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The Ranches Master Homeowner's Association
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COMMUNITY DECLARATION

**COMMUNITY DECLARATION
FOR
THE RANCHES AT EAGLE MOUNTAIN
MASTER HOMEOWNER'S ASSOCIATION, INC.**

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**FIRST AMENDED AND RESTATED
COMMUNITY DECLARATION
FOR
THE RANCHES AT EAGLE MOUNTAIN
MASTER HOMEOWNER'S ASSOCIATION, INC.**

This Community Declaration is made as of this first day of November, 2003 by The Ranches at Eagle Mountain Master Homeowner's Association, Inc., a Utah Non-Profit Corporation.

**ARTICLE I
GENERAL**

Section 1.1 Project Area

Declarant is the owner of certain parcels of land in the incorporated area of Eagle Mountain, Utah, containing approximately 6,100 units, known as the Ranches, which, with other parcels, is defined in this Community Declaration as the "Project Area". By resolutions adopted March 10, 1998, the Town Council of Eagle Mountain approved the project area for The Ranches Declarant intends to develop the Project Area as a balanced, planned community accommodating a mix of residential, commercial, and other land uses, including substantial non-urban area and open space, in accordance with this Community Declaration as the same may be amended from time to time.

Section 1.2 Purposes of Declaration

Property which becomes subject to this Community Declaration in the manner hereinafter provided shall be referred to as the Community Association Area. This Community Declaration is executed (a) in furtherance of a common and general plan for those portions of the Project Area which may become part of the Community Association Area; (b) to protect and enhance the quality, value, desirability and attractiveness of all property which becomes part of the Community Association Area; (c) to provide for a Community Association as a vehicle to hold, maintain, care for and manage Community Association Area; (d) to define the duties, powers and rights of Owners of Privately Owned Sites within the Community Association Area.

Section 1.3 Declaration

Declarant, for itself, its successors and assigns, hereby declares that all property which becomes subject to this Community Declaration in the manner hereinafter provided, and each part thereof, shall, from the date the same becomes subject to this Community Declaration, be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Community Declaration, for the duration thereof, all of which are declared to be part of, pursuant to, and in furtherance of a common and general plan of development, improvement, enhancement and protection of the Project Area. The provisions of this Community Declaration are intended to and shall run with the land and, until their expiration in accordance with Section 11.1 hereof, shall bind, be a charge upon and inure

to the mutual benefit of (a) all of the property which becomes part of the Community Association Area and each part or parcel thereof, (b) Declarant and its successors and assigns, (c) the Community Association and its successors and assigns, and (d) all Persons having or acquiring any right, title or interest in any property which becomes part of the Community Association Area or any part or parcel thereof or any improvement thereon and their heirs, personal representatives, successors and assigns.

ARTICLE II DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases when used in this Community Declaration shall have the meanings hereinafter specified.

Section 2.1 Administrative Functions

"Administrative Functions" shall mean all functions as are necessary and proper under this Community Declaration, except Recreation Functions and Public Functions, as hereinafter defined, and shall include, without limitation, providing management and administration of the Community Association, providing architectural review services under Article X hereof, incurring reasonable attorneys' fees, Manager fees, and accountants' fees, obtaining errors and omissions insurance for officers, trustees and agents of the Community Association, obtaining fidelity bonds for any Person handling funds of the Community Association, paying taxes levied against the Community Association Properties, incurring filing fees, recording costs and bookkeeping fees, obtaining and maintaining offices and office furniture and equipment and performing other such reasonable and ordinary administrative tasks associated with operating the Community Association.

Section 2.2 Annexable Area

"Annexable Area" shall mean all of the real property described on Exhibit "B" attached hereto, all or any portion of which may from time to time be made subject to this Community Declaration pursuant to the provisions of Section 3.2 of this Community declaration. The Annexable Area may be expanded or contracted as provided in Section 3.6 of this Community Declaration.

Section 2.3 Design Review Committee

"Design Review Committee" shall mean the Committee provided for in Article X of this Community Declaration.

Section 2.4 Articles of Incorporation

"Articles of Incorporation" shall mean the Articles of Incorporation of The Ranches at Eagle Mountain Master Homeowner's Association, Inc., which have been or will be filed in the office of the Division of Corporations and Commercial Code of the State of Utah, a copy of which is attached hereto as Exhibit "C", as the same may be amended from time to time.

Section 2.5 Assessment

"Assessment" shall mean a Common Assessment, a Special Assessment or a Reimbursement Assessment as hereinafter defined.

Section 2.6 Assessment Area

"Assessment Area" shall be a portion of the Community Association Area so designated in a Supplemental Declaration for purposes of determining when Common Assessments shall commence against certain Privately Owned Sites and the Owners thereof.

Section 2.7 Board of Trustees

"Board of Trustees" or "Board" shall mean the Board of Trustees of the Community Association.

Section 2.8 Budget

"Budget" shall mean a written, itemized estimate of the expenses to be incurred by the Community Association in performing its functions under this Community Declaration and prepared pursuant to Section 8.22 of this Community Declaration.

Section 2.9 Bylaws

"Bylaws" shall mean the Bylaws of the Community Association which have been or will be adopted by the Board of Trustees of the Community Association, a copy of which is attached hereto as Exhibit "B", as the same may be amended from time to time.

Section 2.10 Commercial Site

"Commercial Site" shall mean a Privately Owned Site within the Community Association Area which is designated in a Supplemental Declaration covering that Site for commercial uses.

Section 2.11 Common Area

"Common Area" shall mean any portion of the Community Association Area designated as Common Area which is for the primary use and benefit of the Owners of certain Privately Owned Sites as may be provided in a Supplemental Declaration covering such portion of the Community Association Area. Such Common Area may be owned (a) by a Sub-Association in which all such Owners shall be entitled to membership, or (b) in undivided interests by such Owners, or (c) separately by individual Owners over which a Sub-Association may have an easement for maintenance purposes, or (d) by a cooperative housing corporation as defined in Section 216 of the Internal Revenue Code.

Section 2.12 Common Assessment

"Common Assessment" shall mean the assessments made for the purpose of covering the portion of the annual costs of operating the Community Association, including expenses incurred in connection with any authorized function of the Community Association, which are to be paid by each Owner to the Community Association for purposes provided herein and charged to such Owner and to the Privately Owned Site of such Owner. Each Common Assessment includes an Administrative Functions Common Assessment ("AFCA") and may or may not include a Recreation Functions Common Assessment ("RFCA") or a Public Functions Common Assessment ("PFCA"), or both, as further provided in Section 8.8 of this Community Declaration.

Section 2.13 Community Association

"Community Association" shall mean The Ranches at Eagle Mountain Master Homeowner's Association, Inc., a Utah Corporation, its successors and assigns.

Section 2.14 Community Association Area

“Community Association Area” shall mean any real property which hereafter becomes subject to this Community Declaration by the execution and recording of a Supplemental Declaration as provided in Section 3.3 of this Community Declaration.

Section 2.15 Community Association Properties

“Community Association Properties” shall mean all real and personal property, including improvements, now or hereafter owned by the Community Association or with respect to which the Community Association holds an easement for the use, care or maintenance thereof, held for the common use and enjoyment of certain of its Members as provided herein and for other purposes as may be permitted by this Community Declaration.

Section 2.16 Community Declaration

“Community Declaration” shall mean this instrument as it may be amended from time to time.

Section 2.17 Condominium

“Condominium” shall mean a “condominium unit” as defined (a) that portion of real property owned by a cooperative housing corporation, as defined in Section 216 of the Internal Revenue Code, to which a shareholder is entitled to exclusive occupancy; or (b) a unit in a project in which an undivided interest in land is coupled with the right of exclusive ownership or occupancy of any space located thereon.

Section 2.18 Declarant

“Declarant” shall mean The Ranches, LLC, a Utah Limited Liability Corporation, its successors and assigns. A Person shall be deemed a “successor and assign” of The Ranches, LLC as Declarant only if specifically designated in a duly recorded instrument as a successor or assign of Declarant under this Community Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Community Declaration which are specifically designated in the written instrument. However, a successor to The Ranches, LLC by consolidation or merger shall automatically be deemed a successor or assign of The Ranches LLC as Declarant under this Community Declaration.

Section 2.19 Deed of Trust

“Deed of Trust” shall mean a Mortgage as hereinafter defined.

Section 2.20 Delegate

“Delegate” shall mean the natural person selected by Members within a Delegate District pursuant to Section 4.5 hereof to represent such Delegate District and to cast votes on behalf of Members within such Delegate District as provided in this Community Declaration.

Section 2.21 Delegate District “Delegate District” shall mean a geographical area which may constitute any portion or portions of the Community Association Area and from which all Members in that Delegate District shall elect a single Delegate to represent their collective voting power, as further provided in Article IV hereof.

Section 2.22 Design Guidelines

“Design Guidelines” shall mean The Ranches Design Guidelines prepared by Nuszer Kopatz Urban Design Associates, dated March 14, 2001, and approved by Eagle Mountain City Council, Eagle Mountain, Utah, inclusive, as the Design Guidelines may be amended from time to time by a majority vote of the Board of Trustees provided that the Trustees determine, by a unanimous vote of a quorum, that the amendment is insignificant. If the Board of Trustees determines that a suggested amendment is significant, then such amendment must be approved by a two-thirds vote of the Members.

Section 2.23 FHA

“FHA” shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development, including such department or agency of the United States government as shall succeed to the FHA in insuring notes secured by mortgages and deeds of trust on residential real estate.

Section 2.24 FHLMC

“FHLMC” shall mean the Federal Home Loan Mortgage Corporation or The Mortgage Corporation created by Title III of the Emergency Home Finance Act of 1970, including any successors thereto.

Section 2.25 FNMA

“FNMA” shall mean the Federal National Mortgage Association, a government-sponsored private corporation established as such pursuant to Title VIII of the Housing and Urban Development Act of 1968, including any successor thereto.

Section 2.26 GNMA

“GNMA” shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, including any successor thereto.

Section 2.27 Government Mortgage Agencies

“Government Mortgage Agencies” shall mean the FHA, the VA, the FHLMC, the GNMA, the FNMA, or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase Mortgage loans.

Section 2.28 Improvements

“Improvements” shall mean all structures and any appurtenances thereto of every type or kind, including, but not limited to, buildings, outbuildings, swimming pools, patio covers, awnings, painting of any exterior surfaces of any visible structure, additions, walkways, bicycle trails, sprinkler pipes, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, fixtures, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior tanks, solar equipment, exterior air conditioning and water fixtures.

Section 2.29 Improvement to Property

“Improvement to Property” shall mean any Improvement, change, alteration or addition to any property within the Community Association Area. “Improvement to Property” is more particularly defined in Section 10.2 of this Community Declaration.

Section 2.30 Industrial Site

"Industrial Site" shall mean any Privately Owned Site within the community Association Area designated in the Supplemental Declaration covering that Site for industrial uses.

Section 2.31 Maintenance Funds

"Maintenance Funds" shall mean the accounts into which the Board shall deposit monies paid to the Community Association and from which disbursements shall be made in the performance of the functions of the Community Association pursuant to Article VIII hereof.

Section 2.32 Manager

"Manager" shall mean any one or more Persons employed by the Community Association as hereinafter provided in this Community Declaration who is engaged to perform any of the duties, powers or functions of the Community Association.

