

ENTRADA AT SNOW CANYON

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

Promulgated by: THE ENTRADA COMPANY

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ENTRADA AT SNOW CANYON

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ENTRADA AT SNOW CANYON

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION is made on the date hereinafter set forth by THE ENTRADA COMPANY, L.L.C., a Utah limited liability company, its successors and assigns (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property to be developed and to be known as ENTRADA AT SNOW CANYON (hereinafter "ENTRADA"), more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof;

WHEREAS, Declarant has established a land use plan for ENTRADA and desires to provide for the preservation of the values and amenities hereby established and to this end does hereby subject the real property described in Exhibit "A" to the land use covenants, restrictions, easements, reservations, regulations burdens, and liens hereinafter set forth; and

WHEREAS, Declarant has deemed it desirable for the maintenance and preservation of the values and amenities established as aforesaid to establish the ENTRADA PROPERTY OWNERS ASSOCIATION, INC., a Utah corporation not for profit (hereinafter referred to as the "Association"), and to delegate and assign certain powers and duties of ownership, operation, administration, maintenance, and repair of certain property within the ENTRADA project, the enforcement of the covenants, conditions, restrictions, and easements contained herein, and the collection and disbursement of the assessments and charges hereinafter provided to the Association.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, Declarant hereby declares that ENTRADA, to the extent now committed to this Declaration, shall be owned, held, used, transferred, sold, conveyed, demised, and occupied subject to the covenants, conditions, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth.

1. DEFINITIONS

As used herein, the following terms have the indicated meanings:

- 1.1 "Association" shall mean the ENTRADA PROPERTY OWNERS ASSOCIATION, INC.
- 1.2 "Class "B" Control Period" shall mean and refer to the period of time during which the Class "B" Member shall be entitled to appoint a majority of the members of the Board of Directors, as provided in Article III, Section 3.2 of the By-Laws.
- 1.3 "Common Area" shall mean all of the land presently owned or otherwise held, if any, or to be so acquired or held in the future by the Association and all improvements constructed hereon, and all personal property owned by the Association located thereon. The initial Common Area shall be conveyed to the Association prior to the conveyance of a Unit to any Unit purchaser other than a builder or developer holding title for the purpose of development and resale. The term shall include all Exclusive Common Area, as defined herein, unless otherwise indicated by the context.
- 1.4 "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors and the New Construction Committee.

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1.5 "Declarant" shall mean ENTRADA ESTATES, L.L.C., its successors and assigns.

1.6 "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for ENTRADA.

1.7 "Exclusive Common Area" shall mean and refer to certain portions of the Common Area which are for the exclusive use and benefit of one or more, but less than all, Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed against the Owners of Units in only those Neighborhoods which are benefitted thereby as a Neighborhood Assessment, as defined herein. By way of illustration and not limitation, Exclusive Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments. Initially, any Exclusive Common Areas shall be designated as such and assigned in the deed conveying the Common Area to the Association. A portion of the Common Area may be assigned as Exclusive Common Area of a particular Neighborhood or Neighborhoods and Exclusive Common Area may be reassigned upon the vote of a majority of the total Association vote, including a majority of the votes within the Neighborhood(s) to which they are assigned.

1.8 "Neighborhood" shall mean and refer to each separately developed and denominated residential area comprised of one (1) or more housing types subject to this Declaration, whether or not governed by an additional owners association, in which owners may have common interests other than those common to all Association members, such as a common theme, entry feature, development name, and/or common areas and facilities which are not available for use by all Association Members. For example, and by way of illustration and not limitation, each condominium, townhome development, cluster home development, and single-family detached housing development shall constitute a separate Neighborhood. In addition, each parcel of land intended for development as any of the above shall constitute a separate Neighborhood, subject to division into more than one Neighborhood upon development. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association (as defined in Section 4.1) having jurisdiction over the property within the Neighborhood. Neighborhoods may be divided or combined in accordance with Section 4.1, of this Declaration.

1.9 "Neighborhood Assessments" shall mean assessments for common expenses provided for herein or by any Subsequent Amendment which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Units against which the specific Neighborhood Assessment is levied and of maintaining the properties within a particular Neighborhood, all as may be specifically authorized from time to time by the board of Directors and as more particularly authorized herein.

Any Neighborhood Assessment shall be levied equally against all Units in the Neighborhood benefitting from the services supported thereby, provided that in the event of assessments for exterior maintenance of structures, or insurance on structures, or replacement reserves which pertain to particular structures (pursuant to an amendment to this Declaration), such assessments for the use and benefit of particular Units shall be levied on a pro rata basis among the benefitted Units in accordance with benefits received.

1.10 "Owner" shall mean and refer to one or more Persons who hold the record title to any Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner.

1.11 "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.

1.12 "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by Subsequent Amendment.

1.13 "Subsequent Amendment" shall mean an amendment to this declaration which subjects additional property to this Declaration. Such Subsequent Amendment may, but is not required to, impose,

expressly or by reference, additional restrictions and obligations on the land submitted by that Subsequent Amendment to the provisions of this Declaration.

1.14 "Unit" shall mean a portion of the Properties intended for development, use, and occupancy as an attached residence for a single family, and shall, unless specified, include within its meaning (by way of illustration, but not limitation) condominium units, townhouse units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided or as provided in subsequent Amendments covering all or a part of the Properties. The term shall include all portions of the lot owned including any structure thereon. In the case of a structure which contains multiple apartments, each apartment shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for such parcel on the master land Use Plan or the site plan approved by Declarant, whichever is more recent, until such time as a certificate of occupancy is issued on all or a portion thereof by the local government entity having jurisdiction, after which the portion designated in the certificate of occupancy shall constitute a separate Unit or Units as determined above and the number of Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

2. PROPERTY RIGHTS

2.1 Owners Easements. Every Owner shall be a member of the Association and shall have a right and easement of enjoyment in and to the Common Area and shall have a permanent and perpetual right and easement of enjoyment in and to the property subject to this Declaration, which shall be appurtenant to and shall pass with the title to every Unit within ENTRADA, subject to all of the following:

2.1.1 All provisions of this Declaration, any plat of all or any part or parts of ENTRADA, the Articles of Incorporation and the By-Laws of the Association;

2.1.2 Rules and regulations adopted by the Association governing the use and enjoyment of that portion of the Common Area not intended to be a part of any Unit;

2.1.3 The right of the Association to promulgate rules and regulations concerning ENTRADA;

2.1.4 The rights of the Association to levy assessments against each Owner for the maintenance, protection, and preservation of ENTRADA in compliance with this Declaration;

2.1.5 Easements, both recorded and unrecorded, for public and/or private utilities.

2.1.6 It is contemplated that pursuant to Section 11 of this Declaration, additional lands may be annexed to ENTRADA from time to time and that Neighborhood Committees or Neighborhood Associations (hereinafter referred to as "sub-associations") may be created for the purpose of maintaining and administering individual neighborhoods or providing amenities within ENTRADA. In such event:

(a) With respect to Owners within any part of the land which may subsequently be annexed to ENTRADA, the right to use of the Common Area of the Association shall be limited to the Common Area.

