design Guidelines.

Section 6. Professional Management. The Association may carry out through the Manager those of its functions which are properly subject to delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing Gateway Residential Community for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by 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. Subject to the provisions of the Municipal Authority Agreements and the State Lease Agreement, any such management agreement executed on or before the termination of the Developer control of the appointment of the Board of Trustees as described in Section 3 of Article VI may be terminated by the Association without cause or cost at any time after the transfer of such control. The above termination provisions shall not apply to any other types of service contracts.

ARTICLE VI

MEMBERSHIPS AND VOTING

Section 1. Owners of Lots and Parcels. Every Owner of a Lot or Parcel which is subject to assessment shall be a Member of the Association. Each such Owner shall have the following number of Memberships:

(a) One Membership for each Lot owned by the Member;

(b) In the case of the Owner of a Parcel designated for Residential Condominium Development but as to which a condominium regime has not been recorded, one Membership for each Dwelling Unit permitted upon the Parcel under the Master Development Plan then in effect for Gateway Residential Community, the number of such Dwelling Units to be determined on the assumption that the number of Dwelling Units within a density classification on the Master Development Plan will be spread evenly over all land within the density classification. If a site plan for the Parcel is subsequently approved by the Design Review Committee and the Municipal Authority for a number of Dwelling Units different than the number of Dwelling Units assumed pursuant to the Master Development Plan, the number of Memberships will be adjusted, as to the portion of the Parcel covered by the site plan and effective as of the date of adjustment, to reflect the actual number of Dwelling Units authorized by the approved site plan;

(c) In the case of the Owner of a Parcel with a Land Use Classification of Single Family Residential, Cluster Residential or Timeshare Development, one Membership for each Dwelling Unit permitted upon the Parcel under the Master Development Plan then in effect for Gateway Residential Community. If a Plat or other instrument creating Lots is recorded covering all or part of the area within the Parcel, the Parcel shall be reduced in size by the area so platted and the number of Memberships held by the Owner, as Owner of the Parcel, shall be reduced by a number equal to the number of Lots in the recorded Plat. All Memberships attributable to the Parcel shall cease when the land area ceases to be a Parcel because all of the area in the Parcel has been platted or otherwise dedicated to the public and no unplatted Single Family Residential, Cluster Residential or Timeshare Development area remains within the Parcel; and

Each such Membership shall be appurtenant to and may not be separated from Ownership of the Lot or Parcel to which the Membership is attributable. There shall be only one Membership for each Lot, for each Dwelling Unit in a Parcel, which Memberships shall be shared by any joint owners of, or owners of undivided interests in, a Lot or Parcel.

Section 2. Developer. The Developer shall be a Member of the Association for so long as the Developer owns any Lot or Parcel in Gateway Residential Community.

Section 3. Board of Trustees. Until such time as the responsibility for electing the Board of Trustees of the Association is turned over to the Owners, the Developer shall have the exclusive right to appoint and remove all such Trustees. This exclusive right of the Developer to appoint Trustees shall terminate after the first to occur of the following:

- (a) Twenty-five (25) years from the date on which the first Lot in the Project is conveyed; or
- (b) Four (4) months after seventy-five percent (75%) of the Lots (including for this Section 3 Lots allocated to Parcels not yet subdivided or otherwise legally created) have been conveyed by Developer to the Purchasers thereof.

If, prior to twenty-five (25) years from the date hereof, control of the Association is turned over to the Owners and thereafter Developer annexes to the Gateway Residential Community all or a portion of the Additional Land, the Developer's exclusive right to appoint members of the Board of Trustees shall be revived so long as Developer owns more than twenty-five percent (25%) of all Lots (as defined in this Section 3) within the Gateway Residential Community, as expanded.

Section 4. Right to Vote. Each Member shall be entitled to one vote for each Membership which he or she owns. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such

change and is provided satisfactory proof thereof. The vote for each such Membership must be cast as a unit; fractional votes shall not be allowed. In the event that a Membership is owned by more than one person or entity and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same Membership unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular Membership, none of said votes shall be counted and all said votes shall be deemed void.

Section 5. Cumulative Voting for Board Members. In any election of the members of the Board, every owner of a Membership entitled to vote at such an election shall have the number of votes for each Membership equal to the number of trustees to be elected. Each Member shall have the right to cumulate his votes for one candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

Section 6. Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 7. Transfer of Membership. The rights and obligations of the owner of a Membership in the Association shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot or Parcel and then only to the transferee of ownership to the Lot or Parcel. A transfer of ownership to a Lot or Parcel may be effected by deed, sublease (with respect to certain Residential Areas) intestate succession, testamentary disposition, foreclosure of a Mortgage or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Utah. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot or Parcel shall operate to transfer the Membership(s) appurtenant to said Lot or Parcel to the new Owner thereof.

ARTICLE VII

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 1. Creation of Lien and Personal Obligation of Assessments and Maintenance Charges. The Developer, for each Lot and Parcel hereafter established within Gateway Residential Community, hereby covenants and agrees, and each Owner by acceptance of a Deed or other conveyance (including a sublease) of a Lot (whether or not it shall be so expressed in such Deed or conveyance) is deemed to covenant and agree, to pay to the Association the following assessments and charges: (1) Annual Assessments established by this Article VII (2) Special Assessments for capital improvements or other extraordinary

expenses or costs established by this Article VII and (3) Maintenance Charges established by Article X, Sections 2 and 3. All such Assessments shall be established and collected as hereinafter provided. The Annual Assessments, Special Assessments and Maintenance Charges together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot or Parcel and shall be a continuing servitude and lien upon the Lot or Parcel against which each such Assessment is made. The Annual and Special Assessments against each Lot or Parcel shall be based on the number of Memberships appurtenant to the Lot or Parcel as described in Article VI Section 1 hereof. Each such Annual and Special Assessment and Maintenance Charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Lot or Parcel at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them. In any event, all Lots shall be allocated the then applicable Assessments no later than sixty (60) days after the first Lot is conveyed.

Section 2. Annual Assessments. Annual Assessments shall be computed and assessed against all Lots and Parcels as follows:

(a) Common Expense. Annual assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Master Common Areas and operating the Association. Such estimated expenses may include, without limitation, the following: sublease or lease payments due to the Developer or the Administration with respect to any Master Common Areas owned by the Administration; expenses of management; real property taxes and special assessments (unless and until the Lots or Parcels are separately assessed); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Association employees, including fees for a Manager; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance, repairs, and replacement of those Master Common Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Association for the benefit of the Members under or by reason of this Declaration, the State Lease Agreement, and the Municipal Authority Agreements. Such shall constitute the Common Expense, and all funds received from assessments under this Section 2(a) of Article VII shall be part of the Common Expense Fund. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for reserve expenses which together shall constitute the Common Expense Fund.

(b) Apportionment. Common Expenses shall be apportioned among and assessed to all Members equally in accordance with Section 3 of this Article VII, based on the number of Memberships appurtenant to the Lot or Parcel. Developer

shall be liable for the amount of any assessments against Lots and Parcels owned by it.

(c) Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year shall begin on the date of this Declaration, and, on or before November 1 of each year thereafter, the Board of Trustees shall prepare and furnish to each Member, or cause to be prepared and furnished to each Member, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated expenses of Common Expense for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which Gateway Residential Community shall be operated during such annual period.

(d) Notice and Payment. Except with respect to the first fiscal year, the Board of Trustees shall notify each Owner in writing as to the amount of the Annual Assessment against his or her Lot or Parcel on or before December 1 each year for the fiscal year beginning on January 1 next following. Except as otherwise provided by the Board, each Annual Assessment shall be payable in twelve equal monthly installments, one such installment due on the first day of each calendar month during the fiscal year to which the assessment relates; provided, however, the Annual Assessment for the first fiscal year shall be based upon such portion of the first fiscal year. All unpaid installments of any Annual Assessment shall bear interest at the rate established by the Board not to exceed eighteen percent (18%) per annum fifteen (15) days after the date each such installment became due until paid and the Member shall be liable for all costs, including attorneys' fees incurred by the Association in collecting the same. In addition, in the event that any installment of the Annual Assessment is not paid within fifteen (15) days of the date such installment becomes due, the Association may, at its option, and upon fifteen (15) days prior written notice to the Member, accelerate the due date for all remaining unpaid installments of the Annual Assessment for the remainder of the fiscal year and all accrued but unpaid interest thereon. Payment of the Annual Assessment installments so accelerated shall be due at the expiration of said fifteen (15) day notice period and interest shall accrue on the entire sum at the rate established by the Board not to exceed eighteen percent (18%) per annum from such date until paid in full. The failure of the Board of Trustees to give timely notice of any Annual Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Member from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Member in the manner provided in this Declaration.

(e) Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Member's assessment, the Board of Trustees may, on behalf of the Association, levy additional Assessments in accordance with the procedure set forth in Article VII, Section 5 below, except that the vote therein specified shall be unnecessary.

Section 3. Uniform Rate of Assessment. The amount of any Annual or Special Assessment against each Lot or Parcel shall be fixed at an equal uniform rate per Membership, except that the following Owners shall pay only twenty-five percent (25%) of the Annual Assessment otherwise attributable to his, or her its Membership during the periods hereafter specified:

(a) The Owner of a Lot shall pay only twenty-five percent (25%) of the Annual Assessment attributable to his Membership until completion of the first Dwelling Unit on the Lot and occupancy of such Dwelling Unit.

(b) The Owner of a Parcel which, under a Tract Declaration or the Master Development Plan, has been classified for Single Family Residential Use or Cluster Residential Use (and which remains a Parcel because it has not yet been subdivided) shall pay only twenty-five percent (25%) of the Annual Assessment otherwise attributable to each of his Memberships.

