

**NEIGHBORHOOD DECLARATION AND  
NEIGHBORHOOD DECLARATION OF CONDOMINIUM FOR  
RED LEDGES PHASE 3L VILLAS**

**(An Expandable Condominium Project)**

This NEIGHBORHOOD DECLARATION AND NEIGHBORHOOD DECLARATION OF CONDOMINIUM FOR RED LEDGES PHASE 3L VILLAS (this “**Neighborhood Declaration**”) is hereby made and executed this 10<sup>th</sup> day of December, 2021 by RED LEDGES LAND DEVELOPMENT, INC., a Florida corporation (“**Neighborhood Developer**”), for itself, its successors and assigns. This Neighborhood Declaration shall take effect when Recorded.

**RECITALS**

- A. Neighborhood Developer holds both legal and equitable title to certain real property located in Wasatch County, Utah, which is described in Exhibit A, attached hereto and incorporated herein by this reference (the “**Property**”).
- B. By this Neighborhood Declaration, Neighborhood Developer desires and intends to develop an expandable condominium project on the Property known as Red Ledges Phase 3L Villas (the “**Project**”), as shown on that certain Red Ledges Phase 3L Villas, A Condominium Plat Vacating a Portion of Red Ledges Phase 2 Subdivision Plat, dated 10<sup>th</sup> day of December, 2021 and approved by the City of Heber, on March 16, 2021. (the “**Neighborhood Plat**”). The Neighborhood Plat, though Recorded prior hereto, for all intents and purposes is Recorded simultaneously herewith as required by the Condominium Act.
- C. The Project will contain various Units and may include without limitation, open spaces, walkways and various other amenities and improvements.
- D. The Project possesses great natural beauty which Neighborhood Developer intends to preserve using a coordinated plan of development and the terms of this Neighborhood Declaration. It is anticipated that the plan will provide for comprehensive land planning, harmonious and appealing landscaping, and improvements. It is assumed that each purchaser of property in the Project will be motivated to preserve these qualities through community cooperation and by complying with not only the letter but also the spirit of this Neighborhood Declaration.
- E. The Project is part of a larger master planned community known as “**Red Ledges**”, and, pursuant to that certain Ninth Supplemental Neighborhood Declaration of Covenants, Conditions and Restrictions for Red Ledges dated 8 December, 2021 and Recorded either immediately prior to or concurrently herewith, shall be subject to that certain Declaration of Covenants, Conditions and Restrictions for Red Ledges dated October 11, 2007 and

Recorded as Entry No. 327154, which Declaration of Covenants, Conditions and Restrictions for Red Ledges has been subsequently amended and/or supplemented as detailed in Exhibit B, attached hereto and incorporated herein by this reference (collectively, as has been or will be amended, supplemented, or both, the “**Red Ledges Declaration**”). The Neighborhood Declaration is designed to complement the Red Ledges Declaration and local government regulations, and, where conflicts occur, the more restrictive requirements shall prevail.

- F. It is desirable for the efficient management and preservation of the value and appearance of the Project to create a nonprofit corporation to which shall be assigned the powers and delegated the duties of maintaining and managing certain aspects of the Project, collect and disburse assessments and charges hereinafter provided for, administer and enforce the provisions of this Neighborhood Declaration, and to perform acts as shall generally benefit the Project and the Owners. The Villas at Red Ledges Owners Neighborhood Association, Inc., a Utah nonprofit corporation (the “**Neighborhood Association**”) has or will be incorporated under the laws of the State of Utah for the purpose of exercising the powers and functions aforesaid. It is intended that this Neighborhood Declaration shall serve as a binding contract between the Neighborhood Association and each Owner; however, nothing herein is intended to create a contractual relationship between Neighborhood Developer and the Neighborhood Association or Neighborhood Developer and any Owner, or to inure to the benefit of any third-party. Additionally, it is not intended that this Neighborhood Declaration be read in conjunction with any deed or real estate purchase contract to create privity of contract between Neighborhood Developer and the Neighborhood Association.
- G. Each Owner shall receive fee title to his, her or its Unit and shall have appurtenant to each Unit, one (1) membership in the Neighborhood Association, and one (1) membership in the Red Ledges Community Association, Inc., a Utah nonprofit corporation (“**Red Ledges Association**”). The voting rights, privileges and obligations associated with each membership shall not be transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Unit, and then only to the transferee of ownership of the Unit as provided herein. For the purposes of determining Class “A” Membership and Class “B” Membership in the Red Ledges Association pursuant to Article III, Section 1 of the Red Ledges Bylaws, the Neighborhood Developer shall be a Class “B” Member so long as Neighborhood Developer is one and the same as Declarant under the Red Ledges Bylaws. Upon Neighborhood Developer’s conveyance of any Unit to any other Owner (even if such conveyance is a bulk transfer of multiple Units to a person or entity who will complete development of those Units or of the Neighborhood as a whole) such other Owner shall be a Class “A” Member of the Red Ledges Association.
- H. By this Neighborhood Declaration, Neighborhood Developer intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance,

restoration and improvement of the Project and the interests therein conveyed and to establish thereon a residential condominium community.

- I. The covenants, conditions and restrictions contained in this Neighborhood Declaration and in the Exhibits attached hereto shall be enforceable covenants and equitable servitudes and shall run with the land.

NOW, THEREFORE, Neighborhood Developer hereby declares, covenants and agrees that each of the Recitals A through I are incorporated into and made a part of this Neighborhood Declaration for all purposes and further declares, covenants and agrees as follows:

### ARTICLE I. DEFINITIONS

Unless the context clearly indicates otherwise, the following capitalized words, phrases or terms used in this Neighborhood Declaration (including the Recitals) shall have the meanings set forth in this ARTICLE I. (Certain terms not defined herein are defined elsewhere in this Neighborhood Declaration.)

1.1 “**Allocated Interest(s)**” means the undivided ownership interest in the Common Areas and Facilities appurtenant to each Unit as shown in Exhibit C, attached hereto and incorporate herein by this reference.

1.2 “**Amendment**” means any supplemental or amended Neighborhood Declaration or any other amendment to this Neighborhood Declaration (or, as appropriate, the other Neighborhood Documents) made in accordance with this Neighborhood Declaration and the Condominium Act.

1.3 “**Architectural Review Committee**” means the committee established pursuant to Article I Section 2 and Article VII of the Red Ledges Declaration.

1.4 “**Architectural Review Committee Rules**” means the rules and guidelines adopted by the Architectural Review Committee pursuant to the Red Ledges Declaration, which include but are not limited to the Design Guidelines (as defined in the Red Ledges Declaration).

1.5 “**Assessment(s)**” means an Annual Assessment, Neighborhood Assessment, Special Assessment, Red Ledges Assessment, Neighborhood Assessment, or any other assessment or fee levied against a Unit together with any allocations to reserves in accordance with this Neighborhood Declaration, the Red Ledges Declaration, or the Condominium Act.

1.6 “**Assessment Lien**” means a lien created and imposed by ARTICLE XIII. .

1.7 “**Builder**” means a Person who acquires one (1) or more parcels of land within the Project for construction of Units, development and/or resale in the ordinary course of business.

1.8 “**Building(s)**” means the buildings constructed as part of the Project, as depicted and designated on the Neighborhood Plat, and subject to the Red Ledges Documents, including but not limited to, the Architectural Review Committee Rules, Design Guidelines, and Project Quality Standards.

1.9 “**Common Areas and Facilities**” means all portions of the Project other than the Units, as described in ARTICLE IV. below and as may be depicted on the Neighborhood Plat as “Common Area.” The undivided interest in the Common Areas and Facilities appurtenant to each Unit is described in Section 4.2 hereof and is set forth in Exhibit C.

1.10 “**Condominium Act**” or “**Act**” means the Utah Condominium Ownership Act (Title 57, Chapter 8, Utah Code Ann., as amended).

1.11 “**Developmental Rights**” means the right to exercise (a) any of the rights set forth in ARTICLE VIII. , ARTICLE IX. , or ARTICLE X. below, and (b) any other right or easement reserved by Neighborhood Developer pursuant to this Neighborhood Declaration, the Neighborhood Bylaws, or the Condominium Act.

1.12 “**Director(s)**” means one or more members of the Neighborhood Board.

1.13 “**Eligible Mortgagee**” means a First Mortgagee that has requested notice of certain matters from the Neighborhood Association in accordance with Section 16.3(1) below.

1.14 “**First Mortgage**” means a Mortgage Recorded against a Unit which has priority over all other Mortgages and deeds of trust Recorded against that Unit.

1.15 “**First Mortgagee**” means any Person holding a First Mortgage including any insurer or guarantor of a First Mortgage. Any and all Mortgagee protections contained in this Neighborhood Declaration shall also protect Neighborhood Developer as the holder of a First Mortgage of a Unit or any interest therein.

1.16 “**Improvement(s)**” means: (a) any Unit, Building, accessory building, fence or wall; (b) any swimming pool, tennis court, basketball court, road, driveway, parking area or satellite dish; (c) any trees, plants, shrubs, grass or other landscaping improvements of every type and kind; (d) any statuary, fountain, artistic work, craft work, figurine, ornamentation or embellishment of any type or kind (whether or not affixed to a structure or permanently attached to a Building or the Property); and (e) any other structure of any kind or nature.

1.17 “**Limited Common Areas and Facilities**” means any portion of the Common Areas and Facilities designated by the Neighborhood Declaration, Condominium Act, or Neighborhood Plat as “Limited Common Area,” or for the exclusive use of one or more, but fewer than all, Owners of Units, which may include, without limitation, any porches, balconies, patios, decks, entryways, storage spaces, exterior windows and driveways.



1.18 “**Manager**” means the Person designated by the Neighborhood Association to manage, in whole or in part, the affairs of the Neighborhood Association and the Common Areas and Facilities.

1.19 “**Mortgage**” means any mortgage, deed of trust or other security instrument by which a Unit or any part thereof or interest therein is encumbered.

1.20 “**Mortgagee**” means any Person named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, or any successor to the interest of such Person under such Mortgage.

1.21 “**Neighborhood Articles**” means the Neighborhood Articles of incorporation of the Neighborhood Association, as amended from time to time.

1.22 “**Neighborhood Assessments**” means those assessments described in ARTICLE XIII. to fund the Neighborhood Expenses, and include Regular Neighborhood Assessments, Special Neighborhood Assessments and any other assessments levied by the Neighborhood Association

1.23 “**Neighborhood Association**” means the Villas at Red Ledges Owners Neighborhood Association, Inc., a Utah nonprofit corporation, and its successors and assigns, organized for the purposes set forth in this Neighborhood Declaration, the Neighborhood Articles and the Neighborhood Bylaws.

1.24 “**Neighborhood Association Land**” means all land, together with all Improvements situated thereon, which the Neighborhood Association at any time owns in fee or in which the Neighborhood Association has a leasehold interest, easement or license for as long as the Neighborhood Association is the owner of the fee or holds such leasehold interest, easement or license.

1.25 “**Neighborhood Association Member**” means any Person who is a member of the Neighborhood Association as provided herein.

1.26 “**Neighborhood Association Membership**” means membership in the Neighborhood Association.

1.27 “**Neighborhood Board**” means the Neighborhood Board of the Neighborhood Association, appointed or elected in accordance with the Neighborhood Documents, the Condominium Act, and the Nonprofit Act.

1.28 “**Neighborhood Bylaws**” means the Neighborhood Bylaws of the Neighborhood Association, a copy of which is attached hereto as Exhibit D and incorporated herein by this reference, as the same may be amended from time to time

1.29 “**Neighborhood Declaration**” means this Neighborhood Declaration and Neighborhood Declaration of Condominium for Red Ledges Phase 3L Villas, as amended from time to time, and all Amendments hereof.

1.30 “**Neighborhood Developer**” means Red Ledges Land Development, Inc., a Florida corporation, its successors and any Person to whom it may expressly assign any or all of its rights under this Neighborhood Declaration.

1.31 “**Neighborhood Developer Control Period**” or “**Control Period**” means the period commencing on the date this Neighborhood Declaration is Recorded and ending on the earlier of: (a) six (6) years after the first Unit is conveyed to an Owner other than (i) Neighborhood Developer and (ii) any affiliate of the Neighborhood Developer; or ; (b) after Units to which three fourths (3/4) of the Allocated Interests appertain have been conveyed to Owners other than (i) the Neighborhood Developer and (ii) any affiliate of the Neighborhood Developer; or (c) the surrender by Neighborhood Developer, at its option and in its sole and subjective discretion, or such right by written notice to the Neighborhood Association.

1.32 “**Neighborhood Documents**” means the Neighborhood Declaration, Neighborhood Articles, Neighborhood Bylaws, and Neighborhood Rules and Regulations promulgated by the Neighborhood Association, as the same may be amended from time to time.

1.33 “**Neighborhood Expense Fund**” means one or more deposit or investment accounts in the name of the Neighborhood Association into which are deposited the Regular Neighborhood Assessments. The Neighborhood Expense Fund shall consist of one operating fund for daily operating expenses and one capital fund for reserve and replacement expenses, neither of which may be commingled with the funds of any other Person.

1.34 “**Neighborhood Expenses**” means those actual and estimated expenditures made by or to be made by, or financial liabilities of the Neighborhood Association, together with any allocations to reserves as described in the Neighborhood Declaration.

1.35 “**Neighborhood Plat**” means the condominium plat for the Project duly Recorded as the same may be amended from time to time pursuant to this Neighborhood Declaration, Red Ledges Board approval, and the Act. The Neighborhood Plat is hereby incorporated into and made an integral part of this Neighborhood Declaration, and all requirements and specifications set forth on the Neighborhood Plat and required by the Act are deemed included in this Neighborhood Declaration. If any conflict exists between the Neighborhood Plat and this Neighborhood Declaration, the Neighborhood Declaration shall control.

1.36 “**Neighborhood Rules and Regulations**” means the Neighborhood Rules and Regulations of the Neighborhood Association promulgated by the Neighborhood Board covering the operation and maintenance of the Project and the Units, as the same may from time to time be amended.

1.37 “**Nonprofit Act**” means the Utah Revised Nonprofit Corporation Act (Title 16, Chapter 6a, Utah Code Ann., as amended).

1.38 “**Owner**” means any Person, including Neighborhood Developer, and a Builder, at any time owning a Unit within the Project, or any portion thereof or interest therein. The term “Owner” shall not refer to any Mortgagee, unless such Mortgagee has acquired title to a Unit for purposes other than to secure any kind of loan, financing, or other performance of an obligation. The term “Owner” may also include any other Person who owns any portion of the Property other than the Neighborhood Association.

1.39 “**Open Space**” means that Open Space A, B, and C as depicted on the Neighborhood Plat.

1.40 “**Person**” means any individual, corporation, or other legal entity.

1.41 “**Project**” means the Property, Buildings, Units, Common Areas and Facilities, Open Spaces, and all improvements submitted by this Neighborhood Declaration to the provisions of the Condominium Act, together with all Improvements and any additional permanent fixtures previously, now, or hereafter constructed on the Property, and all easements, rights of way, and additional rights appurtenant thereto. Notwithstanding anything contained herein to the contrary, the term Project shall not be construed to include any portion of the Club Property.

1.42 “**Project Quality Standard(s)**” means the standards of design, construction, operation, service, maintenance, repair and refurbishment of the Project as Neighborhood Developer shall determine in its sole and subjective discretion so long as it has any Developmental Rights under this Neighborhood Declaration and so long as such standards of design, construction, operation, service, maintenance, repair and refurbishment of the Project comply in all respects with the Architectural Review Committee Rules. This definition of Project Quality Standard may not be amended without the prior written consent of Neighborhood Developer so long as it has any Developmental Rights under this Neighborhood Declaration.

1.43 “**Property**” is that certain real property located in Wasatch County, Utah, which is described in Exhibit A.

1.44 “**Record**”, “**Recording**”, “**Recorded**”, or “**Recordation**” means placing or having placed an instrument of public record in the official records of the Wasatch County Recorder, Wasatch County, Utah.

1.45 “**Red Ledges Articles**” means the Neighborhood Articles of incorporation of the Red Ledges Association, as amended from time to time.

1.46 “**Red Ledges Assessment**” means any assessment levied (including any fee), and assessed by the Red Ledges Association pursuant to the Red Ledges Documents, as defined below.

1.47 “**Red Ledges Association**” means Red Ledges Community Association, Inc., a Utah nonprofit corporation. The members of the Neighborhood Association shall also be members of the Red Ledges Association and shall be entitled to all benefits of such membership and shall also be subject to the restrictions and covenants of the Red Ledges Declaration. From and after the Neighborhood Developer Control Period has ended, the governance of the Neighborhood Association shall be separate and distinct from the governance and operation of the Red Ledges Association. Prior to such time, Neighborhood Developer and Red Ledges Developer may, in their sole right and discretion, cooperate to govern both the Neighborhood Association and the Red Ledges Association as the same may be permitted pursuant to the Red Ledges Declaration.

1.48 “**Red Ledges Board**” means the Board of Directors as such is defined in the Red Ledges Documents.

1.49 “**Red Ledges Bylaws**” means the Neighborhood Bylaws of the Red Ledges Association, as the same may be amended from time to time.

1.50 “**Red Ledges Declaration**” means collectively, as has been or will be amended, modified or supplemented, that certain Neighborhood Declaration of Covenants, Conditions and Restrictions for Red Ledges dated October 11, 2007 and Recorded as Entry No. 327154, which Neighborhood Declaration of Covenants, Conditions and Restrictions for Red Ledges has been subsequently amended and/or supplemented as detailed in Exhibit B, attached hereto and incorporated herein by this reference.

1.51 “**Red Ledges Developer**” means Red Ledges Land Development, Inc., a Florida corporation, its successors and any Person to whom it may expressly assign any or all of its rights under the Red Ledges Declaration. For the purposes of this Project, Red Ledges Developer is also Neighborhood Developer.

1.52 “**Red Ledges Documents**” means the Red Ledges Declaration, Red Ledges Articles, Red Ledges Bylaws, Red Ledges Rules, Architectural Review Committee Rules, and Design Guidelines as have been or will be amended, modified or supplemented.

1.53 “**Red Ledges Rules**” means and refers to the rules, resolutions, and/or regulations adopted by the Red Ledges Board.

1.54 “**Regular Neighborhood Assessments**” means Assessments that each and every Neighborhood Association Member is responsible to pay to defray Neighborhood Expenses.

1.55 “**Restrictions**” means the covenants, conditions, assessments, easements, liens, and restrictions set forth in this Neighborhood Declaration.

1.56 **“Special Neighborhood Assessments”** means assessments which the Neighborhood Association may levy from time to time, in addition to the Regular Neighborhood Assessments, for unexpected Neighborhood Expenses or other purposes as provided herein

1.57 **“Square Feet”** or **“Square Footage”** means for purposes of calculating the undivided interest in the Common Areas and Facilities appurtenant to each Unit, the gross square feet of ground or floor space within each Unit, as calculated by Neighborhood Developer in its sole and subjective discretion, as set forth in the Neighborhood Plat and Exhibit C hereto. Because this Neighborhood Declaration and the Neighborhood Plat are prepared and Recorded prior to construction of the Project, based on the architectural plans and specifications for the Project, there may be differences in Square Footage between the Neighborhood Plat and the as-built Project. The Square Footage shall be determined as Neighborhood Developer shall exclusively assign and as measured and unilaterally calculated by Neighborhood Developer during the Neighborhood Developer Control Period, and thereafter, the Neighborhood Board, on a consistent basis, as set forth in the Neighborhood Plat and Exhibit C hereto. The calculation of Square Footage as contained in this Neighborhood Declaration and as shown on the Neighborhood Plat is final and binding upon all Owners irrespective of any later measurement of such Square Footages. In the event of any disagreement or uncertainty as to the calculation of Square Footage in the Project and/or as to which Units and Improvements are constructed, Neighborhood Developer, so long as it has any Developmental Rights hereunder, and thereafter, the Neighborhood Board, shall have the sole and subjective power (but without obligation to take any corrective action) to make such determination, and such Neighborhood Developer’s or the Neighborhood Board’s determination shall be conclusive, final and unappealable.

1.58 **“Total Votes of the Neighborhood Association”** means the total number of votes appertaining to all Units, as described in ARTICLE XXI. hereof.

1.59 **“Trustee”** means Summit Escrow & Title Insurance Agency, LLC, of P.O. Box 503 Park City, Utah 84060.

1.60 **“Unit”** means an individual portion of the Project designated as a Unit on the Neighborhood Plat and designed for separate ownership and occupancy as described in ARTICLE III. hereof. Except where the context specifically requires otherwise, reference to a Unit shall include reference to the Allocated Interest in the Common Area and Facilities appurtenant to such Unit. Use of the word “Lot” or “Lots” in the Red Ledges Declaration shall refer to “Unit” or “Units”, respectively, as such is defined herein.

1.61 **“Unit Number”** means the number, letter or combination of numbers and letters that identifies a single Unit in the Project.

**ARTICLE II. DESCRIPTION OF THE PROPERTY AND THE IMPROVEMENTS AND SUBMISSION TO THE CONDOMINIUM ACT**



2.1 **Description of the Property.** The Property on which the Units and improvements are located is situated in Wasatch County, Utah and more particularly described as follows:

See Exhibit A attached hereto and incorporated herein by this reference.

2.2 **Improvements.** Neighborhood Developer intends to develop the Project to consist of seventeen (17) freestanding two-story residential buildings, each containing three (3) Units for a total of fifty-one (51) Units (the “**Buildings**”). Neighborhood Developer intends that such Unit will have a two-car garage and one or more porch(es) or deck(s) as depicted on the Neighborhood Plat. The Buildings are planned to be constructed of wood frame construction with high quality building materials such as manufactured stone, masonry, horizontal and vertical siding. The roofs will be metal with metal flashing and will include both sloped, and flat roof areas. The Buildings will be supplied with telephone, electricity, natural gas, central air, water, and sewer service. In addition to the Buildings, Neighborhood Developer may construct certain other Improvements as part of the Common Areas and Facilities of the Project, which may, but shall not be required to, include, without any limitation or obligation whatsoever, any of the following: (a) walkways, roads, driveways; (b) mailboxes, signs; (c) paving, exterior lights, curbing, trees, shrubs, hedges, grass, windbreak or other landscaping improvements of every type and kind; (d) excavation, fill, retaining wall or any other thing or device which affects the natural flow of surface water or the flow of water in a natural or artificial stream, wash or drainage channel, and related fixtures and equipment; (e) common utility systems; and (f) any other structure of any kind or nature. A Builder shall only construct Buildings, in accordance with the Neighborhood Plat, Neighborhood Declaration, and the Red Ledges Documents. Any Improvements constructed by a Builder shall be in accordance with the Architectural Review Committee Rules.

2.3 **Submission to the Act.** Neighborhood Developer hereby submits the Property, the Buildings, and all other Improvements thereon to the provisions of the Condominium Act. All of the Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, occupied, rented, used, built upon and otherwise improved or transferred, in whole or in part, as a residential condominium project in accordance with the Condominium Act.

(1) **Appurtenance.** All of the Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of the Project and in furtherance of a plan for improvement of the Project and division thereof into Units; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit to Neighborhood Developer, the successors and assigns of Neighborhood Developer, and any Person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors.

(2) **Owners’ Acknowledgement.** By acceptance of a deed or by acquiring any interest in any of the property subject to this Neighborhood Declaration, each Person, for himself,

herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, Neighborhood Rules and Regulations now or hereafter imposed by this Neighborhood Declaration and evidences his, her, or its intent that all the restrictions, conditions, covenants, Neighborhood Rules and Regulations contained in this Neighborhood Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof.

(3) **Enforceability.** Each such Person fully understands and acknowledges that this Neighborhood Declaration shall be mutually beneficial, prohibitive and enforceable by the Neighborhood Association and each and all Owner(s).

2.4 **Interpretation of Neighborhood Declaration and Applicability of the Act.** Neighborhood Developer intends that the Project shall be governed by the Act, except where specific provisions in the Red Ledges Documents legally vary, supersede, or supplement the Act, in which event such specific provisions of the Red Ledges Documents that are contrary to the Act shall govern the Project to the extent allowed by the Act.