Section 2.33 Member

"Member" shall mean the Person, or if more than one, all Persons collectively, who constitute the Owner of a Privately Owned Site.

Section 2.34 Miscellaneous Use Site

"Miscellaneous Use Site" shall mean any Privately Owned Site within the Community Association Area designated in the Supplemental Declaration covering that Site for agricultural, mixed residential and office, or other uses, except any Residential Site, Industrial Site or Commercial Site. The manner in which any Miscellaneous Use Site will utilize any Community Association Properties and contribute to the cost of operating the Community Association shall be set forth in the Supplemental Declaration covering such Site.

Section 2.35 Mortgage

"Mortgage" shall mean any mortgage or deed of trust or other such instrument, given voluntarily by the Owner of a Privately Owned Site, encumbering the Privately Owned Site to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" when used herein shall be synonymous with the term "Mortgage."

Section 2.36 Mortgagee

"Mortgagee" shall mean a mortgagee under a Mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such Mortgagee.

Section 2.37 Mortgagor

"Mortgagor" shall mean the Person who mortgages his or its property to another (i.e. the maker or grantor of a Mortgage). The term "Mortgagor" shall include a trustor under a Deed of Trust.

Section 2.38 Notice and Hearing

"Notice and Hearing" shall mean a written notice and a public hearing before the Board of Trustees or a tribunal appointed by the Board, in the manner provided in the Bylaws.

Section 2.39 Notice of Completion

"Notice of Completion" shall mean written notice to the Architectural Committee of the completion of any Improvement to Property pursuant to Article X of this Community Declaration.

Section 2.40 Owner

"Owner" shall mean the Person, including Declarant, or if more than one, all Persons collectively, who hold fee simple title of record to a Privately Owned Site, including sellers and including buyers under executory contracts of sale and excluding buyers thereunder. The Owner of a Privately Owned Site developed as rental apartments shall be the Owner for purposes of this Community Declaration, and not the lessees or tenants thereof.

Section 2.41 Person

"Person" shall mean a natural person, a corporation, a partnership or any other entity.

Section 2.42 Privately Owned Site

"Privately Owned Site" or "Site" shall mean any Condominium or any lot, density unit (which includes single family, attached single family, and multi-family dwellings, including apartments and condominiums), or parcel of land within the Community Association Area which is shown upon any Recorded plat map, the approved Ranches Master Plan, or any other parcel of land which may be sold or conveyed without violation of the provisions of Utah law pertaining to the subdivision of land. "Privately Owned Site" or "Site" shall include, without limitation, any lot or parcel developed as rental apartments containing one or more apartment buildings, but shall not include: (a) any property owned by a public body, (b) the Community Association Properties, or (c) any Common Area as defined herein.

Section 2.43 Project Area

"Project Area" shall mean the aggregate of the Community Association Area, which is subject to this Community Declaration at any point in time, and the Annexable Area, which may at any time thereafter be annexed to the Community Association Area and thereby be made subject to this Community Declaration.

Section 2.44 Public Functions

"Public Functions" shall mean providing public services commonly associated with municipal or other local governments, including, without limitation, providing security protection, fire protection, animal control, vegetation control, insect and pest control, television service, parking facilities, public transportation facilities, hospitals, cultural and educational facilities, drainage facilities, trash and solid waste disposal services, and utility services. The foregoing list shall not be deemed to be representative by Declarant of services or facilities which will be available for use of the Owners.

Section 2.45 Record or Recorded

"Record" or "recorded" shall mean the filing for record of any document in the office of the Recorder of Utah County, Utah.

Section 2.46 Recreation Cost Center

"Recreation Cost Center" shall mean one or more recreational improvements on a portion or portions of the Community Association Properties which Improvements are restricted for the exclusive use of Certain Owners of Privately Owned Sites, and where the expenses of operating such Improvements are borne solely by such Owners. There may be one or more such Recreation Cost Centers established in the Community Association Area, as further provided in Section 8.10 thereof.

Section 2.47 Recreation Functions

"Recreation Functions" shall mean providing for active and passive recreational activities in connection with a Recreation Cost Center, including any and all facilities associated therewith; provided, however, that the foregoing shall not be deemed to be a representation by Declarant of services or facilities which will be available for the use of the Owners.

Section 2.48 Reimbursement Assessment

"Reimbursement Assessment" shall mean a charge against a particular Owner and his Privately Owned Site for the purpose of reimbursing the Community Association for expenditures and other costs of the Community Association in curing any violation, directly attributable to the Owner, of the Community Declaration or the Rules and Regulations, pursuant to Section 8.32 hereof, together with late charges and interest as provided for herein.

Section 2.49 Residential Site

"Residential Site" shall mean any Privately Owned Site within the Community Association Area designated in the Supplemental Declaration covering that Site for apartment rental, single family or multi-family dwelling purposes.

Section 2.50 Rules and Regulations

"Rules and Regulations" shall mean rules and regulations adopted by the Board of Trustees as provided in Section 5.16 of this Community Declaration.

Section 2.51 Special Assessment

"Special Assessment" shall mean a charge against each Owner and his Privately Owned Site representing a portion of the costs to the Community Association for the purpose of funding major capital repairs, maintenance, replacements and improvements, pursuant to Section 8.31 hereof.

Section 2.52 Sub-Association

"Sub-Association" shall mean any Utah corporation, or unincorporated association, and its successors and assigns, organized and established or authorized pursuant to, or in connection with, one or more Supplemental Declarations and of which the membership is composed of Owners of Privately Owned Sites within all or part of the area covered by the Supplemental Declarations.

Section 2.53 Supplemental Declaration

"Supplemental Declaration" shall mean a written instrument containing covenants, conditions, restrictions, reservations, easements or equitable servitudes, or any combination thereof, which may be Recorded on any portion of the Annexable Area in accordance with Section 3.3 of this community Declaration.

Section 2.54 VA

“VA” shall mean the Veterans Administration of the United States of America, including such department or agency of the United States government as shall succeed to the VA in its present function of issuing guarantees with respect to notes secured by Mortgages on Residential Sites.

**ARTICLE III
ANNEXATION TO COMMUNITY ASSOCIATION AREA**

Section 3.1 Property Which May Be Annexed

Declarant may, but shall in no way be required to, from time to time, unilaterally, add to the Community Association Area all or any portion of the Annexable Area. Delays in development or sale of the Privately Owned Sites, resulting from causes beyond the reasonable control of Declarant, shall not affect the right of Declarant to annex further property to the Community Association Area. In any event it shall be conclusively presumed that Declarant is reasonably progressing in the development of Privately Owned Sites if the first annexation proposed by Declarant under this Community Declaration is effected prior to the third (3rd) anniversary of the Recordation of this Community Declaration, and if any subsequent annexation proposed by Declarant hereunder is effected prior to the third (3rd) anniversary of the Recordation of the most recently Recorded Supplemental Declaration annexing a portion of the Annexable Area to the Community Association Area.

Section 3.2 Manner of Annexation

Real property (“Annexed Property”) within the Annexable Area, as defined above, may, from time to time, become part of the Community Association Area and subject to this Community Declaration effective upon the Recordation in the office of the Recorder of Utah County, Utah, of a supplemental Declaration meeting the requirements hereinafter set forth. A Supplemental Declaration (a) shall be executed and acknowledged by the owner of the Annexed Property described therein; (b) shall, if the Annexed Property is not then owned by Declarant, contain the executed and acknowledged written consent of Declarant for so long as Declarant owns any property in the Project Area and has the power to annex additional property to the Community Association Area; (c) shall contain an adequate legal description of the Annexed Property; (d) shall contain a reference to this Community Declaration which shall state its date, its date of Recordation and the book and page of the Records of the Recorder of Utah County, Utah, where this Community Declaration is Recorded; (e) shall state the land classification (residential, commercial, industrial or otherwise) of the Annexed Property; (f) shall designate the assessment Area or Assessment Areas covered by the Supplemental Declaration; (g) shall contain a statement that the Annexed Property is declared to be part of the Community Association Area under this Community Declaration and that the Annexed Property shall be subject to this Community Declaration; (h) shall state whether the Owners of any Privately Owned Sites therein or other Persons shall be authorized to use any Recreation Cost Center; (i) shall designate in which Delegate District the Annexed Property is located; and (j) shall provide that Sites therein shall be subject to the jurisdiction of a Sub-Association or shall not be subject to the jurisdiction of a Sub-Association. A Supplemental Declaration may provide for phased annexation so that real property may be made subject to the Supplemental Declaration and this Community Declaration at different times. A deed by which Declarant conveys a parcel of property to another Person may constitute a Supplemental Declaration if it meets the foregoing requirements. A

Supplemental Declaration may impose on the Annexed Property described therein additional covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions than those set forth in this Community Declaration, taking into account the unique and particular aspects of the proposed development of the Annexed Property covered thereby. A Supplemental Declaration may provide for a Sub-Association of Owners within the property described in the Supplemental Declaration and for the right of the Sub-Association to assess such Owners. Upon Recordation of a Supplemental Declaration, the Annexed Property shall be subject to all of the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in this Community Declaration, except to the extent specifically stated in the Supplemental Declaration. No annexation of Annexed Property by Declarant through a Supplemental Declaration shall have the direct effect of increasing the then current budgeted expenses for the Community Association by more than twenty percent (20%) or substantially overburdening the Community Association Properties. If any such annexation would have such effect, Declarant may nevertheless annex such Annexed Property so long as Declarant agrees to subsidize directly to the Community Association no less than the amount of any excess expenses over one hundred twenty percent (120%) of the then current budgeted expenses of the Common Association.

Section 3.3 FHA/VA Approval of Annexations

So long as the FHA or the VA is insuring or guaranteeing loans or has agreed to insure or guarantee loans on any portion of the Community Association Area, made with respect to the initial sales by Declarant of Residential Sites, then a condition precedent to such annexation by Declarant shall be that the Annexation be in accordance with the Development Guide, which shall theretofore have been approved by the FHA or the VA, in the manner set forth in Section 11.14 of this Community Declaration.

Section 3.4 Withdrawal of Annexed Property by Declarant

Annexed Property for which a Supplemental Declaration has been Recorded may be withdrawn from the Community Association Area and from this Community Declaration by Declarant to correct a surveyor error or other technical or clerical error or otherwise. Such withdrawal may be accomplished by the execution, acknowledgment and Recordation of a Notice of Withdrawal; provided that (i) no vote has then been exercised with respect to the Annexed Property to be withdrawn, and (ii) no Assessments to the Community Association have then commenced with respect to the Annexed Property to be withdrawn. The Notice of Withdrawal (a) shall be executed and acknowledged by the Owner of the Annexed Property; (b) shall, if the Annexed Property is not then owned by Declarant, contain the executed and acknowledged written consent of Declarant for so long as Declarant owns any property in the Project Area and has the power to Annex additional property to the Community Association Area; (c) shall contain an adequate legal description of the Annexed Property (d) shall contain a reference to the Supplemental Declaration for the Annexed Property which reference shall state the date thereof, the date of Recordation thereof and the book and page of the Records in the office of the Recorder of Utah County, Utah, where the Supplemental Declaration was Recorded; and (e) shall contain a statement and Declaration that the Annexed Property is withdrawn from the Community Association Area and shall not be thereafter subject to this Community Declaration or the Supplemental Declaration for the annexed Property. The withdrawal shall be effective upon Recording of the Notice of Withdrawal and, upon Recording of

the Notice of Withdrawal, the Annexed Property described therein shall no longer be part of the Community Association Area or subject to this Community Declaration or to the Supplemental Declaration for the Annexed Property.