(c) The Owner of a Parcel which, under a Tract Declaration or the Master Development Plan, has been classified for Timeshare Development (and which remains a Parcel because it has not yet been subdivided) shall pay only twenty-five percent (25%) of the Annual Assessment otherwise attributable to each of his Memberships.

If the Owner of a Parcel or Lot ceases to qualify for the reduced twenty-five (25%) rate during the period to which an Annual Assessment is attributable, the Assessment attributable to the Membership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for each rate. Annual Assessments may be collected on a monthly, quarterly or annual basis and Special Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the Special Assessment.

Section 4. Maximum Annual Assessment. The Annual Assessment to be established by the Board may not exceed a certain amount, hereinafter referred to as the "Maximum Annual Assessment", which Maximum Annual Assessment shall be determined and shall vary in accordance with the following provisions:

(a) Until January 1 of the year following the recordation of the first Tract Declaration, the Maximum Annual Assessment against each Owner or Membership

shall be _____ DOLLARS (\$) _____) per each Membership.

(b) From and after January 1 of the year immediately following the recordation of the first Tract Declaration, the Maximum Annual Assessment may be increased each year not more than fifteen percent (15%) above the Maximum Assessment for the previous year without a vote of the Members.

(c) From and after January 1 of the year immediately following the recordation of the first Tract Declaration, the Maximum Annual Assessment may be increased above fifteen percent (15%) by a vote of sixty-seven percent (67%) of the votes of the Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board may fix the Annual Assessment at an amount not in excess of the maximum.

Notwithstanding the foregoing, in the event the Association elects to maintain the Golf Course Land as provided in Section 5(b) of Article IV or if the Association receives title to the Golf Course Land pursuant to the provisions of that Section 5(b), then in that year the Board shall be authorized to increase the total Annual Assessment by an amount sufficient to cover the maintenance of the Golf Course Land and such increase shall not be limited by the provisions of this Section 4.

Section 5. Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Association may levy, in any Assessment Period, a Special Assessment applicable to that period only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Association Land or other Master Common Areas, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that any such assessment shall have the assent of at least fifty-one percent (51%) of the votes of the Members who are voting in person or by proxy at a meeting duly called for such purpose. In connection with any such Special Assessment, Owners qualifying for paying only twenty-five percent (25%) of the Annual Assessment attributable to their Memberships pursuant to Section 3 above shall also be required to pay only twenty-five percent (25%) of the Special Assessment otherwise attributable to each such Membership. The provisions of this Section are not intended to preclude or limit the assessment, collection or use of Annual Assessments for the aforesaid purposes.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 or 5 of this Article shall be sent to all Members no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the

presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes (exclusive of suspended voting rights) of the Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Establishment of Annual Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence upon the recording of the first Tract Declaration and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period by recording with the County Recorder of Washington County, Utah, an instrument specifying the new Assessment Period.

Section 8. Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making the Assessments provided herein and for the billing and collection of the Annual and Special Assessments and the Maintenance Charges imposed pursuant to Article X, Section 2 and 3, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than fifteen (15) days written notice prior to such foreclosure or enforcement, at the address of the Member on the records of the Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after the delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment Period; successor Owners of Lots or Parcels shall be given credit for prepayments, on a prorated basis, made by prior Owners. In case the Owner of a Membership becomes liable for payment of an increased sum pursuant to Section 3 of this Article during the Assessment Period, he shall notify the Association but his failure to notify the Association shall not relieve him of the liability for such amounts. The amount of the Annual Assessment against Members who become such during an Assessment Period upon the recordation of a Tract Declaration shall be prorated and such new Members shall not be liable for any previously levied Special Assessments.

Section 9. Reserves and Working Capital. The Association shall establish the following funds:

(a) Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Master Common Area the Association may be obligated to maintain, repair or replace. The reserve fund shall be maintained out of Annual Assessments for Common Expenses.

(b) Working Capital Fund. The Developer shall establish and maintain for Gateway Residential Community, a working capital fund equal to at least two monthly installments of the Annual Assessment for each Lot or Parcel. Each Lot's and Parcel's share of the working capital fund must be collected and transferred to the Association at the time of the closing of sale of that Lot or Parcel. Notwithstanding the foregoing, the contribution to the working capital fund for each unsold Lot or Parcel shall be paid by the Developer to the Association within sixty (60) days after the date of the conveyance of the first Lot or Parcel in Gateway Residential Community, or any phase thereof. With respect to each Lot or Parcel for which the Developer pays the contribution to the working capital fund, Developer shall be reimbursed for such contribution either by the purchaser of such Lot or Parcel at the time of the closing of the sale to such purchaser or by the Association upon termination of the Developer control of the Association as described in Section 3 of Article VI hereof, whichever is earlier. The working capital fund must be maintained in a segregated account for the use and benefit of the Association. The purpose of the working capital fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Association. Amounts paid into the working capital fund are not to be considered advance payments of any regular assessment. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners. The Developer shall not use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association.

Section 10. Evidence of Payment of Annual and Special Assessments and Maintenance Charges. Upon receipt of a written request by a Member or any other person, the Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all Annual and Special Assessments and Maintenance Charges (including interest, costs and attorneys' fees, if any, as provided in Section 2 above) have been paid with respect to any specified Lot or Parcel as of the date of such certificate, or (b) if all Annual and Special Assessments and Maintenance Charges have not been paid, the amount of such Annual and Special Assessments and Maintenance Charges (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or Mortgagee on, the Lot or Parcel in question.

Section 11. Property Exempted from the Annual and Special Assessments and Assessment Lien. Exempt Property shall be exempt from the assessment of the Annual and Special Assessments, but such property shall not be exempt from the Maintenance Charges provided for in Article X, Sections 2 and 3; from attorneys' fees, costs and expenses as

described in Article XII, Section 2; or from the Assessment Lien to secure said Maintenance Charges, attorneys' fees, costs and expenses; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the Annual and Special Assessments (prorated as of the date it became Assessable Property) and the Assessment Lien.

ARTICLE VIII

ENFORCEMENT OF PAYMENT OF ANNUAL AND SPECIAL ASSESSMENTS AND MAINTENANCE CHARGES AND OF ASSESSMENT LIEN

Section 1. Master Association as Enforcing Body. The Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Declaration. However, if the Association shall fail or refuse to enforce this Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Member may enforce them at his own expense by any appropriate action, whether in law or in equity.

Section 2. Association's Remedies to Enforce Payment of Annual and Special Assessments and Maintenance Charges. If any Member fails to pay the Annual or Special Assessments or installments when due, or to pay Maintenance Charges assessed pursuant to Article X, Sections 2 and 3, the Association may enforce the payment of the Annual or Special Assessments, Maintenance Charges and/or Assessment Lien by taking either or both of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

- (a) Bring an action at law and recover judgment against the Member personally obligated to pay the Annual or Special Assessments or the Maintenance Charges;
- (b) Foreclose the Assessment Lien against the Lot or Parcel in accordance with the then prevailing Utah law relating to the foreclosure of realty mortgages (including the right to recover any deficiency) or foreclose by any other means permitted by law.

Notwithstanding subordination of an Assessment Lien as described in Section 3 of this Article VIII, the delinquent Member shall remain personally liable for the Assessments and related costs after his Membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

Section 3. Subordination of Assessment Lien to First Mortgage; Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any First Mortgage and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot or Parcel. Sale or transfer of any Lot or Parcel shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a First Mortgage to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the foreclosure or deed of trust of sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot or Parcel free of the Assessment Lien for all Annual and Special Assessments and Maintenance Charges that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; provided, however, that such First Mortgage foreclosure sale purchaser or grantee shall take subject to all Annual and Special Assessments, Maintenance Charges and the Assessment Lien therefor accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

Section 4. Costs to be Borne by Member in Connection with Enforcement of Payment of Annual and Special Assessments and Maintenance Charges. In any action taken pursuant to Section 2 of this Article, the Member shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Annual and Special Assessments and Maintenance Charges together with interest and the Association's collection costs and attorneys' fees, including those costs and fees specified in Article VII, Section 2(d).

ARTICLE IX

USE OF FUNDS; BORROWING POWER; OTHER ASSOCIATION DUTIES

Section 1. Purposes for Which Association's Funds May Be Used. The Association shall apply all funds and property collected and received by it (including the Annual and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of Gateway Residential Community and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any kind and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within Gateway Residential Community, which may be necessary, desirable or beneficial to the general common interests of Gateway Residential Community, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and Residents, maintenance of landscaping on Master Common Areas and public right-of-way

and drainage areas within Gateway Residential Community, recreation, liability insurance, communications, ownership and operation of vehicle storage areas, transportation, health, utilities, public services, safety and indemnification of officers and directors of the Association and payment of sums due under the State Lease Agreement and Municipal Authority Agreements. The Association also may expend its funds as permitted under the laws of the State of Utah.

Section 2. Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate.