### ARTICLE III. DESCRIPTION OF UNITS

3.1 **Unit Boundaries.** The boundary lines of each Unit are as set forth on the Neighborhood Plat and consist of the undecorated and/or unfinished interior surfaces of its perimeter and interior walls as measured to the stud wall, bearing walls, lowermost floor, uppermost ceiling, and the interior surfaces of windows and doors. The interior surfaces of the doors and windows mean the points at which such surfaces are located when such window or door is closed. Each Unit shall include both (a) the portions of a Building that are not Common Areas and Facilities within such boundary lines; and (b) the space so encompassed, excepting Common Areas and Facilities. Without limitation, a Unit shall include all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other material constituting part of the finished surface of a wall, floor, or ceiling. Notwithstanding the fact that they may be within the boundaries of the Unit, the following are not part of any Unit: bearing walls, floors, ceilings and roofs (except the interior finished surfaces thereof), foundations, ceiling equipment, tanks, pumps, pipes, vents, ducts, shafts, flues, chutes, conduits, wires and other utility installations, except the outlets thereof when located within the Unit. Furthermore, exterior elements (which include shutters, doorsteps, stoops, covered porches, exterior doors, exterior windows, exterior walls, and other similar exterior improvements) of the Unit shall not be part of the Unit. In the event of any disagreement or uncertainty as to which improvements or elements of a Unit constitute exterior elements, the Neighborhood Board shall have the sole and exclusive power to make such determination, and the Neighborhood Board's determination shall be conclusive, final and not subject to appeal. The Neighborhood Plat and/or Exhibit C hereto contain the Unit Number of each Unit in the Project.

3.2 **As Constructed.** Notwithstanding the description of Units described in Section 3.1 above, for the purposes of interpreting this Neighborhood Declaration and the Neighborhood Plat, the boundaries of all Units constructed in substantial accordance with the Neighborhood Plat and this Neighborhood Declaration shall be conclusively presumed to be the actual boundaries rather than the description and depiction of the Units set forth on the Neighborhood Plat, regardless of the settling or lateral movement of the Units and Buildings and regardless of minor variances between boundaries shown on the Neighborhood Plat and the constructed boundaries of the Units or Buildings. It is acknowledged that the Neighborhood Plat is prepared from the architectural drawings of the Project, prior to construction, and that there will be variances between the boundaries and other features shown on the Neighborhood Plat and the actual construction of the Project.

#### **ARTICLE IV. DESCRIPTION AND OWNERSHIP OF COMMON AREAS AND FACILITIES**

4.1 **Description of the Common Areas and Facilities.** The Common Areas and Facilities means and includes the Property on which all Units are located and all portions of the Project not included as part of any Unit, including, but not by way of limitation: the foundation, columns, girders, beams, supports, perimeter and supporting walls, roofs, patios, decks, balconies, vestibules, entrances and exits of the Building; the mechanical installations of the Building consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating, refrigeration, central air-conditioning and incinerating which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith; trash rooms and storage rooms; the yards, sidewalks, walkways, parking areas, paths, grass, shrubbery, trees, planters, driveways, roadways, streets, landscaping, gardens and related facilities upon the Property; the elevators, pumps, tanks, motors, fans, storm drainage structures, compressors, ducts, heat taping, gutters, attics, and, in general, all apparatus, installations, and equipment of the Building existing for use of one or more of the Owners; and, in general, all other parts of the Project designated by Neighborhood Developer as Common Areas and Facilities and existing for the use of one or more of the Owners. In the event of a conflict between this Neighborhood Declaration and the Neighborhood Plat, the provisions of this Neighborhood Declaration shall control.

4.2 **Calculation of Allocated Interest.** The Allocated Interests shall be calculated in accordance with the assigned Square Footage of each Unit in the Project as set forth on the Neighborhood Plat and in the attached Exhibit C. The Allocated Interest of each Unit shall be a fraction, the numerator of which is the Square Footage of the particular Unit, and the denominator of which is the total Square Footage of all Units in the Project, as set forth on the attached Exhibit C. Alternatively, such fraction may be expressed as a decimal number or percentage. Except as otherwise provided in this Neighborhood Declaration, the Allocated Interests shall have a permanent character and shall not be altered. Provided, however, Neighborhood Developer

reserves the right to adjust the Allocated Interests following any withdrawal or addition of Units or land in the Project pursuant to ARTICLE VIII. or ARTICLE IX. in accordance with the formula set forth in this Section 4.2. The sum total of the Allocated Interests of all Units shall at all times equal one hundred percent (100%) (or one (1) if the Allocated Interests are stated as fractions). Neighborhood Developer is authorized to round the undivided interest of one or more Units in order to cause the total to equal one hundred percent (100%) (or one (1) if the Allocated Interests are stated as fractions).

## **ARTICLE V. DESCRIPTION OF LIMITED COMMON AREAS AND FACILITIES**

5.1 **Description.** Limited Common Areas and Facilities means those parts of the Common Areas and Facilities which are limited to and reserved for the use of the Owners of one or more, but fewer than all, of the Units. Without limiting the foregoing, the Limited Common Areas and Facilities shall include any space designated as Limited Common Areas and Facilities on the Neighborhood Plat, including but not limited to, any individual fireplace chimney and flue, balcony, deck, patio, entryway, stairs, stairwells, driveways, or porch adjacent to a Unit, portions of landscaped areas adjacent to Units as designated on the Neighborhood Plat, any individual water and sewer service lines, and any plumbing or other installation servicing a Unit, including, but not limited to, all such items designated as Limited Common Areas and Facilities on the Neighborhood Plat or as provided for by the Condominium Act. Any deck, balcony, patio, or fireplace chimneys which are accessible from, associated with, and which adjoin a particular Unit, without further reference thereto, shall be used in connection with such Unit to the exclusion of the use thereof by the other Owners, except by invitation. All furniture and other personal property of Owners placed on any such deck, balcony or patio shall present a uniform appearance from the outside of the Units. The Neighborhood Board (with Red Ledges Board approval) shall have the right to establish rules limiting the style and type of furniture and other personal property that may be placed on decks, balconies or patios. No reference thereto need be made in any instrument of conveyance, encumbrance, or other instrument.

5.2 **Use.** The use and occupancy of designated Limited Common Areas and Facilities shall be reserved to the Units as shown on the Neighborhood Plat or as specified in this Neighborhood Declaration.

5.3 **Reallocation.** Owners may not reallocate or reassign Limited Common Areas and Facilities between or among Units in which they have an interest. Notwithstanding, Neighborhood Developer hereby reserves the right and grants to the Neighborhood Association (after obtaining the Red Ledges Board approval) the right to reallocate or reassign Limited Common Areas and Facilities to the fullest extent permitted under the Condominium Act.

**ARTICLE VI. NATURE AND INCIDENTS OF UNIT OWNERSHIP**

6.1 **Nature of Units.** Each Unit is and shall hereafter be a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Neighborhood Declaration.

6.2 **Use of Property.** Subject to the limitations contained in this Neighborhood Declaration, Red Ledges Declaration, and subject to the Neighborhood Rules and Regulations adopted by Neighborhood Developer, Neighborhood Association, or Red Ledges Association, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use his or her Unit and any Limited Common Areas and Facilities designated for exclusive use by such Owner or all Owners.

6.3 **Alteration of Units.** Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper, carpet or otherwise decorate the interior surfaces of the walls, ceilings, floors and doors forming the boundaries of his or her Unit and the surfaces of all walls, ceilings, floors and doors within such boundaries, but may not make any structural or non-structural modifications to a Unit (other than as described above) without first obtaining the prior review and written approval of the Neighborhood Board. Each Owner shall keep the interior of his or her Unit, including without limitation, interior walls, windows, ceilings, floors and permanent fixtures and appurtenances thereto, in a sanitary condition and in a good state of repair. In the event that any such Unit should develop an unsanitary condition or fall into a state of disrepair and in the event that the Owner of such Unit should fail to correct such condition or state of disrepair promptly following written notice from the Neighborhood Board, the Neighborhood Board (or the Red Ledges Board) shall have the right, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter said Unit and correct or eliminate said unsanitary condition or state of disrepair. Owners of adjoining Units may not reallocate, reassign, or change the boundaries of such Units. No Owner may subdivide his or her Unit except as otherwise provided herein.

6.4 **Right of Entry.** The Neighborhood Board (or the Red Ledges Board) shall have the right, but not the obligation, at the expense of the Owner and without liability to the Owner for trespass or otherwise, to enter into any Unit for the purpose of (a) maintenance, including, but not limited to, snow removal from any deck, balcony, or patio and window washing; (b) repairs, including emergency repairs; and (c) for the purpose of abating a nuisance, or a known or suspected dangerous or unlawful activity.

6.5 **Rules Governing Use.** The Neighborhood Association (or the Red Ledges Association) shall have the power to establish specific Neighborhood Rules and Regulations governing use of Limited Common Areas and Facilities.



## ARTICLE VII. TITLE TO UNITS

7.1 **Manner in Which Title May Be Held.** Title to a Unit within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

7.2 **Title Inseparable.** Except as may otherwise be provided herein, title to no part of a Unit within the Project may be separated from any other part thereof, and each Unit and the undivided interest in the Common Areas and Facilities appurtenant to each Unit shall always be conveyed, devised, encumbered and otherwise affected only as a complete Unit. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Unit, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance respectively, of the entire Unit, together with all appurtenant rights created by law and by this Neighborhood Declaration, including appurtenant membership in the Neighborhood Association as herein set forth.

7.3 **No Partition.** The Common Areas and Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition or division of any part thereof.

7.4 **Right to Mortgage.** Each Owner shall have the right to encumber his or her interest in a Unit with a Mortgage. However, no Owner shall attempt to or shall have the right to encumber the Common Areas and Facilities or any part thereof except the undivided interest therein appurtenant to his or her interest in a Unit. Any Mortgage of any Unit within the Project shall be subordinate to all of the provisions of this Neighborhood Declaration and the Red Ledges Declaration, and in the event of foreclosure the provisions of this Neighborhood Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

7.5 **Labor and Services; Indemnification.** Except as may otherwise be provided herein, no Owner may request labor or services to be performed at the Project. Notwithstanding the foregoing, no labor performed or services or materials furnished with the authorized or unauthorized consent of an Owner may be the basis for the filing of a lien against the Unit of any other Owner, or against any part thereof, or against any other property of any other Owner (including interest in any portion of the Common Areas and Facilities). Labor performed or services or materials furnished for the Common Areas and Facilities, if authorized by the Neighborhood Association and provided for in this Neighborhood Declaration (or the Red Ledges Association and provided for in the Red Ledges Documents), shall be deemed to be performed or furnished with the express consent of each Owner and may be the basis for the filing of a lien against each of the Units. In the event a lien against two or more Units or any part thereof becomes effective, the Owner may remove his or her Unit from the lien by payment to the holder of the lien of the fraction of the total sums secured by such lien which is attributable to his or her Unit. Each Owner shall indemnify and hold harmless each of the other Owners and the Neighborhood

Association (and Red Ledges Association) from and against any liability or loss arising from the claim of any mechanic's lien for labor performed or for materials furnished in work on such Owner's Unit against the Unit of another Owner or against the Common Areas and Facilities, or any part thereof.

7.6 **Enforcement by Neighborhood Association**. At its own initiative or upon the written request of any Owner (if the Neighborhood Association, or Red Ledges Association, determines that further action by the Neighborhood Association, or Red Ledges Association, is proper), the Neighborhood Association, or Red Ledges Association, shall enforce the indemnity provided by the provisions of Section 7.5 above by collecting from the Owner of the Unit on which the labor was performed or materials furnished the amount necessary to discharge by bond or otherwise any such mechanic's lien, including all costs and reasonable attorneys' fees incidental to the lien, and obtain a release of such lien. In the event that the Owner of the Unit on which the labor was performed or materials furnished refuses or fails to so indemnify within seven (7) days after the Neighborhood Association, or Red Ledges Association, shall have given notice to such Owner of the total amount of the claim, or any portions thereof from time to time, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section 7.6, and such amount to be indemnified shall automatically become a default Neighborhood Assessment determined and levied against such Unit, and enforceable by the Neighborhood Association, or Red Ledges Association, in accordance with ARTICLE XIII. below.

7.7 **Legal Description of Units**. Every contract for the sale of a Unit, and every other instrument affecting title to a Unit within the Project, may describe a Unit by the name of the Project, the Recording date for this Neighborhood Declaration, Wasatch County wherein the Project is located and its Unit Number as indicated in this Neighborhood Declaration or as shown on the Neighborhood Plat. Such description will be construed to describe the Unit, together with the Unit's Allocated Interest, and to incorporate all the rights incident to ownership of a Unit within the Project and all of the limitations on such ownership as described in this Neighborhood Declaration.

7.8 **Notice of Ownership and Address**. Any Person, on becoming an Owner, will furnish both the Neighborhood Board and the Red Ledges Board with a photocopy of the Recorded deed or other instrument or such other evidence as may be specified under the Red Ledges Documents, vesting the person with the interest required to make him an Owner. At the same time, the Owner will provide both the Neighborhood Association and the Red Ledges Association with the single name and address to which the any notices given pursuant to the Red Ledges Documents shall be sent. In the event of any change in the facts reported in the original written notice, including any change of ownership, the Owner will promptly give a new written notice to both the Neighborhood Association and the Red Ledges Association containing all of the information required to be covered in the original notice.

## ARTICLE VIII. OPTION TO CONTRACT

Neighborhood Developer hereby reserves the unilateral and exclusive option, pursuant to Section 57-8-13.8 of the Condominium Act, to withdraw land from the Project (the “**Option to Contract**”) without the prior consent of the Owners, Mortgagees, Neighborhood Board or any other person having any right or interest in all or any portion of the Project. Each Option to Contract may be exercised at any time prior to the expiration of seven (7) years from the date of Recording of this Neighborhood Declaration. The terms and conditions of the Option to Contract shall be as follows:

8.1 **Withdrawable Land.** The real property subject to this Option to Contract consists of all of the Property, sometimes hereinafter referred to as the “**Withdrawable Land,**” being more particularly described in Exhibit E, attached hereto and incorporated herein by this reference. Accordingly, there is no Property to which the Option to Contract does not apply.

8.2 **Exercise of the Option to Contract.** The Option to Contract may be exercised as to the entire parcel described in Section 8.1 above, or to any portion thereof, and in any order and at different times.

8.3 **Effectiveness of Withdrawal.** A withdrawal of the Withdrawable Land from the Project shall be deemed to have occurred at the time of the Recordation of an Amendment to this Neighborhood Declaration and a Supplemental Neighborhood Plat (if necessary or required) executed by Neighborhood Developer and containing the legal description of the Withdrawable Land being withdrawn. After the Recording of such Amendment to this Neighborhood Declaration reflecting Neighborhood Developer’s exercise of the Option to Contract, title to each such portion of the Withdrawable Land shall be vested in and held by Neighborhood Developer and none of the Owners, Mortgagees, the Neighborhood Board nor any other Person having any right or interest in all or any portion of the Project prior to or subsequent to withdrawing all or portions of the Withdrawable Land shall have any claim or title to or interest in such Withdrawable Land. Any withdrawn land may be utilized by Neighborhood Developer for any lawful purpose in Neighborhood Developer’s sole and subjective discretion and shall no longer be subject to this Neighborhood Declaration.

8.4 **Allocated Interests.** The Allocated Interests and the corresponding responsibility for Neighborhood Assessments shall be changed at the time Neighborhood Developer Records an Amendment to this Neighborhood Declaration and Supplemental Neighborhood Plat (if necessary or required) reflecting Neighborhood Developer’s exercise of the Option to Contract in accordance with the provisions set forth in this ARTICLE VIII. . Said changes in the Allocated Interests, as calculated in accordance with Section 4.2 above, shall be reflected in an amended Exhibit C to this Neighborhood Declaration to be Recorded as part of the Amendment. It is contemplated that there may be multiple Amendments filed by Neighborhood Developer and such Amendments are hereby expressly authorized.

8.5 **Third Party Units.** Neighborhood Developer shall have no right to withdraw Units which have been conveyed to a third-party purchaser other than an affiliate of Neighborhood Developer. Notwithstanding the foregoing, Neighborhood Developer has the right to withdraw any Unit owned by Neighborhood Developer or an affiliate of Neighborhood Developer.

8.6 **Reservation of Easements Over Project.** If all or part of the Withdrawable Land is withdrawn from the Project, the owner(s) of the Withdrawable Land, including Neighborhood Developer, shall have an easement over and across the Project for vehicular, pedestrian and construction access to and from such Withdrawable Land, for utilities, and for such other purposes as Neighborhood Developer or such other owner of the Withdrawable Land may deem necessary or desirable in order to develop and use such Withdrawable Land; and Neighborhood Developer shall have the right to execute and Record separate easement agreements to evidence the aforesaid easements over the Project and may unilaterally amend this Neighborhood Declaration to include reference to the Recorded easement(s) as authorized by ARTICLE XXII. below. Unilateral preparation and Recordation by Neighborhood Developer of an easement pursuant to this Section 8.6 shall conclusively determine the existence, location and extent of the easements that are necessary or desirable as contemplated by this Section 8.6.

8.7 **Restrictions.** Neighborhood Developer's Option to Contract is subject to all terms, conditions, restrictions, uses, limitations, obligations, approvals, and consents of or under the Red Ledges Documents and controlling municipal or Wasatch County regulations, including but not limited to any review and approval of municipal or Wasatch County authorities, Red Ledges Board approval, design review requirements, and density restrictions, as may be legally required.

## ARTICLE IX. OPTION TO EXPAND

Neighborhood Developer hereby reserves, pursuant to §57-8-13.6 of the Act, the unilateral and exclusive option to expand the number of condominium units that are subject to this Neighborhood Declaration (the "**Option to Expand**") upon the terms and provisions set forth in this ARTICLE IX. without the prior consent of the Owners, Mortgagees, Neighborhood Board or any other person or entity. The Option to Expand must be exercised within seven (7) years after Recordation of this Neighborhood Declaration. The terms and conditions of the Option to Expand shall be as follows:

9.1 **Expandable Land.** The real property subject to this Option to Expand consists of the real property hereinafter referred to as the "**Expandable Land,**" being more particularly described as the Property, together with all other real property owned or held now or in the future by Neighborhood Developer. Accordingly, there is no Property to which the Option to Expand does not apply. The Expandable Land is more particularly described in Exhibit F, attached hereto and incorporated herein by this reference.

9.2 **Expansion Units.** Neighborhood Developer shall not be restricted in the number of Units that may be subjected to this Neighborhood Declaration (the “**Expansion Units**”), except as may be required by applicable zoning requirements, ordinances or regulations, provided that the maximum number of Units in the Project, including Expansion Units, shall not exceed such greater number as may be approved by the relevant municipal or Wasatch County authorities. The Expansion Units shall be substantially similar to the Units depicted on the Neighborhood Plat.

9.3 **Exercise of the Option to Expand.** The Option to Expand may be exercised as to the entire parcel of Expandable Land, or to any portion thereof, and in any order and at different times. Each Unit owner, by acceptance of a deed to a Unit, shall be deemed to have consented to the Option to Expand and all provisions of this ARTICLE IX. .

9.4 **Effectiveness of Expansion.** Subjecting all or a portion of the Expandable Land to this Neighborhood Declaration shall be deemed to have occurred at the time of the Recordation of an amendment to this Neighborhood Declaration and the Neighborhood Plat, if necessary, executed by Neighborhood Developer, containing the legal description of the Expansion Unit(s) being added. After the filing for Record of such amendment to this Neighborhood Declaration reflecting Neighborhood Developer’s exercise of the Option to Expand as to a particular Expansion Unit, title to such Expansion Unit shall be vested in and held by Neighborhood Developer and none of the Owners, Mortgagees, Neighborhood Board or any other Person shall have any claim or title to or interest in such Expansion Unit and, thereafter, such Expansion Unit shall be referred to as a Unit. Upon any such addition and at all times thereafter, this Neighborhood Declaration shall govern the ownership, use, enjoyment, repair, maintenance, restoration, improvement and transfer of such Expansion Unit. Assessments on such Expansion Unit shall commence on the date on which such Amendment is Recorded.

9.5 **Allocated Interest.** The Allocated Interests and the corresponding responsibility for Assessments shall be changed at the time Neighborhood Developer Records an Amendment to this Neighborhood Declaration and Supplemental Neighborhood Plat (if necessary or required) reflecting Neighborhood Developer’s exercise of the Option to Expand in accordance with the provisions set forth in this ARTICLE IX. . Said changes in ownership interest, as calculated in accordance with Section 4.2 above, shall be reflected in an amended Exhibit C to this Neighborhood Declaration to be Recorded as part of the Amendment. It is contemplated that there may be multiple Amendments filed by Neighborhood Developer and any and all such Amendments are hereby expressly authorized.

9.6 **Amendment of Option.** No provision of this ARTICLE IX. shall be amended without the prior written consent of Neighborhood Developer, so long as Neighborhood Developer owns or has the right to construct any condominium unit on the Expandable Property.

9.7 **Restrictions.** Neighborhood Developer’s Option to Expand is subject to all terms, conditions, restrictions, uses, limitations, obligations, approvals, and consents of or under the Red



Ledges Documents and controlling municipal and Wasatch County regulations, including but not limited to any review and approval of municipal or Wasatch County authorities, Red Ledges approval, design review requirements, and density restrictions, as may be legally required.

## **ARTICLE X. CERTAIN ADDITIONAL DEVELOPMENTAL RIGHTS**

The following additional Developmental Rights are hereby granted or reserved by Neighborhood Developer:

10.1 **Completion of Improvements.** Neighborhood Developer hereby reserves an easement throughout the Project for a period of twenty (20) years from the Recording of this Neighborhood Declaration for the purpose of completing all improvements contemplated by this Neighborhood Declaration and the Neighborhood Plat, and for modifying the location, type, and nature of the same, as Neighborhood Developer may determine in its sole and subjective discretion. In furtherance of this right, Neighborhood Developer reserves for itself, and others it may unilaterally designate, the right to inspect, monitor, test, redesign, and correct any improvement or condition relating thereto that may exist or be located on any portion of the Project.

10.2 **Sales and Management Offices.** Neighborhood Developer hereby reserves the right to maintain sales offices, management offices, signs advertising the Project and models in any of the Units which it owns or leases or on the Common Areas and Facilities of the Project for a period of twenty (20) years from the Recording of this Neighborhood Declaration, subject to applicable municipal and Wasatch County regulations governing commercial use. Neighborhood Developer may relocate sales offices, management offices and models to other Units or Common Areas and Facilities at any time.

10.3 **Neighborhood Developer Control Period.** There is hereby established a Neighborhood Developer Control Period, during which period Neighborhood Developer or persons designated by it shall have the sole authority to appoint and remove the Neighborhood Association officers and the Directors. The Neighborhood Developer Control Period shall terminate no later than the earlier of: (a) six (6) years after the first Unit is conveyed to an Owner other than (i) the Neighborhood Developer and (ii) any affiliate of the Neighborhood Developer; or (b) after Units to which three-fourths (3/4) of the Allocated Interests appertain have been conveyed to Owners other than (i) the Neighborhood Developer and (ii) any affiliate of the Neighborhood Developer; or (c) the surrender by Neighborhood Developer, at its option and in its sole and subjective discretion, of such right by written notice to the Neighborhood Board.