(b) The responsibility for maintaining the Exclusive Common Area shall be delegated to one or more sub-associations, and the use and enjoyment of the Exclusive Common Area in each instance shall be limited to members of the applicable sub-association.

(c) Assessments for maintenance, protection and preservation of Exclusive Common Area shall be levied, in each instance, by the applicable sub-association, and no

Owner shall be assessed with respect to Exclusive Common Area except by the particular sub-association of which the Owner is a member.

(d) In the event a sub-association is levying and collecting assessments as herein set forth, the sub-association shall also collect any assessments levied against its Owners by the Association, and shall deliver said sum or sums to the Association.

2.2 Delegation of Use. An Owner may delegate, in accordance with this Declaration, the Articles of Incorporation and By-Laws of the Association, his right to use of the Common Area to the members of his family, his tenants, or contract purchasers who reside on his Unit.

2.3 Permitted Uses. Property in ENTRADA shall be restricted to the following uses:

2.3.1 All Units shall be used only for single family residential purposes and no professional, business or commercial use shall be made of the same, or any portion thereof, nor shall any resident's use of a Unit endanger the health or disturb the reasonable enjoyment of any other owner or resident, provided, however, that the Unit restrictions contained in this section shall not be construed in such a manner as to prohibit an Owner or resident from (a) maintaining his personal, professional library therein; (b) keeping his personal business or professional records or accounts therein; or (c) handling his personal business or professional telephone calls or correspondence therefrom. Unit sizes as described on the recorded plat of any subdivision in ENTRADA are considered minimum lot sizes, and unless specified in the Entrada Property Development Guidelines for that subdivision, no person shall further subdivide any Unit other than as shown on the recorded plat of said subdivision.

2.3.2 The Common Area, now and forever, shall be restricted hereby such that it shall be maintained as open space for the use or benefit of the Owners of ENTRADA, including common amenities, easements and rights of way for the construction, operation, and maintenance of utility services, both public and private, and drainage facilities, and also for common access, ingress and egress, and shall not be used for any commercial or industrial use except as herein described.

3. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION.

3.1 Membership. Every Owner, as defined in Section 1.10, shall be deemed to have a membership in, and be a member of, the Association. No Owner, whether one or more Persons, shall have more than one membership per Unit owned. In the event the Owner of a Unit is more than one Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by an individual Member or such Member's spouse, subject to the provisions of this Declaration and the By-Laws. The membership rights of a Unit owned by a corporation or partnership shall be exercised by the individual designated by the Owner in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the By-Laws.

3.2 Classes and Voting Rights. The Association shall have two classes of voting membership:

3.2.1 Class A. Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Class "A" Members shall be entitled to one (1) equal vote for each Unit in which they hold the interest required for membership under Section 3.1 hereof; there shall be only one (1) vote per Unit. Unless otherwise specified in this Declaration or the By-Laws, the vote for each Unit shall be exercised by the Voting Member, as defined in Section 4.1, representing the Neighborhood of which the Unit is a part.

In any situation where a Member is entitled personally to exercise the vote for his Unit and more than one Person holds the interest in such Unit required for membership, the vote for such Unit shall be exercised as those Persons determine among themselves and advise the Secretary of the Association prior to any

meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

3.2.2 Class B. The Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve actions taken under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member shall be entitled to one vote per Unit owned and, in addition, shall be entitled to appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Article III, Section 3.2 of the By-Laws. The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of:

- (a) expiration of the Declarant's unilateral right to annex property pursuant to Section 11.1 of this Declaration; or
- (b) the expiration of a term of seven (7) years from the date of recordation of this Declaration.

3.3 Dissolution. In the event of the permanent dissolution of the Association for whatever reason, any Owner may petition the District Court of the Fifth Judicial District, Washington County, Utah, for the appointment of a Receiver to manage the affairs of the dissolved Association and the Common Area in place and instead of the Association and to make such provisions as may be necessary for the continued management of the affairs of the dissolved Association and the Common Area.

4. NEIGHBORHOODS AND VOTING GROUPS.

4.1 Neighborhoods. Every Unit shall be located within a Neighborhood as defined in Section 1.8. The Units within a particular Neighborhood may be subject to additional covenants and/or the Unit Owners may all be members of another owners association ("Neighborhood Association") in addition to the Association, but no such Neighborhood Association shall be required except in the case of a condominium. Any Neighborhood which does not have a Neighborhood Association shall elect a Neighborhood Committee, as described in Section 2.3.2 of the By-Laws, to represent the interests of Owners of Units in such Neighborhood.

Each Neighborhood Association or Committee, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may request that the Association provide a higher level of service or special services for the benefit of Units in such Neighborhood, the cost of which shall be assessed against the benefitted Units as a Neighborhood Assessment pursuant to Section 10.1.

The senior elected officer of the Neighborhood Association or the Neighborhood Committee shall serve as the Voting Member for such Neighborhood and shall cast all votes attributable to Units in the Neighborhood on all Association matters requiring membership vote, unless otherwise specified in this Declaration or the By-Laws. The Voting Member may cast all votes as it, in its discretion, deems appropriate.

Initially, each portion of the Properties which is separately owned and which, at the time it is subject to the Declaration, is intended for separate development shall constitute a Neighborhood. The developer of any such Neighborhood may apply to the Board of Directors to divide the parcel constituting the Neighborhood into more than one Neighborhood or to combine two Neighborhoods into one Neighborhood at any time. Upon a petition signed by a majority of the Unit Owners in the Neighborhood, any Neighborhood Association or Neighborhood Committee may also apply to the Board of Directors to divide the property comprising the Neighborhood into two or more Neighborhoods or to combine two Neighborhoods into one Neighborhood. Any such application shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed Neighborhoods. A Neighborhood division requested by the Neighborhood or by the parcel developer shall automatically be deemed granted unless the Board of Directors denies such application in writing within thirty (30) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

4.2 Voting Groups. In order to allocate representation on the Board of Directors among the various housing types and residential areas within the Properties, and to avoid a situation in which the Voting Members representing Neighborhoods of a single housing type are able, due to the number of Units of such housing type, to elect the entire Board of Directors, excluding representation of others. Voting Groups shall be established for election of directors to the Board. Voting Groups may be composed of Voting Members representing one or more Neighborhoods. The total number of Units represented by each Voting Group need not be equal. The Neighborhoods represented by a Voting Group need not be contiguous, but to the extent practical, all Neighborhoods comprised of a similar housing type shall be represented by the same Voting Group.