Section 3. Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of Annual Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

ARTICLE X

MAINTENANCE

Section 1. Master Common Areas and Public Right-of-Way. The Association, or its duly delegated representative, shall maintain and otherwise manage all Master Common Areas, including, but not limited to, the landscaping, walkways, riding paths, parking areas, drives, recreational facilities and the roofs, interiors and exteriors of the buildings and structures located upon said properties; provided, however, the Association shall not be responsible for providing or maintaining the landscaping or structures on any Master Common Areas which are part of Lots or Parcels unless (i) such landscaping or structures are available for use by all Owners and Residents or are within easements intended for the general benefit of Gateway Residential Community and (ii) the Association assumes in writing the responsibility as set forth in a recorded instrument as hereinafter provided. The Association shall also maintain any landscaping and other improvements not on Lots and Parcels which are within the exterior boundaries of Gateway Residential Community, which are within areas shown on a Plat or other plat of dedication for Gateway Residential Community or covered by a Tract Declaration and which are intended for the general benefit of the Owners and Residents of Gateway Residential Community, except the Association shall not maintain areas which (i) a Municipal Authority is maintaining, (ii) which an ancillary association is required under a Tract Declaration to maintain or (iii) are to be maintained by the Owners of a Lot or Parcel pursuant to Article IV, Section 2(d) of this Declaration. The Association shall maintain the street parkways on all major streets serving

the Gateway Residential Community and all trees located in parkways adjacent to streets in the Gateway Residential Community. Specific areas to be maintained by the Association may be identified on Plats recorded or approved by the Developer, in Tract Declarations and in deeds from the Developer to a transferee of a Lot or Parcel, but the failure to so identify such areas shall not affect the Association's rights or responsibilities with respect to such Master Common Areas and other areas intended for the general benefit of Gateway Residential Community. Notwithstanding anything to the contrary herein, the Board shall have discretion to enter into an agreement with a Municipal Authority to permit the Association to upgrade and/or maintain landscaping on property owned by a Municipal Authority, if such property is within Gateway Residential Community, if the Board determines such Agreement benefits the Association.

The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property so that the Gateway Residential Community development will reflect a high grade of ownership. In this connection the Association may, subject to any applicable provisions on Special Assessments for capital improvements, in the discretion of the Board:

- (a) Reconstruct, repair, replace or refinish any improvement or portion thereof upon Association Land;
- (b) Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of the Master Common Areas used as a road, street, walk, driveway or parking area, except that no permanent improvements shall be made by the Association on any Master Common Area that is not Association Land and the Association shall provide only maintenance on Master Common Areas which are not Association Land;
- (c) Replace injured and diseased trees and other vegetation in any Master Common Area (and on any street as described in Section 1 above), and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;
- (d) Place and maintain upon any Master Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and
- (e) Do all such other and further acts which the Board deems necessary to preserve and protect the Master Common Areas and the beauty thereof, in accordance with the general purposes specified in this Declaration.

The Board shall be the sole judge as to the appropriate maintenance of all Master Common Areas and other properties maintained by the Association. Any cooperative action necessary

or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

In the event any Plat, Tract Declaration, deed restriction or this Declaration permits the Board to determine whether or not Owners of certain Lots or Parcels will be responsible for maintenance of certain Master Common Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Residents of Gateway Residential Community for the Association or for an individual Owner or an ancillary association to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article X and, in order to promote uniformity and harmony of appearance, the Board may also cause the Association to contract to provide maintenance services to Owners of Lots and Parcels having such responsibilities in exchange for the payment of such fees as the Association and Owner may agree upon.

Section 2. Assessment of Certain Costs of Maintenance and Repair of Master Common Areas and of Public Areas. In the event that the need for maintenance or repair of Master Common Areas, structures and other property maintained by the Association is caused through the willful or negligent act of any Owner, Resident or Member, or any family, guests, invitees or tenants of such persons, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot or Parcel pursuant to Section 1 of this Article X in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

Section 3. Maintenance and Use of Lots and Parcels. Each Dwelling Unit, building, Lot and Parcel shall be properly maintained by the Owner so as not to detract from the appearance of Gateway Residential Community and so as not to affect adversely the value or use of any other Dwelling Unit, building, Lot or Parcel. In the event any portion of any Lot or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots and Parcels or other areas of Gateway Residential Community which are substantially affected thereby or related thereto, or in the event any portion of a Lot or Parcel is being used in a manner which violates this Declaration or any Tract Declaration applicable thereto, or in the event the Owner of any Lot or Parcel is failing to perform any of its obligations under this Declaration, any Tract Declaration, the Gateway Rules or the architectural guidelines and standards of the Design Review Committee, the Board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said

14-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien.

ARTICLE XI

DESIGN REVIEW COMMITTEE

Section 1. Membership. There is hereby established a Design Review Committee which shall be responsible for the establishment and administration of the Design Guidelines and to carry out all other responsibilities assigned to the Committee in order to carry out the purposes and intent of this Declaration. The Committee shall be composed of five persons, who need not be Members of the Association. All of the members of the Committee shall be appointed, removed, and replaced by Developer in its sole discretion, until such time as the control of the Association is turned over to the Owners pursuant to Section 3 of Article VI hereof and at that time the Board of Trustees shall be entitled to appoint, remove, or replace not less than two (2) members of the Committee.

Section 2. Purpose. The Committee shall review, study and either approve, reject or request resubmittal of proposed developments and improvements to a Lot or Parcel, all in compliance with this Declaration and as further set forth in the rules and regulations of the Committee and the Design Guidelines adopted and established from time to time by the Committee. Each developer of a Parcel shall demonstrate to the Committee that its Tract Declaration, Plat and development plan have been approved by the Developer, by the Administration if and as required by the State Lease Agreement and by the applicable Municipal Authority. The developer shall submit the development plan to the Committee and obtain its approval thereof prior to submission to the Municipal Authority.

(a) The Committee shall exercise its best judgment to see that all improvements conform and harmonize with any existing structures as to external design, quality and type of construction, materials, color, location on the Lot or Parcel, height, grade and finished ground elevation, and all aesthetic considerations set forth in this Declaration or in the Design Guidelines.

(b) No improvement on a Lot or Parcel shall be erected, placed or altered on any Lot or Parcel nor shall any construction be commenced until plans for such improvement shall have been approved by the Committee; provided, however, that improvements and alterations which are completely within a building may be undertaken without such approval.

(c) The actions of the Committee in the exercise of its discretion by its approval or disapproval of plans and other information submitted to it, or with respect

to any other matter before it, shall be conclusive and binding on all interested parties subject to appeal as provided in the Bylaws.

Section 3. Organization and Operation of Committee.

(a) Term. The term of office of each member of the Committee, subject to Section 1 hereof, shall be one year, commencing January 1 of each year, and continuing until his successor shall have been appointed. Should a Committee member die, retire, become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in Section 1 hereof.

(b) Chairman. So long as Developer appoints the Committee, Developer shall appoint the chairman. In the event Developer grants the Board the right to appoint a majority of the Committee, the chairman shall be elected annually from among the members of the Committee by majority vote of said members.

(c) Operations. The chairman shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the Committee prior to any meeting. The notice shall set forth the time and place of the meeting, and notice may be waived by any member. In the absence of a chairman, the party responsible for appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, a temporary successor.

(d) Voting. The affirmative vote of a majority of the members of the Committee shall govern its actions and be the act of the Committee. A quorum shall consist of a majority of the members.

(e) Expert Consultation. The Committee may avail itself of technical and professional advice and consultants as it deems appropriate.

Section 4. Expenses. Except as provided below, all expenses of the Committee shall be paid by the Master Association. The Committee shall have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the Committee from time to time, and such fees shall be collected by the Committee and remitted to the Master Association to help defray the expenses of the Committee's operation. Until December 31, 1996, the filing fee shall not exceed \$250 per Dwelling Unit, but may be subject to reasonable increase after the date as determined by the Board on recommendation from the Committee.

Section 5. Design Guidelines and Rules. The Committee shall adopt, establish, and publish from time to time Design Guidelines. The Design Guidelines shall define and describe the design standards for Gateway Residential Community and the various uses within Gateway Residential Community. The Design Guidelines may be modified or amended from time to time by the Committee subject to written approval by Developer. To

the extent permitted by the Design Guidelines, the Committee, in its sole discretion, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may permit compliance with different or alternative requirements. Compliance with the Gateway Residential Community design review process is not a substitute for compliance with applicable Municipal Authority building, zoning, and subdivision regulations and Administration requirements, and each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to obtaining final approval of any improvements from the Committee and prior to commencing construction.

Section 6. Procedures. As part of the Design Guidelines, the Committee shall make and publish such rules and regulations as it may deem appropriate to govern its proceedings. Appeals shall be conducted as provided in such rules and regulations.

Section 7. Limitation of Liability. The Committee shall use reasonable judgment in accepting or disapproving all plans and specifications submitted to it. Neither the Committee, nor any individual Committee member, shall be liable to any person for any official act of the Committee in connection with submitted plans and specifications, except to the extent the Committee or any individual Committee member acted with malice or wrongful intent. Approval by the Committee does not necessarily assure approval by the appropriate Governmental Authority and the Administration. Notwithstanding that the Committee has approved plans and specifications, neither the Committee nor any of its members shall be responsible or liable to any Owner, developer, or contractor with respect to any loss, liability, claim, or expense which may arise by reason of such approval of the construction of any improvements. Neither the Board, the Design Review Committee, or any agent thereof, nor Developer or any of its shareholders, employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved, nor for any structural or other defects in any work done according to such plans and specifications. In all events the Committee shall be defended and indemnified by the Master Association in any such suit or proceeding which may arise by reason of the Committee's decision. The Master Association, however, shall not be obligated to indemnify each member of the Committee to the extent any such member of the Committee shall be adjudged to be liable for gross negligence or willful misconduct in the performance of his duty as a member of the Committee, unless and then only to the extent that the Court in which such action or suit may be brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expense as such court shall deem proper.

Section 8. Certificate of Compliance. Upon payment of a reasonable fee established from time to time by the Board, and upon written request of any Owner or his agent, an existing or prospective Mortgagee, or a prospective grantee, the Committee shall issue an acknowledged certificate, in recordable form, setting forth generally whether, to the best of the Committee's knowledge, the Owner is in violation of any of the terms and conditions of the Declaration, Design Guidelines and related rules and regulations. Unless such request

shall be complied with within 30 days after receipt of the request, it shall be conclusively presumed that the Owner and the Owner's improvements are in conformance with all the terms and conditions subject to the control of the Committee.