Section 3.5 Expansion or Contraction of Annexable Area

The Annexable Area may be expanded or contracted to add or delete real property effective upon the Recordation of a written instrument, executed by Declarant, describing such real property and declaring that such real property shall thereafter be added to or deleted from the Annexable Area. No real property shall be added to the Annexable Area without a majority vote of the Board of Trustees voting at a meeting duly called (excluding any voting power of Declarant).

ARTICLE IV COMMUNITY ASSOCIATION OPERATION

Section 4.1 Community Association

The Community Association has been or will be formed as a Utah corporation under the Utah Nonprofit Corporations Act. The Community Association shall have the duties, powers and rights set forth in this Community Declaration and in its Articles of Incorporation and By-laws. As more specifically set forth hereinafter, the Community Association shall have a Board of Trustees to manage its affairs; the Board of Trustees shall be elected by Delegates representing Delegate Districts within the Community Association Area, and Delegates shall be elected by Owners within each Delegate District, acting in their capacity as Members of the Community Association.

Section 4.2 Community Association Board of Trustees

The affairs of the Community Association shall be managed by a Board of Trustees. The number, term and qualifications of the Board of Trustees shall be fixed in the Articles of Incorporation and Bylaws. The Board of Trustees may, by resolution, delegate portions of its authority to an executive committee or to other committees, to officers of the Community Association but such delegation of authority shall not relieve the Board of Trustees of the ultimate responsibility for management of the affairs of the community Association. Action by or on behalf of the Community Association may be taken by the Board of Trustees or any duly authorized executive committee, officer, agent or employee without a vote of Members, except as otherwise specifically provided in this Community Declaration.

Section 4.3 Membership in Community Association

Each Owner of a Privately Owned Site within the Community Association Area shall be a Member of the Community Association. There shall be one Membership in the Community Association for each Privately Owned Site within the Community Association Area. The Person or Persons who constitute the Owner of a Privately Owned Site shall automatically be the holder of the Membership appurtenant to that Privately Owned Site, and the Membership appurtenant thereto shall automatically pass with fee simple title to the Privately Owned Site. Declarant shall hold a Membership in the Community Association for each Privately Owned Site owned by Declarant. Membership in the Community Association shall not be assignable separate and apart from fee simple title to a Privately Owned Site except that an owner may assign some or all of his rights as an Owner and as Member of the Community Association to a tenant or Mortgagee and may arrange for

a tenant to perform some or all of such Owner's obligations as provided in this Community Declaration, but no Owner shall be permitted to relieve himself of the responsibility for fulfillment of the obligations of an Owner under this Community Declaration.

Section 4.4 Establishment of Delegate Districts

The Community Association Area shall be divided into Delegate Districts, as hereinafter described, and each Delegate District shall elect one (1) Delegate to the community Association to exercise the voting power of all the Members in such Delegate District. If a Sub-Association is created by the Recordation of a Supplemental Declaration, then all of the Annexed Property within the jurisdiction of the Sub-Association shall constitute a Delegate District. In the event that there shall not be created a Sub-Association for any portion of the Annexed Property (as defined in Section 3.3 hereof), then the Delegate Districts shall be established by Declarant by the Recordation of one or more Supplemental Declarations or other written instruments signed by Declarant. Such Supplemental Declarations or other instruments shall contain legal descriptions of the portions of the Annexed Property which shall be or become part of a Delegate District and a statement that such real property described therein shall be or become part of a designated Delegate District for purposes of this Community Declaration.

Section 4.5 Voting Rights of Members

Each Member shall have the right to cast votes for the election of the Delegate to the Community Association to exercise the voting power of the Delegate District in which the Member's Privately Owned Site is located. If such Delegate District is within the Jurisdiction of a Sub-Association, then the Member shall have the same voting rights for the election of the Delegate from that Delegate District as are provided for the election of the Board of Trustee of the Sub-Association. If such Delegate District is not subject to the jurisdiction of a Sub-Association, then the Member shall have voting rights for the election of a Delegate to represent the Delegate District as follows. Within any such Delegate District without a Sub-Association there shall be Class A Members and Class B Members. Initially, Class A Members shall be all Members with the exception of Declarant, and each Class A Member shall be entitled to one (1) vote for each Privately Owned Site which he or it owns within the Delegate District. Declarant shall become a Class A Member, with regard to Privately Owned Sites owned by Declarant in any such Delegate District without a Sub-Association, as provided below. Declarant shall be the sole Class B Member. The Class B Member shall be entitled to three (3) times the number of votes to which the Class B Member would have been entitled as a Class A Member in any Delegate District without a Sub-Association. As to any such Delegate District without a Sub-Association, the Class B Membership shall cease as to that Delegate District and be converted to a Class A Membership when the total votes outstanding in the Class A Membership for that Delegate District equal the total votes outstanding in the Class B Membership for that Delegate District. The Delegate to represent any Delegate District without a Sub-Association shall be elected by Members holding a majority of the voting power in such Delegate District. The Bylaws of the Community Association shall provide for the manner, time, place, conduct, and voting procedures for Member meetings for the purpose of electing a Delegate in any such Delegate District.

Section 4.6 Voting Rights of Delegates

Each Delegate may cast one (1) vote for each Privately Owned Site which is subject to this Community Declaration and located in the Delegate District represented by such Delegate, except that in the case of a Privately Owned Site improved with residential apartments, the Delegate may cast one (1) whole vote for every three (3) apartment units located on the Site with a full vote assigned for any one (1) or two (2) apartments in lieu of casting any fractional votes. In no event, however, may the votes attributable to apartment units or other properties designed for residential rentals exceed forty-nine percent (49%) of the total votes of all Delegates. The Delegate may cast votes with respect to each Privately Owned Site only during such periods as the Owner of such Privately Owned Site may cast votes for the election of a Delegate as provided in the bylaws or in any Supplemental Declaration, whichever is applicable.

Each Delegate shall cast the votes which he represents in such manner as he may, in his sole discretion, deem appropriate, acting on behalf of all the Members owning Privately Owned Sites in his Delegate District; provided, however, that in the event that the Members in any Delegate District shall determine at any duly constituted meeting of the Members

issue to be voted on by the Delegates, then the Delegate representing such Delegate District shall cast only as many votes as the Members in such Delegate District cast in person or by proxy in the exact proportion "for" and "against" such issue. If no quorum of the Members is present in person or by proxy to vote on any issue to be voted on by the Delegates, then the Delegate representing such Delegate District shall not cast any votes regarding such issue. A Delegate shall have the authority, in his sole discretion, to call a special meeting of the Members owning Privately Owned Sites in his Delegate District, in the manner provided in the Bylaws, for the purpose of obtaining instructions as to the manner in which he is to vote on any issue to be voted on by the Delegates. When a Delegate is voting in his own discretion, without instruction from the Members whom he represents, then such Delegate may cast all of the votes which he represents as a unit or such Delegate may apportion some of such votes in favor of a given proposition and some of such votes in opposition to such proposition. It will be conclusively presumed for all purposes of Community Association business that any Delegate casting votes on behalf of the Members owning Privately Owned Sites in his Delegate District will have acted with the authority and consent of all such Members. All agreements and determinations lawfully made by the Community Association in accordance with the voting procedures established herein, and in the Bylaws, shall be deemed to be binding on all Members, and their successors and assigns.

Section 4.7 Delegates as Advisory Committee for Recreation Cost Center

The Delegates representing those Members who are entitled to use any Recreation Cost Center shall act as an advisory committee to the Board, with respect to the operation and maintenance of such Recreation Cost Center. Such Delegates representing the applicable percentage of the Owners of such Privately Owned sites, may propose to the Board (a) rules and regulations respecting the use and operation of the Recreation Cost Center. The Board shall adopt any such proposal, unless it determines, in its sole discretion, that the proposal, if adopted would substantially and adversely affect any Member or group of Members not represented by such Delegates. Those Delegates making any such proposal must represent a percentage of Owners of Privately Owned Sites, as applicable, which equals or exceeds the percentage set forth elsewhere in this Community

Declaration for similar action or approvals by the Membership of the community Association at large.

ARTICLE V DUTIES AND POWERS OF COMMUNITY ASSOCIATION

Section 5.1 General Duties and Powers of Association

The Community Association has been formed to further the common interests of the Members. The Community Association, acting through the Board or Persons to whom the Board has delegated such powers, shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain, improve and enhance Community Association Properties and to improve and enhance the attractiveness, desirability and safety of the Community Association Area.

Section 5.2 Duty to Accept Property and Facilities Transferred by Declarant

The Community Association shall accept title to any property, including any Improvements thereon and personal property transferred to the Community Association by Declarant, and equipment related thereto, together with the responsibility to perform any and all Administrative Functions, Recreation Functions and Public Functions associated therewith, provided that such property and Functions are not inconsistent with the terms of this Community Declaration and the Development Guide. Property interests transferred to the Community Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use; provided, however, that Declarant does not intend to lease any recreation facility to the Community Association. Any property or interest in property transferred to the Community Association by Declarant, shall be within the boundaries of the Annexable Area. Any property or interest in property transferred to the Community Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Trustees, be transferred to the Community Association free and clear of all liens and encumbrances (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of this Community Declaration, the terms of the Supplemental Declaration annexing the property to the Community Association Area, and easements, covenants, conditions, restrictions and equitable servitudes or other encumbrances which do not materially affect the use and enjoyment of the property by the Community Association or by Owners. Except as otherwise specifically approved by resolution of the Board of Trustees, no property or interest in property transferred to the Community Association by Declarant shall impose upon the Community Association any obligation to make monetary payments to Declarant or any affiliate of Declarant, including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property transferred to the Community Association by Declarant shall not impose any unreasonable or special burden on the Community Association other than the normal burdens of ownership of property.

Section 5.3 Duty to Manage and Care for Property

The Community Association shall manage, operate, care for, maintain and repair all Community Association Property and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. The Community Association shall manage, operate, care for, maintain, and repair all Town of Eagle Mountain property within the Project area except public road right of ways and unimproved open space.

Section 5.4 Duty to Pay Taxes

The Community Association shall pay all taxes and assessments levied upon the Community Association Properties and all taxes and assessments payable by the Community Association. The Community Association shall have the right to contest any such taxes or assessments provided that the Community Association shall contest the same by appropriate legal proceedings which shall have the effect of preventing the collection of the tax or assessment and the sale or foreclosure of any lien for such tax or assessment and provided that the Community Association shall keep and hold sufficient funds to pay and discharge the taxes and assessments, together with any interest and penalties which may accrue with respect thereto, if the contest of such taxes is unsuccessful.

Section 5.5 Duty to Maintain Casualty Insurance

The Community Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, casualty, fire, and extended coverage insurance with respect to all insurable Improvements and personal property owned by the Community Association including coverage for vandalism and malicious mischief and if available and if deemed appropriate, coverage for flood, earthquake and war risk. Casualty, fire and extended coverage insurance with respect to insurable Improvements shall, to the extent reasonably obtainable, be for the full insurable value based on current replacement cost.

Section 5.6 Duty to Maintain Liability Insurance

The Community Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance covering public liability for bodily injury and property damage including, if the Community Association owns or operates motor vehicles, public liability for bodily injury and property damage arising as a result of the ownership and operation of motor vehicles. Public liability insurance for other than motor vehicle liability shall, to the extent reasonably obtainable, have limits of not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) per occurrence.