Voting Groups initially shall be established by the Declarant not later than the date of expiration of the Class "B" Control Period by filing in the Washington County, Utah, land records an addendum to the Declaration designating by metes and bounds description or by map all parcels of property comprising a specified Voting Group. As additional property is subjected to this Declaration pursuant to Section 11 hereof, the Declarant may amend such addendum to change the composition of existing Voting Groups or to establish new Voting Groups to account for the additional property. After expiration of the Declarant's right to annex property pursuant to Section 11 hereof, the Board of Directors shall have the right to file or amend such addendum upon the vote of at least two-thirds (2/3) of the total number of Directors. Neither recordation nor amendment of such addendum shall constitute an amendment to this Declaration and shall not require the formality thereof. Until such time as an addendum is filed, all of the Properties shall constitute a single Voting Group. After an addendum is filed, any and all portion of the Properties which are not assigned to a specific Voting Group, until so assigned, shall constitute a single voting Group.

5. COVENANT FOR MAINTENANCE.

5.1 Association's Responsibility. The Association shall at all times maintain the Common Area and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon such areas.

All costs associated with maintenance, repair and replacement of Exclusive Common Areas shall be assessed as a Neighborhood Assessment solely against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

The Association may, in the discretion of its Board, assume the maintenance responsibilities of a Neighborhood set out in this Declaration or in any Subsequent Amendment or declaration subsequently recorded which creates any Neighborhood Association upon all or any portion of the Properties. In any such event, all costs of such maintenance shall be assessed only against the Units within the Neighborhood to which the services are provided. This assumption of responsibility may take place either by contract or agreement or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard of the Properties. The provision of services in accordance with this Section 5.1 shall not constitute discrimination within a class.

The Association may maintain property which it does not own, including, without limitation, property dedicated to the public or to the Community Development District, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

5.2 Owner's Responsibility. Each Owner shall maintain his or her Unit and all structures, parking areas and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to a Neighborhood Association pursuant to any additional declaration of covenants applicable to such Unit. If any Owner fails properly to perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association against the Unit and the Owner thereof in accordance with Section 10.3 of

this Declaration; provided, however, except when entry is required due to an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

The area between the curb and the sidewalk, if any (within the public right-of-way), on any public street shall be landscaped and maintained, as provided herein, by the Association, in accordance with the City's ordinances, policies and standards.

5.3 Neighborhood's Responsibility. Upon resolution of the Board of Directors, each Neighborhood shall be responsible for paying, through Neighborhood Assessments, costs of maintenance of certain Common Areas within or adjacent to such Neighborhood, which may include, without limitation, the costs of maintenance of any right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association.

Any Neighborhood Association having responsibility for maintenance of all or a portion of the property within a particular Neighborhood pursuant to a declaration of covenants affecting the Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any such Neighborhood Association fails to perform its maintenance responsibility as required herein and in any additional declaration, the Association may perform it and assess the costs against all Units within such Neighborhood Association as provided in Section 10.3 of this Declaration.

6. INSURANCE AND CASUALTY LOSSES.

6.1 Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, upon request of a Neighborhood, but shall not under any circumstances be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deems appropriate for one hundred percent (100%) of the replacement cost of all structures located on Units within the Neighborhood and/or common property of the Neighborhood Association, and charge the costs thereof to the Owners of Units within the benefited Neighborhood as a Neighborhood Assessment, as defined in Section 10.3 hereof.

Insurance obtained on the properties within any Neighborhood, whether obtained by any such Neighborhood or the Association shall at a minimum comply with the applicable provisions of this Section 6, including the provisions of this Section 6 applicable to policy provisions, loss adjustment, and all other subjects to which this Section 6 applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the Neighborhood Association, if any.

The Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million Dollar (\$1,000,000.00) single person limit as respects bodily injury and property damage, a Three Million Dollar (\$3,000,000.00) limit per occurrence, if reasonably available, and a Five Hundred Thousand Dollar (\$500,000.00) minimum property damage limit.

Premiums for all insurance on the Common Area shall be Common Expenses of the Association and shall be included in the Base Assessment, as defined in Section 10.1. The policy may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be

paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefitted parties, as further identified in Section 6.1.2 below. Such insurance shall be governed by the provisions hereinafter set forth:

6.1.1 All policies shall be written with a company licensed to do business in Utah which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

6.1.2 All policies on the Common Area shall be for the benefit of the Association, its Members and their mortgagees; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners of Units within the Neighborhood and their Mortgagees, as their interests may appear.

6.1.3 Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

6.1.4 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

6.1.5 All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Washington County, Utah, area.

6.1.6 The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(a) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(b) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(c) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of any one or more individual Owners;

(d) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owners, or Mortgagee;

(e) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(f) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section 6, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, and a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if reasonably available. The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

6.2 Individual Insurance. By virtue of taking title to a Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Owner's Unit(s) and structures constructed thereon meeting the same requirements as set forth in Section 6.1 for insurance on the Common Area, unless the Neighborhood Committee or Neighborhood Association for the Neighborhood in which the Unit is located or the Association carries such insurance (which they are not obligated to do hereunder). Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of structures comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Section 14 of this Declaration. The Owner shall pay any costs of repair or reconstruction which is not covered by insurance proceeds. In the event that the structure is totally destroyed the Owner may decide not to rebuild or reconstruct, in which case the Owner shall clear the Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter the Owner shall continue to maintain the Unit in a neat and attractive condition consistent with the Community-Wide Standard.

A Neighborhood Association may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Units subject to its jurisdiction and regarding the standard for returning the Units to their natural state in the event the structures are not rebuilt or reconstructed.

6.3 Damage and Destruction.

6.3.1 Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

6.3.2 Any damage or destruction to the Common Area or to the common property of any Neighborhood Association shall be repaired or reconstructed unless the Voting Members representing at least seventy-five percent (75%) of the total vote of the Association, if Common Area, or Members representing at least seventy-five percent (75%) of the total vote of the Neighborhood Association whose common property is damaged, if common property of a Neighborhood Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstructing, or both, are not made available to the Association or the Neighborhood Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area or common property of a Neighborhood Association shall be repaired or reconstructed.

6.3.3 In the event that it should be determined in the manner described above that the damage or destruction to the Common Area or to the common property or any Neighborhood Association shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association, or

the Neighborhood Association, as applicable, in a neat and attractive condition consistent with the Community-Wide Standard.