10.4 **Amendment of Condominium Plat; Readjustment of Boundaries.** Neighborhood Developer may unilaterally amend the Neighborhood Plat at such time as the Buildings are constructed in the event there are material changes in the Buildings or Unit boundaries or elevations as constructed, as determined by Neighborhood Developer in its sole and

subjective discretion. Furthermore, Neighborhood Developer hereby reserves for itself the right to effectuate minor realignments and adjustments of Unit boundary lines for purposes of proper configuration and final engineering of the Project; provided that any such realignment and adjustment does not affect any existing Unit or improvement (other than landscaping). The authority to realign and adjust such Unit boundary lines shall be exclusively reserved to Neighborhood Developer in its sole and subjective discretion. Each Owner hereby irrevocably constitutes and appoints Neighborhood Developer as each such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of signing any plats or other documents necessary to effectuate such realignments or adjustments. Acceptance by any Owner of a deed or other instrument of conveyance shall constitute appointment of the attorney-in-fact as herein provided. All Owners hereby specifically acknowledge and agree that they shall cooperate with Neighborhood Developer to effectuate such minor realignment and adjustment of their respective Units boundary lines by deed in form and content as requested by Neighborhood Developer for the purposes of proper configuration and final engineering of the Unit in relationship to the development of the Project. Further, all Owners acknowledge and agree that no amendment to this Neighborhood Declaration or any Neighborhood Plat shall be required to effectuate any Unit boundary line adjustments, but is expressly authorized and may be undertaken by Neighborhood Developer without the joinder or consent of any other Owners, unless such joinder or consent is required under applicable law. Any adjustment of Unit boundary lines shall be done in accordance with the requirements of governing municipal authority ordinances and Utah law.

10.5 **Project Quality Standard.** So long as Neighborhood Developer has any Developmental Rights under this Neighborhood Declaration, Neighborhood Developer hereby reserves the right to unilaterally promulgate certain rules, guidelines and restrictions regarding the appearance, design, maintenance, upkeep, decorating, furnishing and cleanliness of the Project, which rules, guidelines and restrictions shall be referred to as the "Project Quality Standard." Subject to Section 1.42 hereof, the Project Quality Standard shall be subject to change over time, as Neighborhood Developer determines is necessary or desirable, in order to adapt to technology, general market conditions, consumer preferences, trends, and standards in the relevant industry.

10.6 **Zoning.** Neighborhood Developer reserves for itself the unilateral right to apply for zoning, entitlements, and other land use approvals from the applicable municipal authority for all or a part of the Project, including Units sold to Owners, provided that no such application shall have a materially adverse effect on a Unit, as determined by Neighborhood Developer in its sole and subjective discretion. Each Owner hereby irrevocably constitutes and appoints Neighborhood Developer as each such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of signing any applications or other documents necessary for such approvals. Acceptance by any Owner of a deed or other instrument of conveyance shall constitute appointment of the attorney-in-fact as herein provided. All Owners hereby specifically acknowledge and agree that they shall cooperate with Neighborhood Developer in all such applications.

10.7 **Right to Develop.** Notwithstanding anything contained herein to the contrary, no provision of this Neighborhood Declaration is intended or shall be construed to prevent or limit Neighborhood Developer's rights to develop the Project and to exercise the rights reserved by Neighborhood Developer as hereinafter provided. Nothing in this Neighborhood Declaration shall be construed to require Neighborhood Developer to develop any Units or improvements in any manner whatsoever. Any right or any interest reserved or contained in this Neighborhood Declaration for the benefit of Neighborhood Developer may be transferred or assigned by Neighborhood Developer, either separately or with one or more other such rights or interests, to any Person only by written and Recorded instrument executed by both Neighborhood Developer and the transferee or assignee. Upon such Recording, Neighborhood Developer's rights and obligations under this Neighborhood Declaration shall cease and terminate to the extent provided in such instrument.

10.8 **Disclaimer of Sales Representations.** Nothing which may be orally represented to a purchaser by real estate brokers or salespersons representing Neighborhood Developer shall be deemed to create any covenants or restrictions, express or implied, with respect to the use of any property subject to this Neighborhood Declaration.

10.9 **No Consent Required to Exercise Developmental Rights.** Neighborhood Developer shall not be required to obtain the consent of any Owners, Mortgagees, the Neighborhood Board or of any other person having any right or interest in all or any portion of the Project prior to or subsequent to its exercise of any Developmental Rights. It is contemplated that there may be multiple Supplemental Neighborhood Declarations and Supplemental Neighborhood Plats filed or Recorded by Neighborhood Developer and such instruments are hereby expressly authorized.

10.10 **No Actions Adverse to Developmental Rights.** The Neighborhood Association, the Neighborhood Board, or any Owner may not take any action or adopt any rule or regulation that interferes with or diminishes any Developmental Rights hereunder, without Neighborhood Developer's prior written consent. Any action taken in violation of this Section 10.10 shall be null and void and have no force or effect.

10.11 **Providing Copies of Certain Documents.** During the Neighborhood Developer Control Period, for any Unit that Neighborhood Developer sells to a third party, Neighborhood Developer shall give that third party a copy of the Red Ledges Documents and of both the Red Ledges Association's and the Neighborhood Association's most recent financial statements (which statements shall include any reserve funds held by either Neighborhood Association or by any subsidiary of said Neighborhood Associations, as such reserve funds are further described in the Red Ledges Declaration and in ARTICLE XIII. below).

10.12 During the Neighborhood Developer Control Period, any matter voted upon by the Owners shall not become effective unless the matter is approved in writing by the Neighborhood Developer.

## ARTICLE XI. RESTRICTIONS ON USE

11.1 **Restrictions of Use of Units and Common Areas and Facilities.** Subject to the Developmental Rights, the Units and Common Areas and Facilities, including but not limited to the Limited Common Areas and Facilities, except as otherwise permitted in writing by the Neighborhood Board, shall be used in accordance with the following restrictions set forth herein.

11.2 **Use of Individual Unit.** No Unit shall be occupied and used except for single-family residential purposes by the Owners, their occupants, lessees, and social guests, and no trade or business shall be conducted therein.

11.3 **Nuisances.** No noxious, illegal, or offensive activities shall be carried on in any Unit, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each Owner of his or her respective Unit, or which shall in any way increase the rate of insurance for the Project, or cause any insurance, policy to be canceled or to cause a refusal to renew the same, or which will impair the structural integrity of any Building.

11.4 **Garbage and Refuse Disposal.** All rubbish, trash and garbage shall be regularly removed from the Property and shall not be allowed to accumulate thereon. All garbage or trash receptacles, including recyclable containers, shall be stored in the garage except on trash collection days. Trash, garbage and other waste shall not be kept except in sanitary containers and shall be kept in the garage. No equipment, garbage cans, or storage piles may be kept outside of the Unit.

11.5 **Power Equipment and Car Maintenance.** No large power equipment or significant car maintenance as determined by the Neighborhood Board in its sole and subjective discretion shall be permitted on the Property; provided however, car washing or polishing may be done, but only in the Limited Common Areas and Facilities appurtenant to that Unit.

11.6 **Window Coverings.** The draperies, shades and other interior window coverings in Units shall present a uniform appearance, as determined by the Neighborhood Board in its sole discretion, from the outside of the Units. No window shall be covered with aluminum foil or similar material. No window tinting or mullions shall be allowed without the prior written approval of the Neighborhood Board.

11.7 **Sculptures/Flags.** No outdoor sculptures and/or flags shall be permitted except by written approval of the Neighborhood Board.

11.8 **United States Flag.** Notwithstanding Subsection 11.7 above, the Neighborhood Association may not prohibit Owner from displaying a United States flag inside a Unit, or affixed to outside of the Unit, in compliance with the Rules and if the display complies with United States Code, Title 4, Chapter 1, The Flag.

11.9 **No Patio/Deck Storage.** No storage of any kind shall be permitted on decks or patios. <sup>1</sup>Patio furniture and portable barbecue grills in good condition (as determined by the Neighborhood Board in its sole discretion) may be maintained on decks and patios.

11.10 **No Obstruction of Common Areas and Facilities.** There shall be no obstruction of the Common Areas and Facilities by any Owner. Owners shall neither store nor leave any of their property in the Common Areas and Facilities, other than Limited Common Areas and Facilities appurtenant to their Unit. .

11.11 **Treatment of Units and Common Areas and Facilities.** Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof, nor shall anything be done or kept in any Unit which would increase the rate of insurance on the Project or any part thereof over what the Neighborhood Association but for such activity, would pay, without the prior written consent of the Neighborhood Board. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner or guest, lessee, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Neighborhood Association (and Red Ledges Association) and the other Owners harmless against all loss resulting from any such damage or waste caused by him or her or his or her guests, lessees, licensees or invitees.

11.12 **No Violation of Neighborhood Rules.** No Owner shall violate the Neighborhood Rules and Regulations for the use of Units and Common Areas and Facilities as adopted from time to time by Neighborhood Developer or the Neighborhood Board.

11.13 **Leases Subject to Condominium Documents.** Any lease agreement between an Owner and a lessee respecting a Unit shall be subject in all respects to the provisions of the Red Ledges Documents (which contain certain rental restrictions), the Act, 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. Other than the foregoing, there is no restriction on the right of any Owner to lease his or her Unit. An Owner shall be responsible and liable for any damage to the Project caused by his or her tenants.

11.14 **Ownership in Mountain Areas.** Each Owner, by his or her purchase of a Unit, hereby acknowledges that the Project is a mountain community with associated activities, which may include, without limitation: hiking trails, mountain biking trails, open spaces, wildlife, rugged terrain, golfing, horses and horseback riding, games and activities, running, snow shoeing, cross country skiing and mountain bike courses and/or races and/or other competitions of various kinds, and other related facilities, events, activities and programs (collectively, “**Mountain Activities**”), and each such Owner expressly assumes the risk of noise, nuisances, hazards, personal injury, or property damage related to any and all Mountain Activities, including without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance may take place at any time(s) of the day or night); (b) noise caused by Mountain Activities, participants, and spectators; (c) construction and development activities; (e) view restrictions caused by installation, relocation and maturation of trees and shrubbery and the construction of other buildings and facilities; (f) reduction in privacy, including that related to maintenance activities; (g) errant equipment, including golf balls, skis and mountain bikes; and (h) all other items commonly used in connection with any Mountain Activities. Each such Owner agrees that neither Neighborhood Developer, Neighborhood Association, any Manager, any committee created by the Neighborhood Association, any of Neighborhood Developer’s affiliates or agents, nor any Mountain Activities participant (unless acting recklessly or in a willfully wrongful manner) shall be liable to an Owner or any other person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to: (a) the proximity of an Owner’s Unit to any Golf Course, hiking trail, or other Mountain Activity venue; (b) any claim arising in whole or in part from the negligence of Neighborhood Developer, any of Neighborhood Developer’s affiliates or agents, any Manager, the Neighborhood Association, or any committee created by the Neighborhood Association (and all of their respective affiliates, subsidiaries, parent companies and other related companies, and all of their respective past and present directors, officers, shareholders, and all of their respective agents, representatives, attorneys, and employees of any of the foregoing) (collectively referred to herein as “**Released Parties**”); or (c) any Mountain Activity (collectively referred to herein as the “**Waived Claims**”). Each Owner, on behalf of himself or herself, and his or her heirs, spouse, administrators, representatives, successors, affiliates, agents, and assigns (hereinafter, “**Releasers**”), does hereby fully, finally, and unconditionally release, and forever discharge the Released Parties from and waives all actions, causes of action, lawsuits, appeals, claims, charges, complaints, debts, obligations, demands, rights, grievances, promises, liability, damages, costs and/or fees whatsoever in law or equity related to all Waived Claims asserted by such Owner and/or by such Owner’s guest. Each Owner understands and agrees that the waiver and release set forth in this Section 11.14 is intended to be a “general release” and is not an

admission of wrongdoing or liability by or on the part of any Released Party. Nothing in this Section 11.14 shall in any way be construed as an admission by any Released Party that it acted wrongfully with respect to the Releasors. Each Owner agrees that he or she will not, directly or indirectly, disparage, defame, or make defamatory or disparaging statements to any person or entity, including the press, regarding the Released Parties, any Waived Claim, or Neighborhood Developer's past or present management, directors, officers, employees, and agents. If any covenant or provision of this Section 11.14 is declared invalid, illegal, or incapable of being enforced by reason of any rule of law, administrative order, judicial decision, or public policy, all other covenants and provisions herein shall, nevertheless, remain in full force and effect. If any portion of this Section 11.14 is held to be illegal, void, or unenforceable, each Owner agrees to execute a valid release, waiver, or covenant satisfactory to each Released Party without additional consideration. No Owner shall seek to have any court or other adjudicative body determine that any portion of this Section 11.14 is illegal, invalid, or unenforceable. In the event an Owner commences, joins in, continues, or in any manner asserts or attempts to assert any Waived Claim released by this Section 11.14, such Owner shall indemnify and hold harmless any affected Released Party from and against all losses incurred thereby, including without limitation its attorney's fees and other costs associated with defending against such claim and enforcing its rights under this Section 11.14.

11.15 **Other Developments**. By acceptance of a deed, each Owner acknowledges that other properties located in the vicinity of the Project may be developed pursuant to the land uses and restrictions set forth in the applicable zoning for Red Ledges, with no representation being made herein concerning the planned uses of such other properties. Each Owner further acknowledges that the zoning for the property on which the Project is located and for other properties in the vicinity of the Project may be established and governed by the Heber City Municipal Code or the Wasatch County Land Use and Development Code, as the same may be amended or replaced from time to time.

11.16 **Neighborhood Association Rules**. All Owners are given notice that use of their Units and the Common Areas and Facilities is limited by the Neighborhood Rules and Regulations of the Neighborhood Association as modified from time to time. By acceptance of a deed, each Owner acknowledges and agrees that the use and enjoyment and marketability of the Owner's Unit can be affected by this provision and that the Neighborhood Rules and Regulations may be amended, expanded, supplemented, or otherwise changed from time to time. Notwithstanding any provision in this Neighborhood Declaration to the contrary, no action of the Neighborhood Association or Neighborhood Board shall unreasonably impede Neighborhood Developer's rights to develop the Project.

11.17 **Incidental Uses**. Neighborhood Developer during the control period (and the Neighborhood Association, after the control period expires) may approve uses of property which are incidental to the full enjoyment by the Owners of the Project. Such approval may be subject to

such regulations, limitations, and restrictions as Neighborhood Developer may wish to impose, in its sole and subjective discretion, for the benefit of the Project as a whole.

11.18 **Neighborhood Developer's Exemption**. Nothing contained in this Neighborhood Declaration shall be construed to prevent the construction or maintenance by Neighborhood Developer or its duly authorized agents of structures, improvements, or signs necessary or convenient to the development or sale of Units within the Project.

11.19 **Red Ledges Documents; Municipal and Wasatch County Regulations**. The provisions of this ARTICLE XI. are subject to the Red Ledges Documents and controlling municipal or Wasatch County regulations. In the event of any conflict or inconsistency between this ARTICLE XI. and the Red Ledges Documents or controlling municipal or Wasatch County regulations, the Red Ledges Documents or controlling municipal or Wasatch County regulations shall control in that order.

## **ARTICLE XII. NEIGHBORHOOD ASSOCIATION AND BOARD**

12.1 **Membership in Neighborhood Association**. The persons or entities who are at the time of reference Owners shall, together with all other Owners, be members of the Neighborhood Association, the characteristics and nature of which are determined by the Condominium Act, the Neighborhood Declaration, the Neighborhood Bylaws, the Neighborhood Articles and other applicable Utah law.

12.2 **Neighborhood Board**. The management and maintenance of the Project and the administration of the affairs of the Neighborhood Association shall be conducted by a Neighborhood Board consisting of not less than three (3) nor more than five (5) natural persons as provided in the Neighborhood Bylaws. The Neighborhood Board shall be elected as provided in this Neighborhood Declaration and in the Neighborhood Bylaws.

12.3 **Powers of Neighborhood Board**. Except as otherwise provided herein, the Neighborhood Board shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Nonprofit Act and the Condominium Act, this Neighborhood Declaration and the Neighborhood Bylaws, including but not limited to the following:

(1) **Establish and Enforce Neighborhood Rules**. To make and enforce all Neighborhood Rules and Regulations covering the operation and maintenance of the Project and the Units, including but not limited to Neighborhood Rules and Regulations relating to transient use and occupancy of the Units.

(2) **Contract with Manager**. To engage the services of the Manager, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor.

(3) **Maintain and Repair.** To operate, maintain, repair, improve and replace the Common Areas and Facilities in accordance with the Project Quality Standard, which right expressly includes the power and authority to oversee all aspects of the operation, maintenance, repair, improvement, replacement, and use (including any change in use) of any clubhouse that may exist within the Project; provided, however, that the use of any clubhouse shall be limited to Owners, unless the Neighborhood Board expressly decides to the contrary.

(4) **Determine Expenses.** To determine and pay the Neighborhood Expenses.

(5) **Assess and Collect.** To assess and collect the proportionate share of Neighborhood Expenses from the Owners, as provided in ARTICLE XIII. hereinafter.

(6) **Execute Documents.** To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

(7) **Open and Manage Accounts.** To open bank accounts on behalf of the Neighborhood Association and to designate the signatories therefor.

(8) **Own and Alienate Units.** To purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Neighborhood Association or its designee.

(9) **Litigate.** To bring, prosecute and settle litigation for itself, the Neighborhood Association and the Project.

(10) **Obtain Insurance.** To obtain insurance for the Neighborhood Association with respect to the Units and the Common Areas and Facilities, as well as worker's compensation insurance.

(11) **Repair and Restore.** To repair or restore the Project following damage or destruction or a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Condominium Act.

(12) **Own and Dispose of Personal Property.** To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Neighborhood Association and the Neighborhood Board and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

(13) **Borrow Funds.** To borrow money for the purpose of improving the Common Areas and Facilities in a manner designed to promote the enjoyment and welfare of the Owners.

(14) **Encumber Assessments.** To pledge, hypothecate or otherwise encumber current or future Assessments for any purpose permitted under this Neighborhood Declaration.

(15) **Keep Records.** To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Neighborhood Bylaws, the Nonprofit Act, and the Condominium Act.

(16) **Operate and Maintain Project.** To do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project.

(17) **Budget.** To prepare, adopt, amend and disseminate budgets and other information from time to time in accordance with the terms of the Neighborhood Bylaws.

(18) **Grant Easements.** To grant easements and rights-of-way over the Common Areas and Facilities, which right expressly includes the power and authority to grant an easement or right-of-way to any postal or mail service for the delivery of mail in or to any clubhouse that may exist within the Project.

(19) **Approve Signage.** To approve signage for the Project.

12.4 **Project Quality Standard.** The Neighborhood Board shall provide for the repair, replacement, management and maintenance of the Common Areas and Facilities and any Units that the Neighborhood Association may own or lease, or in the future may own or lease, in accordance with the Project Quality Standard. In connection with such obligation, the Neighborhood Association may, subject to any applicable provisions on Special Neighborhood Assessments, in the discretion of the Neighborhood Board, reconstruct, repair, replace or refinish any Unit that it may own or lease, or any improvement or portion thereof upon the Common Areas and Facilities, and do all such other and further acts which the Neighborhood Board deems necessary to preserve and protect the Units it may own or lease, or in the future may own or lease, and the Common Areas and Facilities and the beauty thereof, in accordance with the Project Quality Standard and the general purposes specified in this Neighborhood Declaration.

12.5 **Subjection of Common Areas and Facilities to Mortgage.** The Neighborhood Board may convey or subject to a Mortgage all or portions of the Common Areas and Facilities of the Project if Owners entitled to cast a majority of the Total Votes of the Neighborhood Association agree to that action at a meeting or by written ballot distributed to Owners by mail or electronic transmission. Any such agreement shall comply with all other applicable provisions of the Condominium Act.

12.6 **Limitation on Liability of Neighborhood Board.** Directors, and the officers of the Neighborhood Board and any assistant officers, agents and employees of the Neighborhood



Association (a) shall not be liable to the Owners as a result of their activities as such for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or bad faith; (b) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Neighborhood Association in their capacity as such; (c) shall have no personal liability in tort to any Owner or any person or entity, direct or imputed, by virtue of acts performed by them, except for their own willful misconduct or bad faith, nor for acts performed for them in their capacity as such; and (d) shall have no personal liability arising out of the use, misuse or condition of the Project, which might in any way be assessed against or imputed to them as a result or by virtue of their capacity as such.

12.7 **Indemnification of Neighborhood Board.** When a Director is sued for liability for actions undertaken in his or her role as a member of the Neighborhood Board, the Neighborhood Association shall, subject to the provisions of the Nonprofit Act, indemnify him or her for his or her losses or claims, and undertake all costs of defense, until and unless it is proven that he or she acted with willful misconduct, intent to inflict harm on the Neighborhood Association or an Owner, or with gross negligence. After such proof the Neighborhood Association is no longer liable for the cost of defense and may recover costs already expended from the Director who so acted. Directors are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Neighborhood Association but may be recovered from persons whose activity gave rise to the damages.

12.8 **No Sale of Property.** Neither the Neighborhood Board nor the Manager shall sell any property of the Neighborhood Association except as permitted by the Condominium Act and this Neighborhood Declaration.

12.9 **Manager.** The Neighborhood Association acting through the Neighborhood Board may enter into a contract with a Manager for the management of the Project. Pursuant to such management contract the Neighborhood Board may delegate to a Manager all duties, powers, and responsibilities referred to in Section 12.3 above. The Manager so engaged shall be responsible for managing the Project for the benefit of the Neighborhood Association and the Owners, and shall, to the extent permitted by law and by the terms of the contract with the Neighborhood Association, be authorized to perform any of the functions or acts required to be performed by the Neighborhood Association itself. Any such management contract executed during the Neighborhood Developer Control Period described in Section 10.3 shall not be binding after such Neighborhood Developer Control Period expires or is terminated unless the management contract is then renewed or ratified by the consent of Owners of Units to which a majority of the Total Votes of the Neighborhood Association appertains. A contract for services executed on behalf of the Neighborhood Association during the Neighborhood Developer Control Period is binding beyond the Neighborhood Developer Control Period unless terminated by the Neighborhood Board after the Neighborhood Developer Control Period ends. Notwithstanding the foregoing, a lease of recreational areas or facilities, or any other contract or lease designed to benefit Neighborhood

Developer which was executed by or on behalf of the Neighborhood Association shall not be binding after the Neighborhood Developer Control Period unless then renewed or ratified by the consent of Owners to which a majority of the Total Votes of the Neighborhood Association appertains.

12.10 **Cooperation with Other Associations.** The Neighborhood Association may contract or cooperate with other homeowners' associations or entities within Heber City or Wasatch County as convenient or necessary to provide services and privileges, such as access to recreational and transportation facilities, and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the association or such other organizations, for the benefit of Owners and their family members, guests, tenants and invitees. The costs associated with such efforts (to the extent not chargeable to other organizations) shall be a Neighborhood Expense.

12.11 **Registration with the Department of Commerce.** The Neighborhood Association shall register with the Utah Department of Commerce within ninety (90) days of the Recordation of this Neighborhood Declaration. Within ninety (90) days after a change of any information provided in the Neighborhood Association's registration with the Utah Department of Commerce, the Neighborhood Board shall submit an updated registration in the manner established by the Utah Department of Commerce and the Condominium Act.

12.12 **Providing Payoff Information; Written Statement.** The Neighborhood Board may charge a reasonable fee for providing Neighborhood Association payoff information needed in connection with the closing of an Owner's financing, refinancing or sale of a Unit. Such fee shall not exceed the maximum amount (if any) set forth in the Condominium Act. The Neighborhood Board must provide payoff information within five (5) business days after the closing agent for a transaction requests such information. Such request shall include all information required by the Condominium Act and be delivered in accordance with the requirements set forth in the Condominium Act. Even when not needed in connection with the closing of an Owner's financing, refinancing or sale of a Unit, an Owner may request in writing a written statement from the Neighborhood Board indicating any unpaid Assessments with respect to the Owner's Unit. The Neighborhood Association may charge the Owner requesting the statement a fee not to exceed the maximum amount (if any) set forth in the Condominium Act.