Section 5.7 General Provisions Respecting Insurance

Insurance obtained by the Community Association may contain such deductible provisions as good business practice may dictate. Insurance obtained by the Community Association shall, to the extent reasonably possible without undue cost, cover each Member without each Member necessarily being specifically named. Insurance obtained by the Community Association shall, to the extent reasonably possible without undue cost, contain a waiver of rights of subrogation as against the Community Association, each Member and any Person claiming by, through or under such Member and as against any officer, trustee, agent or employee of any of the foregoing. Insurance obtained by the Community Association shall, to the extent reasonably possible, and provided Declarant reimburses the Community Association for any additional premium payable on account thereof, name Declarant as an additional insured and shall contain a waiver of rights of subrogation as against Declarant. Insurance policies and insurance coverage shall be reviewed at least annually by the Board of Trustees to ascertain whether coverage under the policies is sufficient in the light of the current values of the Community Association Properties and in the light of the possible or potential liabilities of the Community Association. Casualty, fire and extended coverage insurance may be provided under blanket policies covering the Community Association Properties and property of Declarant.

Section 5.8 Fidelity Bonds Required

The Community Association shall obtain and keep in force at all times a fidelity bond or bonds for any Person handling funds of the Community Association including, but not limited to, employees of the Manager. Each such bond shall name the Community Association as obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Community Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all units plus reserve funds.

Section 5.9 Other Insurance and Bonds

The Community Association shall obtain such other insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Community Association shall deem necessary or desirable.

Section 5.10 Insurance and Bonds Required by Government Mortgage Agencies

The Community Association shall obtain and keep in full force and effect such insurance and bonds as may be required by Government Mortgage Agencies to the extent that any such Government Mortgage Agency holds, or has agreed to insure or to guarantee, any Mortgage on any Privately Owned Site within the Community Association Area, except to the extent such insurance or bond is not available or has been waived in writing by such Government Mortgage Agency.

Section 5.11 Duty to Prepare Budgets

The Community Association shall prepare Budgets for the Community Association as elsewhere provided in this Community Declaration.

Section 5.12 Duty to Levy and Collect Assessments

The Community Association shall levy and collect Assessments as elsewhere provided in this Community Declaration.

Section 5.13 Duty to Provide Audit

The Community Association shall provide for an annual independent audit of the accounts of the Community Association. Copies of the report of the audit shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 5.14 Duties with Respect to Design Review Approvals

The Community Association shall perform functions to assist the Design Review Committee as elsewhere provided in Article X of this Community Declaration.

Section 5.15 Power to Acquire Property and Construct Improvements

The Community Association may acquire property or interests in property for the common benefit of Owners including Improvements and personal property by a majority vote of the Board of Trustees. The Community Association may construct Improvements on property and may demolish existing improvements.

Section 5.16 Power to Adopt Rules and Regulations

The Community Association may adopt, amend, repeal and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Community Declaration, the operation of the Community Association, the use and enjoyment of Community Association Properties and the use of any other property within the Community Association Area, including Privately Owned Sites. Any such Rules and Regulations shall be effective only upon adoption by resolution of the Board of Trustees. Notice of the adoption, amendment or repeal of any Rule or Regulation shall be given in writing to each Delegate and each Member at the address for notices to Delegates and Members as elsewhere provided in this Community Declaration or the Bylaws, and copies of the Currently effective rules and regulations shall be made available to each Member upon request and payment of the reasonable expense of copying the same. Each Member shall comply with such Rules and Regulations and shall see that Persons claiming through such Member comply with such Rules and Regulations. Such Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Community Declaration. In the event of conflict between the Rules and Regulations and the provisions of this Community Declaration, the provisions of this Community Declaration shall prevail.

Section 5.17 Power to Enforce Declaration and Rules and Regulations

The Community Association shall have the power to enforce the provisions of this Community Declaration and of Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each Member and each Person claiming by, through or under such Member ("Related User"). Without limiting the generality of the foregoing, the Community Association shall have the power to enforce the provisions of this Community Declaration and of Rules and Regulations of the Community by any one or more of the following means: (a) By entry upon any property within the Community Association Area after Notice and Hearing (unless a bona fide emergency exists), without liability to the Owner thereof, for the purpose of enforcement or causing compliance with this Community Declaration or Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Community Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Community Declaration or the Rules and Regulations; (d) by exclusions, after Notice and Hearing, of any Member or Related User from use of any recreation facilities on the Community Association Properties during and for up to sixty (60) days following any breach of this Community Declaration or such Rules and Regulations by such Member or any Related User; (e) by suspension, after Notice and Hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of such Member of this Community Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (f) by levying and collecting, after Notice and Hearing, a Reimbursement Assessment against any Member for breach of this Community Declaration or such Rules and Regulations by such Member or a Related user of such Member; and (g) by levying and collecting, after Notice and Hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Community Association, from any Member or Related User for breach of this Community Declaration or such Rules and Regulations by such Member or a Related User of such Member.

Section 5.18 Power to Provide Public Functions

The Community Association shall have the power to acquire, construct, operate, manage, maintain, repair and replace public facilities and to provide Public Functions as defined in this Community Declaration.

Section 5.19 Power to Provide Services to Sub-Associations

The Community Association shall have the power to provide services to Sub-Associations. Such services to any Sub-Association shall be provided pursuant to an agreement in writing between the Community Association and such Sub-Association which shall provide for the payment by such Sub-association to the Community Association of the reasonably estimated expenses of the Community Association of providing such services to the Sub-Association including a fair share of the overhead expenses of the Community Association. Services which may be provided to a Sub-Association may include, without limitation, (a) the construction, care, operation, management, maintenance, repair and replacement of Improvements owned by the Sub-Association; (b) the providing of Public Functions to the area covered by the Sub-Association; (c) the enforcement of the provisions of any Supplemental Declaration for, on behalf of, and in the name of the Sub-Association; (d) the collection of assessments for, in the name of, and on behalf of a Sub-Association; (e) The payment of taxes for a Sub-Association with funds of the Sub-Association; (f) the obtaining of insurance for a Sub-Association; (g) the collection of charges for use of facilities of a Sub-Association; and (h) the appointment and supervision of a Manager or Managers for a Sub-Association.

Section 5.20 Power to Provide Special Services for Members

The Community Association shall have the power to provide services to a Member or group of Members. Any service or services to a Member or group of Members shall be provided pursuant to an agreement in writing, or through one or more supplemental Declarations, which shall provide for payment to the Community Association by such Member or group of Members of the reasonable estimated costs and expenses of the Community Association of providing such services, including a fair share of the overhead expenses of the Community Association and shall contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Member or group of Members and that the payment for such services shall be secured by a lien on the property of the Member or group of Members.

Section 5.21 Power to Charge for Facilities and Services

The Community Association shall have the power to establish reasonable and uniformly applied charges for the use of facilities and services. The charges may include reasonable admission or other fees for any special or extraordinary use of property or facilities or services of the Community Association such as special parking privileges, special recreation facilities, conference rooms, instruction, day-care- or child-care services or similar uses beyond the ordinary use of Community Association Properties, facilities and services. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Board of Trustees.

Section 5.22 Power to Grant Easements

The Community Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under Community Association Properties.

Section 5.23 Power to Convey and Dedicate Property to Government Agencies

The Community Association, with the approval of a majority vote of the Board of Trustees voting at a meeting duly called, shall have the power to grant, convey, dedicate or transfer any Community Association Properties or facilities to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Community Association shall deem appropriate, subject to the provisions elsewhere contained in this Community Declaration for approval of the same by Government Mortgage Agencies, by Declarant with respect to property transferred to the Community Association by Declarant, and by Delegates representing the Owners of Residential Sites within any particular Cost Center.

Section 5.24 Power to Borrow Money and Mortgage Property

The Community Association shall have the power to borrow money and, with the approval of two-thirds of the Delegates voting at a meeting duly called, to encumber Community Association Properties as security for such borrowing, subject to provisions elsewhere in this Community Declaration with respect to required approvals and consents to such action.

Section 5.25 Power to Employ Managers

The Community Association shall have the power to retain and pay for the services of a Manager or Managers to undertake any of the management or Administrative Functions, Recreation Functions or Public Functions for which the Community Association has responsibility under this Community Declaration to the extent deemed advisable by the Community Association, and may delegate any of its duties, powers, or functions to any such Manager. Any contract or agreement with any such Manager shall be terminable by the Association for cause on no more than thirty (30) days prior written notice, and shall be terminable by the Community Association without cause and without payment of a termination fee on no more than ninety (90) days prior written notice. Any such contract or agreement shall be for a term of no more than one (1) year but may be subject to renewal for succeeding terms of no more than one (1) year each. Notwithstanding any delegation to a Manager of any duties, powers or functions of the Community Association, the Community Association and its Board of Trustees shall remain ultimately responsible for the performance and exercise of such duties, powers and functions. Any agreement or contract with a Manager shall contain any other provisions which are required to be contained therein by any Government Mortgage Agency.

Section 5.26 Power to Engage Employees, Agents and Consultants

The Community Association shall have the power to hire and discharge employees and agents and to retain and pay for legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Community Association under this Community Declaration.

Section 5.27 General Corporate Powers

The Community Association shall have all of the ordinary powers and rights of a Utah corporation formed under the Utah Nonprofit Corporation Act,* including without limitation entering into partnership and other agreements, subject only to such limitations upon such powers as may be set forth in this Community Declaration or in the Articles of Incorporation or Bylaws. The Community Association shall also have the power to do any and all lawful things which may be authorized,

required or permitted to be done under this Community Declaration or the Articles of Incorporation and Bylaws and to do and perform any and all acts which may be necessary or desirable for, or incidental to, the exercise of any of the express powers or rights of the Community Association under this Community Declaration and the Articles of Incorporation and Bylaws.

Section 5.28 Powers as to Trash Collection

The Community Association shall have the power to regulate the days and hours during which trash and solid waste may be collected or put out for collection in any neighborhood. The Community Association shall also have the power to provide services for the collection of trash and solid waste within all or any portions of the Community Association Areas. In the event the Community Association provides for such service, each Owner within any area served by such service shall, whether or not such Owner utilizes the service, be obligated to pay assessments levied by the Community Association to cover the cost of providing such service. The areas to be served and the amount of assessments shall be determined by the Board of Trustees. The amount of the Assessment shall be reasonable and shall represent a fair allocation of the costs of providing the service, including a fair allocation of administrative and overhead costs of the Community Association.

ARTICLE VI COMMUNITY ASSOCIATION PROPERTIES

Section 6.1 Members' Rights of Use and Enjoyment Generally

Each Supplemental Declaration shall specify, in the manner set forth in Section 3.3 of this Community Declaration, which Members or other Persons may utilize which Community Association Properties, or portions thereof, and the manner in which such Members shall contribute to the cost of operating and maintaining such Community Association Properties. All Members may use the Community Association Properties, unless otherwise provided in the Supplemental Declaration governing the Site of any such Member or in the Supplemental Declaration governing a particular Community Association Property, or both.

Section 6.2 Right of Association to Regulate Use

The Community Association, acting through the Board, shall have the power to regulate use of Community Association Properties by Members to further and enhance the overall rights of use and enjoyment of all Members, including imposing reasonable limits on the times of use and numbers of guests permitted to use Community Association Properties.