6.4 Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

6.5 Repair and Reconstruction. If the damage or destruction to the Common Area or the common property of a Neighborhood Association for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Voting Members, levy a Special Assessment against all Owners on the same basis as provided for Base Assessments, provided, if the damage or destruction involved the common property of a Neighborhood Association, only the Owners of Units in the affected Neighborhood Association shall be subject to assessment therefor. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

7. NO PARTITION.

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Section 7 shall not be construed to prohibit the Board of Directors from acquiring title to real property which may or may not be subject to this Declaration.

8. CONDEMNATION.

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board of Directors acting on the written direction of the Voting Members representing at least two-thirds (2/3) of the total Association vote and the Declarant, as long as the Declarant owns any property described on Exhibits "A" or "B") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of this Declaration, and Voting Members representing at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Section 6 hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

9. **RIGHTS AND OBLIGATIONS OF THE ASSOCIATION.**

9.1 **Common Area.** The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), and shall maintain the same as provided in Section 5 hereof.

9.2 **Personal Property and Real Property for Common Use.** The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant.

9.3 **Rules and Regulations.** The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the recreational facilities. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided in the By-Laws of the Association.

9.4 **Implied Rights.** The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

9.5 **Powers of the Association with Respect to Neighborhoods.** The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association or Committee which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association shall also have the power to require specific action to be taken by any Neighborhood Association or Committee in connection with its obligations and responsibilities hereunder or under any other covenants affecting the Properties. Without limiting the generality of the foregoing, the Association may require specific maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood Association or Committee, may require that a proposed budget include certain items and that expenditures be made therefor, and may veto or cancel any contract providing for maintenance, repair, or replacement of the property governed by such Neighborhood Association.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Neighborhood Association or Neighborhood Committee shall be taken within the time frame set by the Association in such written notice, and the Association shall have the right to effect such action on behalf of the Neighborhood Association or Neighborhood Committee and shall assess the Units in such Neighborhood for their pro rata share of any expenses incurred by the Association under the circumstances (to cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association) in the manner provided in Section 10. Such assessments may be collected as a Special Assessment hereunder and shall be subject to all lien rights provided for herein.

9.6 **Governmental Interests.** The Association shall permit the Declarant to designate sites within the Properties for fire, police, water, or sewer facilities.

10. **ASSESSMENTS.**

10.1 **Creation of Assessments.** There are hereby created assessments for Common Expenses as may from time to time specifically be authorized by the Board of Directors to be commenced at the time and in the manner set forth in Section 10.6 hereof. There shall be three (3) types of Assessments: (a) Base Assessments to fund expenses for the benefit of all Members of the Association; (b) Neighborhood Assessments for expenses benefitting only Units within a particular Neighborhood; and (c) Special Assessments as described in Section 10.3 below.

Base Assessments shall be levied equally on all Units from and after the date of the Closing of the initial sale of such Unit. Neighborhood Assessments shall be levied equally on all Units within the Neighborhood for whose benefit Common Expenses are incurred which benefit less than the Association as a whole. Special Assessments shall be levied as provided in Section 10.3 below. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments.

All assessments, together with interest at a rate not to exceed the highest rate allowed by Utah law as computed from the date the delinquency first occurs, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, upon demand at any time, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Unit. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed Fifty Dollars (\$50.00) for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual Base Assessment for delinquents. Unless the Board otherwise provides, the Base Assessments shall be paid in monthly installments.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of the Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

So long as the Declarant has an option unilaterally to subject additional property to this Declaration, the following shall apply: unless assessments have commenced, pursuant to Section 10.6 below, on all Units subject to this Declaration as of the first day of any fiscal year, the Declarant shall be obligated for the difference between the amount of assessments levied on all Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. This obligation may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the common expenses.

10.2 Computation of Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of the fiscal year, to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget may include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared and shall separately list general and Neighborhood expenses, if any. The Board shall cause a copy of the budget and the amount of assessments to be levied against each Unit for the following year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting of the Voting Members by a vote of Voting Members or their alternates representing at least a majority of the total Class "A" vote in the Association and the vote of the Class "B" Member, if such exists. There shall be no obligation to call

a meeting for the purpose of considering the budget except on petition of the Voting Members as provided for special meetings in Section 2.2 of the By-Laws.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

10.3 Special Assessments. In addition to the assessments authorized in Section 10.1, the Association may levy a Special Assessment or Special Assessments; provided, such assessment shall have the affirmative vote or written consent of Voting Members or their alternates representing at least fifty-one percent (51%) of the Class "A" vote in the Association and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

The Association may also levy a Special Assessment against any Member to reimburse the Association for costs incurred in bringing a Member and his Unit into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, and the Association rules, which Special Assessment may be levied upon the vote of the Board after notice to the Member and an opportunity for a hearing. The Association may also levy a Special Assessment against the Units in any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, and the Association rules and regulations, which Special Assessment may be levied upon the vote of the Board after notice to the senior officer of the Neighborhood Association or Committee and an opportunity for a hearing.

The Association shall levy such assessments as may be necessary from time to time for the purpose of repairing and restoring any damage or disruption resulting to streets or other common or limited common areas from the activities of the City of St. George in maintaining, repairing or replacing utility lines and facilities thereon, it being acknowledged that the ownership of utility lines, underground or otherwise, is in the City up to and including the meters for individual units, and that they are installed and shall be maintained to City specifications.

10.4 Lien for Assessments. Upon recording of a notice of lien on any Unit, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Unit is owned by the Association following foreclosure: (a) No right to vote shall be exercised on its behalf; (b) no assessment shall be assessed or levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid common expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same. Under no circumstances shall the Board suspend the voting rights of a Member for nonpayment of any assessment.

10.5 Capital Budget and Contribution. The Board of Directors may annually prepare a capital budget to take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board may set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with

respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the budget and assessment, as provided in Section 10.2 hereof.

10.6 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Unit upon the date of Closing of the sale of such Unit by the Declarant to the first purchaser thereof, provided, however, that the annual assessments on property intended for use and occupancy as a multiple dwelling site, and sold to a developer for such use, shall commence upon the earlier of ninety (90) days after the date on which a building permit is issued for the Units or 18 months after sale of such property by the Declarant. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Unit.

10.7 Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Utah law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Unit. The sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from lien rights for any assessments thereafter becoming due. Where the Mortgagee obtains title pursuant to remedies under the Mortgage, its successors and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

10.8 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

(a) all Common area; and

(b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks, if any.

10.9 City Assessments. Nothing herein contained shall in any manner be construed as precluding or in any way affecting the right of the City of St. George, in accordance with the laws of the State of Utah and the City of St. George, to levy assessments for public improvements or for any other legal purpose, which assessments may thereafter, in accordance with the law, become liens against the Properties.