ARTICLE XII

RIGHTS AND POWERS OF MASTER ASSOCIATION

Section 1. Master Association's Rights and Powers As Set Forth in Articles and Bylaws. In addition to the rights and powers of the Master Association set forth in this Declaration, the Master Association shall have such rights and powers as are set forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Developer, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. After incorporation of the Master Association, a copy of the Articles and Bylaws of the Master Association shall be available for inspection at the office of the Master Association during reasonable business hours.

Section 2. Master Association's Rights of Enforcement of Provisions of This and Other Instruments. The Master Association, as the agent and representative of the Owners and Members shall have the right to enforce, by any proceeding at law or in equity, the Covenants set forth in this Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Master Association or by Developer. In the event suit is brought or arbitration is instituted or an attorney is retained by the Master Association to enforce the terms of this Declaration or other document as described in this Section 2 and the Master Association prevails, the Master Association shall be entitled to recover, in addition to any other remedy, reimbursement for attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith including but not limited to the Master Association's administrative costs and fees. Said attorneys' fees, costs and expenses shall be the personal liability of the breaching Owner and shall also be secured by the Assessment Lien against said Owner's Lot or Parcel. If the Master Association should fail to act within a reasonable time, any Owner shall have the right to enforce the Covenants set forth in this Declaration.

Section 3. Contracts with Others for Performance of Master Association's Duties. Subject to the restrictions and limitations contained herein, the Master Association may enter into contracts and transactions with others, including the Developer and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected

by the fact that one or more trustees or officers of the Master Association or members of any committee are employed by or otherwise connected with Developer or its affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such trustee, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by the Developer, its affiliated companies or any competitor thereof and may vote thereat to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

Section 4. Change of Use of Master Association Land and Procedure Therefor.

Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Master Association Land or of the Master Association's interest in other Master Common Areas is no longer in the best interests of the Owners and Residents and (b) the approval of such resolution by a majority of the votes of the Members who are voting in person or by proxy at a meeting duly called for such purpose (with the quorum requirement established pursuant to Section 6 of Article VII), the Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Owners and Residents, and (ii) shall be consistent with any deed restrictions (or zoning regulations) restricting or limiting the use of the Master Association Land. Any construction, reconstruction, alteration or change of the buildings, structures and improvements on Master Association Land shall require the approval of the Design Review Committee.

ARTICLE XIII

INSURANCE AND FIDELITY BONDS

Section 1. Hazard Insurance. The Master Association shall at all times maintain in force insurance meeting the following requirements: A "master" or "blanket" type policy of property insurance shall be maintained covering all insurable improvements, if any, on the Master Association Land and where appropriate on the Master Common Areas; fixtures, building service equipment, personal property and supplies comprising a part of the Master Common Areas or owned by the Master Association; and which are of a class typically encumbered by Mortgages held by FNMA or other similar institutional Mortgage investors; but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity insurance coverage. As a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils

which are customarily covered with respect to projects similar to Gateway Residential Community in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Master Common Areas covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (2) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). The maximum deductible amount for such policy shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount.

Section 2. Flood Insurance. If any part of the Master Common Areas is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, a "master" or "blanket" policy of flood insurance shall be maintained covering the improvements located on the Master Common Areas, and any machinery and equipment related thereto (hereinafter "Insurable Property") in an amount deemed appropriate, but not less than the lesser of: (1) the maximum limit of coverage available under the National Flood Insurance Administration Program for all Insurable Property within any portion of the Master Common Areas located within a designated flood hazard area; or (2) one hundred percent (100%) of the insurable value of all such facilities. The maximum deductible amount for any such policy shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy face amount.

(a) The name of the insured under each policy required to be maintained by the foregoing items (Section 1) and (Section 2) shall be the Master Association for the use and benefit of the individual Owners. [Said Owners shall be designated by name, if required.] Notwithstanding the requirement of the two immediately foregoing sentences, each such policy may be issued in the name of an authorized representative of the Master Association, including any Insurance Trustee with whom the Master Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Master Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's First Mortgagee. Each Owner and each such Owner's First Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and First Mortgagee upon request.

(b) Each policy required to be maintained by the foregoing items (Section 1) and (Section 2), shall contain the standard mortgage clause, or equivalent endorsement

(without contribution), commonly accepted by private institutional mortgage investors in the area in which Gateway Residential Community is located. If FNMA is a holder of one or more Mortgages on Lots within Gateway Residential Community, such mortgage clause shall name FNMA or FNMA's servicer of such Mortgages as Mortgagee. If FNMA's servicer is named as Mortgagee in such mortgage clause, such servicer's name shall be followed therein by the phrase "its successors and assigns". In addition, such mortgage clause or another appropriate provision of each such policy shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Master Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

(c) Each policy required to be maintained by the foregoing (Section 1) and (Section 2), shall provide, if available, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(d) Each policy required to be maintained by the foregoing (Section 1) shall also contain or provide the following: (1) "Inflation Guard Endorsement", if available; (2) "Building Ordinance or Law Endorsement", if the enforcement of any building, zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and (3) "Steam Boiler and Machinery Coverage Endorsement" which shall provide that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the improvements containing the boiler or machinery.

Section 3. Fidelity Bonds. The Master Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, Members, and employees of the Master Association and for all other persons handling or responsible for funds of or administered by the Master Association. Furthermore, where the Master Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Master Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Master Association. The total amount of fidelity bond coverage required shall be based upon the Master Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Master Association, or the Manager, as the case may be, at any given time during the term of each bond. A lesser amount of fidelity insurance coverage is acceptable for the Project so long as the Master Association and the Manager adhere to the following financial controls: (1) the Master Association or the Manager maintains separate bank accounts for the working account and the reserve account,

each with appropriate access controls, and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Master Association; (2) the Manager maintains separate records and bank accounts for each Association that uses its services and the Manager does not have authority to draw checks on or to transfer funds from the Master Association's reserve account; or (3) two members of the Board must sign any checks written on the reserve account. Nevertheless, in no event may the amount of such bonds be less than the sum equal to three months' aggregate assessments on all Lots and Parcels. The bonds required shall meet the following additional requirements: (1) the fidelity bonds shall name the Master Association as obligee; (2) the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions; (3) the premiums on all bonds required herein for the Master Association (except for premiums on fidelity bonds maintained by the Manager for its officers, employees and agents) shall be paid by the Master Association as part of the Common Expenses; and (4) the bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Master Association, to any Insurance Trustee, and to each servicer of loans on behalf of FNMA.

Section 4. Liability Insurance. The Master Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Master Common Areas, public ways in Gateway Residential Community, if any, all other areas of Gateway Residential Community that are under the Master Association's supervision, and commercial spaces owned by the Master Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to Gateway Residential Community in construction, location, and use. Nevertheless, such coverage shall be for at least One Million Dollars (\$1,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Master Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Master Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to Gateway Residential Community in construction, location, and use, including but not limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Master Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Master Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

Section 5. Insurance Trustees and General Requirements Concerning Insurance.

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 Master Association, the Master Association's authorized representative, including any trustee with whom the Master 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. Each Owner hereby appoints the Master Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Master Association, as his or her 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. The Master Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear.

Each insurance policy maintained pursuant to the foregoing Sections 1, 2, 3 and 4 shall be written by an insurance carrier which is licensed to transact business in the State of Utah and which has a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc., or which is written by Lloyd's of London. No such policy shall be maintained where: (1) under the terms of the carrier's charter, bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Board, the Master Association, FNMA, or the designee of FNMA; (2) 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 (3) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Board, the Master Association, an Owner, or FNMA) from collecting insurance proceeds. The provisions of this Section 5 and of the foregoing Sections 1, 2, 3 and 4 shall not be construed to limit the power or authority of the Master Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Master Association may deem appropriate from time to time.

Section 6. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Master Common Areas and improvements thereon which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration.

ARTICLE XIV

DAMAGE OR DESTRUCTION

Section 1. Master Association as Attorney in Fact. Each and every Owner hereby irrevocably constitutes and appoints the Master Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the improvements on the Master Common Areas upon damage or destruction as provided in this Article or a complete or partial taking as provided in Article XV below. Acceptance by any grantee of a Deed or other instrument of conveyance from the Developer or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Master Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Master Association as attorney-in-fact. All insurance proceeds shall be payable to the Master Association except as otherwise provided in this Declaration.

Section 2. Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any part of the improvements on the Master Common Areas in Gateway Residential Community, the Master Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Master Common Areas so damaged or destroyed. "Repair and reconstruction" as used in this Article XIV shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction.

Section 3. Repair and Reconstruction. As soon as practical after obtaining estimates, the Master Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed improvements. As attorney-in-fact for the Owners, the Master Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Master Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 4. Funds for Repair and Reconstruction. The proceeds received by the Master Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Master Association may, pursuant to Article VII, Section 5 above, levy, assess, and collect in advance from all Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

Section 5. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Master Association and the amounts received from the Special Assessments provided for in Article VII, Section 5 above constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Master Association under Section 4 above, or, if no Special Assessments were made, then in equal shares per Lot or Parcel based on the number of Membership allocated thereto, first to the Mortgagees and then to the Owners, as their interests appear.

Section 6. Decision Not to Rebuild. If Owners representing at least sixty-seven percent (67%) of the votes of the Members in the Master Association agree in writing not to repair and reconstruct and no alternative improvements are authorized, then and in that event the Master Common Areas shall be restored to their natural state and maintained as an undeveloped portion of the Master Common Areas by the Master Association in a neat and attractive condition, and any remaining insurance proceeds shall be distributed in equal shares per Lot or Parcel, based on the number of Membership allocated thereto, first to the Mortgagees and then to the Owners, as their interests appear.