Section 6.3 Right of Association to Allow Public Use

The Community Association, acting through the Board, shall have the right to allow members of the general public to use Community Association Properties, subject to reasonable limitations, and provided that use by the general public does not unreasonably interfere with or impair the rights of use and enjoyment of Owners.

Section 6.4 No Partition of Community Association Properties

No Owner shall have the right to partition or seek partition of the Community Association Properties or any part thereof.

Section 6.5 Liability of Owners for Damage by Member

Each Member shall be liable to the Community Association for any damage to Community Association Properties or for any expense or liability incurred by the Community Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Member or any Person using the Community Association Properties through such Member and for any violation by such Member or any such Person of this Community Declaration or any Rule or Regulation adopted by the Community Association. The Community Association shall have the power, as elsewhere provided in this Declaration to levy and collect a Reimbursement Assessment against a Member, after Notice and Hearing, to cover the costs and expenses incurred by the Community Association on account of any such damage or any such violation of this Community Declaration or of such Rules and Regulations or for any increase in insurance premiums directly attributable to any such damage or any such violation.

Section 6.6 Association Duties if Damage, Destruction or Required Improvements

In the event of damage to Community Association Properties by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction or replacement of any Community Association Properties, the Community Association shall have the duty to repair, reconstruct or replace the same. Any insurance proceeds payable by reason of damage or destruction of Community Association Properties by fire or other casualty shall be paid to the Community Association and shall be used, to the extent necessary, to pay the cost of repair, reconstruction or replacement. If funds from insurance proceeds or from reserves for replacement are insufficient to pay all costs of repair, reconstruction or replacement of Improvements damaged or destroyed, or if the Community Association is required to make repairs, replacements or Improvements by governmental authorities, the Community Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement or improvement, levy a Special Assessment in accordance with Section 8.31, or if a Member or group of Members is liable for such damage, levy a Reimbursement Assessment against the Member or group of Members responsible therefor, to provide the additional funds necessary as elsewhere provided in this Community Declaration. Repair, reconstruction or replacement of Community Association Properties shall be done under such contracting and bidding procedures as the Community Association shall determine are appropriate. If insurance proceeds available to the Community Association on account of damage or destruction exceed the cost of repair, reconstruction and replacement, the Community Association may use the same for future maintenance, repair Improvement and operation of other Community Association Properties; provided, however, that such excess shall be applied solely to a Recreation Cost Center if such damage or destruction occurs in such Recreation Cost Center.

Section 6.7 Association Powers in the Event of Condemnation

If any Community Association Properties or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Community Association, except to the extent payable to any other Person with an interest in such property including any Mortgagee of such property. The Community Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interest of all Owners therein. Any award or funds received by the Community Association shall be held by the Community Association in the appropriate Maintenance Fund as determined by the Board, as a reserve for future maintenance, repair, reconstruction or replacement

of Community Association Properties or may be used for Improvements or additions to, or operation of, Community Association Properties. However, if any award is attributable to a Recreation Cost Center, then the award shall be used solely for the benefit of the Improvements in such Recreation Cost Center. No Owner shall be entitled to participate as a party or otherwise in any condemnation proceedings.

Section 6.8 Title to Community Association Properties on Dissolution of Community Association

In the event of dissolution of the Community Association, the Community Association Properties shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation, association, trust or other organization, to be used, in any such event, for the common benefit of Owners for similar purposes for which the particular Community Association Property was held by the Community Association. To the extent the foregoing is not possible, the Community Association Properties shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Members in proportion to the number of AFCA Units of each Member, as determined in Section 8.9 of this Community Declaration; provided, however, that the proceeds from the sale or disposition of any recreational facilities in a separate cost center shall be distributed to those Members entitled to use such facility in proportion to the number of RFCA Units of such Members.

ARTICLE VII DECLARANT'S RIGHTS AND RESERVATIONS

Section 7.1 Period of Declarant's Rights and Reservations

Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Community Association and the Community Association Properties from the date hereof, until the time that all property in the Annexable Area has become part of the Community Association Area and the last Privately Owned Site within the Community Association Area has been sold and conveyed by Declarant. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of property by Declarant to the Community Association whether or not specifically stated therein and in each deed or other instrument by which any property within the Community Association Area is conveyed by Declarant. The rights, reservations and easements hereinafter set forth shall be prior and superior to any other provisions of this Community Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Community Declaration. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

Section 7.2 Right to Construct Additional Improvements on Community Association Properties

Declarant shall have and hereby reserves the right, but shall not be obligated to, construct additional Improvements on Community Association Properties at any time and from time to time in accordance with the Development Guide and this Community Declaration for the improvement and enhancement thereof and for the benefit of the Community Association and Owners, so long as such construction does not directly result in an increase in the then current and applicable Common

Assessments by more than twenty percent (20%). Declarant shall convey or transfer such Improvements to the Community Association and the Community Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Community Declaration.

If any such Improvements are not completed when transferred to the Community Association, Declarant shall provide a bond or letter of credit (or other assurance as the Community Association and the government Mortgage Agencies may reasonably require) to assure that the cost thereof will be paid by Declarant and the Improvements completed free of liens and encumbrances relating to the construction of the Improvements.

Section 7.3 Declarant's Rights to Use Community Association Properties in Promotion and Marketing of Community Association Area

Declarant shall have and hereby reserves the right to reasonable use of Community Association Properties and of services offered by the Community Association in connection with the promotion and marketing of property within the boundaries of the Project Area. Without limiting the generality of the foregoing Declarant may erect and maintain on any part of the Community Association Properties for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Project Area, who are not Owners or Members of the Community Association, to use Community Association Properties at reasonable times and in reasonable numbers; and may refer to the Community Association and to the Community Association Properties and services offered by the Community Association in connection with the development, promotion and marketing of property within the boundaries of the Project Area.

Section 7.4 Declarant's Rights to Complete Development of Project Area

No provision of this Community Declaration shall be construed to prevent or limit Declarant's rights to complete development of property within the boundaries of the Project Area; to construct or alter Improvements on any property owned by Declarant within the Project Area; or to post signs incidental to development, construction, promotion, marketing, sales or leasing of property within the boundaries of the Project Area. Nothing contained in this Community Declaration shall limit the right of Declarant or require Declarant to obtain approvals (a) to excavate, cut, fill or grade any property owned by Declarant or to construct, alter, demolish or replace any Improvements on any property owned by Declarant, or (b) to use any structure on any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within the boundaries of the Project Area, or (c) to require Declarant to seek or obtain the approval of the Architectural Committee or of the Community Association for any such activity or Improvement to Property by Declarant on any property owned by Declarant. Nothing in this Community Declaration shall limit or impair the reserved rights of Declarant as elsewhere provided in this Community Declaration.

Section 7.5 Declarant's Approval of Conveyances or Changes in Use of Community Association Properties

Until Declarant has lost the right to appoint a majority of the members of the Architectural Committee, the Community Association shall not, without first obtaining the prior written consent of Declarant, which consent shall not be unreasonably withheld, convey, change or alter the use of Community Association Properties, mortgage the Community Association Properties or use Community Association Properties other than solely for the benefit of Members.

Section 7.6 Declarant's Rights to Grant and Create Easements

Declarant shall have and hereby reserves the right to grant or create temporary or permanent easement, for access, utilities, drainage, water and other purposes incident to development and sale of the Project Area, located in, on, under, over and across (a) Privately Owned Sites owned by Declarant and (b) Community Association Properties, provided that such easements do not create a permanent, unreasonable interference with the rights of the Owners. Declarant's right to grant or create easements in, on, under, over or across Community Association Properties shall be subject to the provisions of Section 11.14 of this Community Declaration.

Section 7.7 Declarant's Rights to Convey Additional Property to Community Association

Declarant shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and Improvements thereon to the Community Association at any time and from time to time in accordance with the Developmental Guide and this Community Declaration, so long as any conveyance does not directly result in an increase in the then current and applicable Common Assessments by more than twenty percent (20%).

Section 7.8 Limitations Imposed by Government Mortgage Agencies

The exercise of the rights of Declarant reserved herein shall be subject to such reasonable requirements and limitations as may be imposed by Government Mortgage Agencies or other governmental authorities having jurisdiction including any requirements for consent or approval by such Government Mortgage Agencies or Governmental authorities.

ARTICLE VIII ASSESSMENTS, BUDGETS AND FUNDS

Section 8.1 Maintenance Funds to be Established

The Community Association shall establish and maintain at least the following separate Maintenance Funds: (a) an Administrative Functions Operating Fund; (b) an Administrative Functions Reserve Fund; (c) a Recreation Functions Operating Fund for each Recreation Cost Center which has been completed and is available for use by Owners entitled to sue the same; (d) a Recreation Functions Reserve Fund for each such Recreation Cost Center; (e) a Public Functions Operating Fund when, if ever, the Community Association assumes any Public Function; and (f) a Public Functions Reserve Fund when, if ever, the Community Association assumes any Public Functions. Each of the Maintenance Funds shall be established as one or more trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the federal government.

Section 8.2 Establishment of Other Funds

The Community Association may establish other funds as and when needed; for example, a fund for receipts and disbursements relating to service provided by the Community Association for a Sub-Association. Nothing herein shall limit, preclude or impair the authority of the Community Association to establish other funds for specified purposes authorized by this Community Declaration or by any Supplemental Declaration. If the Community Association establishes any additional funds, the Board shall designate an appropriate title for the fund to distinguish it from other funds maintained by the Community Association.

Section 8.3 Deposits of Common Assessments to Maintenance Funds

Monies received by the Community Association from Common Assessments shall be deposited in the Maintenance Funds in accordance with the following provisions: (a) there shall be deposited to the Administrative Functions Operating Fund that portion of Administrative Functions Common Assessments ("AFCAs") which, according to the Community Association Budget for the year, was budgeted for operating costs and expenses of the Administrative Functions; (b) there shall be deposited to the Administrative Functions Reserve Fund, that portion of AFCAs which were budgeted for the Reserve Fund for Administrative Functions, (c) there shall be deposited to each Recreation Functions Operating Fund that portion of Recreation Function Common Assessments ("RFCAs") received from Owners entitled to use a Recreation Cost Center which was budgeted for operating costs and expenses of that Recreation Cost Center; (d) there shall be deposited to each Recreation Function Reserve Fund that portion of RFCAs received from Owners entitled to use a Recreation Cost Center which was budgeted for the Reserve Fund for that Recreation Cost Center; (e) there shall be deposited to the Public Functions Operating Fund, if any, that portion of Public Functions Common Assessments ("PFCAs"), if any, budgeted for operating costs and expenses of the Public Function; and (f) there shall be deposited to the Public Functions Reserve Fund, if any, that portion of the PFCAs, if any, budgeted for the Reserve Fund for Public Functions.

Section 8.4 Other Deposits to Maintenance Funds

The Community Association shall deposit monies received by the Community Association from sources other than Common Assessments in the Maintenance Fund determined by the Board of Trustees to be most appropriate. For example, Reimbursement Assessments shall be deposited to the Maintenance Fund from which the costs and expenses were or will be paid which form the basis for the Reimbursement Assessment; Special Assessments for capital repairs, maintenance, replacement and Improvements shall be deposited to the Reserve Fund from which such capital costs have been or will be paid; and insurance proceeds for damage to, or condemnation awards for the taking of, a Recreation Cost Center shall be deposited to the Reserve Fund for that Facility. Interest and late charges received on account of delinquent assessments may be allocated among the Maintenance funds in the Same Proportions as the delinquent assessments were allocated or, at the discretion of the Board of Trustees, may be allocated to any one or more of the Maintenance Funds or other funds.