11. ANNEXATION OF ADDITIONAL PROPERTY.

11.1 Annexation Without Approval of Class "A" Membership. As the Owner thereof, or if not the Owner, with the consent of the Owner thereof, Declarant shall have the unilateral right, privilege, and option, from time to time at any time until all property described on Exhibit "B" has been subjected to this Declaration or December 31, 2002, whichever is earlier, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described in Exhibit "B," attached hereto and by reference made a part hereof. Such annexation shall be accomplished by filing in the public records of Washington County, Utah, an amendment to this Declaration annexing such property, and by recording an amended plat, all as provided by the laws of the State of Utah and the appropriate municipal ordinances. Such Amendment shall not require the consent of Voting Members. Declarant shall have the unilateral right to transfer to any other Person the said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

11.2 Annexation with Approval of Class "A" Membership. Subject to the consent of the Owner thereof, the Association may annex real property other than that described on Exhibit "B" and following the expiration of the right in Section 11.1 (or any proper extension thereof), any property described on Exhibit "B," to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of Voting Members or Alternates representing a majority of the Class "A" votes of the Association (other than those held by Declarant) present at a meeting duly called for such purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject hereto in accordance with Section 11.1 hereof.

Annexation shall be accomplished by filing in the public records of Washington County, Utah, a Subsequent Amendment to this Declaration annexing such property, and by recording an amended plat, all as provided by the laws of the State of Utah and the appropriate municipal ordinances. Any such Subsequent Amendment shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 11.2 and to ascertain the presence of a quorum at such meeting.

11.3 Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the properties described in Exhibits "A" or "B" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

11.4 Amendment. This Section 11 shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" hereof.

12. USE RESTRICTIONS.

Use of the Common Area, Exclusive Common Area, and the Units shall be in accordance with the following provisions so long as the Association exists, and these restrictions shall be for the benefit of and enforceable by all Owners and members of the Association.

12.1 Pets. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Unit, part or portion of ENTRADA, except that dogs, cats or other domesticated household pets may be kept in a residence constructed on a Lot, provided that said pets are not kept to be bred, boarded or maintained for commercial gain, and subject to the reasonable rules and regulations adopted by the Board, and the right of the Board to direct the Owner to remove the pet from the Unit if the Board determines the pet(s) to be a nuisance. A dog which repeatedly barks, or a cat that howls, whether or not within the Owner's yard will be considered to be a nuisance. No outside dog houses or dog runs are allowed.

12.2 Nuisance. No Owner shall make or permit any noises that will disturb or annoy the occupants of any of the Units or do or permit any noxious or offensive activity on any Unit, part or portion of ENTRADA which will interfere with rights, comfort or convenience of other Owners.

12.3 Commercial and Recreational Vehicles. No boats, trailers, buses, motor homes, motorcycles, all terrain vehicles, snowmobiles, campers, trucks, or the like shall be parked or stored upon the Common Area or a Unit, except within an enclosed garage with a height of not to exceed eight feet, unless it is a commercial vehicle in the process of being loaded or unloaded. No boats, trailers, buses, motor homes, trucks or campers shall be parked for longer than 12 hours on any street within any subdivision within ENTRADA.

12.4 Litter and Garbage Collection. No Owner shall sweep or throw from any structure on his Unit any dirt or other materials or litter. No garbage, trash, refuse, or rubbish shall be deposited, dumped, or kept on any part of the Unit except in closed containers, dumpsters, or other sanitary garbage collection facilities, and proper-sized, closed containers or closed plastic bags shall be placed for pickup in accordance with any rules and regulations promulgated by the Association. Garbage that is placed for pickup shall be located near the

roadways contiguous to the Unit but shall only be left outside the night before scheduled pickup and shall be subject to such additional rules and regulations as the Association may from time to time promulgate.

12.5 Notices. No sign, advertisement, notice, lettering, or descriptive design shall be posted, displayed, inscribed, or affixed to the exterior of any structures located on any Unit. No "For Sale" or similar signs or notices of any kind shall be displayed or placed upon any part of a vacant Unit by Owners other than approved by the Declarant or the Association. Any sign approved for display shall be no larger than six (6) square feet. However, the Declarant may display any sign which it deems, in its sole discretion, to be necessary.

12.6 Interruption of Drainage. No change in the elevation of a Unit shall be made and no change in the condition of the soil or level of the land of a Unit shall be made which results in any permanent change in the flow and drainage of surface water which the Association, in its sole discretion, considers detrimental. The Association may cause the property to be returned to its initial condition at the expense of the Owner.

12.7 Mining. No drilling, mining, or quarrying operations or activities of any kind shall be undertaken or permitted to be undertaken on any part of ENTRADA.

12.8 Fences. No fences or walls shall be allowed on any Unit without the prior written consent thereto from the Association and the Design Review Committee of the Association.

12.9 Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of ENTRADA or any property operated by the Association nor any part of it; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction shall be observed.

12.10 Recreational Use of Lakes and Ponds. Any lakes and ponds within the ENTRADA project shall not be used for swimming or for boating of any kind.

12.11 Temporary or Other Structures. No structure of a temporary nature, and no trailer, bus, basement, outhouse, tent, shack, garage, or other out building shall be used at any time as a residence, either temporarily or permanently, nor shall any such structures be erected or placed on any Unit at any time. No old or second-hand structures shall be moved onto any of said Units, it being the intention hereof that all dwellings and other buildings to be erected on said Units within ENTRADA shall be new construction of good quality, workmanship and materials.

12.12 Antennae. No radio, television or other antennae of any kind or nature, or device for the reception or transmission of radio, microwave or similar signals, including satellite dishes, shall be permitted on any Unit, provided, however, that such a device will be allowed if it is 36 inches or less in diameter and if it is substantially shielded from view.

12.13 Clothes Drying. No portion of any Unit shall be used as a drying or hanging area for laundry of any kind, it being the intention hereof that all such facilities be provided within the dwelling to be constructed on each Unit.

12.14 Guests. The Owners of Units shall be fully responsible for the activities and actions of their guests, invitees, tenants, or visitors and shall take all action necessary or required to insure that all such persons fully comply with the provisions of this Declaration, and all rules and regulations of the Association.

13. DESIGN REVIEW COMMITTEE.

13.1 Restriction on Construction. No building, fence, wall, or other structures shall be commenced, erected, or maintained by any Owner, nor shall any exterior addition or change or alteration therein, including a change in the building exterior paint color, be made nor shall any improvements be made within the Owner's property line until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to the harmony of external design and

location in relation to surrounding structures and topography by the Entrada Design Review Committee (hereinafter sometimes referred to as the "Review Committee").

13.2 Creation of Design Review Committee. The Board of Directors of the Association is authorized and directed to appoint the Review Committee in accordance with the provisions of the By-Laws. The Review Committee will consist of a minimum of three to a maximum of seven members. Each member will hold office until such time as he has resigned or been removed, or until his successor has been appointed. Any member of the committee may at any time resign from the Review Committee upon written notice delivered to the Board of Directors.