Section 7. Notice to First Mortgagees. The Master Association shall give timely written notice to any holder of any First Mortgage on a Lot or Parcel who requests such notice in writing in the event of substantial damage to or destruction of any part of the Master Common Areas.

ARTICLE XV

CONDEMNATION

Section 1. Rights of Owners. Whenever all or any part of the Master Common Areas shall be taken or conveyed in lieu of and under threat of condemnation, each Owner shall be entitled to notice of the taking, but the Master Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 2. Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Master Association as Trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Master Common Areas on which improvements have been constructed, then, unless within sixty days after such taking Developer and Owners representing at least sixty-seven percent (67%) of the votes in the Master Association

shall otherwise agree, the Master Association shall restore or replace such improvements so taken on the remaining land included in the Master Common Areas to the extent lands are available therefor, in accordance with plans approved by the Board of Trustees and the Design Review Committee. If such improvements are to be repaired or restored, the provisions in Article XIV above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Master Common Areas, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Lot or Parcel based on the number of Memberships allocated thereto, first to the Mortgagees and then to the Owners, as their interests appear.

Section 3. Complete Condemnation. If all of Gateway Residential Community is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Master Common Areas shall be distributed to Owners based upon the relative value of the Lots, Dwelling Units and Parcels prior to the condemnation.

ARTICLE XVI

ADDITIONAL LAND

Section 1. Right to Expand and State of Title to New Lots and Parcels. There is hereby granted unto Developer, and Developer hereby reserves, the absolute right and option to expand Gateway Residential Community at any time (within the limits herein prescribed) and from time to time by adding to Gateway Residential Community the Additional Land or a portion or portions thereof. Notwithstanding any provision of this Declaration which might be construed to the contrary, such right and option may be exercised without obtaining the vote or consent of any other person (including any Owner or Mortgagee) and shall be limited only as specifically provided in this Declaration. Any given portion of the Additional Land shall be deemed added to Gateway Residential Community at such time as a duly approved Plat and/or a Declaration of Annexation containing the information required by Section 3 below have been recorded with respect to the portion of the Additional Land concerned. After the recordation of such Declaration of Annexation, title to each Lot and Parcel thereby created within the portion of the Additional Land concerned and its appurtenant right and easement of use and enjoyment in and to the Master Common Areas shall be vested in and held by Developer, and none of the other Owners or the Master Association shall have any claim or title to or interest in such Lot and Parcel or its appurtenant right and easement of use and enjoyment to the Master Common Areas.

Section 2. Rights and Statements Respecting Additional Land. Developer hereby furnishes the following information and statements respecting the Additional Land and

Developer's right and option concerning expansion of Gateway Residential Community by the addition thereto of the Additional Land or a portion or portions thereof:

(a) All of the Additional Land need not be added to Gateway Residential Community if any of such Additional Land is added. Rather, a portion or portions of the Additional Land may be added to Gateway Residential Community at any time (within the limits herein prescribed) and from time to time.

(b) There are no limitations or requirements relative to the size, location, or configuration of any given portion of the Additional Land which can be added to Gateway Residential Community or relative to the order in which particular portions of the Additional Land can be added to the Gateway Residential Community. Provided, however, future improvements shall be consistent with the initial improvements in structure type and quality of construction.

(c) Assuming that the entirety of the Additional Land is added to Gateway Residential Community, the maximum number of Lots and Parcels which may be created on the Additional Land is _____ ().

(d) All subdivision improvements with respect to portions of the Additional Land which are added to Gateway Residential Community shall be substantially complete or bonded for prior to annexation.

Section 3. Procedure for Expansion. Each Declaration of Annexation by which addition to Gateway Residential Community of any portion of the Additional Land is accomplished shall be executed by Developer, shall be in recordable form, must be filed for record in the office of the County Recorder of Washington County, Utah on or before twenty-five (25) years from the date that this Declaration is recorded, and shall contain the following information for that portion of the Additional Land which is being added:

(a) Data sufficient to identify this Declaration and the Plat respecting that portion of the Additional Land being added.

(b) The legal description of the portion of the Additional Land being added.

(c) A statement that such portion of the Additional Land shall thereafter be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens set forth in this Declaration.

(d) A conveyance to the Master Association of good and marketable fee title or leasehold interest (if title is held by the Administration), free and clear of all liens and encumbrances to all Master Association Land situated in that portion of the Additional Land being added.

(e) Such other matters as may be necessary, desirable, or appropriate and as are not inconsistent with any limitation imposed by this Declaration.

Upon the recordation of any supplement contemplated above, it shall automatically supplement this Declaration and any supplements previously recorded. At any point in time, the Declaration for Gateway Residential Community shall consist of this Declaration, as amended and expanded by all supplements theretofore recorded pursuant to the terms hereof.

Section 4. Allocation of Assessments and Voting Rights Following Expansion. Each Lot or Parcel created shall be apportioned a share of the Common Expenses attributable to Gateway Residential Community, as provided in Article VII. Each Lot, Parcel and Owner shall be entitled to votes in the Master Association as provided for in Section 4 of Article VI. Assessments and voting rights shall commence as of the date the Developer executes a Declaration of Annexation.

Section 5. No Obligation to Expand. Except to the extent specifically indicated herein, this Declaration is not intended, and shall not be construed so as, to impose upon Developer any obligation respecting, or to restrict Developer in any way with regard to: (i) The addition to Gateway Residential Community of any or all of the Additional Land; (ii) The creation or construction of any Lot or other improvement; (iii) The carrying out in any particular way or within any particular time of any development or addition which may be undertaken; or (iv) The taking of any particular action with respect to any portion of the Additional Land. Except to the extent specifically indicated herein, no covenant, restriction, limitation, representation, or commitment in this Declaration concerning anything that is or is not to occur, apply, or be done on or relative to the Additional Land or any portion thereof shall be binding as to such of the Additional Land as is never added to Gateway Residential Community.

ARTICLE XVII

MORTGAGEE REQUIREMENTS

Section 1. Notice of Action. Upon written request made to the Master Association by a Mortgagee, or an insurer or governmental guarantor of a Mortgage, which written request shall identify the name and address of such Mortgagee, insurer or governmental guarantor and Lot number or address of the Dwelling Unit, any such Mortgagee, insurer or governmental guarantor shall be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of Gateway Residential Community or any Lot or Parcel on which there is a Mortgage held, insured or guaranteed by such Mortgagee, insurer or governmental guarantor;

(b) Any delinquency in the payment of assessments or charges owed by an Owner, whose Lot or Parcel is subject to a Mortgage held, insured or guaranteed by such Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association; and

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 2 below or elsewhere herein.

Section 2. Matters Requiring Prior Eligible Mortgagee Approval. Except as provided elsewhere in this Declaration, the prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the votes of the Members in the Master Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Master Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding First Mortgages on Lots or Parcels having at least fifty-one percent (51%) of the votes of the Lots or Parcels subject to First Mortgages held by Eligible Mortgagees shall be required to:

(a) Abandon or terminate the legal status of Gateway Residential Community after substantial destruction or condemnation occurs. Termination of the legal status of Gateway Residential Community for any other reason shall be agreed to by Eligible Mortgagees holding at least sixty-seven percent (67%) of the First Mortgages on Lots or Parcels.

(b) Add or amend any material provision of the Declaration, Articles or Bylaws, which establishes, provides for, governs or regulates any of the following (an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only):

(i) voting rights;

(ii) increases in Assessments that raise the previously assessed amount by more than 25%, Assessment Liens, or the priority of Assessment Liens;

(iii) reductions in reserves for maintenance, repair, and replacement of Master Common Areas;

(iv) responsibility for maintenance and repairs;

(v) reallocation of interests in the Master Common Areas, or rights to their use;

- (vi) redefinition of any Lot boundaries;
- (vii) convertibility of Lots into Master Common Areas or vice versa;
- (viii) expansion or contraction of Gateway Residential Community, or the addition, annexation, or withdrawal of property to or from Gateway Residential Community;
- (ix) hazard or fidelity insurance requirements;
- (x) imposition of any restrictions on the leasing Lots, Parcels and improvements;
- (xi) imposition of any restrictions on Owner's right to sell or transfer his or her Lot or Parcel;
- (xii) a decision by the Master Association of a property that consists of 50 or more units to establish self-management if professional management had been required previously by the Declaration or by an Eligible Mortgagee.
- (xiii) restoration or repair of Gateway Residential Community (after damage or partial condemnation) in a manner other than that specified in the Declaration; or
- (xiv) any provisions that expressly benefit Mortgagees, insurers, or guarantors.

Any Mortgagee, insurer or governmental guarantor who receives a written request from the Master Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Master Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested.

Section 3. Availability of Property Documents and Financial Statements. The Master Association shall maintain and have current copies of the Declaration, Articles, Bylaws, and other rules concerning Gateway Residential Community as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of Mortgages that are secured by Lots or Parcels. Generally, these documents shall be available during normal business hours.

In the event Gateway Residential Community comes to contain 50 or more Dwelling Units, the Master Association shall make an audited financial statement for the preceding fiscal year (if Gateway Residential Community has been established for a full fiscal year) available to the holder, insurer, or guarantor of any Mortgage on submission of a written

request for it. The audited financial statement shall be made available within 120 days of the Master Association's fiscal year-end. If Gateway Residential Community consists of fewer than 50 Dwelling Units and there is no audited statement available, any Mortgagee shall have the right to have an audited financial statement prepared at its own expense.