Section 8.5 Disbursements from Maintenance Funds

All amounts deposited in the Maintenance funds shall be used solely for the common benefit of all the Members for purposes authorized by this Community Declaration. Disbursements from particular Maintenance Funds shall be limited to specified purposes as follows: (a) disbursements from the Administrative Functions Operating Fund may be made for such purposes as are necessary or proper under this Community Declaration, except those purposes for which disbursements are to be made from other Maintenance Funds as follows; (b) disbursements from the Administrative Functions Reserve Fund shall be made solely for purposes of funding those Administrative Functions which cannot be expected to recur on an annual or more frequent basis; (c) disbursements from a Recreation Function Operating Fund shall be made solely for the purpose of operating the particular Recreation Cost Center for which the Fund was created; (d) disbursements from a Recreation Functions Reserve Fund shall be made solely for the purposes of repairs, replacements, painting and other restorative work to the particular Recreation Cost Center for which the Fund was created; (e) disbursements from the Public Functions Operating Fund, if any, shall be made solely for the

purpose of Providing Public Functions for Members, other than disbursements for which disbursements from the Public Functions Reserve Fund are to be used; and (f) disbursements from the Public Functions Reserve Fund, if any, shall be made solely for the purpose of repairs, replacement, painting and other restorative work to those Improvements on the Community Association Properties which are used by the Community Association in Providing Public Functions to Members.

Section 8.6 No Commingling of Maintenance Funds

The Community Association shall not commingle any amounts deposited in any one Maintenance Fund or other fund with amounts deposited in any other Maintenance Fund or other fund.

Section 8.7 Authority for Disbursements

The Board shall have the authority to make or to authorize an agent to make disbursements of any monies in the Maintenance Funds.

See Section 5.8

Section 8.8 Common Assessments

For each calendar year, the Community Association shall levy Common Assessments against Owners of the Privately Owned Sites. The Common Assessments shall include: (a) the AFCAs; (b) any RFCAs necessary for any Recreation Cost Center; and (c) the PFCAs when, if ever, the Community Association assumes any Public Functions. Each Owner shall be obligated to pay the common Assessments levied against, and allocated to, such Owner and the Privately Owned Site of such Owner as hereinafter more particularly set forth. To the extent that a Sub-Association levies its own assessments to satisfy needs that would have been paid for by the Common Assessment, that Sub-Association shall receive a credit which shall be offset against the Common Assessment levied against the Owners of Residential Sites in the Sub-Association. The amount of the credit shall be equal to the amount of the Common Assessment that did not need to be expended due to the Sub-Association's own efforts, unless the Board of Trustees, in its sole discretion, deems another method of calculation to be appropriate.

Section 8.9 Apportionment of Administrative Functions Common Assessments

For purposes of the AFCAs, each Privately Owned Site shall constitute one (1) AFCA Unit regardless of the size, value, location or use of such Privately Owned Site. The amount of the AFCA for any year, payable by an Owner for the Privately Owned Site of such Owner, shall be computed by multiplying the total amount to be raised by AFCAs for that year, as shown in the Community Association budget for that year, by a percentage (rounded to the nearest one-tenth of one percent (0.1%)), derived from a fraction, the numerator of which is one (1) and the denominator which is the total number of Privately Owned Sites (i.e., AFCA Units) in the Community Association Area as of the first day of that calendar year.

Section 8.10 Obligation for Recreation Function Common Assessments - How Established

If the Owner of any Privately Owned Site is to be obligated to pay an RFCA with respect to any Recreation Cost Center, the Supplemental Declaration covering the Privately Owned Site shall: (a) identify the Recreation Cost Center, if existing, or describe the same in general terms, if proposed; (b) identify the Privately Owned Sites covered by the Supplemental Declaration which are entitled to

use and which shall be obligated to pay RFCAs with respect to such Recreation Cost Center; and (c) specify the number of RFCA Units which shall be assigned to each Privately Owned Site. RFCA Units shall be assigned in a Supplemental Declaration in accordance with the following provisions. A residential Site other than a Residential Site improved or designed to be improved as a residential apartment shall, in all cases, be assigned one (1) RFCA Unit for every three (3) apartment units located on such Residential Site (with a full RFCA Unit assigned for any extra one (1) or two (2) apartments in lieu of assigning any fractional RFCA Units). It is not anticipated that Owners of Commercial Sites, Industrial Sites or Miscellaneous Use Sites will be entitled to use any Recreation Cost Center, but a Supplemental Declaration covering any such Site may provide otherwise, in which case the Supplemental Declaration shall specify the number of RFCA Units which shall be assigned to each such Site which shall, in no case, be less than one (1) RFCA Unit for each such Site.

Section 8.11 Apportionment of Recreation Function Common Assessments

No Owner or Privately Owned Site shall be charged with any RFCA unless the Supplemental Declaration covering such Site provides, as stated in the preceding Section of this Community Declaration, that the Site is entitled to use a Recreation Cost Center and specifies the number of RFCA Units assigned to that Site. If a Site and an Owner are to be charged with a RFCA, the amount of the RFCA for any year payable by the Owner for the Privately Owned Site shall be computed by multiplying the total amount to be raised by the RFCA for that Recreation Cost Center for that year, as shown on the Community Association Budget for that year, by a percentage (rounded to the nearest one-tenth of one percent (0.1%), derived from a fraction, the numerator of which is the number of RFCA Units assigned to that Site and the denominator of which is the total number of RFCA Units in the Community Association Area as of the first day of that calendar year which RFCA Units are assigned to Sites entitled to use the pertinent Recreation Cost Center.

Section 8.12 Apportionment of Public Functions Common Assessments

If the Community Association ever assumes any Public Functions, the amount of the PFCA's for any year, payable by an Owner for a Privately Owned Site, shall be computed by multiplying the total amount to be raised by PFCA's for that year, as shown in the Community Association Budget for that year by a percentage (rounded to the nearest one-tenth of one percent (0.1%) derived from a fraction, the numerator of which shall be the Imputed Market Value ("IMV"), as defined below, of the Privately Owned Site and the denominator of which is the aggregate of all imputed Market Values of all Privately Owned Sites in the Community Association Area as of the first day of that calendar year.

Section 8.13 Determination of Imputed Market Value

The Imputed Market Value of each Residential Site in each Delegate District shall be determined by dividing the aggregate or sum of the Actual Market Values ("AMV"), as hereinafter defined, of all Residential Sites in that Delegate District by the number of Residential Sites in such Delegate District. Thus, the Imputed Market Value of all Residential Sites in a single Delegate District shall always be equal. The Imputed Market Value of each Commercial Site, Industrial Site, or Miscellaneous Use Site shall be equal to the Actual Market Value, as hereinafter defined, of such Site, unless the Supplemental Declaration covering such Site specifies a different method of determining the Imputed Market Value of such Site.

Section 8.14 Initial Determination of Actual Market Value

The Actual Market Value of any Privately Owned Site shall initially be the actual sales price of Privately Owned Site by Declarant to its first Owner or, if not yet sold by Declarant, the price at which Declarant is offering to sell such Privately Owned site.

Section 8.15 Re-determination of Actual Market Value

The Actual Market Value of such Privately Owned Site shall be determined annually as of each June 30 ("Re-determination Date") of the calendar year preceding the calendar year for which PFCAs, if any, are to be made. The re-determinations of Actual Market Values shall be made as provided in the following sections.

Section 8.16 Re-determination Based on Recent Sales Price

If a Privately Owned Site has been sold during the twelve (12) month period preceding the Re-determination Date, and if the sales price is determinable and in a bona fide sale, the Actual Market Value of the Privately Owned Site, as of the Re-determination Date, shall be the sales price in the most recent such sale in the twelve (12) months prior to the Re-determination Date. "Sales Price" shall mean the price for the Site, including the Improvements and fixtures on the Site, but excluding any price for personal property if Separately stated.

Section 8.17 Re-determination if No Recent Sales Price

If a Privately Owned Site has not been sold during the twelve (12) month period preceding the Re-determination Date, or if there was such a sale but the sales price is not determinable or was not in a bona fide sale, then the Actual Market Value of the Privately Owned Site as of the Re-determination Date shall be the sales price in the most recent sale for which a bona fide sales price is determinable adjusted upward or downward in the same proportion by which the "Index", as hereinafter defined, for June of the year of the Re-determination Date has increased or decreased over the Index of the calendar year in which such most recent sale occurred. The "Index" shall be the index number for the month of June of the applicable year for the item "Home ownership" under the heading "Shelter" under the general category "Housing" of the "Consumer Price Index for the Salt Lake Area, Urban Wage Owners - Clerical Workers (1982-1984=100)", issued by the United States Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index U. S. City Average and Selected Areas". In the event that the Index is discontinued, then the Board shall substitute an index which, in the reasonable opinion of the Board, is most nearly identical to the Index as defined above.

Section 8.18 Re-determination if New Construction

If new Improvements or new construction (other than mere replacement or restoration of existing Improvements or construction) are completed on a Privately Owned Site subsequent to the most recent sale for which a bona fide sales price is determinable, the cost of such Improvements or construction, as determined by the Community Association, shall be added to such sales price for purposes of re-determining Actual Market Value. The total of said sales price plus the cost of Improvements or construction, shall be the price used in re-determinations under Section 8.17 above.

Section 8.19 Funding of Reserve Funds

The Board, in budgeting and levying assessments, shall endeavor, whenever possible, to fund the Administrative Functions Reserve Fund, each Recreation Function Reserve Fund and the Public Functions Reserve fund, if any, by regularly scheduled payments, included as part of the Common Assessments, rather than by large Special Assessments. Unless the Board finds and determines that it is not necessary, as to a particular Reserve Fund in a given year, the AFCA, each RFCA and the PFCA, if any, shall include a component for funding of these Reserve Funds.

Section 8.20 Supplemental Common Assessments

Subject to the provisions of Section 8.26 hereof, if the estimated sums prove inadequate for any reason, including nonpayment of any Owner's Common Assessment, the Board may, from time to time, levy a supplemental Common Assessment for any of the Maintenance Funds. Such Supplemental Common Assessment shall be assessed against the Owner of each Privately Owned Site, in the same manner Common Assessments are originally assessed each year by the Board with respect to the particular Maintenance Fund. Written notice of any change in the amount of any annual Common Assessment shall be sent to every Owner subject thereto, not less than thirty (30) days prior to the effective date of such change.

Section 8.21 Limitation on AFCA's and PFCA's

The Board of Trustees shall not levy an AFCA or a PFCA in any calendar year which is greater than one hundred twenty percent (120%) of the respective Common Assessment in the preceding calendar year, except with the approval of two-thirds of the Delegates voting at a meeting duly called (exclusive of voting power exercisable by Declarant). Notwithstanding the foregoing, a PFCA shall not require the approval of Delegates if such PFCA is levied at a rate which does not exceed sixty dollars (\$60.00) per ten thousand dollars (\$10,000) of IMV of the Privately Owned Sites.