13.3 Duties of Design Review Committee.

13.3.1 The Review Committee shall have the duty to consider and to act upon such proposals or matters as from time to time are submitted to it pursuant to the Property Development Guidelines, to perform such other duties as from time to time are delegated to it by the Association, as defined in the Declaration, and to amend the Property Development Guidelines when, and in the manner, deemed appropriate or necessary by the Declarant or the Association to further the philosophy of ENTRADA or the practical necessities of making ENTRADA an outstanding and successful community.

13.3.2 In order to promote a harmonious community development and protect the character of ENTRADA, the Review Committee shall, upon recordation of that subdivision plat, adopt a set of Property Development Guidelines for each subdivision within ENTRADA. The provisions of that particular set of Property Development Guidelines shall be binding upon the Owners in said subdivision and are incorporated herein by reference.

13.4 Time for Design Review Committee's Action. In the event the Board of Directors, or its designated committee, fails to approve, disapprove or to table pending additional information to be submitted by applicant, such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval of the Board will not be required and Section 13.1 will be deemed to have been fully complied with. Items which have been tabled must be similarly approved, disapproved or tabled pending additional information within thirty (30) days after being tabled, or they will be deemed to have been approved. Nothing herein contained shall be construed as prohibiting the Board or its designated committee from granting limited approvals of certain elements so as to allow construction proceed, and tabling for further information items of lesser importance.

13.5 Meetings of Design Review Committee. The Review Committee shall meet from time to time as necessary to properly perform its duties. The vote or written consent of a majority of the members shall constitute an act by the Review Committee unless the unanimous decision of its members is otherwise required or unless the Review Committee has previously acted to delegate certain powers to one or more members of the Review Committee. The shall keep and maintain a record of all action taken by it at such meetings.

13.6 Compensation to Design Review Committee Members. Unless authorized by the Declarant or the Association, the members of the Review Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Review Committee function or duty. Professional consultants retained by the Review Committee shall be paid such compensation as the Review Committee determines.

13.7 Amendment to Guidelines. The Property Development Guidelines are subject to revision by amendment as follows:

13.7.1 At such time as the Review Committee determines that any portion of the Property Development Guidelines should be revised, the Review Committee shall send to the Board of Directors in written form a proposed amendment outlining the changes and the reasons therefore.

13.7.2 The Board of Directors shall either approve or disapprove the proposed amendment in writing. Failure of the Board of Directors to disapprove the proposed amendment shall in no way be deemed to be approval of the same.

13.7.3 The Board of Directors may also amend the Property Development Guidelines independently.

13.8 **Enforcement.** The Property Development Guidelines and the plans as approved by the Review Committee may be enforced by the Review Committee, the Association, or the Board of Directors as provided herein or in the Declaration of Covenants, Conditions, and Restrictions or in the By-Laws of the Association. The Board of Directors may create a Design and Rules Enforcement Committee and vest any such committee with the authority required to enforce the rules, regulations and findings of the Review Committee or the Association, or both.

14. **DESIGN REVIEW PROCEDURES.**

14.1 **Review Process.** Proper standards of development will be assured to every resident in ENTRADA by the practice of design review as established by the Review Committee. The Review Committee is responsible for reviewing and approving all improvements and any revision or alteration to those improvements. The goal of the Review Committee is to process each submittal fairly, consistently, in a timely manner, and in accordance with sound professional judgement and the requirements of the Property Development Guidelines and this Declaration of Covenants, Conditions, and Restrictions. The Review Committee shall establish reasonable procedural rules and may assess a reasonable fee in connection with review of plans and specifications. The Review Committee may delegate plan initial review responsibilities to one or more members of the Review Committee, but a quorum of the Review Committee shall be responsible for all final approvals.

14.2 **Review Committee's Address.** The address of the Review Committee shall be the principal office of the Association as designated by the Board pursuant to the Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where the current Property Development Guidelines shall be kept. The initial address for submissions shall be:

ENTRADA PROPERTY OWNERS ASSOCIATION, INC.
285 N. Bluff St.
St. George, Utah 84770

14.3 **Applications for Construction.** Applications for construction of improvements shall be made available at the above address. Obtaining the required Review Committee approval shall be a prerequisite to constructing any improvements.

14.4 **Conditions to Approval.**

14.4.1 The Review Committee, before giving such approval, may require that changes be made to comply with the requirements of this Declaration, the Property Development Guidelines and such additional requirements as the Review Committee may, in its discretion, impose as to structural features of any proposed improvement, the type of material used, or other features or characteristics thereof not expressly covered by any provisions of this document, including the setting or location of any proposed improvement with respect to the topography and finished ground elevations. The Review Committee may also require or specify, in its discretion, the exterior finish and color, and the architectural style and character of existing Improvements within the Project.

14.4.2 The Review Committee, before giving its approval, may impose conditions, including without limitation, time limitations for the completion of Improvements, or require changes to be made which in its discretion are required to ensure that the proposed Improvement will not detract from the appearance of the Project, or otherwise create any condition unreasonably disadvantages to other Owners or detrimental to the

Project as a whole. Until all plans and specifications required for each submittal are determined by the Review Committee to be complete, the Review Committee shall have no obligation to review any partial submittal. All completed submittals shall be acted upon promptly by the Review Committee. The amount of time taken by the Review Committee for the approval process will vary with the adequacy and complexity of the design information and the completion of submittal plans. A decision of the Committee to approve, or to disapprove, a submittal, together with an explanation of further conditions to be satisfied by the applicant, shall be made within thirty (30) days after receipt of a completed submittal. The approval of the Committee of any submissions for any work done, or proposed to be done, or in connection with any other matter requiring the approval or consent of the Committee, shall not be deemed to constitute a waiver by the Review Committee of its right to approve, disapprove, object or consent to any of the features or elements embodied therein when the same features or elements are embodied in other matters submitted to the Review Committee.

14.5 Request for Reconsideration. An applicant may request reconsideration of a ruling of the Design Review Committee by submitting to the Review Committee, in duplicate, written arguments for such reconsideration within thirty (30) days of the date of receipt of the Review Committee's ruling. The Review Committee will give its final ruling by answering the arguments and by confirming or modifying its ruling within thirty (30) days of receipt of the applicant's written arguments. No fee is required to be submitted for a reconsideration. Failure of the Review Committee to notify the applicant regarding the reconsideration within thirty (30) days of the date of submittal of the written arguments to the Review Committee shall be deemed approval of the submittal. Final approvals by the Design Review Committee shall be valid for one (1) year from the date of final approval and must be obtained prior formal submission to the City of St. George for a building permit. If a building permit is not issued within one (1) year after an Owner obtains an approval, the approval shall be void and an application for the proposed improvements(s) shall be resubmitted to and reapproved by the Review Committee. Verbal approvals shall not be effective approvals under any circumstances. The applicant shall not rely on and shall not place any value whatsoever on a verbal approval by anyone, including a Review Committee member(s). The Review Committee shall not be bound in any respect by verbal approval.