Section 4. Subordination of Lien. The lien or claim against a Lot or Parcel for unpaid Assessments or charges levied by the Master Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Lot or Parcel, and the First Mortgage thereunder which comes into possession of or which obtains title to the Lot or Parcel shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First 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 First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Master Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Lot or Parcel affected or previously affected by the First Mortgage concerned.

Section 5. Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Master Common Areas are not timely paid, or in the event the required hazard insurance described in Section 1 of Article XIII lapses, is not maintained, or the premiums therefor are not paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any First Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Master Association.

Section 6. Priority. No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Lots, Parcels or the Master Common Areas.

ARTICLE XVIII

TERM; AMENDMENTS; TERMINATION

Section 1. Term; Method of Termination. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of forty (40) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting eighty percent (80%) of the total votes cast at an

election held for such purpose or otherwise approved in writing within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. Anything in the foregoing to the contrary notwithstanding, no vote to terminate (or amend as provided in Section 2 below) this Declaration shall be effective unless and until written consent to such termination or amendment has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from First Mortgagees on sixty-seven percent (67%) of the Lots and Parcels upon which there are such First Mortgages. If the necessary votes and consents are obtained, the Board shall cause to be recorded with the County Recorder of Washington County, Utah, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Master Association, with their signatures acknowledged. Thereupon these Covenants shall have no further force and effect, and the Master Association shall be dissolved pursuant to the terms set forth in its Articles.

Section 2. Amendments. This Declaration may be amended by recording with the County Recorder of Washington County, Utah, a Certificate of Amendment, duly signed and acknowledged as required for a Certificate of Termination in Section 1 of this Article. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided in Section 3 of this Article, shall certify that pursuant to an election duly called and held pursuant to the provisions of the Articles and Bylaws (or by written consent) the Members casting sixty seven percent (67%) of the votes of the Members at the election, present in person or by proxy, voted affirmatively for the adoption of the amendment. Within twenty-five (25) years from the date of recording this Declaration and so long as the Developer is the owner of any Lot or Parcel in Gateway Residential Community, this Declaration and any Tract Declaration may be amended or terminated only with the written approval of the Developer. The Developer alone may amend or terminate this Declaration prior to the closing of a sale of any Gateway Lot or Parcel.

Section 3. Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Article or Declaration to the contrary notwithstanding, Developer reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by the California Department of Real Estate, FHA, VA, the Federal Home Loan Mortgage Corporation or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or Parcel(s) or any portions thereof. Any such amendment shall be effected by the recordation by Developer of an Amendment duly signed by or on behalf of the Developer with signatures acknowledged, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all of Gateway Residential Community and all persons

having an interest therein. It is the desire of Developer to retain control of the Master Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Developer alone shall have the right to amend this Declaration to restore such control.

ARTICLE XIX

MISCELLANEOUS

Section 1. Interpretation of the Covenants. Except for judicial construction, the Master Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Master Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the Covenants and provisions hereof.

Section 2. Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 3. Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 4. Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Master Association (through its Board) shall have the right to adopt rules and regulations with respect to all other aspects of the Master Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

Section 5. Developer's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth on a Plat or other instrument recorded in the office of the County Recorder of Washington County, Utah, Developer makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of Gateway Residential Community can or will be carried out, or that any land now owned or hereafter acquired by it is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or if that land is once used for a particular use, such use will continue in effect. Not as a limitation of the generality of the foregoing, the Developer expressly reserves the right at any time and from time to time to amend the Master Development Plan.

Section 6. References to the Covenants in Deeds. Deeds or any instruments affecting any Lot or Parcel or any part of Gateway Residential Community may contain the Covenants herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 7. List of Owners and Eligible Members. The Board shall maintain up-to-date records showing: (i) the name of each person who is an Owner, the address of such person, and the Lot or Parcel which is owned by him; (ii) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity and the Lot or Parcel which is encumbered by the Mortgage held by such person or entity; and (iii) the name of each person or entity who is an insurer or governmental guarantor, the address of such person or entity. In the event of any transfer of a fee or undivided fee interest in a Lot or Parcel, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Washington County, Utah. The Board may for all purposes act and rely on the information concerning Owners and Lot or Parcel ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Lot, Parcel or Lots or Parcels which is obtained from the office of the County Recorder of Washington County, Utah. The address of an Owner shall be deemed to be the address of the Lot owned by such person unless the Board is otherwise advised. The list of Owners shall be made available by the Board to any Owner for noncommercial purposes upon such Owner's written request and such Owner's payment of any copying charges.

Section 8. General Obligations. Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to this Declaration. With respect to unsold Lots and Parcels, the Developer shall enjoy the same rights and assumes the same duties with respect to each unsold Lot.

Section 9. Rights of Action. The Master Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of the Declaration or the decisions of the Master Association. Owners shall have a similar right of action against the Master Association.

Section 10. Successors and Assigns of Developer. Any reference in this Declaration to Developer shall include any successors or assigns of Developer's rights and powers hereunder.

Section 11. Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

Section 12. Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

Section 13. Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to such person at the address given by that person to the Master Association for the purpose of service of such notice or to the address of the lot of such person if no address has been given. Such address may be changed from time to time by notice in writing received by the Master Association. Notice to the Board or to the Design Review Committee shall also be delivered or mailed to the Developer.

Section 14. Explanation Concerning Execution by Administration. The Administration has executed this Declaration for the sole purpose of subjecting its interest in Gateway Residential Community to the terms and provisions of said Declaration. The Administration shall have no liability under this Declaration for any of the obligations of Developer, if any. The Developer shall have the sole and exclusive responsibility for the development of Gateway Residential Community. The Administration is not affiliated with Developer, is not a partner or joint venturer of the Developer and otherwise has no economic relationship with the Developer.

IN WITNESS WHEREOF, the Administration and Developer have executed this Declaration as of the day first above written.

STATE OF UTAH, SCHOOL AND
INSTITUTIONAL TRUST LANDS
ADMINISTRATION

By Scott Hirsch
Its DIRECTOR

RICK SANT CONSTRUCTION, INC. dba Sant
Pacific Group

By G. Richard Sant
Its PRES

APPROVED AS TO FORM
JAN GRAHAM
ATTORNEY GENERAL

BY: Steven F. Alder 65
STEVEN F. ALDER, ASSISTANT ATTORNEY GENERAL

11/30/94
10:25am

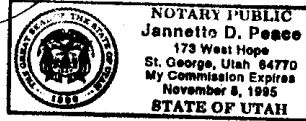
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STATE OF UTAH)
)
) : ss.
COUNTY OF Washington)

On the 5th day of ~~March~~ ^{DECEMBER}, 1994, personally appeared before me
SCOTT HIRSCHI, the signer of the foregoing instrument, who duly acknowledged to
me that he executed the same.

My Commission Expires:

Nov 8, 1995



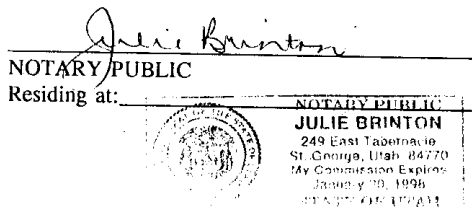
NOTARY PUBLIC
Residing at: St. George, Utah

STATE OF UTAH)
)
) : ss.
COUNTY OF Washington)

On the 7th day of ~~March~~ ^{December}, 1994, personally appeared before me G. Richard Sant, President
of Rick Sant***, the signer of the foregoing instrument, who duly acknowledged to
me that he executed the same.

**Construction, Inc. dba Sant Pacific Group

My Commission Expires:



NOTARY PUBLIC
Residing at: _____

GATEWAY RESIDENTIAL COMMUNITY

December 8, 1994

TOWNSHIP 42 SOUTH, RANGE 14 WEST, SLB&M

Section 4

ALL THAT PORTION OF SECTION 4 LYING SOUTH OF THE SOUTHERLY RIGHT-OF-WAY LINE OF SR-9 HIGHWAY AND SOUTHEASTERLY OF THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4;
THENCE N 89°44'56" E, 531.44 FEET MORE OR LESS ALONG THE SOUTH LINE OF SAID SECTION 4 TO THE **POINT OF BEGINNING**;
THENCE N 00°23'32" W, 175.37 FEET MORE OR LESS TO A CURVE CONCAVE TO THE SOUTHEASTERLY AND HAVING A 1150.00 FOOT RADIUS;
SAID CURVE BEING ON THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT;
THENCE NORTHEASTERLY, 36.51 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE FROM A RADIAL LINE WHICH BEARS S 12°02'59" E THROUGH A CENTRAL ANGLE OF 01°49'08";
THENCE N 79°46'09" E, 207.23 FEET MORE OR LESS ALONG SAID RIGHT-OF-WAY TO A CURVE CONCAVE TO THE NORTHWESTERLY AND HAVING A 1250.00 FOOT RADIUS;
SAID CURVE BEING ON THE SOUTHEASTERLY LINE OF SAID RIGHT-OF-WAY;
THENCE NORTHEASTERLY, 1679.07 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 76°57'46";
THENCE N 02°48'23" E, 127.34 FEET MORE OR LESS;
THENCE N 77°48'03" E, 912.05 FEET MORE OR LESS;
THENCE S 00°23'31" E, 1698.58 FEET MORE OR LESS;
THENCE S 89°44'56" W, 2174.37 FEET MORE OR LESS TO THE **POINT OF BEGINNING**.