12.13 **Neighborhood Association's Right to Pay Delinquent Utilities.**

(1) **Utility Notice.** Upon request in accordance with this Section 12.13, at least ten (10) days before the day on which an electrical corporation or a gas corporation discontinues service to a Unit, the electrical corporation or gas corporation shall give the Neighborhood Association: (a) written notice that the electrical corporation or gas corporation will discontinue service to the Unit ("**Utility Notice**"); and (b) an opportunity to pay any delinquent charges and maintain service to the Unit.

(2) **Request Utility Notice and Opportunity to Pay.** The Neighborhood Association may request the Utility Notice and opportunity to pay by sending a written request to the electrical corporation or gas corporation that includes: (a) the address of each Unit; (b) the Neighborhood Association's name, mailing address, phone number, and email address; and (c) the address where the electrical corporation or gas corporation may send notices.

(3) **Failure to Pay.** If, after an electrical corporation or a gas corporation sends a Utility Notice to the Neighborhood Association and the Neighborhood Association does not pay the delinquent charges within 10 days after the day on which the electrical corporation or gas corporation sends the Utility Notice, the electrical corporation or gas corporation may discontinue service to the Unit. The Neighborhood Association may collect any payment to an electrical corporation or a gas corporation under this Section 12.13 as a Neighborhood Assessment.

(4) **Right to Enter and Winterize.** If, after the Neighborhood Association receives a Utility Notice, the Neighborhood Association decides not to pay the delinquent charges, the Neighborhood Association may, after giving notice as described in this Neighborhood Declaration to the Owner: (a) enter the Unit; and (2) winterize the Unit. A person who enters a Unit in accordance with this subsection 12.13(4) is not liable for trespass. The Neighborhood Association may charge an Owner for the actual and reasonable costs of winterizing a Unit in accordance with this subsection 12.13(4).

12.14 **No Liability for Latent Defects.** NOTWITHSTANDING THE DUTY OF THE NEIGHBORHOOD ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE PROJECT, AND EXCEPT TO THE EXTENT COVERED BY NEIGHBORHOOD ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE XV. , THE NEIGHBORHOOD ASSOCIATION, THE NEIGHBORHOOD BOARD AND NEIGHBORHOOD DEVELOPER SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE PROJECT TO BE MAINTAINED AND REPAIRED BY THE NEIGHBORHOOD ASSOCIATION, OR CAUSED BY WEATHER CONDITIONS, THE ELEMENTS, OR OTHER OWNERS OR PERSONS.

### **ARTICLE XIII. ASSESSMENT OF UNITS BY THE ASSOCIATION**

13.1 **Levying Assessments.** The making and collection of Neighborhood Assessments by the Neighborhood Association from Owners of Units for their share of Neighborhood Expenses, which Expenses are incurred for the benefit of said Owners of Units, shall be subject to the following provisions, and any other provisions, if any, set forth in the Neighborhood Bylaws:

(1) **Liability for Neighborhood Expenses.** Each Owner, including Neighborhood Developer, for each Unit which it owns, shall be liable for a proportionate share of the Neighborhood Expenses, such share being the same as the Allocated Interest owned by such

Owner, subject to the subsidy provisions described in Section 13.5 below. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserve expenses. Such combined expenses shall constitute the Neighborhood Expenses, and the funds received from Neighborhood Assessments under this ARTICLE XIII. shall be the Neighborhood Expense Fund. Neighborhood Assessments shall include Regular Neighborhood Assessments, Special Neighborhood Assessments and any other Assessments levied by the Neighborhood Association. Until the Neighborhood Association makes an Assessment for Neighborhood Expenses, Neighborhood Developer shall pay all Neighborhood Expenses. After an Assessment has been made by the Neighborhood Association, Regular Neighborhood Assessments must be made at least annually, based on a budget adopted at least annually by the Neighborhood Association in accordance with the provisions of this Neighborhood Declaration and the Neighborhood Bylaws. Regular Neighborhood Assessments shall be levied against each separate Unit and shall commence as to all Units in each phase of the Project on the first day of the month following the closing of the first sale of a Unit in such phase.

(2) **Limit on Regular Neighborhood Assessments.** The Neighborhood Association may not impose a Regular Neighborhood Assessment per Unit which is more than twenty-five percent (25%) greater than the previous year's Regular Neighborhood Assessment, without first obtaining the affirmative vote the Owners holding a majority of the Total Votes of the Neighborhood Association, cast at a meeting of the Neighborhood Association at which a quorum is present or by written ballot. The Neighborhood Association shall provide notice, by first class mail to all Owners, of any change in the Regular Neighborhood Assessments not less than thirty (30) nor more than sixty (60) days prior to the date the increased Regular Neighborhood Assessment is due.

(3) **Special Neighborhood Assessments.** In addition to the Regular Neighborhood Assessments, the Neighborhood Association may levy in any calendar year, Special Neighborhood Assessments applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon any Common Areas and Facilities, including the necessary fixtures and personal property related thereto, and other costs, expenses of operation or shortfalls in the collection of Neighborhood Assessments from the Owners. The portion of any Special Neighborhood Assessment levied against a particular Unit shall be equal to such Unit's Allocated Interest. These provisions with respect to the imposition or allocation of Special Neighborhood Assessments shall not apply when the special assessment against an Owner is a remedy utilized by the Neighborhood Board to reimburse the Neighborhood Association for costs incurred in bringing the Owner and/or his or her Unit into compliance with the provisions of the Condominium Documents. The Neighborhood Board shall provide notice by first class mail to all Owners of any Special Neighborhood Assessments not less than thirty (30) nor more than sixty (60) days prior to the date such Assessment is due.

(4) **Interest; Late Fees.** All Neighborhood Assessments shall be due as determined pursuant to the Neighborhood Bylaws. Neighborhood Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Neighborhood Board, from the date when due until paid. Furthermore, Owners who do not pay their Neighborhood Assessments when due shall be subject to a reasonable late fee, established by the Neighborhood Board from time to time. All payments of Neighborhood Assessments shall be first applied to accrued interest and late fees, costs of collection, and then to the Neighborhood Assessment payment first due. All Neighborhood Assessments to pay a judgment against the Neighborhood Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to their liabilities for Neighborhood Expenses. If any Neighborhood Expense is caused by the misconduct of any Owner, the Neighborhood Association may assess that expense exclusively against such Owner's Unit(s). If the Owners' Allocated Interests are reallocated or reassigned, assessments for Neighborhood Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

(5) **Lien for Assessments.** There shall be a lien upon the applicable Unit for all unpaid Neighborhood Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to this Neighborhood Declaration and the Condominium Act. The Recordation of this Neighborhood Declaration constitutes record notice and perfection of such assessment lien. In order to establish the priority of the lien pursuant to subsection 13.1(7) below, a written notice of lien shall be Recorded setting forth the amount of the Neighborhood Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Unit and a description of the Unit. No notice of lien shall be Recorded until there is a delinquency in payment of the Neighborhood Assessment. Such lien may be enforced by sale or foreclosure by the Neighborhood Board or Manager conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the State of Utah for the enforcement of a mechanics lien which has been established in accordance with the provisions of Title 38, Chapter 1a, Utah Code Annotated, as amended from time to time.

(6) **Foreclosure.** In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Neighborhood Association any Neighborhood Assessments against the Unit which shall become due during the period of foreclosure, together with interest and late fees as set forth herein, and all such Neighborhood Assessments shall be secured by the lien being foreclosed. In furtherance of such foreclosure rights, the Neighborhood Association may bring an action at law against the Owner personally obligated to pay the same or the Neighborhood Association may



foreclose the lien in accordance with the provisions of the Act. Neighborhood Developer, Neighborhood Association and each Owner hereby convey and warrant pursuant to Utah Code Annotated Sections 57-1-20 and 57-8- 45 to Trustee, with power of sale, the Units and all improvements to the Units for the purpose of securing payment of Neighborhood Assessments under the terms of this Neighborhood Declaration. Provided, however, the Neighborhood Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1, Utah Code Annotated. Each Owner hereby conveys all of its right, title and interest in its Unit to such trustee, in trust, with a power of sale, for the sole purpose of securing each Owner's obligations under this Neighborhood Declaration, including but not limited to the obligation to pay all Neighborhood Assessments. The Neighborhood Association may, through the Manager or other duly authorized agent, bid on the Unit at any foreclosure sale and acquire, hold, lease, mortgage and convey the same.

(7) **Priority of Lien.** The lien of the Neighborhood Association has priority over each lien and encumbrance on a Unit except: (a) a lien or encumbrance Recorded before Recordation of this Neighborhood Declaration, (b) a first or second Mortgage on a Unit that is Recorded before a Recorded notice of lien by or on behalf of the Neighborhood Association, or (c) a lien of real estate taxes or other governmental assessments or charges against the Unit. The lien procedures described herein do not prohibit actions to recover sums for which the Condominium Act creates a lien or prohibit the Neighborhood Association from taking a deed in lieu of foreclosure.

(8) **Nonjudicial Foreclosure.** At least thirty (30) calendar days before initiating a nonjudicial foreclosure, the Neighborhood Association shall provide notice ("**Foreclosure Notice**") to the Owner that is the intended subject of the nonjudicial foreclosure. The Foreclosure Notice shall: (a) notify the Owner that the Neighborhood Association intends to pursue nonjudicial foreclosure with respect to the Owner's Unit to enforce the Neighborhood Association's lien for unpaid assessments; (b) notify the Owner of the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure; (c) be sent to the Owner by certified mail, return receipt requested and be included with other Neighborhood Association correspondence to the Owner; and (d) be in substantially the following form:

**NOTICE OF NONJUDICIAL  
FORECLOSURE AND RIGHT TO DEMAND  
JUDICIAL FORECLOSURE**

The Villas at Red Ledges Owners Neighborhood Association, Inc., a Utah nonprofit corporation, (the "Association"), the Association for the project in which your unit is located, intends to foreclose upon your unit and allocated interest in the common areas and facilities using a procedure that will not require it to file a lawsuit or involve a court. This procedure is

being followed in order to enforce the Association's lien against your unit and to collect the amount of an unpaid assessment against your unit, together with any applicable late fees and the costs, including attorney fees, associated with the foreclosure proceeding. Alternatively, you have the right to demand that a foreclosure of your property be conducted in a lawsuit with the oversight of a judge. If you make this demand and the Association prevails in the lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that 'I demand a judicial foreclosure proceeding upon my unit,' or words substantially to that effect. You must send this written demand by first class and certified U.S. mail, return receipt requested, within 15 days after the date of the postmark on the envelope in which this notice was mailed to you. The address to which you must mail your demand is Villas at Red Ledges Owners Neighborhood Association, Inc., 205 N Red Ledges Blvd, Heber City, Utah 84032.

(9) **Demand for Nonjudicial Foreclosure.** The Neighborhood Association may not use a nonjudicial foreclosure to enforce a lien if an Owner mails the Neighborhood Association a written demand for judicial foreclosure: (a) by U.S. mail, certified with a return receipt requested, (b) to the address stated in the Foreclosure Notice; and (c) within fifteen (15) days after the date of the postmark on the envelope of the Foreclosure Notice.

(10) **Liability upon Conveyance.** In a voluntary conveyance of a Unit, the grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his or her Neighborhood Assessments up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee. The Neighborhood Board, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Unit. This statement shall be furnished within ten (10) business days after receipt of the request and upon payment of a reasonable fee and is binding on the Neighborhood Association, the Neighborhood Board, the Manager and every Owner, in favor of all who rely on such statement in good faith. The grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the grantor in excess of the amount set forth in the statement furnished under this subsection 13.1(10).

(11) **Action to Recover.** The amount of any Neighborhood Assessment against any Unit shall be the personal obligation of the Owner of such Unit to the Neighborhood Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Neighborhood Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas and Facilities or by abandonment of his or her Unit or by waiving any services or amenities provided for in this Neighborhood Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Neighborhood Association in connection therewith, including reasonable attorneys' fees.

(12) **Lien Unaffected.** The lien to secure unpaid assessments shall not be affected by the sale or transfer of the Unit unless foreclosure by a First Mortgagee is involved in which case any First Mortgagee who obtains title to a Unit pursuant to the remedies in the Mortgage or through foreclosure will not be liable for Neighborhood Assessments or charges accrued before the acquisition of the title to the Unit by the First Mortgagee, but such acquisition shall not relieve any Owner from paying further assessments. If the Neighborhood Association's lien priority includes costs of collecting unpaid Neighborhood Assessments, the Neighborhood Association will be liable for any fees or costs related to the collection of such unpaid Neighborhood Assessments.

13.2 **Capital Improvements.** The Neighborhood Association through the Neighborhood Board shall include in the Neighborhood Assessments amounts representing sums to be used for the replacement of or additions to capital items or improvements in the Project. Said amounts shall be dedicated for the uses provided in this Section. Upon the transfer of a Unit, the capital reserves previously paid by the transferring Owner shall remain the property of the Neighborhood Association, for the use and benefit of the Neighborhood Association in making future repairs, replacements, improvements and capital additions to the Project. Each year the Neighborhood Association shall provide a summary of the most recent reserve analysis, including any updates, to each Owner. Owners may receive a complete copy of the reserve analysis upon a request submitted to the Neighborhood Board.

### 13.3 **Reserves.**

(1) **Use of Reserve Funds.** The Neighborhood Board shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Neighborhood Association is responsible and for which the reserve fund was established, or for litigation involving such matters. Nevertheless, the Neighborhood Board may authorize the temporary transfer of money from the reserve account to the Neighborhood Association's operating account from time to time to meet short term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Neighborhood Association,

and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Neighborhood Board may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Neighborhood Association, delay such restoration until the time it reasonably determines to be necessary. The Neighborhood Board shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Neighborhood Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Neighborhood Assessment shall not be subject to the limitations set forth in Section 13.3 hereof. In addition, the Neighborhood Board shall ensure that payments or deposits to the reserve account will constitute at least 10% of the annual budget for the Neighborhood Association.

(2) **Reserve Analysis.** At least once every six (6) years the Neighborhood Board shall cause a study to be conducted of the reserve account of the Neighborhood Association and its adequacy to satisfy anticipated future expenditure requirements. The Neighborhood Board shall, thereafter, review every three (3) years the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

(A) Identification of the major components which the Neighborhood Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of thirty (30) years or less.

(B) Identification of the probable remaining useful life the components identified in Section 13.3(2)(A) above, as of the date of the study.

(C) An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in Section 13.3(2)(A) above, during and at the end of its useful life.

(D) An estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain each major component during and at the end of its useful life, after subtracting total reserve funds as of the date of the study.

(E) A reserve funding plan that recommends how the Neighborhood Association may fund the annual contribution described in Section 13.3(2)(D) above.

For the purposes of this Section, the term “**reserve account requirements**” means the estimated funds which the Neighborhood Board has determined are required to be available at a specified point in time to repair, replace or restore those major components which the Neighborhood Association is obligated to maintain in accordance with the Project Quality Standard.

(3) **Reserve Fund Line Item.** The Neighborhood Association's budget shall include a reserve fund line item as determined by the Neighborhood Board, based on the reserve analysis and the amount the Neighborhood Board determines is prudent under the circumstances. Within forty five (45) days after the day on which the Neighborhood Association adopts its budget, the Owners may veto the reserve fund line item by the vote of fifty-one percent (51%) of the Total Votes of the Neighborhood Association at a special meeting called by the Owners for the purpose of voting whether to veto the reserve fund line item. If the Owners veto a reserve fund line item and a reserve fund line item exists in a previously approved budget of the Neighborhood Association that was not vetoed, the Neighborhood Association shall fund the reserve account in accordance with that prior reserve fund line item.

13.4 **Leased Units.** If an Owner fails to pay Neighborhood Assessments and other amounts due under this Neighborhood Declaration for a period of more than sixty (60) days after such amounts are due and payable, the Neighborhood Association may require a Tenant (defined below) under a Lease (defined below) with an Owner to pay the Neighborhood Association all future Lease payments due to the Owner beginning with the next monthly or periodic payment due from the Tenant and until the Neighborhood Association is paid the Amount Owing (defined below). Notices and collection of payments shall comply with the following provisions, provided, however, that if the requirements under the Condominium Act are less restrictive, the Neighborhood Association need only comply with the requirements thereunder. As used in this Section "**Amount Owing**" means the total of any assessment or obligation under this Neighborhood Declaration that is due and owing together with any applicable interest, late fee, and cost of collection; "**Lease**" means any arrangement under which a Tenant occupies a Unit, including nightly rentals, in exchange for the Owner and/or such Owner's rental or other property manager, receiving a consideration or benefit, including a fee, service, gratuity, or other compensation; and "**Tenant**" means a person, other than the Owner, who has exclusive occupancy of an Owner's Unit whether on a nightly rental or other basis, provided, however, if an Owner has contracted with a rental or other property manager to rent such Owner's Unit, such rental or property manager shall be considered the Tenant for purposes of this Section.

(1) **Landlord Notice.** Before requiring a Tenant to pay Lease payments to the Neighborhood Association, the Manager or Neighborhood Board shall give the Owner notice ("**Notice to Landlord**"), in accordance with this Neighborhood Declaration. The Notice to Landlord shall state: (a) the amount of the assessment due, including any interest, late fee, collection cost, and attorney fees; (b) that any costs of collection, including attorney fees, and other assessments that become due may be added to the total amount due and be paid through the collection of Lease payments; and (c) that the Neighborhood Association intends to demand payment of future Lease payments from the Owner's Tenant if the Owner does not pay the Amount Owing within fifteen (15) days.

(2) **Tenant Notice.** If an Owner fails to pay the Amount Owing within fifteen (15) days after the applicable Manager or Neighborhood Board gives the Notice to Landlord, the



Manager or Neighborhood Board may exercise the Neighborhood Association's rights to collect Lease payments by delivering written notice ("**Notice to Tenant**") to the Tenant. The Notice to Tenant shall state that: (a) due to the Owner's failure to pay an assessment within the required time, the Manager or the Neighborhood Board has notified the Owner of the Neighborhood Association's intent to collect all Lease payments until the Amount Owing is paid; (b) the law requires the Tenant to make all future Lease payments, beginning with the next monthly or other periodic payment, to the Neighborhood Association, until the Amount Owing is paid; and (c) the Tenant's payment of Lease payments to the Neighborhood Association does not constitute a default under the terms of the Lease with the Owner. The Manager or Neighborhood Board shall mail a copy of the Notice to Tenant to the Owner.

(3) **Lease Payments.** A Tenant to whom the Notice to Tenant has been given shall pay to the Neighborhood Association all future Lease payments as they become due and owing to the Owner: (a) beginning with the next monthly or other periodic payment after the Notice to Tenant is delivered to the Tenant; and (b) until the Neighborhood Association notifies the Tenant that the Amount Owing is paid. An Owner shall credit each payment that the Tenant makes to the Neighborhood Association under this Section against any obligation that the Tenant owes to the Owner as though the Tenant made the payment to the Owner. An Owner may not initiate a suit or other action against a Tenant for failure to make a Lease payment that the Tenant pays to the Neighborhood Association as required under this Section. Within five (5) business days after the Amount Owing is paid, the Manager or Neighborhood Board shall notify the Tenant in writing (and mail a copy thereof to the Owner) that the Tenant is no longer required to pay future Lease payments to the Neighborhood Association. For any Unit subject to a nightly rental contract, the amount paid to the Neighborhood Association pursuant to this Section shall be the amount that would otherwise be paid to the Owner.

(4) **Separate Account.** The Neighborhood Association shall deposit money paid to the Neighborhood Association under this Section in a separate account and disburse that money to the Neighborhood Association until the Amount Owing is paid and any cost of administration, not to exceed the maximum amount set forth in the Condominium Act (if any) is paid. The Neighborhood Association shall, within five (5) business days after the Amount Owing is paid, pay to the Owner any remaining balance.

13.5 **Neighborhood Developer Subsidy.** To the extent permitted by law, Neighborhood Developer may without obligation pay the Neighborhood Association an amount less than its proportionate share of Neighborhood Expenses or other permitted Neighborhood Assessments for which it owes, provided Neighborhood Developer has executed a subsidy agreement requiring Neighborhood Developer to pay monies which are sufficient, together with the Assessments paid by all other Owners, to enable the Neighborhood Association to timely pay all of the Neighborhood Expenses. Any subsidy agreement shall require Neighborhood Developer to pay its full proportionate share of all reserves for replacement and capital improvements assessed against the Units that it owns.

13.6 **Red Ledges Assessments.** The Red Ledges Association imposes certain assessments and fees on the ownership, use, and transfer of Units. Each Owner by accepting a deed to or conveyance of a Unit, agrees to be bound by all of the terms and provisions of the Red Ledges Documents and agrees to pay, as and when due, its applicable Red Ledges Assessments. Such Red Ledges Assessments shall also include all charges, fines, penalties, or other amounts levied, fixed, established, defined and collected as set forth in the Red Ledges Documents as amended from time to time in force and effect. Each Owner is deemed to covenant and agrees to pay all Red Ledges Assessments, to be collected as provided herein.

13.7 **Collection of Red Ledges Assessments by the Neighborhood Association.** The Neighborhood Association shall collect from each Owner all Red Ledges Assessments assessed against such Owner and shall in a timely manner remit all Red Ledges Assessments so collected to the Red Ledges Association. All the rights and remedies of the Neighborhood Association relating to the collection of Neighborhood Assessments due under this Neighborhood Declaration shall also be available to the Neighborhood Association to collect the Red Ledges Assessments from each Owner as provided herein. Notwithstanding the foregoing, nothing contained herein shall be construed so as to deprive the Red Ledges Association of any remedies for nonpayment of Red Ledges Assessments provided to the Red Ledges Association under the Red Ledges Documents or otherwise.

#### ARTICLE XIV. MAINTENANCE, ALTERATION AND IMPROVEMENT

14.1 **Maintenance by Red Ledges Association.** Pursuant to the Red Ledges Declaration, the Red Ledges Association shall maintain, replace, and repair the streets, including snow removal of the streets, as the same are depicted on the Neighborhood Plat (“**Red Ledges Maintenance**”). The cost of the Red Ledges Maintenance shall be a Red Ledges Assessment that will be assessed and collected pursuant to Section 13.7 above.

14.2 **Additional Maintenance of Common Areas and Facilities.** Except for the Red Ledges Maintenance detailed in Section 14.1 above, the maintenance, replacement and repair of the Common Areas and Facilities, driveways, walkways, the area between the footprint of each building, in accordance with the Project Quality Standard and all Open Space as the same are depicted on the Neighborhood Plat including all landscaping, shall be the responsibility of the Neighborhood Association, and the cost thereof shall be a Neighborhood Expense. All incidental damages caused to a Unit by the maintenance, replacement and repairs of the Common Areas and Facilities or utility services shall be repaired promptly, and the cost thereof charged to the Neighborhood Association as a Neighborhood Expense.

14.3 **Right of Entry.** Some of the Common Areas and Facilities are or may be located within the Units or may be conveniently accessible only through the Units. The Neighborhood Association, its agents and contractors, shall have the irrevocable right to have access to each Unit and to all Common Areas and Facilities from time to time during such reasonable hours as may be

necessary for the cleaning, repair or replacement of any Common Areas and Facilities or for making any emergency repairs at any time and when necessary to prevent damage to the Common Areas and Facilities or to any Unit. The Neighborhood Association shall also have the irrevocable right to have access to any Unit when necessary in connection with any cleaning, maintenance, repair, replacement, painting, landscaping, construction or reconstruction for which the Neighborhood Association is responsible or for the purpose of abating a nuisance or a known or suspected dangerous or unlawful condition. Following advance written notice to the Unit Owner, such entry shall be made at a reasonable time and in a manner that does not disrupt use of such Unit and with as little inconvenience to the Owners as is practicable under the circumstances and any damage caused thereby shall be repaired by the Neighborhood Association.