14.6 Appeal to Board of Directors. An applicant may appeal the final ruling of the Design Review Committee by filing a petition of appeal, together with a written statement as to the ruling from which the appeal is taken, and the reasons in support of the applicant's appeal, with the Board of Directors of the Association. The Board of Directors shall solicit a response from the Design Review Committee, which response shall be filed by the Review Committee within twenty (20) days after notification reaches the Review Committee of the need for such a response. The Board of Directors may request such other and additional information as it deems to be relevant, and shall thereupon make a final decision on the matter. The Board shall make its decision on or before the next regularly scheduled Board meeting which is at least five (5) days after the Review Committee has received the response from the Review Committee to the applicant's appeal.

14.7 Liability of Review Committee, Declarant, etc. Neither Declarant, the Association, the Board or the Design Review Committee, or the members, or the designated representatives thereof shall be liable for damages to any Owner or Owner's representative submitting plans or specifications to the Review Committee or any of the entities named above for approval, or to any Owner or Owner's representative affected by this Declaration or the Property Development Guidelines by reason of mistake of judgement, omission, or negligence unless due to willful misconduct or bad faith of the Review Committee.

14.8 Indemnification by Owner. Each Owner, as a condition to obtaining any approval under the Property Development Guidelines, agrees to fully indemnify, protect, defend and hold harmless the Declarant, the Association and the Review Committee against and from any and all claims, liabilities, lawsuits and disputes related in any way to any approval and/or approved or disapproved Improvement.

15. BUILDER APPROVAL. All residential dwellings in ENTRADA shall be constructed by a Preferred Builder or an Approved Builder as those terms are defined in the Property Development Guidelines applicable to a particular subdivision within ENTRADA. No residential dwelling shall be constructed by an Owner, his agent or employee, who is not a Preferred Builder or an Approved Builder as those terms are defined in the Property Development Guidelines applicable to the subdivision in which the Unit is located.

16. UTILITY SERVICE.

16.1 Dedication of Utility Easements. Declarant has and will dedicate certain portions of ENTRADA, through which easements are now and may hereinafter be granted, for use by all utilities, public and private, for the construction and maintenance of their respective facilities servicing the lands described in this Declaration. Declarant hereby grants to such utilities, jointly and severally, easements for such purpose. Such easements may, but are not required to, be dedicated by recorded plat or other instrument. Additional easements may be granted by the Association for utility or recreational purposes in accordance with the requirements of this Declaration.

16.2 Treatment of Median Strips. Any median strip located within a public right-of-way shall be considered Common Area and shall be planted and maintained by the Association, in accordance with the City's ordinances, policies and standards.

17. GENERAL PROVISIONS.

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

17.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

17.3 Duration; Amendment. The covenants and restrictions of this Declaration shall run with and bind the property subject hereto for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years. This Declaration may be amended by an instrument executed by the holders of two-thirds (2/3) of the voting interest of membership in the Association. Notwithstanding the above, the Declarant, its successors and/or assigns shall have the right, until December 31, 2005, to unilaterally amend this Declaration. Any amendment must be recorded.

17.4 Duty to Repair Structure. In the event a structure on a Unit is damaged, through an act of God or other casualty, the Owner of the Unit shall promptly cause the structure to be repaired or rebuilt substantially in accordance with the original architectural plans and specifications. It shall be the duty of the Association to enforce such repair and rebuilding of the structures to comply with this responsibility.

17.5 Easement for Enforcement. The Association is granted an easement over ENTRADA, subject to this Declaration, by each Owner for the purpose of enforcing the provisions of this Declaration, and may go upon each Unit to remove or repair any existing cause of a violation thereof. If the Owner required to cure the violation fails to do so, the Association shall have the right to cure such violation, and all costs incident thereto, including court costs and reasonable attorney's fees, shall become the personal obligation of the Owner and be a lien against his Unit in the same fashion as if said sums represented monies due for unpaid assessments.

18. COMPLIANCE AND DEFAULT.

Each Owner shall be governed by and shall comply with the terms of this Declaration, all exhibits hereto, the Articles of Incorporation and By-Laws of the Association, and the regulations adopted pursuant to those documents, and all of such as they may be amended from time to time. Failure of an Owner to comply with such documents and regulations shall entitle the Declarant, the Association, and/or other Owners to all appropriate legal and equitable relief.

18.1 Negligence. An Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents or lessees.

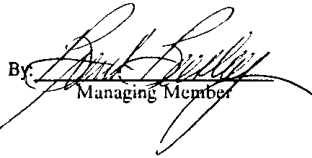
18.2 Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of an Owner to comply with the terms of this Declaration, the Articles of Incorporation and the By-Laws of the Association, any exhibit to this Declaration, or any rules or regulations adopted pursuant to any of the foregoing, and all other such documents, the Association shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be awarded by the court including costs and fees on appeal or certiorari.

18.3 No Waiver of Rights. The failure of the Declarant, the Association, or any Owner to enforce any covenant or restriction of this Declaration or of the Articles of Incorporation of the Association, shall not constitute a waiver of the right to do so thereafter.

IN WITNESS WHEREOF, the Declarant has executed this Declaration the 11th day of January, 1996.

THE ENTRADA COMPANY, L.L.C.,
a Utah limited liability company

By: ELLESSA MAE, a Utah
limited liability company
Its: Managing Member

By: 
Managing Member

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

State of Utah) s.s.
County of Washington)

On the 11th Day of January, 1996, personally appeared before me H. Brent Beesley as Managing Member of Ellessa Mae, L.L.C., a Utah limited liability company, by authority of the Operating Agreement of said limited liability company, who being by me duly sworn did say that Ellessa Mae, L.L.C. is the managing member of The Entrada Company, L.L.C., a Utah limited liability company by authority of the operating agreement of said The Entrada Company, L.L.C., and that he executed the foregoing Declaration of Covenants, Conditions, and Restrictions in behalf of said limited liability company being authorized and empowered to do so by the operating agreement of The Entrada Company, L.L.C. and he did duly acknowledge to me that such limited liability company executed the same for the uses and purposes stated therein.