ALL THAT PORTION OF THE WEST HALF OF SECTION 4 LYING NORTH OF THE NORTHERLY RIGHT-OF-WAY LINE OF SR-9 HIGHWAY AND NORTH OF THE NORTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH CORNER OF SECTION 4;
SAID NORTH CORNER ALSO BEING THE **POINT OF BEGINNING**;
THENCE S 00°23'16" E, 1789.71 FEET MORE OR LESS;
THENCE S 00°23'16" E, 369.91 FEET MORE OR LESS TO THE NORTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT;
THENCE S 69°49'38" W, 568.22 FEET MORE OR LESS TO A CURVE CONCAVE TO A

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CURVE CONCAVE SOUTHEASTERLY AND HAVING A 650.00 FOOT RADIUS;
THENCE SOUTHWESTERLY, 760.33 FEET MORE OR LESS ALONG THE ARC OF SAID
CURVE THROUGH A CENTRAL ANGLE OF 67°01'15";
THENCE S 02°48'23" W, 125.14 FEET MORE OR LESS TO THE NORTHERLY RIGHT-
OF-WAY LINE OF SR-9 HIGHWAY;
THENCE S 77°48'03" W, 155.69 FEET MORE OR LESS ALONG SAID RIGHT-OF-WAY
TO A CURVE CONCAVE NORTHEASTERLY AND HAVING A 1709.86 FOOT RADIUS;
THENCE NORTHWESTERLY, 1555.91 FEET MORE OR LESS ALONG THE ARC OF
SAID CURVE THROUGH A CENTRAL ANGLE OF 52°08'13";
THENCE N 50°03'44" W, 132.54 FEET MORE OR LESS;
THENCE N 13°42'47" E, 185.34 FEET MORE OR LESS;
THENCE N 07°21'20" E, 261.31 FEET MORE OR LESS;
THENCE N 19°42'59" E, 198.33 FEET MORE OR LESS;
THENCE N 28°25'56" E, 269.36 FEET MORE OR LESS;
THENCE N 42°23'12" E, 215.05 FEET MORE OR LESS;
THENCE N 05°52'48" E, 190.50 FEET MORE OR LESS;
THENCE N 43°15'06" E, 337.70 FEET MORE OR LESS;
THENCE S 48°15'10" E, 79.37 FEET MORE OR LESS;
THENCE S 10°59'08" W, 144.28 FEET MORE OR LESS;
THENCE S 19°11'13" E, 51.48 FEET MORE OR LESS;
THENCE N 46°54'15" E, 175.91 FEET MORE OR LESS;
THENCE N 70°21'16" E, 93.91 FEET MORE OR LESS;
THENCE N 45°00'47" E, 122.07 FEET MORE OR LESS;
THENCE N 30°44'49" E, 90.62 FEET MORE OR LESS;
THENCE N 76°47'52" E, 211.97 FEET MORE OR LESS;
THENCE S 42°00'01" E, 84.97 FEET MORE OR LESS;
THENCE S 81°01'53" E, 81.01 FEET MORE OR LESS;
THENCE S 73°37'03" E, 74.63 FEET MORE OR LESS;
THENCE S 44°29'15" W, 162.27 FEET MORE OR LESS;
THENCE S 26°57'00" W, 144.04 FEET MORE OR LESS;
THENCE S 25°01'33" W, 240.99 FEET MORE OR LESS;
THENCE S 14°02'33" W, 194.42 FEET MORE OR LESS;
THENCE S 05°21'30" W, 252.58 FEET MORE OR LESS;
THENCE S 16°40'21" W, 184.77 FEET MORE OR LESS;
THENCE S 18°18'14" W, 182.53 FEET MORE OR LESS;
THENCE S 14°25'38" W, 50.51 FEET MORE OR LESS;
THENCE S 32°01'01" E, 26.37 FEET MORE OR LESS;
THENCE S 77°12'05" E, 31.54 FEET MORE OR LESS;
THENCE N 56°46'49" E, 48.47 FEET MORE OR LESS;
THENCE N 20°08'41" E, 44.66 FEET MORE OR LESS;
THENCE N 13°34'35" W, 41.69 FEET MORE OR LESS;
THENCE N 10°50'42" E, 200.63 FEET MORE OR LESS;
THENCE N 41°38'47" E, 33.66 FEET MORE OR LESS;

THENCE N 51°08'10" E, 71.64 FEET MORE OR LESS;
THENCE S 23°30'29" E, 65.70 FEET MORE OR LESS;
THENCE N 45°00'47" E, 129.69 FEET MORE OR LESS;
THENCE N 22°54'54" E, 201.92 FEET MORE OR LESS;
THENCE N 30°13'22" E, 239.50 FEET MORE OR LESS;
THENCE N 55°30'13" E, 50.88 FEET MORE OR LESS;
THENCE N 84°32'00" E, 247.48 FEET MORE OR LESS;
THENCE N 39°37'24" E, 98.63 FEET MORE OR LESS;
THENCE N 09°12'03" W, 278.64 FEET MORE OR LESS;
THENCE N 04°14'18" W, 70.92 FEET MORE OR LESS;
THENCE N 09°53'54" E, 228.69 FEET MORE OR LESS;
THENCE N 54°08'02" E, 207.68 FEET MORE OR LESS;
THENCE S 50°29'25" E, 73.90 FEET MORE OR LESS;
THENCE S 71°34'22" E, 49.58 FEET MORE OR LESS;
THENCE N 64°48'32" E, 26.78 FEET MORE OR LESS;
THENCE N 06°13'06" E, 144.74 FEET MORE OR LESS;
THENCE N 38°27'59" W, 123.73 FEET MORE OR LESS;
THENCE NORTH, 94.03 FEET MORE OR LESS;
THENCE N 65°26'34" E, 109.69 FEET MORE OR LESS;
THENCE N 05°53'46" E, 222.00 FEET MORE OR LESS;
THENCE N 23°19'27" W, 141.64 FEET MORE OR LESS;
THENCE N 11°04'30" W, 200.99 FEET MORE OR LESS;
THENCE S 89°41'44" E, 528.08 FEET MORE OR LESS TO THE POINT OF BEGINNING.

ADDITIONAL LAND

September 23, 1994

TOWNSHIP 42 SOUTH, RANGE 14 WEST, SLB&M

Section 4

ALL THAT PORTION OF SECTION 4 LYING SOUTH OF THE SOUTHERLY RIGHT-OF-WAY LINE OF SR-9 HIGHWAY AND NORTH OF THE NORTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT LESS AND EXCEPTING THE FOLLOWING:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4;
THENCE N 00°31'40" W, 1282.31 FEET MORE OR LESS ALONG THE WEST LINE OF SAID SECTION 4 TO THE **POINT OF BEGINNING**;
THENCE N 00°30'42" W, 872.78 FEET MORE OR LESS TO A CURVE CONCAVE NORTHEASTERLY AND HAVING A 2109.86 FOOT RADIUS;
SAID CURVE ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SR-9 HIGHWAY;
THENCE SOUTHEASTERLY, 1756.23 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE FROM A RADIAL LINE WHICH BEARS N 35°29'36" E THROUGH A CENTRAL ANGLE OF 47°41'33";
THENCE N 77°48'03" E, 48.47 FEET MORE OR LESS TO THE WESTERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT;
THENCE S 02°48'23" W, 100.54 FEET MORE OR LESS ALONG SAID RIGHT-OF-WAY TO A CURVE CONCAVE NORTHWESTERLY AND HAVING A 1150.00 FOOT RADIUS;
THENCE SOUTHWESTERLY, 1544.74 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 76°57'46";
THENCE N 50°03'44" W, 992.67 FEET MORE OR LESS TO THE **POINT OF BEGINNING**.

ALL THAT PORTION OF THE WEST HALF OF SECTION 4 LYING NORTH OF THE NORTHERLY RIGHT-OF-WAY LINE OF SR-9 HIGHWAY AND NORTH OF THE NORTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT LESS AND EXCEPTING THE FOLLOWING:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 4;
THENCE N 89°41'44" W, 527.94 FEET MORE OR LESS ALONG THE NORTH LINE OF SAID SECTION 4 TO THE **POINT OF BEGINNING**;
THENCE S 11°04'30" E, 200.99 FEET MORE OR LESS;
THENCE S 23°19'27" E, 141.64 FEET MORE OR LESS;
THENCE S 05°53'46" W, 222.00 FEET MORE OR LESS;
THENCE S 65°26'34" W, 109.69 FEET MORE OR LESS
THENCE SOUTH, 94.03 FEET MORE OR LESS;
THENCE S 38°27'59" E, 123.73 FEET MORE OR LESS;