Section 8.22 Annual Budgets

The Board of Trustees shall cause to be prepared, at least sixty (60) days prior to the commencement of each calendar year, a Budget for such calendar year, including a reasonable provision for contingencies and deposits into the Administration Functions, Recreation Functions and Public Functions Reserve Funds. The Budget shall show, in reasonable detail, the categories of expenses and the amount of expenses in each Maintenance Fund, and shall reflect any expected income of the Community Association for the coming calendar year and any expected surplus from the prior year and any existing surplus in any Reserve Fund. The Budget may include an amount for contingencies and amounts deemed necessary or desirable for deposits to create, replenish or add to the proper Reserve Fund for major capital repairs, replacements and improvements for Association Properties. The Board shall cause a copy of the Budget to be distributed to each Delegate promptly after the Budget is prepared and approved by the Board and shall cause a copy of the Budget to be distributed to each Delegate promptly after the Budget is prepared and approved by the Board and shall cause a copy of the Budget to be posted at the principal office of the community Association. In the event the Community Association does not have an address for any Delegate, such posting shall be deemed delivered to any such Delegate. At such time as the Community Association publishes a newsletter for members, the budget shall be published in such newsletter. Copies of the Budget shall be made available by the Community Association to any Members requesting a copy of the same upon payment of the reasonable expense of copying the same.

Section 8.23 No Disbursements to Abate Adjoining Nuisances

Nothing in this Community Declaration shall be construed so as to permit the Community Association to use any Assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Community Association area.

Section 8.24 Assessment for Unsold Sites

Declarant, for so long as Declarant retains title to a Privately Owned Site, whether improved or unimproved, and provided that no portion of the Site has been used or occupied for residential, commercial or industrial purposes, shall be exempt from the payment of any Assessment against such Privately Owned Site.

Section 8.25 Maximum Administrative Functions and Recreation Functions Common Assessments

The Community Association shall not levy, for any year, an AFCA in excess of the Maximum AFCA hereinafter specified. The Maximum AFCA shall be at the rate of eighty two dollars (\$82.00) per AFCA Unit per year until January 1, 2000, increased for 2001 and each year thereafter by the percentage increase in the Index described in Section 8.17 during the twelve (12) months ending in September of the year preceding the year in which the AFCA is to be paid. The Maximum RFCA for each Residential Site subject to an RFCA shall be set forth in the Supplemental Declaration covering such Residential Site.

If the Board of Trustees, by majority vote, determines that the important and essential functions of the Community Association may be properly funded by a Common Assessment less than the Maximum AFCA or RFCA, it may levy such lesser AFCA or RFCA. Subject to the provisions of Section 8.21 of this Community Declaration, the levy of an AFCA or RFCA less than the Maximum AFCA and Maximum RFCA in any year shall not affect the right of the Board to levy an AFCA or RFCA in the full amount of the respective Maximum AFCA or RFCA in any subsequent year.

Section 8.26 Supplemental Administrative Functions and Recreation Functions Common Assessments

Subject to the provisions of Section 8.21 of this Community Declaration, if the Board levies an AFCA or RFCA in an amount less than the Maximum AFCA or applicable Maximum RFCA for any calendar year, the Board by majority vote may thereafter levy one or more supplemental AFCAs or RFCAs during such calendar year. If it determines that the important and essential functions of the Community Association cannot be funded by such lesser AFCA or applicable RFCA. In no event shall the sum of the initial and supplemental AFCA or applicable RFCA, as the case may be, for a calendar year exceed the Maximum AFCA or applicable Maximum RFCA permitted for that year.

Section 8.27 Delegate Approval of Increase in Maximum Common Assessment

If the Board of Trustees, by majority vote, determines that the important and essential functions of the Community Association will not be properly funded in any one (1) year by the amount of the Maximum Common Assessment, it may increase the Maximum Common Assessment each year not more than eight percent (8%) above the Maximum Common Assessment for the previous year without a vote of the Delegates. The Maximum Common Assessment may be increased above the

foregoing eight percent (8%) by a vote of two-thirds of the Delegates voting at a meeting duly called for this purpose.

Section 8.28 Commencement of Common Assessments- Assessment Areas

Subject to the provisions of Section 8.24 of this Community Declaration, Common Assessments shall commence as to each Privately Owned Site within an Assessment Area on the first day of the first month following the date of Recordation of the first deed conveying a Privately Owned Site within that Assessment Area. The Common Assessments for the then current calendar year shall be prorated within an Assessment Area on the basis of the number of months in such calendar year remaining from the date of commencement of such Common Assessments to the end of such calendar year.

Section 8.29 Payment of Assessment

Common Assessments shall be due and payable in advance to the Community Association by the assessed Member during the calendar year in equal semi-annual installments, on or before January 1 and July 1 of each calendar year, or in such other manner and on such other dates as the Board of Trustees may designate in its sole and absolute discretion. Notice of the amount of the Common Assessments shall be given to each Member prior to January 1 of each year.

Section 8.30 Failure to Fix Assessment

The failure by the Board of Trustees to levy an Assessment for any year shall not be deemed a waiver or modification with respect to any of the provisions of this Community Declaration or a release of the liability of any Member to pay Assessments, or any installment thereof, for that or any subsequent year. In the event of such failure, the amount of the Common Assessment for that year shall be the sum of the amount of the PFCA computed in accordance with Section 8.12 hereof, plus the amount of the Maximum AFCA and the amount of the applicable Maximum RFCA computed in accordance with Section 8.25 hereof.

No abatement of the Common Assessment or any other Assessment shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or Improvements to Community Association Properties or from any action taken to comply with any law or any determination of the Board of Trustees or for any other reason.

Section 8.31 Special Assessment for Capital Expenditures

In addition to Common Assessments, the Board of Trustees may, subject to the provisions of this Section, levy Special Assessments for the purpose of raising funds, not otherwise provided under the Budget from common Assessments, to construct or reconstruct, repair or replace capital Improvements upon Community Association Properties, including necessary personal property related thereto; to add to the Community Association Properties; to provide for necessary facilities and equipment to offer the services authorized in this Community Declaration; or to repay any loan made to the Community Association to enable it to perform the duties and functions authorized in this Community Declaration. The Board of Trustees shall not levy Special Assessments without the two-thirds vote of Delegates voting at a meeting duly called and representing the Owners of Privately Owned Sites subject to the Special Assessment. Special Assessments for capital improvements

which may be used by all Members of the Community Association shall be levied solely on the basis of, and in proportion to, the AFCA Units attributable to Privately Owned Site of the Members. Special Assessments for capital Improvements relating to a Recreation Cost Center which may not be used by all Members shall be levied solely against the Member or group of Members who own Privately Owned Sites entitled to use the Recreational Cost Center and such Special Assessments shall be levied solely on the basis of, and in proportion to, the RFCA Units attributable to such Sites. The Community Association shall notify Members in writing of the amount of any Special Assessment and of the manner in which, and the dates on which, any such Special Assessment is payable and the Members shall pay any such Special Assessment in the manner so specified. In the event that the Board shall levy a Special Assessment, the Board shall specify whether the Special Assessment is to provide Public Functions, Recreation Functions or Administrative Functions and the Special Assessment shall be apportioned accordingly.

Section 8.32 Reimbursement Assessments

The Board of Trustees may, subject to the provisions hereof, levy an Assessment against any Member if the willful or negligent failure of the Member or a Person claiming through the Member to comply with this Community Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations shall have resulted in the expenditure of the funds to be expended by the Community Association to cause such compliance. Such assessment shall be known as a Reimbursement Assessment and shall be levied only after Notice and Hearing. The amount of the Reimbursement Assessment shall be due and payable to the Community Association thirty (30) days after notice to the Member of the decision of the Board of Trustees that the Assessment is owing.

Section 8.33 Late Charges and Interest

If any Common Assessment, Special Assessment or Reimbursement Assessment or any installment thereof is not paid within thirty (30) days after it is due, the Member obligated to pay the Assessment may be required to pay a reasonable late charge to be determined by the Board. Any Assessment or installment of an Assessment which is not paid within thirty (30) days after the date of any Notice of Default given under Section 8.35 and prior to the Recordation of a Notice of Lien under Section 8.38 hereof shall bear interest from the date of Recordation of the Notice of Lien at the highest rate then established by statute in Utah for interest on damages for personal injury or on judgments in other actions, whichever is higher, but in no event less than eight percent (8%) per annum simple interest.

Section 8.34 Attribution of Payments

If any installment of a Common Assessment payment is less than the amount assessed and the payment does not specify the Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Owner shall be credited in the following order of priority: (a) to the Public Functions Reserve Fund until that portion of the PFCA has been satisfied, (b) to the respective Recreation Functions Reserve Fund until that portion of the RFCA has been satisfied, (c) to the Administrative Functions Reserve Fund until that portion of the AFCA has been satisfied, (d) to the Public Functions Operating Fund until that portion of the PFCA has been satisfied. (e) to the respective Recreation Functions Operating Fund until that portion of the Applicable RFCA has been satisfied and (f) to the Administrative Functions Operating Fund. In each of the foregoing cases, receipts shall be credited first to interest, attorneys' fees and other costs of collection, and next to

principal reduction, satisfying the oldest obligations first followed by more current obligations, in accordance with the foregoing order of priority.

Section 8.35 Notice of Default and Acceleration of Assessments

If any Common Assessments, Special Assessments or Reimbursement Assessments or any installment thereof, or any fine is not paid within thirty (30) days after its due date, the Board of Trustees may mail a notice of default to the Owner and to each first Mortgagee of the Privately Owned Site who has requested a copy of the notice. The notice shall specify (a) the fact that the installment or fine is delinquent; (b) the action required to cure the default; (c) a date, not less than thirty (30) days from the date the notice is mailed to the Member, by which such default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the Assessment or the installments of the Assessment for the then current calendar year and the filing and foreclosure of the lien for the fine or Assessment against the Privately Owned Site of the Member. The notice shall further inform the Member of any right to cure the default after acceleration and of any right to bring a court action to assert the nonexistence of a default or any other defense of the Member. If the delinquent fine, Assessment or installment and any late charges, interest, or attorney fees are not paid in full on or before the date specified in the notice, the Board, at its option, may declare the fine or all of the unpaid balance of the Assessment to be immediately due and payable without further demand and may enforce the collection of the fine or full Assessment and all charges, interest, and attorney fees thereon in any manner authorized by law in this Community Declaration, subject to the protection afforded to Mortgagees under this Community Declaration.

Section 8.36 Remedies to Enforce Assessments

Each Assessment levied hereunder shall be a separate, distinct and personal debt and obligation of the Owner or Member against whom the same is assessed. In the event of a default in payment of any Assessment or installment thereof, whether Common, Special or Reimbursement, the Board may, in addition to any other remedies provided under this Community Declaration or by law, enforce such obligation on behalf of the Community Association by suit or by filing and foreclosure of a lien as hereinafter provided.

Section 8.37 Lawsuit to Enforce Assessments

The Board may bring a suit at law to enforce any Assessment obligation. Any judgment rendered in such action shall include any late charge, interest, and other costs of enforcement, including reasonable attorney fees, in the amount as the court may adjudge, against the defaulting Owner or Member.

Section 8.38 Lien to Enforce Assessments

The Board may also elect to file a claim of lien against the Privately Owned Site of the delinquent Owner or Member by Recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection which have accrued thereon, (c) the legal description and street address of the Privately Owned Site against which the lien is claimed and (d) the name of the Record Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Community Association or other duly authorized agent of the Community Association.