14.4 **Owner's Obligation to Maintain Units.** Notwithstanding anything in this Neighborhood Declaration to the contrary, the Owner at the Owner's expense shall maintain and keep in repair the interior of the Unit, including the fixtures and utilities located in the Unit to the extent current repair shall be necessary in order to avoid damaging other Units or the Common Areas and Facilities. All fixtures, equipment, and utilities installed and included in a Unit serving only that Unit, commencing at a point where the fixtures, equipment and utilities enter the Unit, shall be maintained and kept in repair by the Owner of that Unit. An Owner shall also maintain and keep in repair any entry door or doors serving such Unit. An Owner shall not allow any action or work that will impair the structural soundness of the improvements, impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of any Building, or impair any easement or hereditament. Except as otherwise provided in this Neighborhood Declaration, an Owner shall also have the obligation to maintain and keep in repair all appurtenant Limited Common Areas and Facilities at such Owner's expense. Except as otherwise set forth herein, no Owner shall alter any Common Areas and Facilities without the prior written consent of the Neighborhood Association.

14.5 **Failure to Maintain.** In the event that portions of a Unit or other Improvements are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained improvement lies with the Owner of the Unit, or in the event that such Improvements are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Neighborhood Association, after written notice to the Owner and the expiration of a thirty (30) day cure period, and with the approval of the Neighborhood Board, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and other improvements to a condition of good order and repair; provided, however, if such repair and reconstruction due to an event of casualty cannot be reasonably performed within such thirty (30) day cure period, the Owner shall have such time as reasonably required to perform such repair and reconstruction so long as the work has been commenced within such cure period and is diligently pursued to completion. All costs incurred by the Neighborhood Association in connection with the restoration

shall be reimbursed to the Neighborhood Association by the Owner of the Unit, upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with ARTICLE XIII. of this Neighborhood Declaration.

## ARTICLE XV. INSURANCE

15.1 **Insurance Policies**. The Neighborhood Association shall at all times maintain in force insurance meeting the following requirements:

(1) **Blanket Insurance**. A “master” or “blanket” type policy of property insurance shall be maintained covering the entire Project, including: Common Areas and Facilities; Limited Common Areas and Facilities; the Buildings; all Units, including any fixtures, improvements, or betterments installed at any time in a Unit or the Limited Common Areas and Facilities appurtenant thereto; fixtures, machinery, building service equipment, personal property and supplies comprising a part of the Common Areas and Facilities maintained for the service of the Project or owned by the Neighborhood Association, but excluding 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. At a minimum, such “master” or “blanket” policy shall afford protection against all risks of direct physical loss commonly insured against, including fire and extended coverage perils, which are customarily covered with respect to projects similar to the Project in construction, location, and use. Such “master” or “blanket” policy shall be in an amount not less than one hundred percent (100%) of the full replacement cost of the insured property at the time the insurance is purchased and at each renewal date, excluding items normally excluded from coverage. Each Owner is an insured person under a property insurance policy. If the Neighborhood Board deems such advisable, the insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (a) 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 (b) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one hundred percent (100%) 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 deductible amount for such a policy covering the Common Areas and Facilities shall be determined by the Neighborhood Board, subject to applicable law. The Neighborhood Association shall set aside an amount equal to the amount of the property insurance policy deductible or, if the policy deductible exceeds \$10,000, an amount not less than \$10,000.

(2) **General Liability Insurance**. The Neighborhood Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Areas and Facilities, Building exteriors, public ways in the Project, all other areas of the Project that are under the Neighborhood Association’s



supervision, and any commercial spaces owned by the Neighborhood 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 the Project in construction, location, and use. Nevertheless, such coverage shall be for at least Three Million Dollars (\$3,000,000) 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 Common Areas and Facilities, Building exteriors, and legal liability arising out of lawsuits related to employment contracts of the Neighborhood Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location, and use, including but not limited to (where economically feasible and if available), bailee's liability, elevator collision liability, garage keeper's liability, host liquor liability, contractual and all-written contract insurance, workers' compensation and employer's 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 Neighborhood Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least thirty (30) days' prior written notice to the Neighborhood Association and to each First Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

(3) **Fidelity Bonds.** The Neighborhood Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Neighborhood Association and for all other persons handling or responsible for funds of or administered by the Neighborhood Association whether or not that individual receives compensation for services. Furthermore, where the Neighborhood Association has delegated some or all of the responsibility for the handling of funds to the Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Neighborhood Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Neighborhood Association. In addition, the Manager shall, within a reasonable time period, submit evidence to the Neighborhood Association that he or she has secured such fidelity insurance. The total amount of fidelity bond coverage required shall be based upon the Neighborhood Association's best business judgment and shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Neighborhood Association, or the Manager, as the case may be, at any given time during the term of each bond.

(4) **Name of Insureds.** The name of the insured under each policy required to be maintained by Section 15.1 shall be the Neighborhood Association for the use and benefit of the individual Owners. (Said Owners shall be designated by name if required by law.) Notwithstanding the requirement of the two immediately foregoing sentences, each such policy



may be issued in the name of an authorized representative of the Neighborhood Association, including any trustee with whom the Neighborhood Association has entered into an Insurance Trust Agreement, or any successor to such trustee (each of whom shall be referred to herein as the “**Insurance Trustee**”), for the use and benefit of the individual Owners. Loss payable shall be in favor of the Neighborhood Association (or Insurance Trustee), as a trustee for each Owner and each such Owner’s Mortgagee. Each Owner and each such Owner’s Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

15.2 **Required Endorsements.** Each policy required to be maintained by Section 15.1 shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Project is located. 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 Neighborhood Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

15.3 **Additional Provisions.** Each policy required to be maintained by Section 15.1 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 or the Neighborhood Association; and the policy is primary in the event the Owner has other insurance covering the same loss.

15.4 **Neighborhood Board Duties.** In contracting for the policies of insurance required to be maintained by Section 15.1, the Neighborhood Board shall make reasonable efforts to secure (where economically feasible and reasonably available) coverage commonly required by private mortgage investors for projects similar in construction, location and use.

15.5 **Additional Insureds.** 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 Neighborhood Association, the Neighborhood Association’s authorized representative, including any Insurance Trustee, who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Neighborhood Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Neighborhood 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 Neighborhood 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.

15.6 **Insurance Provider Performance Requirements.** Each insurance policy maintained pursuant to the foregoing Sections 15.1(1), 15.1(2), and 15.1(3) 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: (a) under the terms of the carrier's charter, Neighborhood Bylaws, or policy, contributions may be required from, or assessments may be made against, an Owner, a Mortgagee, the Neighborhood Board, or the Neighborhood Association; (b) by the terms of the carrier's charter, Neighborhood Bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Neighborhood Board, the Neighborhood Association, or Owner) from collecting insurance proceeds. The provisions of this ARTICLE XV. shall not be construed to limit the power or authority of the Neighborhood Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Neighborhood Association may deem appropriate from time to time.

15.7 **Regular Review.** All insurance policies shall be reviewed at least annually by the Neighborhood Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Project which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Neighborhood Declaration.

15.8 **Owner to Insure.** Notwithstanding anything in this ARTICLE XV. to the contrary, it shall be the responsibility of each Owner, at such Owner's expense, to maintain physical damage insurance on such Owner's personal property and furnishings and on any upgrade made to the structures and fixtures of the Owner's Unit. In addition, an Owner may obtain such other and additional insurance coverage on and in relation to the Owner's Unit as the Owner in the Owner's sole discretion shall conclude to be desirable. However, none of such insurance coverages obtained by such Owner shall affect any insurance coverage obtained by the Neighborhood Association or cause the diminution or termination of that insurance coverage, nor shall such insurance coverage of an Owner result in apportionment of insurance proceeds as between policies of insurance of the Neighborhood Association and the Owner. An Owner shall be liable to the Neighborhood Association for the amount of any such diminution of insurance proceeds to the Neighborhood Association as a result of insurance coverage maintained by the Owner, and the Neighborhood Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a default Assessment, with the understanding that the Neighborhood Association may impose and foreclose a lien for the payment due. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Neighborhood Association and other Owners. Each Owner shall be responsible to provide insurance coverage for the amount of any additional value to any Unit caused by any improvement

to the Unit made by such Owner and not initially made by Neighborhood Developer, including, but not limited to, the value of structural upgrades or fixtures supplied by the Owner, or if the applicable insurance is to be provided by the Neighborhood Association, for any additional insurance costs associated with such increased value due to the improvements.

15.9 **Payment by Owners.** An Owner who owns a Unit that has suffered Unit Damage (as defined below) as part of a Covered Loss (as defined below) is responsible for an amount calculated by applying the Unit Damage Percentage (as defined below) for that Unit to the amount of the deductible under the property insurance policy of the Neighborhood Association. If an Owner does not pay such amount within thirty (30) days after substantial completion of the repairs to the Unit, the Neighborhood Association may levy an assessment against the Owner for that amount. As used in this paragraph, “**Covered Loss**” means a loss, resulting from a single event or occurrence, that is covered by a property insurance policy of the Neighborhood Association, “**Unit Damage**” means damage to a Unit or to Limited Common Areas and Facilities applicable to that Unit, or both, and “**Unit Damage Percentage**” means the percentage of total damage resulting in a Covered Loss that is attributable to Unit Damage. If, in the exercise of the business judgment rule, the Neighborhood Board determines that a Covered Loss is likely not to exceed the property insurance policy deductible of the Neighborhood Association and until it becomes apparent the covered loss exceeds the deductible of the property insurance of the Neighborhood Association and a claim is submitted to the property insurance insurer of the Neighborhood Association: (a) the Owner’s policy is considered the policy for primary coverage to the amount of the policy deductible of the Neighborhood Association for Unit Damage; (b) the Neighborhood Association is responsible for any Covered Loss to any Common Areas and Facilities; (c) an Owner who does not have a policy to cover Unit Damage is responsible for that damage and the Neighborhood Association may recover any payments the Neighborhood Association makes to remediate the Unit Damage; and (d) the Neighborhood Association need not tender the claim to the Neighborhood Association’s insurer. The Neighborhood Association shall provide notice to an Owner of such Owner’s payment obligations described in this subsection.

## ARTICLE XVI. DESTRUCTION OR DAMAGE

16.1 **Appointment of Neighborhood Association.** All of the Owners irrevocably constitute and appoint the Neighborhood Association their true and lawful attorney-in-fact in their name, place and stead for the purpose of dealing with the Project upon its damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from Neighborhood Developer or from any Owner shall constitute an appointment by said grantee of the Neighborhood Association as his or her attorney-in-fact as herein provided. As attorney-in-fact, the Neighborhood Association shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which may be necessary or appropriate to exercise the powers herein granted. All insurance proceeds shall be payable to the Neighborhood Association except as otherwise provided in this Neighborhood Declaration.

16.2 **Repair and Reconstruction.** Repair and reconstruction of the improvements as used herein means restoring the Project to substantially the same condition in which it existed prior to the damage or destruction, with each Unit and the Common Areas and Facilities having substantially the same vertical and horizontal boundaries as before.

16.3 **Neighborhood Association's Duties.** In the event all or any part of the Project is damaged or destroyed, the Neighborhood Association shall proceed as follows:

(1) **Notice.** The Neighborhood Association shall give timely written notice to any Eligible Mortgagee on a Unit who requests such notice in writing in the event of substantial damage to or destruction of any part of the Common Areas or Facilities or a Unit subject to such First Mortgage.

(2) **Obtain Cost Estimates.** As soon as practicable after an event causing damage to or destruction of any part of the Project, the Neighborhood Association shall obtain complete and reliable estimates of the costs to repair and reconstruct the part of the Project damaged or destroyed. If the proceeds of the insurance maintained by the Neighborhood Association equal or exceed the estimated costs to repair and reconstruct the damaged or destroyed part of the Project, such repair and reconstruction shall be carried out.

(3) **Levy Assessments.** If the proceeds of the insurance maintained by the Neighborhood Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if less than seventy-five percent (75%) of the Project is damaged or destroyed, such repair and reconstruction shall nevertheless be carried out. The Neighborhood Association shall levy a Special Neighborhood Assessment sufficient to provide funds to pay the actual costs of such repair and reconstruction to the extent that such insurance proceeds are insufficient to pay such costs. Such Special Neighborhood Assessment shall be allocated and collected as provided in subsection 13.1(3) hereof, except that the vote therein specified shall be unnecessary. Further levies may be made in like manner if the amounts collected (together with the proceeds of insurance) are insufficient to pay all actual costs of such repair and reconstruction.

(4) **Voting by Owners.** If the proceeds of the insurance maintained by the Neighborhood Association are less than the estimated costs to repair and reconstruct the damaged or destroyed part of the Project and if seventy-five percent (75%) or more of the Project is damaged or destroyed, such damage or destruction shall be repaired and reconstructed, but only if within one hundred (100) days following the damage or destruction, Owners entitled to vote one-hundred percent (100%) of the Total Votes of the Neighborhood Association vote to carry out such repair and reconstruction. If, however, the Owners do not, within one hundred (100) days after such damage or destruction, elect by a unanimous vote to carry out such repair and reconstruction, and if, to the extent permitted by the Condominium Act, Eligible Mortgagees who represent at least fifty-one percent (51%) of the Total Votes of the Neighborhood Association subject to Mortgages

held by Eligible Mortgagees do not approve such repair and reconstruction, the Neighborhood Association shall Record a notice setting forth such facts. Upon the Recording of such notice, the following shall occur:

- (A) The Project shall be deemed to be owned in common by the Owners;
- (B) Each Owner shall own an undivided interest in the Project equal to his or her percentage ownership interest in the Common Areas and Facilities;
- (C) Any liens affecting any of the Units shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Project; and
- (D) The Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance of the Project, if any, shall be considered as one fund and shall be divided among all Owners in an amount equal to the percentage of undivided interest owned by each Owner in the Project after first paying out of the respective share of each Owner, to the extent sufficient for the purposes, all liens on the undivided interest in the Project owned by such Owner.

(5) **No Priority Over First Mortgage.** In no event shall an Owner of a Unit or any other party have priority over the holder of any First Mortgage on such Unit with respect to the distribution to such Unit of any insurance proceeds.

16.4 **Diligence.** If the damage or destruction is to be repaired or reconstructed as provided above, the Neighborhood Association shall, as soon as practicable after receiving the said estimate of costs, commence and diligently pursue to completion the repair and reconstruction of that part of the Project damaged or destroyed. The Neighborhood Association may take all necessary or appropriate action to effect repair and reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith, except as otherwise expressly provided herein. The Project shall be restored or repaired to substantially the same condition in which **it** existed prior to the damage or destruction, with each Unit and the Common Areas and Facilities having the same vertical and horizontal boundaries as before. Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with this Neighborhood Declaration and the original architectural plans and specifications.

16.5 **Repair Fund.** If repair or reconstruction is to occur, the insurance proceeds held by the Neighborhood Association and any amounts received from Special Neighborhood Assessments made pursuant to subsection 13.1(3) hereof shall constitute a fund for the payment of costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for costs of repair and reconstruction shall be made from insurance proceeds; if there



is a balance after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in accordance with their undivided percentage interest in the Common Areas and Facilities.

16.6 Amendment of This Article. This ARTICLE XVI. shall not be amended unless Owners entitled to vote at least seventy-five percent (75%) of the Total Votes of the Neighborhood Association (or sixty-seven percent (67%) of the Total Votes of the Neighborhood Association after the expiration or termination of the Neighborhood Developer Control Period) consent and agree to such amendment and such consent and agreement is reflected in an instrument duly executed by the Neighborhood Association and Recorded in accordance with the provisions of this Neighborhood Declaration.

## ARTICLE XVII. TERMINATION

17.1 Vote Required. Except as otherwise provided in ARTICLE XV. and ARTICLE XVI. , the Project may be terminated only by the affirmative vote of Owners holding at least 75% of the Total Votes of the Neighborhood Association at a meeting of the Owners duly called for such purpose.

17.2 Removal from the Condominium Act. The Owners, with approval from the Neighborhood Board and Red Ledges Board, may remove the Project from the provisions of the Condominium Act by an instrument duly Recorded to that effect, provided that the holders of all liens affecting any of the Units consent or agree by instruments duly Recorded that their liens are transferred to the fractional ownership interest of the Owners in the Project. Provided further, as long as Neighborhood Developer has ownership rights in the Project, its consent shall also be required to remove the Project from the provisions of the Condominium Act.

17.3 Termination Agreement. A termination agreement may provide that all the Project shall be sold following termination. If, pursuant to the agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.

17.4 Sale of Property Following Termination. The Neighborhood Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 17.1 and 17.2. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Neighborhood Association as trustee for all Owners. Thereafter, the Neighborhood Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Neighborhood Association continues in existence with all powers it had before termination. Proceeds of the sale shall be distributed to Owners and Mortgagees as their interests may appear, based on the Owners respective undivided interest in the Common Areas and Facilities. Unless otherwise specified in the termination agreement, as long as

the Neighborhood Association holds title to the real estate, each Owner and their successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Unit in accordance with the terms of this Neighborhood Declaration. During the period of that occupancy right, each Owner and their successors in interest remain liable for all Neighborhood Assessments and other obligations imposed on Owners by this Neighborhood Declaration.

17.5 **Distribution of Proceeds.** Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Neighborhood Association, shall be held by the Neighborhood Association as trustee for Owners and Mortgagees as their interests may appear. Following termination, Mortgagees holding Mortgages on the Units which were Recorded before termination may enforce those liens in the same manner as any lienholder.

#### **ARTICLE XVIII. EMINENT DOMAIN**

18.1 **Notices.** Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities or one or more Units or portions thereof by the exercise of the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation, the Neighborhood Board and each Owner shall be entitled to notice thereof and the Neighborhood Board shall, and the Owners at their respective expense may, participate in the proceedings incident thereto.

18.2 **Condemnation of Common Areas and Facilities.** With respect to the Common or Limited Common Areas and Facilities, any damages or awards shall be determined for such taking, injury or destruction as a whole and not for each Owner's interest therein. After such determination, each Owner shall be entitled to a share in the damages in the same proportion as his or her ownership interest in the Common Areas and Facilities. This provision does not prohibit a majority of the Owners from authorizing the Neighborhood Board to use such damages or awards for replacing or restoring the Common Areas and Facilities so taken on the remaining land or on other acquired land, provided that this Neighborhood Declaration and the Plat are duly amended.

18.3 **Condemnation of Units.** With respect to one or more Units or portions thereof, the damages or awards for such taking shall be deemed to be proceeds from insurance on account of damages or destruction pursuant to ARTICLE XVI. above and shall be deposited with the Neighborhood Board as trustee. Even though the damage or awards may be payable to one or more Owners, the Owners shall deposit the damages or awards with the Neighborhood Board as trustee. In the event an Owner refuses to so deposit his or her award with the Neighborhood Board, then at the option of the Neighborhood Board, either a Special Neighborhood Assessment shall be made against the defaulting Owner and his or her Unit in the amount of this award or the amount of such award shall be set off against the sum hereafter made payable to such Owner.

18.4 **Removal from the Condominium Act.** In the event the Project is removed from the provisions of the Condominium Act pursuant to ARTICLE XVII. above, the proceeds of the damages or awards shall be distributed or used in accordance with the Owners respective undivided interest in the Common Areas and Facilities.

18.5 **Result of Condemnation.** If one or more Units are taken, in whole or in part, and the Project is not removed from the provisions of the Condominium Act, the taking shall have the following effects:

(1) **Tenantable Unit(s).** If the taking reduces the size of a Unit and the remaining portion of the Unit may be made tenantable, the Unit shall be made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Unit. The balance of the award, if any, shall be distributed to the Mortgagee to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owner.

(2) **Untenantable Unit(s).** If the taking destroys or so reduces the size of a Unit that it cannot be made tenantable, the award shall be distributed to the Mortgagee of the Unit to the extent of the unpaid balance of its Mortgage and the excess, if any, shall be distributed to the Owner thereof. The remaining portion of such Unit, if any, shall become a part of the Common Areas and Facilities and shall be placed in condition for use by all Owners in the manner approved by the Neighborhood Board. The ownership interest in the Common Areas and Facilities appurtenant to the Units that continue as part of the Project shall be equitably adjusted to distribute the ownership of the Common Areas and Facilities among the reduced number of Owners.

(3) **Amendment Following Condemnation.** Changes in Units, in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this ARTICLE XVIII. shall be evidenced by an amendment to this Neighborhood Declaration and to the Neighborhood Plat, which need not be approved by the Owners.

## ARTICLE XIX. MORTGAGEE PROTECTION

19.1 **Roster of Mortgagees.** Upon written request made to the Neighborhood Association by a First Mortgagee, or an insurer or governmental guarantor of a First Mortgage, which written request shall identify the name and address of such First Mortgagee, insurer or governmental guarantor and Unit Number, any such First Mortgagee, insurer or governmental guarantor shall be entitled to timely written notice of:

(1) **Condemnation or Loss.** Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor.

(2) **Delinquent Assessment(s).** Any delinquency in the payment of Neighborhood Assessments or charges owed by an Owner, whose Unit is subject to a First Mortgage held, insured or guaranteed by such First Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days.

(3) **Changes in Insurance.** Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Neighborhood Association.

(4) **Proposed Actions.** Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 19.2 below or elsewhere herein.

(5) **Judgment(s).** Any judgment rendered against the Neighborhood Association.

19.2 **Consent of Eligible Mortgagees.** Except as provided elsewhere in this Neighborhood Declaration, or except as provided by the Condominium Act, the vote or prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the Total Votes of the Neighborhood Association (unless pursuant to a specific provision of this Neighborhood Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Neighborhood Association is required, in which case such specific provisions shall control), and Eligible Mortgagees holding First Mortgages on Units having at least fifty-one percent (51%) of the votes of the Units subject to First Mortgages held by Eligible Mortgagees shall be required to:

(1) **Abandon or Terminate.** Abandon or terminate the legal status of the Project after substantial destruction or condemnation occurs.

(2) **Amend Declaration.** Amend any material provision of this Neighborhood Declaration, the Neighborhood Articles, Neighborhood Bylaws or Neighborhood Plat. "Material provisions" include any provision affecting the following (an amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors, to comply with applicable law, or for clarification only):

(A) Changes in the method of calculating the Neighborhood Assessments, obligations, maintenance fees, or other charges which may be levied against an Owner;

(B) Reductions in reserves for maintenance, repair, and replacement of Common Areas and Facilities;

(C) Responsibility for maintenance and repairs;

(D) Reallocation or reassignment of interests in the Common Areas and Facilities, except where otherwise specifically permitted by this Neighborhood Declaration, or rights to their use;

(E) Substantial reduction in hazard or fidelity insurance requirements;

(F) Imposition of any restrictions on the leasing of Units;

(G) Imposition of any restrictions on Owner's right to sell or transfer his or her Unit;

(H) Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in this Neighborhood Declaration; or

(I) The benefits of Mortgagees.

Any Mortgagee, insurer or governmental guarantor who receives a written request from the Neighborhood Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Neighborhood Association a negative response within sixty (60) 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.

19.3 **Assessment Lien Subordinate.** The lien or claim against a Unit for unpaid assessments or charges levied by the Neighborhood Association pursuant to this Neighborhood Declaration shall be subordinate to the First Mortgage affecting such Unit if the First Mortgage was Recorded before the delinquent assessment was due; and the First Mortgagee thereunder that comes into possession of or that obtains title to such Unit 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 shall be collected or enforced by the Neighborhood Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Unit affected or previously affected by the First Mortgage concerned. All taxes, Neighborhood Assessments and charges that may become liens prior to the First Mortgage under Utah law relate only to the individual Units and not to the Project as a whole.

19.4 **Payment of Taxes and Other Charges.** In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required insurance described in subsection 15.1(1) lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee which



expends funds for any of such purposes shall be entitled to immediate reimbursement therefore from the Neighborhood Association.

19.5 **Interpretation of Neighborhood Declaration.** This Neighborhood Declaration shall in no way be interpreted to give an Owner, the Neighborhood Association, or any other party priority over any rights of a First Mortgagee of the Unit pursuant to its Mortgage in the case of payment to the Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or all or portions of the Common Areas and Facilities.

19.6 **Maintaining Neighborhood Association Records.** The Neighborhood Association shall maintain and have current copies of this Neighborhood Declaration, the Neighborhood Articles, Neighborhood Bylaws, and other rules concerning the Project as well as its own books (including the most recent approved minutes), records, and financial statements (including the most recent approved budget) available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Units in the Project. Generally, these documents shall be available during normal business hours and as required by the Nonprofit Act and the Condominium Act, including on any active website that may be maintained by the Neighborhood Association. All requests by an Owner to inspect or copy Neighborhood Association documents shall follow the requirements set forth in the Nonprofit Act and the Condominium Act.