THENCE S 06°13'06" W, 144.74 FEET MORE OR LESS;
THENCE S 64°48'32" W, 26.78 FEET MORE OR LESS;
THENCE N 71°34'22" W, 49.58 FEET MORE OR LESS;
THENCE N 50°29'25" W, 73.90 FEET MORE OR LESS;
THENCE S 54°08'02" W, 207.68 FEET MORE OR LESS;
THENCE S 09°53'54" W, 228.69 FEET MORE OR LESS;
THENCE S 04°14'18" E, 70.92 FEET MORE OR LESS;
THENCE S 09°12'03" E, 278.64 FEET MORE OR LESS;
THENCE S 39°-37'24" W, 98.63 FEET MORE OR LESS;
THENCE S 84°32'00" W, 247.48 FEET MORE OR LESS;
THENCE S 55°30'13" W, 50.88 FEET MORE OR LESS;
THENCE S 30°13'22" W, 239.50 FEET MORE OR LESS;
THENCE S 22°54'54" W, 201.92 FEET MORE OR LESS;
THENCE S 45°00'47" W, 129.69 FEET MORE OR LESS;
THENCE N 23°30'29" W, 65.70 FEET MORE OR LESS;
THENCE S 51°08'10" W, 71.64 FEET MORE OR LESS;
THENCE S 41°38'47" W, 33.66 FEET MORE OR LESS;
THENCE S 10°50'42" W, 200.63 FEET MORE OR LESS;
THENCE S 13°34'35" E, 41.69 FEET MORE OR LESS;
THENCE S 20°08'41" W, 44.66 FEET MORE OR LESS;
THENCE S 56°46'49" W, 48.47 FEET MORE OR LESS;
THENCE N 77°12'05" W, 31.54 FEET MORE OR LESS;
THENCE N 32°01'01" W, 26.37 FEET MORE OR LESS;
THENCE N 14°25'38" E, 50.51 FEET MORE OR LESS;
THENCE N 18°18'14" E, 182.53 FEET MORE OR LESS;
THENCE N 16°40'21" E, 184.77 FEET MORE OR LESS;
THENCE N 05°21'30" E, 252.58 FEET MORE OR LESS;
THENCE N 14°02'33" E, 194.42 FEET MORE OR LESS;
THENCE N 25°01'33" E, 240.99 FEET MORE OR LESS;
THENCE N 26°57'00" E, 144.04 FEET MORE OR LESS;
THENCE N 44°29'15" E, 162.27 FEET MORE OR LESS;
THENCE N 73°37'03" W, 74.63 FEET MORE OR LESS;
THENCE N 81°01'53" W, 81.01 FEET MORE OR LESS;
THENCE N 42°00'01" W, 84.97 FEET MORE OR LESS;
THENCE S 76°47'52" W, 211.97 FEET MORE OR LESS;
THENCE S 30°44'49" W, 90.62 FEET MORE OR LESS;
THENCE S 45°00'47" W, 122.07 FEET MORE OR LESS;
THENCE S 70°21'16" W, 93.91 FEET MORE OR LESS;
THENCE S 46°54'15" W, 175.91 FEET MORE OR LESS;
THENCE N 19°11'13" W, 51.48 FEET MORE OR LESS;
THENCE N 10°59'08" E, 144.28 FEET MORE OR LESS;
THENCE N 48°15'10" W, 79.37 FEET MORE OR LESS;
THENCE N 55°32'26" E, 232.05 FEET MORE OR LESS;

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THENCE N 36°32'29" E, 206.34 FEET MORE OR LESS;
THENCE N 23°58'20" E, 362.85 FEET MORE OR LESS;
THENCE N 27°17'15" E, 442.16 FEET MORE OR LESS;
THENCE N 18°03'14" E, 183.52 FEET MORE OR LESS;
THENCE S 89°41'44" E, 745.01 FEET MORE OR LESS TO THE POINT OF BEGINNING.

ALL THAT PORTION OF SECTION 4 LYING SOUTH OF THE SOUTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4;
THENCE N 89°44'56" E, 118.91 FEET MORE OR LESS ALONG THE SOUTH LINE OF SAID SECTION 4 TO THE POINT OF BEGINNING;
SAID **POINT OF BEGINNING** ALSO BEING ON A CURVE CONCAVE SOUTHEASTERLY AND HAVING A 1150.00 FOOT RADIUS;
SAID CURVE BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT;
THENCE NORTHEASTERLY, 451.07 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE FROM A RADIAL LINE WHICH BEARS S 34°31'23" E THROUGH A CENTRAL ANGLE OF 22°28'24"
THENCE S 00°23'32" E, 175.37 FEET MORE OR LESS TO THE NORTHEAST CORNER OF SECTION 8;
THENCE S 89°44'56" W, 412.88 FEET MORE OR LESS ALONG THE SOUTH LINE OF SAID SECTION 4 TO THE POINT OF BEGINNING.

Section 5

ALL THAT PORTION OF SECTION 5 LYING SOUTHEASTERLY OF THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF INTERSTATE 15 HIGHWAY AND SOUTHWESTERLY OF THE SOUTHWESTERLY RIGHT-OF-WAY LINE SR-9 HIGHWAY LESS AND EXCEPTING THE FOLLOWING:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 5;
THENCE N 00°31'40" W, 38.38 FEET MORE OR LESS ALONG THE EAST LINE OF SAID SECTION 5 TO THE POINT OF BEGINNING;
THENCE N 50°03'44" W, 427.07 FEET MORE OR LESS;
THENCE S 39°56'16" W, 842.18 FEET MORE OR LESS;
THENCE N 50°03'44" W, 2500.00 FEET MORE OR LESS;
THENCE N 39°56'16" E, 850.00 FEET MORE OR LESS;
THENCE N 23°18'10" W, 990.65 FEET MORE OR LESS TO A CURVE CONCAVE SOUTHERLY AND HAVING A 681.09 FOOT RADIUS;
SAID CURVE ALSO BEING ON THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SR-9 HIGHWAY;
THENCE SOUTHEASTERLY, 605.07 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE FROM A RADIAL LINE WHICH BEARS S 05°54'15" E THROUGH A CENTRAL ANGLE OF 50°54'03";

**THENCE S 50°03'44" E, 2533.21 FEET MORE OR LESS TO A CURVE CONCAVE NORTHWESTERLY AND HAVING A 2109.86 FOOT RADIUS;
THENCE SOUTHEASTERLY, 163.66 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 04°26'40";
THENCE S 00°30'42" E, 872.78 FEET MORE OR LESS TO THE POINT OF BEGINNING.**

Section 7

ALL OF SECTIONAL LOTS 8, 10 AND 11.

ALL OF SECTIONAL LOT 7, LESS AND EXCEPTING THAT PORTION LYING WITHIN HIGHWAY 91 REALIGNMENT RIGHT-OF-WAY.

Section 8

ALL OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER LESS AND EXCEPTING THAT PORTION LYING WITHIN HIGHWAY 91 REALIGNMENT RIGHT-OF-WAY.

ALL OF THE WEST HALF OF THE NORTHEAST QUARTER LESS AND EXCEPTING THAT PORTION LYING WITHIN HIGHWAY 91 REALIGNMENT RIGHT-OF-WAY.

ALL OF THE WEST HALF OF THE NORTHWEST QUARTER.

ALL OF THE WEST HALF OF THE SOUTHWEST QUARTER LESS AND EXCEPTING THAT PORTION LYING WITHIN HIGHWAY 91 REALIGNMENT RIGHT-OF-WAY.

ALL OF THE EAST HALF OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER LESS AND EXCEPTING THAT PORTION LYING WITHIN HIGHWAY 91 REALIGNMENT RIGHT-OF-WAY. ALSO LESS AND EXCEPTING THE FOLLOWING:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 8;
THENCE EASTERLY, 1730.00 FEET MORE OR LESS ALONG THE CENTER SECTION LINE TO THE POINT OF BEGINNING;

THENCE N 23°19'28" W, 1004.42 FEET MORE OR LESS;

THENCE N 59°48'42" E, 1341.28 FEET MORE OR LESS TO THE CENTER SECTION LINE OF SAID SECTION 8;

THENCE SOUTHERLY, 977.69 FEET MORE OR LESS ALONG SAID CENTER SECTION LINE TO A CURVE CONCAVE NORTHWESTERLY AND HAVING A 761.55 FOOT RADIUS;

THENCE SOUTHWESTERLY, 722.85 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 54°23'04" TO A COMPOUND CURVE CONCAVE SOUTHEASTERLY AND HAVING A 3550.00 FOOT RADIUS;

SAID CURVE ALSO BEING ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF HIGHWAY 91 REALIGNMENT;

THENCE SOUTHEASTERLY, 421.28 FEET MORE OR LESS ALONG THE ARC OF SAID

CURVE FROM A RADIAL LINE WHICH BEARS S 34°33'53" E THROUGH A CENTRAL ANGLE OF 06°47'58";
THENCE N 23°19'28" W, 282.06 FEET MORE OR LESS TO THE POINT OF BEGINNING.

TOWNSHIP 41 SOUTH, RANGE 14 WEST, SLB&M

Section 33

ALL THAT PORTION OF SECTION 33 LYING SOUTH OF INTERSTATE 15 HIGHWAY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH CORNER OF SAID SECTION 33;

SAID SOUTH CORNER ALSO BEING THE **POINT OF BEGINNING**;

THENCE N 89°41'44" W, 1,272.95 FEET MORE OR LESS ALONG THE SOUTH LINE OF SAID SECTION;

THENCE N 06°07'06" E, 157.97 FEET MORE OR LESS;

THENCE N 41°26'12" E, 139.23 FEET MORE OR LESS;

THENCE N 53°59'06" E, 167.07 FEET MORE OR LESS;

THENCE N 42°09'02" E, 347.83 FEET MORE OR LESS;

THENCE N 27°18'37" E, 214.21 FEET MORE OR LESS;

THENCE N 35°41'19" E, 294.82 FEET MORE OR LESS;

THENCE N 11°46'25" E, 327.23 FEET MORE OR LESS TO A CURVE CONCAVE

SOUTHEASTERLY AND HAVING A 22,718.31 FOOT RADIUS;

SAID CURVE BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF INTERSTATE 15 HIGHWAY;

THENCE NORTHEASTERLY, 551.04 FEET MORE OR LESS ALONG THE ARC OF SAID CURVE FROM A RADIAL LINE WHICH BEARS S 26°27'32" E THROUGH A CENTRAL ANGLE OF 01°23'23";

THENCE S 25°04'09" E, 1781.26 FEET MORE OR LESS ALONG THE SOUTHWESTERLY BOUNDARY LINE OF WAL-MART DISTRIBUTION CENTER 29 TO THE SOUTH LINE OF SAID SECTION 33;

THENCE S 89°57'47" W, 792.63 FEET MORE OR LESS TO THE POINT OF BEGINNING.

ALL THAT PORTION LYING NORTHERLY OF THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE 15 HIGHWAY.