My Commission Expires: 
DOROTHY H. DOBSON
NOTARY PUBLIC - STATE OF UTAH
HERITAGE SAVINGS BANK
86 E TABERNACLE
ST. GEORGE, UTAH 84770
COMM. EXP. 2-27-99

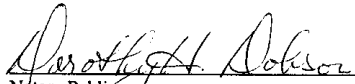

Notary Public
Residing In Washington County

EXHIBIT "A"

BOUNDARY DESCRIPTION

A parcel of land located within the West Half of Section 10, Township 42 South, Range 16 West Salt Lake Base and Meridian, said parcel being more particularly described as follows:

Commencing at the West Quarter corner of Section 10, Township 42 South, Range 16 West Salt Lake Base and Meridian a found 1968 B.L.M Brass cap; thence along the center section line North 89°18'45" E 1348.83 feet; thence South 00°14'50" East 1157.49 feet to the point of beginning. Thence North 29°17'38" West 336.82 feet; thence North 38°35'27" West 489.34 feet; thence North 26°51'13" West 352.31 feet; thence North 11°07'26" West 524.23 feet; thence North 31°00'53" West 462.54' feet; thence North 68°28'13" East 160.00 feet; thence North 87°27'33" East 370.06 feet; thence South 47°37'40" East 204.27 feet; thence South 11°40'08" East 518.12 feet; thence South 21°03'54" East 216.98 feet; thence South 45°41'41" East 137.50 feet; thence South 22°57'41" East 185.68 feet; thence North 61°13'22" East 75.00 feet; thence North 75°47'19" East 215.09 feet; thence South 40°17'27" East 284.85 feet; thence South 00°59'43" West 68.00 feet; thence South 77°05'18" West 146.08 feet; thence South 39°02'55" West 95.81 feet; thence South 01°07'27" East 227.32 feet; thence South 17°57'05" East 146.64 feet; thence South 27°31'04" East 156.68 feet; thence South 12°58'08" East 197.42 feet to a point on the North right-of-way line of 2000 North Street; thence along the North right-of-way of said 2000 North Street North 89°14'02" East 878.88 feet; Thence South 00°27'15" East 33.00 feet to the Centerline of 2000 North Street, thence along said Centerline South 89°14'02" West 1353.22 feet to the West Boundary line of Chaco Bench, Phase 1 Subdivision, thence along said West Boundary line North 00°24'12" West 178.97 feet to the True Point of Beginning.

Contains 30.134 acres.

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EXHIBIT "B"

Additional Property which may be Annexed

A parcel of land within the South half of Section 3, the Southeast quarter of the Southeast quarter of Section 4, the east half of Section 9, the north half and the southwest quarter of Section 10, Township 42 South, Range 16 West, Salt Lake Base and Meridian, said parcel being more particularly described as follows:

Beginning at the West Quarter corner of said Section 3, a found 1968 BLM Brass cap, thence North 89°27'54" East along the North line of the Southwest Quarter of said Section 3, 2696.19 feet more or less to the Northeast corner of the Southwest Quarter of said Section 3, a found rebar and cap stamped Bush & Guggell, thence South 00°09'01" East, along the East line of the Southwest Quarter of said Section 3, 1331.61 feet more or less to the Northwest corner of the Southwest Quarter of the Southeast Quarter of said Section 3, thence North 89°30'20" East along the North line of said Southwest Quarter of the Southeast Quarter 1345.40 feet more or less to the Northeast corner thereof; thence South 00°05'29" East 1314.29 feet more or less to the Southeast corner of said Southwest Quarter of the Southeast Quarter; thence South 00°32'45" East along the East line of the Northwest Quarter of the Northeast Quarter of section 10, 1343.84 feet more or less to the Northeast corner of the Southwest Quarter of the Northeast Quarter of said section 10, found rebar; thence South 00°33'10" East along the East line of said Southwest Quarter of the Northeast Quarter 1343.91 feet more or less to the Southeast corner thereof; thence South 89°18'58" West along the East-West center section line 1348.45 feet more or less to the center section of said section 10, a found Washington County brass cap; thence South 00°27'15" East along the North-South center section line of said Section 10, 1334.58 feet more or less to the Southeast corner of the Northeast Quarter of the Southwest Quarter of said Section 10, being on the center line of 2000 North street; thence South 89°14'02" West, along the centerline of 2000 North street also being the South line of the Northeast Quarter of the Southwest Quarter of said Section 10, 1353.19 feet more or less to the Southwest corner thereof; thence North along the west line of the Northeast Quarter of the Southwest Quarter of said Section 10, 3300 feet more or less to the intersection of the North right-of-way line of 2000 North Street; thence South 89°14'02" West 712.08 feet; thence South 0°11'19" East 363.06 feet to the North right-of-way line of proposed 2000 North Street. Thence along said proposed North right-of-way line the next three courses, South 73°44'07" West 222.73 feet to the beginning of a curve to the right, having a chord bearing of North 82°04'12" West and a chord distance of 628.70 feet, a radius of 767.00 feet, thence West along the arc of said curve 647.78 feet, through a central angle of 48°23'23"; thence North 57°52'30" West 1032.01 feet to the West line of the East half of the West half of the Northeast Quarter of the Southeast Quarter of Section 9; thence North 00°30'35" West along the last mentioned west line, 784.54 feet more or less to the Northwest corner of the Southeast Quarter of the Northwest Quarter of the Northeast Quarter of the Southeast Quarter of said Section 9; thence South 89°29'02" West along the South line of the Northwest Quarter of the Northwest Quarter of the Northeast Quarter of the Southeast Quarter of said Section 9; 358.10 feet more or less to the Southwest corner thereof; thence North 00°15'24" West, along the West line of the Northeast Quarter of the Southeast Quarter and the West line of the Southeast Quarter of the Northeast Quarter of said Section 9, 1015.71 feet more or less to the Southeast corner of the East half of the Northeast Quarter of the Southwest Quarter of the Northeast Quarter of said Section 9, thence North 89°59'46" West along the South line of the last mentioned East half 322.73 feet more or less to the Southwest corner thereof; thence North 00°19'58" West, along the West line of the last mentioned East half 675.47 feet more or less to the Northwest corner thereof; thence North 00°19'58" West along the West line of the East half of the East half of the Northwest Quarter of the Northeast Quarter of said Section 9, 1350.93 feet more or less to the Northwest corner of the last mentioned East half; thence South 89°37'00" East, along the North section line of said Section 9, 1044.58 feet more or less to the Southwest corner of the East half of the Southeast Quarter of the Southeast Quarter of Section 4; thence North 00°06'20" East, along the West line of the last mentioned East half, 1331.54 feet more or less to the Northwest corner thereof; thence South 89°48'46" East along the North line of the last mentioned East half, 696.46 feet more or less to the North East corner thereof; thence North 00°07'09" West along the East section line of said Section 4, 1329.71 feet more or less to the point of beginning.

Contains 709.57 acres.