19.7 **Amendment to this Article.** No Amendment to this ARTICLE XIX. shall materially adversely affect the rights of an Eligible Mortgagee under this ARTICLE XIX. who has Recorded a valid First Mortgage prior to the Recordation of any such Amendment.

## ARTICLE XX. AMENDMENT

20.1 **Amendment by Owners.** Except as provided elsewhere in this Neighborhood Declaration, any amendment to this Neighborhood Declaration or the Neighborhood Plat shall require the approval of the Red Ledges Association, and by affirmative vote of at least sixty-seven percent (67%) of the Total Votes of the Neighborhood Association cast in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting. Any amendment authorized pursuant to this Article shall be accomplished through the Recordation of an instrument executed by the Neighborhood Association. In such instrument an officer or Director of the Neighborhood Association shall certify that the vote required by this Article for amendment has occurred.

20.2 **Amendment by Neighborhood Developer.** Neighborhood Developer alone may amend or terminate this Neighborhood Declaration or the other Condominium Documents prior to the closing of a sale of the first Unit. Notwithstanding anything contained in this Neighborhood Declaration or the other Condominium Documents to the contrary, this Neighborhood Declaration and the other Condominium Documents may also be amended unilaterally at any time and from time to time by Neighborhood Developer: (a) if such Amendment is necessary to bring any

provision into compliance with any applicable governmental statute, ordinance, rule, or regulation or judicial determination which shall be in conflict therewith; (b) to make technical corrections to fix mistakes or remove/clarify ambiguities; (c) if such Amendment is reasonably necessary to enable a title insurance company to issue title insurance coverage with respect to the Project or any Unit; or (d) if such Amendment is necessary in connection with Neighborhood Developer's exercise of any of its Developmental Rights. Further, prior to the expiration of the Neighborhood Developer Control Period, Neighborhood Developer may unilaterally amend this Neighborhood Declaration or the other Condominium Documents for any other purpose (including but not limited to the transient use and occupancy of the Units) so long as any such Amendment does not materially adversely affect title to any property without the consent of the affected Owner.

20.3 **Amendment at Request of Government Agency.** Anything in this Article or Neighborhood Declaration to the contrary notwithstanding, Neighborhood Developer also reserves the unilateral right to amend all or any part of this Neighborhood Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA, or as 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 this Neighborhood Declaration or approval of the sale of Units, or by any lending institution as a condition precedent to lending funds upon the security of any Unit(s) or any portions thereof. Any such amendment shall be effected by the Recordation by Neighborhood Developer of an Amendment duly signed by Neighborhood Developer, specifying the nature of the qualifying reason for such amendment pursuant to this Section 20.3. 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 Units and all persons having an interest therein. It is the desire of Neighborhood Developer to retain control of the Neighborhood Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Article deletes, diminishes or alters such control, Neighborhood Developer alone shall have the right to amend this Neighborhood Declaration to restore such control.

20.4 **Neighborhood Plat Amendments.** Notwithstanding anything contained in this Neighborhood Declaration to the contrary, because the Neighborhood Plat has been Recorded prior to the construction of the Units, Neighborhood Developer reserves the right to unilaterally amend the Neighborhood Plat at any time, and from time to time, if such amendment is necessary to make technical corrections, to satisfy the requirements of any governmental authority, to correct mistakes, remove/clarify ambiguities or to accurately reflect the "as-built" Units on the Neighborhood Plat. Such amendment is expressly authorized and may be undertaken by Neighborhood Developer without the joinder or consent of any other Owners, unless such joinder or consent is required under applicable law.

20.5 **Preservation of Developmental Rights and Control.** It is the desire of Neighborhood Developer to preserve its Developmental Rights and retain control of the

Neighborhood Association and its activities during the anticipated period of planning and development of the Project. Any Amendment pursuant to the provisions of this Article that diminishes or alters any Developmental Right, or such control of the Neighborhood Association shall be deemed null, void, and of no effect whatsoever unless Neighborhood Developer has joined in the execution of such Amendment.

20.6 **Red Ledges Documents.** The terms and conditions of the Red Ledges Documents shall control. Neighborhood Developer and/or Neighborhood Association may not modify or amend this Neighborhood Declaration in any way which would be materially inconsistent with the terms and conditions of the Red Ledges Documents without first obtaining the prior written consent of the appropriate municipal authorities and the Red Ledges Association, and may not modify or amend the Red Ledges Documents.

## ARTICLE XXI. VOTING

21.1 **Voting Rights.** At any meeting of the Neighborhood Association, each Owner of a Unit, including Neighborhood Developer, either in person or by proxy, shall be entitled to the same number of votes as specified on Exhibit C, which votes shall be appurtenant to each respective Unit as set forth on such Exhibit C, it being intended that each Unit shall be ascribed one (1) vote. The voting rights appurtenant to each Unit shall vest upon execution and Recording of this Neighborhood Declaration. For purposes of membership in the Red Ledges Association, each Class "A" Member shall be entitled to one vote for each Unit owned in any vote of the Class "A" Members. The Class "B" Member shall be entitled to five votes for each Unit owned by the Class "B" Member. As set forth in the Red Ledges Declaration, on the Turnover Date, the Class "B" Membership shall terminate and, notwithstanding anything else contained herein, the Declarant shall become a Class "A" Member. The total number of memberships that may be issued in Class "B" shall be one.

21.2 **Permanent Character.** The number of votes appurtenant to each Unit shall have a permanent character, and, except as otherwise permitted and provided for in this Neighborhood Declaration, shall not be altered without the consent of two-thirds (2/3) of the Unit Owners expressed in a duly Recorded Amendment.

## ARTICLE XXII. EASEMENTS

22.1 **Encroachment on Easements.** If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Unit encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Unit or Units, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall

not be considered to be encumbrances either on the Common Areas and Facilities or the Units. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Neighborhood Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

22.2 **Easement for Improvements.** Neighborhood Developer hereby reserves an easement throughout the Project for the purpose of completing all improvements contemplated by this Neighborhood Declaration. Improvements, including Units, Common Areas and Facilities and Limited Common Areas and Facilities, constructed as subsequent phases of the Project, if any, may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment and the activities necessary to repair, maintain and operate such improvements is hereby granted.

22.3 **Easement for Other Facilities.** It is acknowledged that Neighborhood Developer and its affiliates may develop, without obligation, other residential and recreational facilities within or near the Project, and that such facilities may be intended to create a community of accommodations and amenities. In furtherance of such objective, Neighborhood Developer shall have the right to grant easements, licenses, leases, and other use rights in and to portions of the Common Areas and Facilities of the Project, at Neighborhood Developer's sole and subjective discretion, without the vote or concurrence of Owners, Mortgagees or the Neighborhood Association, which may benefit owners of interests in other projects within or nearby the Project.

22.4 **Easement over Common Areas and Facilities.** Each Owner shall have the right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Unit he, she, or it is occupying and to any Limited Common Areas and Facilities appurtenant to his, her, or its Unit, and shall have the right to the horizontal, vertical and lateral support of his, her, or its Unit.

22.5 **Neighborhood Association Easement.** The Neighborhood Association shall have an easement to make such use of the Common Areas and Facilities as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Neighborhood Declaration, including, without limitation, the right to construct and maintain in the Common Areas and Facilities for use by the Owners and the Neighborhood Association.

22.6 **Construction Easement.** Neighborhood Developer shall have a temporary construction easement over the Common Areas and Facilities for the purpose of doing all things that are reasonably necessary as a part of constructing future phases of the Project including all future Buildings and other physical improvements as well as all Units and Common Areas and Facilities. The Owners of Units which have been constructed in prior phases do hereby acknowledge and agree that there will be construction activities, congestion, increased parking area usage and varying parking configurations, construction stagings, cranes, blocked

intersections, restricted access to and from the Project, traffic, noises, dust, odors, vibrations, and the like which may temporarily disrupt their quiet enjoyment of their Units and the Common Areas and Facilities appurtenant thereto, and such Owners do hereby waive any right to object to such construction activity. Neighborhood Developer's construction activities pursuant to the easement granted hereunder shall not be deemed to be a violation of the restrictions set forth in ARTICLE XI. hereof.

22.7 **Easement for Infrastructure.** Neighborhood Developer, for itself and its successors and assigns, including Owners, retains a right and easement in and about the Buildings for the construction and installation of any duct work, additional plumbing, or other additional services or utilities in the Common Areas and Facilities in connection with the improvement or alteration of any Unit, including the right of access to such areas of the Common Areas and Facilities as is reasonably necessary to accomplish such improvements. In the event of a dispute among Owners with respect to the scope of the easement reserved in this Article, the decision of the Neighborhood Board shall be final.

22.8 **Grant Implied.** All conveyances of Units within the Project hereafter made, whether by Neighborhood Developer or otherwise, shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

22.9 **Satellite and Telecommunication Facilities.** Neighborhood Developer reserves a non-exclusive easement for itself and its assignees to construct, operate, maintain, repair and replace all types of satellite and telecommunication facilities within the Project. In connection with this easement, Neighborhood Developer shall also be authorized to designate the location of all such facilities within the Project. Outdoor satellite and telecommunication facilities shall be centrally located on the roof of each Building, and the placement of all such facilities shall comply with applicable requirements (including requirements relating to appearance) in the Neighborhood Rules and Regulations and Architectural Review Committee Rules. Neighborhood Developer further reserves a right of access to such facilities over, across, and through all other Common Areas and Facilities of the Project in order to access the telecommunications facilities to exercise the rights established herein. Neighborhood Developer may transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Neighborhood Developer may exercise all of the rights under this Section 22.9 without the consent of any Owner, Mortgagee or the Neighborhood Association. The Neighborhood Association, on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Neighborhood Developer documenting the rights hereunder, in form satisfactory to Neighborhood Developer, and any assignee of its rights hereunder.

22.10 **Utility Easement.** There is hereby created a general easement upon, across, over, in, and under all of the Property for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, irrigation,



electricity, and a cable communication system. By virtue of this easement, it shall be expressly permissible and proper for the companies providing electrical, telephone, data transmission, and other communication services to erect and maintain the necessary equipment on or beneath the Property and to affix and maintain electrical, communications, and telephone wires, circuits, and conduits under the Property. Any utility company using this general easement shall use its best efforts to install and maintain the utilities provided without unduly disturbing the uses of the Owners, the Neighborhood Association, and Neighborhood Developer; shall prosecute its installation and maintenance activities as promptly as reasonably possible; and shall restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate Recordable document, Neighborhood Developer or the Neighborhood Board shall have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms hereof. The easements provided for in this Section 22.10 shall in no way affect, avoid, extinguish, or modify any other Recorded easement on the Property. Notwithstanding the foregoing grant of blanket utility easements, Neighborhood Developer reserves the right to Record an instrument which narrows and limits such grant of utility easement to the normal easement width of the utility in those specific areas of the Project which actually contain the utility facilities as described in such instrument and for the purposes described therein. Such reserved right is subject to the utility companies' rights then located under the real property depicted on the Plat.

22.11 **Public Safety Easement.** A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets and upon the Property in the proper performance of their duties.

22.12 **Streets, Parking, and Facilities.** Neighborhood Developer reserves (a) the right to dedicate any access roads and streets serving the Property for and to public use, to grant road easements with respect thereto and to allow such street or road to be used by owners of adjacent land; and (b) the right to enter into, establish, execute, amend, and otherwise perform under contracts and agreements for the use, lease, repair maintenance or regulation of parking or recreational facilities, which may or may not be a part of the Property for the benefit of the Owners, or the Neighborhood Association. The Neighborhood Rules and Regulations may set forth additional requirements and restrictions on the size and types of vehicles that may be parked within the Project and the duration and location of such parking. Furthermore, the Neighborhood Plat may indicate or set forth particular driveways for which no parking is allowed. Garages in Units appurtenant to such driveways must be labeled with a sign approved by the Project Design Review Committee that indicates that no parking is allowed.

22.13 **Easement for Paths.** Neighborhood Developer reserves the right to grant easements for trails, pathways, sidewalks, pedestrian corridors, bike paths, and the like (collectively, "**Paths**") to and for the benefit of the Neighborhood Association, the Red Ledges Association, Owners, and other entities and individuals not within the Project, together with the

right to enter into, establish, execute, amend, and otherwise perform under contracts and agreements for the use, repair, maintenance and regulation of such Paths. Red Ledges Documents may set forth additional requirements and restrictions on the use of the Paths.

### ARTICLE XXIII. NOTICES

23.1 **Notices.** Any notice permitted or required to be delivered as provided herein may be delivered either personally, by first class mail, by express mail or overnight courier service providing proof of delivery, or by electronic transmission. Consent to electronic notice is deemed granted in the event an Owner provides an e-mail or other electronic address to the Neighborhood Association. Notice to Owners shall be addressed to each Owner at the address given by such Owners to the Neighborhood Board for the purpose of service of such notice or to the Unit of such Owner if no such address has been given to the Neighborhood Board. Notice shall be deemed given when actually received if personally delivered or sent by overnight courier; if sent electronically, when the transmission is received, except that if the transmission is received at a time other than the normal business hours of the office at which it is received, on the next regular business day; and if by mail, the earlier of the day actually received or the third business day after the notice is deposited in the United States Mail, properly addressed and postage prepaid. Such address may be changed from time to time by notice in writing to the Neighborhood Board addressed to:

Villas at Red Ledges Owners Neighborhood Association, Inc.  
Attn: Neighborhood Board  
205 N Red Ledges Blvd,  
Heber City, Utah 84032

23.2 **No Waiver.** The failure of the Neighborhood Board or its agents or designees to insist, in one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Neighborhood Declaration, the Neighborhood Bylaws, and the Neighborhood Rules and Regulations, to exercise any right or option herein or therein contained or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction; but such term, covenant, condition or restriction shall remain in full force and effect. The receipt and acceptance by the Neighborhood Board or its agents or designees of the payment of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Neighborhood Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Neighborhood Board.

### ARTICLE XXIV. ENFORCEMENT

24.1 **Compliance with Neighborhood Documents.** All Owners, guests or lessees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of the Red Ledges Documents and decisions issued pursuant thereto. The Neighborhood Association and any

aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Neighborhood Documents or the decisions of the Neighborhood Association. Owners shall have a similar right or action against the Neighborhood Association. Failure to so comply shall be grounds for: (a) an action to recover sums due for damages or injunctive relief or both, maintainable by the Neighborhood Board, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (b) the Neighborhood Board to impose monetary penalties or fines, temporary suspensions of an Owner's right to the use of the Common Areas and Facilities, or other appropriate discipline so long as the Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Neighborhood Board shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Neighborhood Board. The Neighborhood Board may delegate to the Manager, the power and authority to carry out disciplinary actions duly imposed. Any fine that the Neighborhood Board imposes against an Owner pursuant to this Section for a violation of the Condominium Documents shall be assessed in accordance with the provisions of Section 57-8-37 of the Condominium Act.

24.2 **No Forfeiture; Exceptions.** The Neighborhood Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of this Neighborhood Declaration or the Neighborhood Rules and Regulations for the Project except pursuant to: (a) the judgment of a court; or (b) a foreclosure for the failure of an Owner to pay assessments duly levied by the Neighborhood Association.

24.3 **Alteration of Construction.** The Neighborhood Association shall only be empowered to cause or require alteration or demolition of any construction to enforce any restrictions contained in this Neighborhood Declaration pursuant to judicial proceedings.

24.4 **Scope of Neighborhood Board Action Enforcement.**

(1) **Determination to Act.** The Neighborhood Board shall use its reasonable judgment to determine whether to exercise the Neighborhood Association's powers to impose sanctions or pursue legal action for a violation of the Condominium Documents, including:

(A) whether to compromise a claim made by or against the Neighborhood Board or Neighborhood Association; and

(B) whether to pursue a claim for an unpaid Neighborhood Assessment.

(2) **Determination Not to Act.** The Neighborhood Association may not be required to take enforcement action if the Neighborhood Board determines, after fair review and acting in good faith and without conflict of interest, that under the particular circumstances:

(A) the Neighborhood Association's legal position does not justify taking any or further enforcement action;

(B) the covenant, restriction, or rule in the Condominium Documents is likely to be construed as inconsistent with current law;

(C) a technical violation has or may have occurred, and the violation is not material as to a reasonable person or does not justify expending the Neighborhood Association's resources; or

(D) it is not in the Neighborhood Association's best interests to pursue an enforcement action, based upon hardship, expense, or other reasonable criteria.

(3) Subject to subsection 24.4(4), if the Neighborhood Board decides under subsection 24.4(2) to forego enforcement, the Neighborhood Association is not prevented from later taking enforcement action.

(4) The Neighborhood Board may not be arbitrary, capricious, or act against public policy in taking or not taking enforcement action.

(5) Notwithstanding any of the foregoing, this Section 24.4 does not govern whether the Neighborhood Association's action in enforcing a provision of the Condominium Documents constitutes a waiver or modification of that provision.

#### **ARTICLE XXV. NEIGHBORHOOD DEVELOPER**

The term "Neighborhood Developer" as used herein means and includes Neighborhood Developer and any Person or Persons who might acquire title from it to all or some of the unsold Units (other than sales of Units in the ordinary course of Neighborhood Developer's business) through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure; or, in the situation where, any person purchases all, or some of the remaining Units in a sale in the nature of a bulk sale. The person acquiring any of such property from Neighborhood Developer shall be considered a Neighborhood Developer with respect to that portion of the property so acquired and shall have the right to develop the Property and/or sell such Property in accordance with the terms and provisions of this Neighborhood Declaration and the Condominium Act. Any right or any interest reserved or contained in this Neighborhood Declaration for the benefit of Neighborhood Developer may be transferred or assigned by Neighborhood Developer, either separately or with one or more other such rights or interests, to any Person only by written instrument executed by both Neighborhood Developer and the transferee or assignee Recorded. Upon such Recording, Neighborhood Developer's rights and obligations under this Neighborhood Declaration shall cease and terminate to the extent provided in such instrument.

#### **ARTICLE XXVI. DISPUTE RESOLUTION**

26.1 **Mediation and Arbitration.** The Bound Parties (defined below) agree that it is in the best interests of all concerned to encourage the amicable resolution of disputes involving the Project without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees to first submit such Claim to the mediation procedures set forth in Section 26.2 in a good faith effort to resolve such Claim. If mediation fails, the Arbitration Provision (defined below) below shall apply.

26.2 **Mediation Procedures.**

(1) **Notice of Claim.** The Bound Party asserting a Claim (“**Claimant**”) against another Bound Party (“**Respondent**”) shall give written notice (“**Notice**”) to each Respondent and to the Neighborhood Board stating plainly and concisely: (a) the nature of the Claim, including the persons involved and the Respondent’s role in the Claim; (b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises); (c) the Claimant’s proposed resolution or remedy; and (d) the Claimant’s desire to meet with the Respondent to discuss in good faith, ways to resolve the Claim.

(2) **Good Faith Negotiation.** The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Neighborhood Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(3) **Submission to Mediation.** If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Neighborhood Board (if the Neighborhood Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Wasatch or Salt Lake Counties. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

(4) **Termination of Mediation.** If the parties do not settle the Claim within 60 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to commence arbitration proceedings.

(5) **Agreement and Enforcement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the



procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorney's fees and court costs.

26.3 **Opt-Out Right.** IF AN OWNER DOES NOT WANT THE FOLLOWING ARBITRATION PROVISION TO APPLY, THE OWNER MUST SEND A LETTER TO NEIGHBORHOOD DEVELOPER, SIGNED BY THE OWNER (AND ANY CO-OWNER OF THE SAME UNIT) AND ADDRESSED TO RED LEDGES LAND DEVELOPMENT, INC., 205 N. RED LEDGES BLVD. HEBER CITY, UT 84032, ATTN: ARBITRATION OPT-OUT. THE LETTER MUST BE SENT WITHIN THIRTY (30) DAYS AFTER THE CONVEYANCE OF AN OWNER'S UNIT TO SUCH OWNER, AND MUST STATE THAT THE OWNER DOES NOT WANT ARBITRATION TO APPLY TO THE MATTERS DESCRIBED IN THIS ARTICLE XXVI. . ANY OPT OUT WILL RENDER THIS ARBITRATION PROVISION NULL AND VOID BUT WILL HAVE NO OTHER EFFECT ON THE OWNER'S RIGHTS.

26.4 **Arbitration Terms Defined.** In the arbitration provision described in this ARTICLE XXVI. ("**Arbitration Provision**"), the following capitalized words, phrases or terms have the meanings set forth below:

(1) "**Institutional Party**" means Neighborhood Developer and its affiliates; the Neighborhood Association during the Neighborhood Developer Control Period; any third party that provides any product or service to a Consumer Party in connection with this Neighborhood Declaration, if and only if such third party is named as a co-party with another Institutional Party in a Claim asserted by a Consumer Party; their successors and assigns; and the agents, representatives, members, employees, officers and/or directors of the foregoing entities.

(2) "**Consumer Party**" means the Owners; their heirs, successors and assigns; and the Neighborhood Association after the Neighborhood Developer Control Period.

(3) "**Bound Party**" means any Institutional Party or Consumer Party who asserts a Claim or has a Claim asserted against such party.

(4) "**Claim**" means any claim, dispute or controversy between an Institutional Party and a Consumer Party, other than an Exempt Claim, arising out of or relating in any way to this Neighborhood Declaration or any other documents governing the Project, the Property, or the Units, including any such claim, dispute or controversy regarding or arising over the marketing and sale of Units; the terms of this Neighborhood Declaration or any other documents governing the Project; the design, specifications, surveying, planning, supervision, testing, observation of construction or construction of an improvement to, or survey of, the Property; or the maintenance or use of the Property. This includes, without limitation, disputes concerning the validity, enforceability, arbitrability or scope of this Arbitration Provision or this Neighborhood

Declaration; disputes involving alleged fraud or misrepresentation, breach of contract, negligence or violation of statute, regulation or common law; and disputes involving requests for declaratory relief, injunctions or other equitable relief.

(5) **“Exempt Claim”** means any of the following Claims, which will not be subject to this Arbitration Provision: (a) any individual action brought by a Consumer Party in small claims court or a relevant state’s equivalent court, unless such action is transferred, removed, or appealed to a different court; (b) any action to effect a judicial or non-judicial foreclosure; (c) any eviction or other summary proceeding to secure possession of real property or an interest therein; (d) any action in any bankruptcy proceeding to assert, collect, protect, realize upon or obtain possession of the collateral for any amount owed; (e) any action to quiet title; (f) any action insofar as it seeks provisional or ancillary remedies in connection with any of the foregoing; (g) any self-help remedy, such as the refusal of an Institutional Party to allow a Consumer Party to use a Unit, or any individual action in court by one party that is limited to preventing the other party from using a self-- help remedy and that does not involve a request for damages or monetary relief of any kind; and (h) any dispute concerning the validity and effect of Section 26.10 below, the ban on class actions and certain other proceedings (the **“Class Action Ban”**). Notwithstanding the prior sentence, at the request of a Consumer Party, the Institutional Parties will agree to arbitrate under this Arbitration Provision any matter covered by items (b)-(f) above if arbitration will afford the parties substantially the same rights and remedies as a court action. Any dispute regarding the question of whether arbitration will afford the parties substantially the same rights and remedies as a court action is also an Exempt Claim and shall be determined exclusively by the court and not by an arbitrator. If one or more Institutional Parties are allowed to proceed outside arbitration with respect to any of the matters covered by items (b)-(f) above, the Consumer Party may assert in court on an individual basis any related defenses or Claims such Consumer Party may have.

(6) **“Administrator”** means any of the following companies to be selected by the Bound Party initiating the arbitration: the American Arbitration Neighborhood Association (**“AAA”**), 1633 Broadway, 10th Floor, New York, NY 10019, <http://www.adr.org>; or JAMS (**“JAMS”**), 18881 Von Karman Ave., Suite 350, Irving, CA 92612, <https://www.jamsadr.com>. However, neither AAA nor JAMS may serve as Administrator without the consent of all Bound Parties asserting or defending a Claim, if it adopts or has in place any formal or informal policy that is inconsistent with and purports to override the terms of the Class Action Ban.

26.5 **Arbitration of Claims.** Unless a Consumer Party has opted out of this Arbitration Provision, upon the election of any Consumer Party or Institutional Party asserting or defending a Claim, such Claim shall be resolved by binding individual (and not class) arbitration. Notice of an election to arbitrate a Claim may be given after a lawsuit begins and may be given in papers filed in the lawsuit. Any arbitration will be conducted in accordance with this Arbitration Provision and, to the extent consistent with this Arbitration Provision, the rules of the Administrator in effect at the time the Claim is filed.

26.6 **Fees**. If a Consumer Party cannot obtain a waiver of any fees of the Administrator or arbitrator, the Institutional Parties will consider in good faith any request for them to pay such fees for the Consumer Party. Each Bound Party shall bear the fees and expenses of that Bound Party's attorneys, experts, and witnesses, provided that the Institutional Parties will bear the reasonable fees and expenses incurred by a Consumer Party if the Consumer Party prevails on a Claim the Consumer Party has asserted against the Institutional Parties. Also, the Institutional Parties will pay any arbitration, attorneys' and/or other fees and expenses they are required to pay by applicable law, or they are required to pay in order to enforce this Arbitration Provision. If a participatory arbitration hearing is requested, it will take place in Wasatch County, Utah or, if the Administrator determines that such location would be unfair to a Consumer Party, at a location reasonably convenient to such Consumer Party and the Institutional Parties.

26.7 **Governing Law**. This Arbitration Provision shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (the "FAA") and not state arbitration laws, provided that Utah law shall govern to the extent that state law is relevant under the FAA in determining the enforceability of this Arbitration Provision. The arbitrator shall be obligated to follow applicable substantive laws, statutes of limitations and privilege rules related to any Claim. The arbitrator shall award the remedies, if any, that would be available in an individual court proceeding if arbitration had not been elected. This includes, without limitation, compensatory, statutory and punitive damages (which shall be governed by the constitutional standards applicable in judicial proceedings); declaratory, injunctive and other equitable relief; and attorneys' fees and costs. Upon the timely request of any Bound Party, the arbitrator shall write a brief explanation of the grounds for his or her decision. In addition to the Bound Parties' rights under the Administrator's rules to obtain information prior to the hearing, any Bound Party may ask the arbitrator for more information from the other party. The arbitrator will decide the issue in his or her sole discretion, after allowing the other Bound Party the opportunity to object.

26.8 **Appeal of Arbitrator's Decision**. Any court with jurisdiction may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding, except for any appeal right under the FAA. However, for Claims involving more than \$50,000, any Bound Party may appeal the award to a three-arbitrator panel appointed by the Administrator, which will reconsider from the start any aspect of the initial award that is appealed. The panel's decision will be final and binding, except for any appeal right under the FAA. Fees and costs associated with an appeal shall be governed by Section 26.6 above.

26.9 **Jury Trial Waiver**. IF A BOUND PARTY ELECTS TO ARBITRATE A CLAIM, NO BOUND PARTY WILL HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM.

26.10 **Class Action Ban**. NO BOUND PARTY MAY PARTICIPATE IN A CLASS ACTION IN COURT OR IN CLASS-WIDE ARBITRATION, EITHER AS A REPRESENTATIVE, CLASS MEMBER OR OTHERWISE. NO BOUND PARTY MAY

PARTICIPATE IN A PRIVATE ATTORNEY GENERAL PROCEEDING IN COURT OR IN ARBITRATION. NO CLAIMS BY OR AGAINST A BOUND PARTY MAY BE JOINED OR CONSOLIDATED WITH CLAIMS BY OR AGAINST ANY OTHER PERSON (EXCEPT FOR CLAIMS INVOLVING THE HEIRS AND SUCCESSORS OF SUCH CONSUMER PARTIES). THE ARBITRATOR SHALL HAVE NO AUTHORITY TO CONDUCT A CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ARBITRATION OR MULTI-PARTY ARBITRATION INCONSISTENT WITH THIS SECTION. NOTWITHSTANDING ANY LANGUAGE IN THIS ARBITRATION PROVISION TO THE CONTRARY, ANY DISPUTE ABOUT THE VALIDITY OR EFFECT OF THE ABOVE CLASS ACTION BAN SHALL BE RESOLVED BY A COURT AND NOT AN ARBITRATOR OR THE ADMINISTRATOR.

26.11 **Severability.** If a determination is made that any part of this Arbitration Provision is unenforceable (other than the Class Action Ban) or that this Arbitration Provision is unenforceable as to any party or parties, this provision shall nonetheless remain enforceable in all other respects and as to all other parties. If the Class Action Ban is held to be unenforceable in connection with any Claim subject to the Class Action Ban, this Arbitration Provision (other than this sentence) shall be null and void in such proceeding, provided that the Institutional Party seeking to enforce the Class Action Ban shall have the right to appeal at the earliest possible time any holding that the Class Action Ban is unenforceable.

26.12 **Notice of Claim: Right to Address.** Prior to asserting a Claim, the Bound Party with the Claim (the “**Claimant**”) shall give the Bound Party that is the subject of the Claim written notice of the Claim and a reasonable opportunity, not less than thirty (30) days, to resolve the Claim. The Claimant’s claim notice must include the Claimant’s name, address and telephone number. Any claim notice must explain the nature of the Claim and the relief that is demanded. A Consumer Party may only submit a claim notice on his or her own behalf and not on behalf of any other party. The Claimant must reasonably cooperate in providing any information about the Claim that the other Bound Party reasonably requests. If: (a) a Consumer Party submits a claim notice in accordance with this Section on his or her own behalf (and not on behalf of any other party); (b) the Institutional Party refuses to provide the requested relief; and (c) an arbitrator subsequently determines that the Consumer Party was entitled to such relief (or greater relief), the arbitrator shall award the Consumer Party at least \$7,500 (not including any arbitration fees and attorneys’ fees and costs to which the Consumer Party may be entitled under this Arbitration Provision or applicable law).

## ARTICLE XXVII. DRONES

The operation of a drone in the Project, if allowed by the Neighborhood Association, must comply with all Federal Aviation Administration rules and the Neighborhood Association’s Neighborhood Rules and Regulations. No Owner or any other person may operate, cause, allow or authorize the operation of a drone in the airspace above any portion of the Project in such a way as to invade the privacy of any Owner, guests, residents or vendors, whether equipped with a

camera or otherwise. Prior written approval of the Neighborhood Board must be given for the operation of a drone in a manner inconsistent with the Neighborhood Association's Neighborhood Rules and Regulations. For purposes of this ARTICLE XXVII. , a "drone" is defined as an unmanned aircraft and all of the associated support equipment, control station, data links, telemetry, communications and navigation equipment, etc., necessary to operate the unmanned aircraft.

#### **ARTICLE XXVIII. AGENT FOR SERVICE OF PROCESS**

The agent for service of process under the Condominium Act until the expiration of the Developer Control Period shall be Todd R. Cates, of 205 North Red Ledges Blvd, Heber City, 84032. Thereafter, the agent for service of process shall be the Manager, or such other persons as the Neighborhood Board may designate.

#### **ARTICLE XXIX. SEVERABILITY**

The provisions of this Neighborhood Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

#### **ARTICLE XXX. CONFLICT**

30.1 **Neighborhood Documents**. In case of any conflict between this Neighborhood Declaration and the Neighborhood Articles or the Neighborhood Bylaws, this Neighborhood Declaration shall control. In case of any conflict between the Neighborhood Articles and the Neighborhood Bylaws, the Neighborhood Articles shall control. The foregoing to the contrary notwithstanding, in the event of any inconsistency between this Neighborhood Declaration or the Neighborhood Articles or the Neighborhood Bylaws, on the one hand, and or any applicable law, including the Nonprofit Act, the Condominium Act, or the Federal Fair Housing Administration Act, on the other, then in all events the applicable law shall control.

30.2 **Red Ledges Documents**. In the event of any conflict or inconsistency between the Neighborhood Documents and the Red Ledges Documents, the Red Ledges Documents shall control.

#### **ARTICLE XXXI. CAPTIONS**

The captions in this Neighborhood Declaration are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Neighborhood Declaration or the intent of any provision hereof.

#### **ARTICLE XXXII. LAW CONTROLLING**



This Neighborhood Declaration and the Plat and all issues and disputes arising out of either, shall be construed and controlled by and under the laws of the State of Utah.

**ARTICLE XXXIII. EFFECTIVE DATE**

This Neighborhood Declaration shall take effect when Recorded.

[Remainder of page left intentionally blank. Signature page follows.]







**EXHIBIT A**

Project Legal Description

BEGINNING AT A POINT ON THE SOUTHEASTERLY CORNER OF LOT 26 OF THE RED LEDGES PHASE 1 AMENDED SUBDIVISION PLAT ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE, SAID POINT BEING SOUTH 89°48'55" WEST 751.60 FEET AND NORTH 1849.46 FEET FROM THE SOUTH QUARTER OF SECTION 33, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, AND RUNNING ALONG THE BOUNDARY OF SAID RED LEDGES PHASE 1 AMENDED PLAT THE FOLLOWING TWO (2) COURSES: 1) NORTH 35°09'23" EAST 153.39 FEET; 2) NORTH 28°04'30" EAST 163.77 FEET; THENCE SOUTH 66°58'02" EAST 218.85 FEET; THENCE NORTH 81°23'10" EAST 211.01 FEET; THENCE SOUTH 48°20'00" EAST 272.76 FEET; THENCE SOUTH 27°10'02" WEST 539.97 FEET TO CABINS AT RED LEDGES SUBDIVISION PHASE 1B AMENDED PLAT, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE ALONG THE BOUNDARY OF SAID CABINS AT RED LEDGES SUBDIVISION PHASE 1B AMENDED PLAT, SOUTH 38°36'53" WEST 45.12 FEET TO THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, NORTH 57°39'13" WEST 277.51 FEET TO THE VILLAS AT RED LEDGES PHASE 1E SUBDIVISION, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE RUNNING ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 1E SUBDIVISION, NORTH 66°30'24" WEST 129.34 FEET TO THE SAID VILLAS AT RED LEDGES PHASE 2F SUBDIVISION; THENCE ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, NORTH 28°18'52" WEST 319.26 FEET TO THE POINT OF BEGINNING.



**EXHIBIT B**

Amendments and Supplements to the Red Ledges Declaration

1. First Supplemental Declaration dated June 4, 2008 and Recorded as Entry No. 337464, as amended by the Amendment to First Supplemental Declaration dated August 1, 2019 and Recorded as Entry No. 466274.
2. Second Supplemental Declaration dated May 11, 2010 and Recorded as Entry No. 359264.
3. Third Supplemental Declaration dated October 22, 2012 and Recorded as Entry No. 383343.
4. Fourth Supplemental Declaration dated November 22, 2013 and Recorded as Entry No. 396341, as amended by Amendment to Fourth Supplemental Declaration dated July 9, 2019 and Recorded as Entry No. 465509.
5. Fifth Supplemental Declaration dated March 24, 2014 and Recorded as Entry No. 399406.
6. Sixth Supplemental Declaration dated November 24, 2014 and Recorded as Entry No. 406705.
7. Seventh Supplemental Declaration dated July 9, 2015 and Recorded Entry No. 413846.
8. Eighth Supplemental Declaration dated March 19, 2020 and Recorded as Entry No. 475834.
9. Ninth Supplemental Declaration of Covenants, Conditions and Restrictions for Red Ledges dated 10<sup>TH</sup> December, 2021 and Recorded as Entry No. 511993.

**EXHIBIT C**Schedule of Units, Square Footage, Undivided Interests, and Votes

Unit Identifying Number	Approximate Square Footage <sup>2</sup>	Allocated Interest <sup>3</sup>	No. of Votes Per Unit
Building A, Unit 1	2,662	1.75%	1
Building A, Unit 2	2,637	1.73%	1
Building A, Unit 3	3,182	2.09%	1
Building B, Unit 1	2,662	1.75%	1
Building B, Unit 2	2,637	1.73%	1
Building B, Unit 3	3,182	2.10%	1
Building C, Unit 1	2,507	1.65%	1
Building C, Unit 2	2,941	1.93%	1
Building C, Unit 3	3,291	2.17%	1
Building D, Unit 1	2,507	1.65%	1
Building D, Unit 2	2,941	1.93%	1
Building D, Unit 3	3,291	2.17%	1
Building E, Unit 1	2,507	1.65%	1
Building E, Unit 2	2,941	1.93%	1
Building E, Unit 3	3,291	2.17%	1
Building F, Unit 1	2,507	1.65%	1
Building F, Unit 2	2,941	1.93%	1
Building F, Unit 3	3,291	2.17%	1
Building G, Unit 1	2,662	1.75%	1
Building G, Unit 2	2,637	1.73%	1
Building G, Unit 3	3,182	2.09%	1

<sup>2</sup> Once the Units are completed, Neighborhood Developer has the unilateral right, but not the obligation to amend this Exhibit C to reflect the actual Square Footage of the Units, as constructed

<sup>3</sup> May total slightly more or less than 100% due to rounding.

Unit Identifying Number	Approximate Square Footage <sup>2</sup>	Allocated Interest <sup>3</sup>	No. of Votes Per Unit
Building H, Unit 1	2,662	1.75%	1
Building H, Unit 2	2,637	1.73%	1
Building H, Unit 3	3,182	2.10%	1
Building I, Unit 1	3,196	2.10%	1
Building I, Unit 2	3,243	2.13%	1
Building I, Unit 3	3,413	2.25%	1
Building J, Unit 1	3,196	2.10%	1
Building J, Unit 2	3,243	2.13%	1
Building J, Unit 3	3,413	2.25%	1
Building K, Unit 1	3,196	2.10%	1
Building K, Unit 2	3,243	2.13%	1
Building K, Unit 3	3,413	2.25%	1
Building L, Unit 1	3,196	2.10%	1
Building L, Unit 2	3,243	2.13%	1
Building L, Unit 3	3,413	2.25%	1
Building M, Unit 1	3,196	2.10%	1
Building M, Unit 2	3,243	2.13%	1
Building M, Unit 3	3,413	2.25%	1
Building N, Unit 1	2,662	1.75%	1
Building N, Unit 2	2,637	1.73%	1
Building N, Unit 3	3,182	2.09%	1
Building O, Unit 1	2,662	1.75%	1
Building O, Unit 2	2,637	1.73%	1
Building O, Unit 3	3,182	2.10%	1
Building P, Unit 1	2,662	1.75%	1
Building P, Unit 2	2,637	1.73%	1
Building P, Unit 3	3,182	2.09%	1

Unit Identifying Number	Approximate Square Footage <sup>2</sup>	Allocated Interest <sup>3</sup>	No. of Votes Per Unit
Building Q, Unit 1	2,662	1.75%	1
Building Q, Unit 2	2,637	1.73%	1
Building Q, Unit 3	3,182	2.10%	1
<b>Totals</b>	<b>152,064</b>	<b>100%</b>	<b>51</b>

**EXHIBIT D**

Neighborhood Bylaws

*[Attached hereto and incorporated herein by this reference.]*



**EXHIBIT D**

**BY-LAWS**

**VILLAS AT RED LEDGES OWNERS NEIGHBORHOOD ASSOCIATION, INC**

**ARTICLE I  
IDENTITY**

1. NAME

The name of the corporation is Villas at Red Ledges Owners Neighborhood Association, Inc., a Utah nonprofit corporation (the "Association").

2. PRINCIPAL OFFICE

The initial principal office of the Association is at 205 N Red Ledges Blvd, Heber City, Utah 84032.

3. ADOPTION

These By-Laws have been adopted as the By-Laws of the Association.

4. DEFINITIONS

Terms used in these By-Laws which are defined in the Neighborhood Declaration of Condominium of Red Ledges Phase 3L Villas (the "Neighborhood Declaration") shall have the same meaning in these By-Laws as in the Neighborhood Declaration.

**ARTICLE II  
POWERS AND DUTIES OF THE ASSOCIATION AND THE EXERCISE THEREOF**

The Association shall have all powers granted to it by Utah law, the Neighborhood Declaration, the Articles of incorporation, and these By-Laws. All granted powers shall be exercised by Neighborhood Board (the "Board of Directors" or "Board") unless the exercise thereof is otherwise restricted in the Neighborhood Declaration, the Articles, these By-Laws or by applicable law.

**ARTICLE III  
OWNERSHIP**

1. MEMBERSHIP; VOTING

Each Owner shall receive fee title to his, her or its Unit and shall have appurtenant to each Unit, one (1) membership in the Association. For purposes of these By-Laws "Owner" shall sometimes be referred to as "Member."

2. VOTING

Each Owner of a Unit, including Neighborhood Developer, shall be entitled to the same number of votes as specified on Exhibit C of the Neighborhood Declaration, which votes shall be appurtenant to each respective Unit as set forth on such Exhibit C, it being intended that each Unit shall be ascribed one (1) vote. The voting rights appurtenant to each Unit shall vest upon execution and Recording of the Neighborhood Declaration.

3. JOINT OWNERSHIP

Voting rights may be exercised by an Owner or the Owner's spouse. In any situation where more than one Person holds an interest in a Unit, the vote for that Unit shall be exercised by any such Person; provided, however, the Persons holding the interest in the Unit can notify the Secretary of the Association, in writing, prior to or during any meeting of the manner in which the vote for the Unit is to be exercised and, in the absence of such notice, the Unit's vote shall be suspended if more than one (1) Person seeks to exercise it. The voting rights of an Owner that is a company or other form of entity ownership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

The Association may suspend the voting rights of any Owner for nonpayment of Assessments that are delinquent in excess of ninety (90) days.

4. TURNOVER DATE

The Turnover Date shall occur within sixty (60) days of the occurrence of the earliest of the following conditions:

(a) six (6) years after the first Unit is conveyed to an Owner other than (i) Neighborhood Developer and (ii) any affiliate of the Neighborhood Developer; or;

(b) after Units to which three fourths (3/4) of the Allocated Interests appertain have been conveyed to Owners other than (i) the Neighborhood Developer and (ii) any affiliate of the Neighborhood Developer; or

(c) the surrender by Neighborhood Developer, at its option and in its sole and subjective discretion, or such right by written notice to the Association.

**ARTICLE IV  
OWNERS' MEETINGS**

1. DATE AND PLACE OF MEETINGS

Meetings of the Owners shall be held on the date and at such place in Wasatch County, Utah or such other place as may be designated by, the Board of Directors from time to time.

2. ANNUAL MEETINGS

Each year after the Turnover Date, an annual meeting shall be held for the purpose of receiving reports of officers, committees, and others, to elect Owners of the Board of Directors and to conduct such other business as may be properly brought before the meeting.

3. SPECIAL MEETINGS

The President of the Association may call special meetings of the Owners. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or, if after the Turnover Date, upon a petition signed by ten percent (10%) of the Total Votes of the Owners of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

4. NOTICE OF MEETINGS

Written or printed notice stating the time, date, place, and purpose of any meeting of the Owners shall be delivered, either personally or by mail, to each Owner, not more than fifty (50), nor less than ten (10), days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Owner at his address as it appears on the records of the Association.

Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by an Owner, either in person or by proxy, shall be deemed a waiver by such Owner of notice of the time, date, place, and purpose thereof, unless such Owner or his or her proxy, as the case may be, specifically objects to lack of proper notice at the time the meeting is called to order.

5. QUORUM

Except as otherwise provided in these By-Laws or in the Neighborhood Declaration, the presence in person or by proxy of twenty percent (20%) of the votes eligible to be cast by Owners shall constitute a quorum at any meeting of the Association.

6. ADJOURNMENT OF MEETINGS

If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners entitled to vote who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Owners in the manner prescribed in Article IV, Section 4 hereof.

7. VOTE REQUIRED

When a quorum is present at any meeting, a majority of the votes present, whether in person or by proxy, shall decide any question brought before the meeting, unless the Neighborhood Declaration, the Articles of Incorporation, these By-Laws or any applicable law provides otherwise.

8. PROXIES

Owners may vote by proxy. Proxies must be in writing, dated, signed and filed with the Secretary at the time of or before the appointed time of a meeting of the Owners. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his Unit, upon receipt by the Secretary of notice of the death or judicially declared incompetence of an Owner, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy. The Board of Directors may from time to time, establish such other or additional requirements for proxies as it shall determine.

9. CONDUCT OF MEETINGS

The President shall preside over all meetings of the Association. The Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted and all transactions and proceedings occurring at the meeting.

10. ACTION WITHOUT A MEETING

Any action which may be taken at a meeting of the Owners may be taken without a meeting if written consent setting forth the action to be taken is signed by a majority of the Owners entitled to vote on the subject matter thereof, unless a greater percentage is otherwise required by these By-Laws.

**ARTICLE V  
BOARD OF DIRECTORS**

1. NUMBER OF DIRECTORS

The governance and administration of the affairs of the Association shall be vested in a Board of Directors. The number of directors of the Association shall be not less than three (3) nor more than five (5) natural persons. The initial Board shall consist of the four (4) natural persons named in the Articles of Incorporation.



2. ELECTION OR APPOINTMENT OF DIRECTORS

Prior to the Turnover Date, the Neighborhood Developer shall have the sole authority to appoint and remove all the officers and the Board of Directors of the Association. Subsequent to the Turnover Date, the Owner's shall be entitled to cast one (1) vote for each director to be elected.

Immediately prior to the Turnover Date, Neighborhood Developer shall call a special meeting of the Owners at which the following shall occur: (a) the existing directors shall resign; (b) the Owners shall elect three (3) directors as described in Article V, Section 3, hereof. Neighborhood Developer may, in its sole and absolute discretion, permit the Owners to elect directors earlier than the conditions set forth above.

3. DESIGNATION OF TERM

Immediately prior to the Turnover Date, the Owners shall elect three (3) directors to take office on the Turnover Date. Of the three (3) directors elected by the Owners, one (1) director shall be designated to serve on the Board of Directors commencing on the Turnover Date for a term of three (3) years, one (1) director shall be designated to serve on the Board of Directors commencing on the Turnover Date for a term of two (2) years and one (1) director shall be designated to serve on the Board of Directors commencing on the Turnover Date for a term of one (1) year. Each year after the Turnover Date, the Owners will elect the number of directors necessary to replace those Owner-elected directors whose terms have expired. These newly elected directors will serve for a term of three (3) years. Directors shall be elected by a plurality of the votes cast, such that those candidates receiving the largest number of votes shall be elected. In the case of a tie vote, the winner shall be determined by a run-off election between those candidates which are tied. Cumulative voting is not permitted.

4. QUALIFICATIONS FOR ELECTION

Except with respect to directors appointed by Neighborhood Developer, all directors shall be Owners.

5. NOMINATION OF DIRECTORS

Immediately prior to any election by the Owners, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and at least three (3) members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than ninety (90) days prior to each annual meeting of the Owners. The members of the Nominating Committee serve for a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it, in its sole discretion, determines appropriate, but in no event less than the number of positions to be filled. At least sixty (60) days prior to the annual meeting, the Nominating Committee shall recommend the names of Members selected by a majority vote of the Nominating Committee to be submitted to the Members for election to the Board of Directors.

Ten percent (10%) or more of the Total Votes eligible to be cast by Owners who are not Members of the Nominating Committee may also nominate candidates for election to the Board of Directors by petition signed by them and filed with the Secretary at least thirty (30) days prior to the annual meeting. The names of any nominees, after having been certified by the Secretary or any other officer, that they are qualified for election and have been nominated in accordance with the provisions of these By-Laws shall be included in any proxy mailing to the Owners. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Nominations may also be made from the floor at the annual meeting of Owners.

#### 6. REMOVAL OF DIRECTORS AND VACANCIES

Any director appointed by Neighborhood Developer may be removed, with or without cause, only by Neighborhood Developer. Any director elected by the Owners at large may be removed, with or without cause, by the vote of the Owners holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be appointed by Neighborhood Developer, or elected by the Owners, as the case may be, to fill the vacancy for the remainder of the term of such director.

Any director elected by the Owners who has three (3) consecutive unexcused absences from Board meetings, as determined by the Board, or who is delinquent in the payment of any Assessment or other charges due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the remaining directors. In the event of the death, disability, removal, or resignation of a director, the Owners of the Board may elect a successor to fill the vacancy for the remainder of the term of such director.

#### 7. COMPENSATION

No director shall receive a salary or any other compensation whatsoever from the Association for acting as such but shall be entitled to be reimbursed for expenses reasonably incurred on behalf of the Association.

#### 8. FIDUCIARY DUTY

The directors shall act in good faith in a manner they reasonably believe to be in the best interests of the development of the Villas Neighborhood residential community (the "Project") and the goals of the Association.

#### 9. POWERS AND DUTIES

The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and as provided by law may do all acts other than those acts which may be done and exercised exclusively by the Owners. In addition to the duties imposed by these By-Laws or by any resolution of the

Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) to make and enforce all Neighborhood Rules and Regulations covering the operation and maintenance of the Project and the Units, including but not limited to Neighborhood Rules and Regulations relating to transient use and occupancy of the Units.

(b) to engage the services of the Manager, accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor.

(c) to determine and pay the Neighborhood Expenses.

(d) to prepare and adopt of an annual budget in which there shall be established the contribution of each Owner to the Neighborhood Expenses;

(e) to make assessments to defray the Neighborhood Expenses and other assessments, and fees, costs, and expenses authorized by the Neighborhood Declaration and the Red Ledges Declaration, establishing the means and methods of collecting such assessments, and establishing the period of payment for assessments;

(f) to operate, maintain, repair, improve and replace the Common Areas and Facilities in accordance with the Project Quality Standard, which right expressly includes the power and authority to oversee all aspects of the operation, maintenance, repair, improvement, replacement, and use (including any change in use) of any clubhouse that may exist within the Project; provided, however, that the use of any clubhouse shall be limited to Owners, unless the Board expressly decides to the contrary.

(g) to designate, hire, and dismiss the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(h) to collect the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(i) to enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

(j) to open of bank accounts on behalf of the Association and designating the signatories required (including any interest bearing accounts);

(k) to enforce by legal means the provisions of the Neighborhood Declaration, the Red Ledges Declaration these By-Laws, and the use restrictions, rules and regulations, and design guidelines adopted pursuant to any of the foregoing, and bringing any proceedings which may be instituted on behalf of or against the Owners, their respective invitees or licensees concerning the Association;

(l) to obtain and carry insurance against casualties and liabilities, as provided in the Neighborhood Declaration, and paying the premium cost thereof;

(m) to provide services to all areas for which the Association is obligated to provide services;

(n) to pay the cost of all services, if any, rendered to the Association or its Owners which are not directly chargeable to Owners of particular Units;

(o) to keep books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred;

(p) to purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Association or its designee.

(q) to contract with any Person for the performance of various duties and functions.

(r) to bring, prosecute and settle litigation for itself, the Association and the Project.

(s) to repair or restore the Project following damage or destruction or a permanent taking by the power of or power in the nature of eminent domain or by an action or deed in lieu of condemnation not resulting in the removal of the Project from the provisions of the Condominium Act.

(t) to own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Board and to the operation of the Project, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies.

(u) to borrow money for the purpose of improving the Common Areas and Facilities in a manner designed to promote the enjoyment and welfare of the Owners.

(v) to pledge, hypothecate or otherwise encumber current or future Assessments for any purpose permitted under this Neighborhood Declaration.

(w) to keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Neighborhood Bylaws, the Nonprofit Act, and the Condominium Act.

(x) to do all other acts necessary for the operation and maintenance of the Project, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the Project.

(y) to grant easements and rights-of-way over the Common Areas and Facilities, which right expressly includes the power and authority to grant an easement or right-of-way to any postal or mail service for the delivery of mail in or to any clubhouse that may exist within the Project; and

(z) to approve signage for the Project.

(aa) The Board shall have the power to enter into common management agreements and other agreements with trusts, condominium associations, Red Ledges Association, developers, and such other persons as it determines appropriate from time to time (after obtaining prior written approval from the Red Ledges Board). Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity. To the extent permitted by law, the Board shall have the power to delegate its functions to designees of the Board, such as, without limitation, a management agent, committees established by the Board, and employees and independent contractors of the Association.

## **ARTICLE VI MEETINGS OF BOARD OF DIRECTORS**

### **1. ORGANIZATIONAL MEETING**

The organizational meeting of the first elected Board of Directors shall be held within ten (10) days after the annual meeting of the Owners at which the Directors were elected at such time and place as shall be fixed by the Board of Directors.

### **2. REGULAR MEETINGS**

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Commencing with the Turnover Date, at least four (4) regular meetings shall be held during each fiscal year with at least one (1) meeting per quarter; provided, however, that the annual meeting shall constitute a regular meeting. Notice of the time and place of any meeting, other than an annual meeting, shall be communicated to the directors not less than ten (10) days prior to the meeting.

### **3. SPECIAL MEETINGS**

Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by any five (5) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by personal delivery, first class mail or telephone at least ten (10) days prior to the date of the meeting, unless the special business is of a nature which, in the President's discretion, requires more immediate action, and then a minimum of twenty-four (24) hours' notice shall be deemed sufficient.

### **4. WAIVER OF NOTICE**

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



5. QUORUM OF BOARD OF DIRECTORS AND REQUIRED VOTE

At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors except as otherwise provided in the Neighborhood Declaration, the Articles of Incorporation or these By-Laws. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Directors may not vote by proxy or by secret ballot at Board meetings, except that secret ballot may be used for the election of officers.

6. CONDUCT OF MEETINGS

The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

7. OPEN MEETINGS

All meetings of the Board shall be open to all Owners, except for meetings between the Board and its attorney with respect to proposed or pending litigation where the contents of the discussion would otherwise be governed by the attorney-client privilege. Owners other than directors may not participate in any discussion or deliberation unless permission to speak is requested by a director and granted by the President. In such case, the President may limit the time any Owner may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Owners, when such action is necessary in the reasonable judgment of the President.

8. NOTICE TO OWNERS OF BOARD MEETINGS

Notices of all Board meetings must be posted in a conspicuous place in the Project at least 48 hours in advance of the meeting, except in an emergency. As an alternative to the posting of notice, notice of each Board meeting may be mailed or delivered to each Owner of the Association at least seven (7) days before the meeting, except in an emergency, or notice of the meeting may be published.

9. TELEPHONE MEETINGS

Any regular or special meeting of the Board of Directors may be held by telephone conference or video conference, at which each participating director can hear and be heard by all other participating directors.

10. ACTION WITHOUT A MEETING

Any action to be taken at a meeting of the directors or any action that may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as an unanimous vote.

11. RED LEDGES CLUB APPROVAL RIGHTS

The Red Ledges Club (“Club”) shall have the right to disapprove actions of the Board and any committees which in its reasonable judgment materially and adversely affect the use of the Club Property or its rights or obligations under the Neighborhood Declaration. This right may be exercised by the Club at any time within ten (10) days after the Club’s receipt of the notice of such proposed action. The “Club Property” shall mean all the real and personal property owned by the Club and operated by the Club as Red Ledges Club, including without limitation, the various recreational facilities from time to time developed on such real property. THE CLUB PROPERTY IS NOT COMMON AREA AND FACILITIES AND IS NOT SUBJECT TO THE TERMS AND CONDITIONS OF THE NEIGHBORHOOD DECLARATION OR THE RED LEDGES DECLARATION.

**ARTICLE VII  
OFFICERS**

1. OFFICERS

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer to be elected from among the Board (or as designated by the Board). The Board of Directors may appoint such other officers, including one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary or President and Treasurer may not be held by the same person.

2. APPOINTMENT, TERM OF OFFICE AND VACANCIES

The officers of the Association shall be appointed annually by the Board of Directors at the first meeting of the Board of Directors during a fiscal year. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

3. REMOVAL

Any officer may be removed by a majority vote of the Board of Directors in the sole discretion of the Board and the removal of a director who is also an officer shall automatically act as a removal from such director’s position as an officer.

4. RESIGNATION

Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such

notice or later specified in the notice and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

## **ARTICLE VIII DUTIES OF OFFICERS**

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as are from time to time specifically conferred or imposed by the Board of Directors.

### **1. PRESIDENT**

The President shall be the chief executive officer of the Association and shall:

- (a) act as presiding officer at all meetings of the Owners and the Board of Directors;
- (b) call special meetings of the Owners and the Board of Directors;
- (c) sign, with the Secretary or Treasurer if the Board of Directors so requires, all checks, contracts, promissory notes, leases, subleases and other instruments on behalf of the Association, except those which the Board of Directors specifies may be signed by other persons;
- (d) perform all acts and duties usually required of a chief executive to ensure that all orders and resolutions of the Board of Directors are carried out; and
- (e) act as an ex-officio Owner of all committees and render an annual report at the annual meeting of Owners.

### **2. VICE PRESIDENT**

The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. The Vice President also shall assist the President generally, and exercise other powers and perform other duties as shall be prescribed by the directors.

### **3. SECRETARY**

The Secretary shall have the following duties and responsibilities:

- (a) attend all regular and special meetings of the Owners and the Board of Directors and keep all records and minutes of proceedings thereof or cause the same to be done;
- (b) have custody of the corporate seal, if any, and affix the same when necessary or required;
- (c) attend to all correspondence on behalf of the Board of Directors, prepare and serve notice of meetings and keep Ownership books; and

(d) have custody of the minute book of the meetings of the Board of Directors and the meetings of the Owners and act as agent for the transfer of the corporate books.

4. TREASURER

The Treasurer shall:

(a) receive monies as shall be paid into his or her hands for the account of the Association and disburse funds as may be ordered by the Board of Directors, taking proper vouchers for disbursements and be custodian of all contracts, leases and other important documents of the Association which he or she shall keep safely deposited;

(b) supervise the keeping of accounts of all financial transactions of the Association in books belonging to the Association and deliver the books to his or her successor;

(c) prepare and distribute to all of the Owners of the Board of Directors prior to each annual meeting and whenever else required a summary of the financial transactions and condition of the Association from the preceding year;

(d) make a full and accurate report on matters and business pertaining to his or her office to the Owners at the annual meeting and make all reports required by law; and

(e) act as the chairman of the Finance Committee.

The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Association. In the event the Association enters into a management agreement, it shall be proper to delegate any or all the Treasurer's functions to the management agent as is deemed appropriate by the Board of Directors.

**ARTICLE IX  
COMMITTEES**

The Board of Directors may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. No member of such committee shall receive compensation for services rendered to the Association as a member of the committee; provided, however, that the committee member may be reimbursed for expenses incurred in performance of such duties as a committee member to the extent that such expenses are approved by the Board of Directors. A committee shall not have any powers, duties, or responsibilities beyond those specifically assigned by the Board of Directors in a written resolution. The Board of Directors may terminate any committee at any time. Each committee designated hereunder by the Board of Directors may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Directors. At each meeting of any committee designated hereunder by the Board of Directors, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two (2) members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee.

The members of any committee designated by the Board of Directors hereunder shall act only as a committee, and the individual members thereof shall have no powers as such. A committee may exercise the authority granted by the Board of Directors. Any member of any committee designated hereunder by the Board of Directors may resign at any time by delivering a written resignation to the President, the Board of Directors, or the presiding officer of such committee. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Directors may at any time, with or without cause, remove any member of any committee designated by it thereunder. If any vacancy shall occur in any committee designated by the Board of Directors due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy by the Board of Directors, constitute the then total authorized membership of the committee and, provided that two (2) or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Directors. The several committees shall act only as committees and the individual Owners thereof shall have no power or authority to act on behalf of the Board or the Association.

## **ARTICLE X DISCIPLINE**

### 1. ENFORCEMENT

The Board of Directors shall have the power, in accordance with the provisions of Section 57-8-37 of the Condominium Act, to impose reasonable fines not to exceed One Hundred Dollars (\$100.00) per violation, or such other maximum amount as may be permitted by the Utah Statutes currently in effect. If not paid on or before ten (10) days after date which due, the amount owed shall bear interest at the rate of eighteen percent (18%) per annum. Effective on the date which Owner fails to cure any described violation, the Board may suspend an Owner's right to use the Common Area and Facilities, and to preclude contractors, subcontractors, agents and other invitees of an Owner or occupant from the Project for violation of any duty imposed under the Neighborhood Declaration or these By-Laws; provided, however, that nothing herein shall authorize the Association or the Board of Directors to limit an Owner's or occupant's ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Neighborhood Declaration or these By-Laws, and a fine is imposed, the fine shall first be assessed against the occupant residing therein; provided, however, that if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provision of the Neighborhood Declaration or By-Laws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

### 2. NOTICE

Prior to imposition of any sanction hereunder for any reason other than nonpayment of assessments or other charges, the Board of Directors or its delegate shall serve the accused with written notice describing (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, (c) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge has been requested within ten (10) days of the notice.

3. HEARING

If a hearing is requested within the allotted ten (10) day period, the hearing shall be held in executive session of the Board of Directors at the next regularly scheduled meeting or at a Special Meeting affording the accused a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the accused appears at the meeting. The committee shall decide by majority vote whether the proposed fine or suspension shall be imposed. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Any suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions by any Person.

4. ADDITIONAL ENFORCEMENT RIGHTS

Except as otherwise provided in the Neighborhood Declaration, the Association may elect to enforce any provisions of the Neighborhood Declaration or these By-Laws by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

**ARTICLE XI  
FISCAL MANAGEMENT**

1. FISCAL YEAR

The fiscal year of the Association shall commence upon the first (1st) day of January and conclude on the thirty-first (31st) day of December.

2. DEPOSITORIES

The funds of the Association shall be deposited in such accounts as may be selected by the Board of Directors, including checking and savings accounts in one (1) or more banks and/or savings and loan associations, Certificates of Deposit, U.S. Treasury Bills and money market accounts with an investment firm or firms, all in accordance with resolutions approved by the Board of Directors. The funds shall be used only for lawful purposes of the Association.

3. EXPENSES

The receipts and expenditures of the Association may be credited and charged to accounts as the Board of Directors may determine, in accordance with good accounting practices as set forth in Article XI, Section 7, below.



4. RESERVE ACCOUNTS

The Neighborhood Board shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established, or for litigation involving such matters.

5. BUDGET

The Board of Directors shall adopt a budget for each fiscal year that shall reflect the estimated revenues and expenses of the Association for that year; the estimated surplus or deficit as of the end of the current year; and the estimated funds to maintain the accounts established by the Board of Directors (including a capita] replacement reserve) in accordance with good accounting practices, as set forth in Article XI, Section 7, below.

6. FIDELITY BONDS

The Association shall, if reasonably available, purchase blanket fidelity bonds for all directors, officers and employees of the Association and for any management agent who controls or disburses funds of the Association and any contractor handling or responsible for Association funds. The following provisions shall govern the Association's purchase of the bonds:

- (a) Each fidelity bond purchased by the Association shall name the Association as an obligee of the bond.
- (b) The premiums for bonds shall be paid by the Association.
- (c) The fidelity bonds shall be in the amount determined from time to time by the Board of Directors.
- (d) Each bond shall include a provision requiring ten (10) days' written notice to the Association before the bond can be canceled or substantially modified for any reason.

7. ACCOUNTS AND REPORTS

The following standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting (exclusive of depreciation and amortization), as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by any officer, director or employee of the Association from vendors, independent contractors, or others providing goods or services to the

Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest which any officer, director or employee of the Association may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(f) an annual report consisting of at least the following shall be distributed to all Owners within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. If determined by the Board of Directors, the annual report referred to above shall be prepared on an audited basis by a Certified Public Accountant selected by the Board of Directors. If unaudited financial statements are used, the unaudited financial statements will be certified by an officer of the Association.

#### 8. AGREEMENTS, CONTRACTS, DEEDS, LEASES, CHECKS, ETC.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by the President and Secretary or by such other Owners of the Board or officers of the Association as may be designated by resolution of the Board of Directors.

#### 9. BOOKS AND RECORDS

The Neighborhood Declaration, Articles of Incorporation, By-Laws, Ownership register, books of account and minutes of meetings of the Owners, the Board, and committees shall be made available for inspection and copying by any mortgagee, Owner or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as an Owner at the office of the Association. Such records shall include a record of receipts and expenditures and accounts for each Owner, which accounts shall designate the names and addresses of the Owners, the due dates and amount of each Assessment, the amounts paid upon the account and the balance due. Accounts of Owners shall only be available for inspection by the Board, the officers and the Owner or such Owner's mortgagee. Minutes of grievance hearings will not be released to any person other than the person subject to the disciplinary action. Books and records of the Association may be kept at the Association office at the Property or off-site at the office designated by Neighborhood Developer.

The Board shall establish reasonable rules with respect to: (1) notice to be given to the custodian of the records; (2) hours and days of the week when an inspection may be made; and (3) payment of the cost of reproducing copies of documents requested.

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

10. INSURANCE

The Association shall procure, maintain and keep in full force and effect insurance as may be required by the Neighborhood Declaration to protect the interests of the Association and the Owners.

**ARTICLE XII  
MISCELLANEOUS**

1. PARLIAMENTARY RULES

Robert's Rules of Order (then current edition) shall govern the conduct of Association proceedings when not in conflict with applicable law, the Neighborhood Declaration, the Articles of Incorporation, or these By-Laws.

2. CONSTRUCTION

If there are conflicts between the provisions of Utah law, the Neighborhood Declaration, the Articles of Incorporation, and/or these By-Laws, the provisions of Utah law, the Neighborhood Declaration, the Articles of Incorporation, and these By-Laws (in that order) shall prevail.

3. VALIDITY

If any By-Law or rule or regulation is adjudicated to be invalid, such fact shall not affect the validity of any other By-Law or rule or regulation.

4. NOTICES

Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first-class, postage prepaid: (a) if to an Owner or Owner, at the address which the Owner or Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of the Owner or Owner; or (b) if to the Association or the Board of Directors, then at the principal office of the Association or at such other address as shall be designated by the Association or the Board of Directors in writing and given to the Owners or Owners in accordance with this Section.

S. AMENDMENTS

Until the Turnover Date, Neighborhood Developer may amend these By-Laws in its sole and absolute discretion. After the Turnover Date, Neighborhood Developer may amend these By-Laws at any time and from time to time, in its sole and absolute discretion, if such amendment is (a) necessary to bring any provisions hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on a Unit; (c) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans to enable the same to make, insure or purchase mortgage loans on a Unit; (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on a Unit subject to the

Neighborhood Declaration; or (e) correct any stenographic, scrivener's or surveyor's error or any error of a like nature; provided, however, any such amendment shall not adversely affect the title to a Unit, unless the Owner thereof shall consent thereto in writing.

After the Turnover Date and so long as it still owns any part of the Property or the Additional Property (as described in the Neighborhood Declaration) for development, Neighborhood Developer may amend these By-Laws in its sole and absolute discretion for any other purpose; provided, however, that such amendment shall not materially and adversely affect the rights of any Owner of a Unit without the approval of such Owner.

After the Turnover Date, (a) any non-Neighborhood Developer initiated amendment, or (b) any Neighborhood Developer initiated amendment which has a materially adverse effect upon the rights of an Owner of a Unit, shall require the affirmative vote (in person or by proxy) or the written consent, or any combination thereof, of Owners representing sixty-seven percent (67%) of the Total Votes in the Association (other than Neighborhood Developer), and the consent of Neighborhood Developer, so long as Neighborhood Developer owns any portion of the Property or the Additional Property. However, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

No amendment may remove, revoke, or modify any right or privilege of Neighborhood Developer or Red Ledges Club without the written consent of Neighborhood Developer or Red Ledges Club, as the case may be.

**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am duly elected and acting Secretary of Villas at Red Ledges Owners Neighborhood Association, Inc., a Utah nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the \_\_\_ day of \_\_\_\_\_, 2021.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the corporate seal this \_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Secretary

(Seal)

**EXHIBIT E**

Withdrawable Land

BEGINNING AT A POINT ON THE SOUTHEASTERLY CORNER OF LOT 26 OF THE RED LEDGES PHASE 1 AMENDED SUBDIVISION PLAT ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE, SAID POINT BEING SOUTH 89°48'55" WEST 751.60 FEET AND NORTH 1849.46 FEET FROM THE SOUTH QUARTER OF SECTION 33, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, AND RUNNING ALONG THE BOUNDARY OF SAID RED LEDGES PHASE 1 AMENDED PLAT THE FOLLOWING TWO (2) COURSES: 1) NORTH 35°09'23" EAST 153.39 FEET; 2) NORTH 28°04'30" EAST 163.77 FEET; THENCE SOUTH 66°58'02" EAST 218.85 FEET; THENCE NORTH 81°23'10" EAST 211.01 FEET; THENCE SOUTH 48°20'00" EAST 272.76 FEET; THENCE SOUTH 27°10'02" WEST 539.97 FEET TO CABINS AT RED LEDGES SUBDIVISION PHASE 1B AMENDED PLAT, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE ALONG THE BOUNDARY OF SAID CABINS AT RED LEDGES SUBDIVISION PHASE 1B AMENDED PLAT, SOUTH 38°36'53" WEST 45.12 FEET TO THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, NORTH 57°39'13" WEST 277.51 FEET TO THE VILLAS AT RED LEDGES PHASE 1E SUBDIVISION, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE RUNNING ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 1E SUBDIVISION, NORTH 66°30'24" WEST 129.34 FEET TO THE SAID VILLAS AT RED LEDGES PHASE 2F SUBDIVISION; THENCE ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, NORTH 28°18'52" WEST 319.26 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH all other property that may be subject to this Neighborhood Declaration by subsequent amendment, annexation, or supplement hereto.

**EXHIBIT F**Expandable Land

BEGINNING AT A POINT ON THE SOUTHEASTERLY CORNER OF LOT 26 OF THE RED LEDGES PHASE 1 AMENDED SUBDIVISION PLAT ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE, SAID POINT BEING SOUTH 89°48'55" WEST 751.60 FEET AND NORTH 1849.46 FEET FROM THE SOUTH QUARTER OF SECTION 33, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN, AND RUNNING ALONG THE BOUNDARY OF SAID RED LEDGES PHASE 1 AMENDED PLAT THE FOLLOWING TWO (2) COURSES: 1) NORTH 35°09'23" EAST 153.39 FEET; 2) NORTH 28°04'30" EAST 163.77 FEET; THENCE SOUTH 66°58'02" EAST 218.85 FEET; THENCE NORTH 81°23'10" EAST 211.01 FEET; THENCE SOUTH 48°20'00" EAST 272.76 FEET; THENCE SOUTH 27°10'02" WEST 539.97 FEET TO CABINS AT RED LEDGES SUBDIVISION PHASE 1B AMENDED PLAT, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE ALONG THE BOUNDARY OF SAID CABINS AT RED LEDGES SUBDIVISION PHASE 1B AMENDED PLAT, SOUTH 38°36'53" WEST 45.12 FEET TO THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, NORTH 57°39'13" WEST 277.51 FEET TO THE VILLAS AT RED LEDGES PHASE 1E SUBDIVISION, ON FILE AT THE WASATCH COUNTY RECORDER'S OFFICE; THENCE RUNNING ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 1E SUBDIVISION, NORTH 66°30'24" WEST 129.34 FEET TO THE SAID VILLAS AT RED LEDGES PHASE 2F SUBDIVISION; THENCE ALONG THE BOUNDARY OF SAID THE VILLAS AT RED LEDGES PHASE 2F SUBDIVISION, NORTH 28°18'52" WEST 319.26 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH all other real property owned or held now or in the future by Neighborhood Developer