The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are

fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Community Association shall execute and Record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Trustees to cover the cost of preparing and Recording the release of the lien. Unless paid or otherwise satisfied, the lien may be foreclosed in the manner for foreclosure of Mortgages in the State of Utah.

Section 8.39 Estoppel Certificates

Upon the payment of such reasonable fee as may be determined from time to time by the Board of Trustees, and upon the written request of any Member and any Person with, or intending to acquire, any right, title or interest in the Privately Owned Site of such Member, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and accrued and then unpaid with respect to a Privately Owned Site and the Owner thereof and setting forth the amount of any Assessment levied against such Site which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the Community Association and all Persons for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have been levied.

Section 8.40 , No Offsets

All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reductions thereof shall be permitted for any reason including, without limitation, any claim that the Community Association or the Board of Trustees is not properly exercising its duties and powers under this Community Declaration.

ARTICLE IX GENERAL RESTRICTIONS APPLICABLE TO PROPERTY

All real property within the Community Association Area shall be held, used and enjoyed subject to the following limitations and restrictions, and subject to the exemptions of Declarant set forth in this Community Declaration. The strict application of the following limitations and restrictions in any specific case may be modified or waived in whole or in part by the Architectural Committee if such strict application would be unreasonable or unduly harsh under the circumstances. Any such modification or waiver must be in writing or be contained in written guidelines or rules promulgated by the Architectural Committee.

Section 9.1 Maintenance of Property

No property within the Community Association Area shall be permitted to fall into disrepair, and all property within the Community Association Area, including any Improvements and landscaping thereon, shall be kept and maintained in a clean, safe, attractive and sightly condition and in good repair. Maintenance, repair and upkeep of each Privately Owned Site shall be the responsibility of the Owner of the Privately Owned Site. Maintenance, repair and upkeep of Community association Properties shall be the responsibility of the Community Association. Violation of this provision by an Owner shall permit the Community Association, after Notice and Hearing, to enter on the Privately Owned Site of the Owner and cure the violation or cause compliance with this provision and to levy and collect a Reimbursement Assessment for the costs and expenses of the Association in

so doing; provided, however, that there shall be no entry into the interior of an Improvement intended for human occupancy without the consent of the Owner thereof unless a clear emergency exists.

Section 9.2 No Noxious or Offensive Activity

No noxious or offensive activity shall be carried on upon any property within the Community Association Area nor shall anything be done or placed thereon which is or may become a nuisance or cause an unreasonable embarrassment, disturbance or annoyance to others.

Section 9.3 Annoying Sounds or Odors

No sound or odor shall be emitted from any property within the Community Association Area which is noxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, other than security devices used exclusively for security purposes, shall be located or used on any property except with the prior written approval of the Architectural Committee.

Section 9.4 No Hazardous Activities

No Activity shall be conducted on and no Improvement shall be constructed on any property within the Community Association Area which is or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within an interior or exterior fireplace designed to prevent the dispersal of burning embers.

Section 9.5 No Unsightliness

All unsightly structures, facilities, equipment, objects and other materials shall be enclosed within a structure including snow removal equipment and garden or maintenance equipment except when in actual use.

Section 9.6 Restrictions on Garbage and Trash

No refuse, garbage, trash, lumber, grass, shrub or tree clippings, plant waste, compost, metal, bulk materials, scrap, refuse or debris of any kind shall be kept, stored or allowed to accumulate on any Privately Owned Site except within an enclosed structure or appropriately screened from view, except that any container containing such materials may be placed outside at such times as may be necessary to permit garbage or trash pickup.

Section 9.7 No Temporary Structures

No tent, shack, temporary structure or temporary building shall be placed upon any property within the Community Association Area except with the prior written consent of the Design Review Committee obtained in each instance.

Section 9.8 Restriction on Antennae, Pipes and Utility Lines

Pipes for water, gas, sewer, drainage or other purposes and wires, poles, antennae and other facilities for the transmission or reception of audio or visual signals or electricity, and utility meters or other utility facilities shall be kept and maintained, to the extent reasonably possible, underground or

within an enclosed structure. No exterior radio antenna, television antenna, or other antennae of any type shall be erected or maintained in the Community Association Area, except that on Commercial Sites or Industrial Sites an Owner may erect an antenna if such antenna is necessary to carry on the business conducted by Owner on the Site if the Architectural Committee gives its consent to the erection of such antenna in accordance with the provisions of Article X hereof. With the approval of the Architectural Committee, a master antenna or cable television antenna or antennae may, but need not, be provided for use of all Owners or a group of Owners, and Declarant may grant easements for such purposes subject to the provisions of Section 11.14 of this Community Declaration.

Section 9.9 Restrictions on Signs and Advertising Devices

No sign, poster, billboard, advertising device or display of any kind shall be erected or maintained anywhere within the Community Association Area so as to be evident to public view except signs as may be approved in writing by the Architectural Committee. A sign advertising a Privately Owned Site for sale or for lease may be placed on such Privately Owned Site; provided, however, that standards relating to dimensions, color, style and location of such sign shall be determined from time to time by the Architectural Committee.

Section 9.10 Restrictions on Mining or Drilling

No property within the community Association Area shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, except drilling, exploring for or removing underground water by Declarant or any Person designated by Declarant for the purpose of providing water service to property within the boundaries of the Project Area, and except mining, drilling or exploring for oil, gas, or other hydrocarbons, or minerals below a depth of five hundred feet (500') from the surface of the land from surface sites located outside the Community Association Area.

Section 9.11 Maintenance of Drainage

There shall be no interference with the established drainage pattern over any property within the Community Association Area except as approved in writing by the Architectural Committee. Approval shall not be granted unless provision is made for adequate alternate drainage. The "established drainage pattern" shall mean the drainage pattern which exists at the time the overall grading of any property is completed and shall include any established drainage pattern shown on any plans approved by the Architectural Committee. The established drainage pattern may include the drainage pattern from Community Association Properties over any Privately Owned Site from any Privately Owned Site over the Community Association Properties, or from any Privately Owned Site over another Privately Owned Site.

Section 9.12 Compliance with Insurance Requirements

Except as may be approved in writing by the Board of Trustees nothing shall be done or kept on property within the Community Association Area which may result in a material increase in the rates of insurance or would result in the cancellation of any insurance maintained by the Community Association.

Section 9.13 Compliance with Laws

Nothing shall be done or kept on any property within the Community Association Area in violation of any law, ordinance, rule or regulation of any governmental authority having jurisdiction.

Section 9.14 Restrictions on Sewage Disposal Systems

No cesspool, septic tank or other sewage disposal system shall be installed within the Community Association Area without the prior written consent of the Architectural Committee, except a central sewage disposal system installed and maintained by a water and sanitation district or other sanitation agency providing sewage disposal services to a significant portion of the Community Association Area. Any sewage disposal system installed for property within the Community Association Area shall be subject to applicable laws, rules and regulations of any governmental authority having jurisdiction.

Section 9.15 Restrictions on Water Systems

No individual water supply or water softener system shall be installed or maintained for any property within the Community Association Area unless such system is approved in writing by the Design Review Committee and is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water and sanitation district or other governmental authority having jurisdiction.

Section 9.16 Restoration in the Event of Damage or Destruction

In the event of damage or destruction of any Improvement on any Privately Owned Site, the Owner thereof shall cause the damaged or destroyed Improvement to be restored or replaced to its original condition or such other condition as may be approved in writing by the Architectural Committee, or the Owner shall cause the damaged or destroyed Improvement to be demolished and the Privately Owned Site to be suitably landscaped, subject to the approval of the Architectural Committee, so as to present a pleasing and attractive appearance.

ARTICLE X ARCHITECTURAL APPROVAL

Section 10.1 Approval of Improvements Required

The approval of the Design Review Committee shall be required for any Improvement to Property on any Residential Site and, if so provided in the Supplemental Declaration covering any Commercial Site or Industrial Site, then for any Improvement to Property on any such Commercial Site or Industrial Site, except for any Improvement to Property made by Declarant and except as prior approval may be waived or certain Improvements to Property may be exempted in writing or under written guidelines or rules promulgated by the Design Review Committee because approval in such case or cases is not reasonably required to carry out the purposes of this Community Declaration.

Section 10.2 Improvement to Property Defined

"Improvement to Property", requiring approval of the Design Review Committee, shall mean and include, without limitation: (a) the construction, installation, erection or expansion of any building structure or other Improvements, including utility facilities; (b) the demolition or destruction, by

voluntary action, of any building structure or other Improvements; (c) the grading, excavation, filling or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed; (d) landscaping, planting, clearing or removing of trees, shrubs, grass or plants; and (e) any change or alteration of any previously approved Improvement to Property including any change of exterior appearance, color or texture.

Section 10.3 Membership of Committee

The Design Review Committee shall initially consist of five (5) members, all of whom shall be appointed by Declarant. Declarant shall have the continuing right to appoint three (3) members during the Appointment Period (as hereinafter defined) of the Project Area. The Community Association shall have the right to appoint two (2) members during the Appointment Period and, thereafter, the right to appoint all members. The "Appointment Period" shall mean the period of time commencing as of the date of Recordation of this Community Declaration and continuing until the earliest to occur of the following events

- 1) At such time as the deeds have Recorded for the sale by Declarant of at least sixty one hundred (6,100) Private Owned Sites in the Community Association Area; or
- 2) At such time as Declarant no longer has authority to unilaterally annex real property in the Annexable Area to the Community Association Area without the consent of the Delegates as authorized in Section 3.2: or
- 3) December 31, 2049

Members of the Design Review Committee may, but shall not necessarily be Members of the Community Association. Members of the Design Review Committee to be appointed by the Community Association shall be appointed at the organization meeting of the Board of Trustees. Members of the Design Review Committee appointed by Declarant may be removed at any time by Declarant and shall serve until resignation or removal by Declarant. Members of the Design Review Committee appointed by the Board of Trustees may be removed at any time by the Board, and shall serve for such term as may be designated by the Board or until resignation or removal by the Board. During the period of development of the Project Area while Declarant has rights to appoint members of the Design Review Committee, Declarant and the Community Association shall each give written notice to the other of the appointment or removal of any member of the Committee. After the Appointment Period, the Community Association may at any time, and from time to time, change the authorized number of members of the Design Review Committee, but the number of members shall always be an odd number and shall not be less than five (5).

Section 10.4 Address of Committee

The address of the Design Review Committee shall be at the principal office of the Declarant.

Section 10.5 Required Approval by Any Sub-Association Design Review Committee

In addition to approval of Improvement to Property by the Design Review Committee of the Community Association, approval of Improvement to Property shall also be required by the Design Review Committee of any Sub-Association if and to the extent set forth in the Supplemental Declaration creating such Sub-Association.

Section 10.6 Submission of Plans

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Prior to commencement of work to accomplish any proposed Improvement to Property, the Person proposing to make such Improvement to Property ("Applicant") shall submit to the Design Review Committee at its offices such descriptions, surveys, plot plans, drainage plans, landscaping plans, drawings, construction plans, specifications and samples of materials and colors as the Design Review Committee shall reasonably request showing the nature, kind, shape, height, width, color, materials, and location of the proposed Improvement to Property. The Applicant shall be entitled to receive a receipt for the same from the Design Review Committee or its authorized agent. The Design Review Committee may require submission of additional plans, specifications or other information prior to approving or disapproving the proposed Improvement to Property. Until receipt by the Design Review Committee of all required materials in connection with the proposed Improvement to Property, the Design Review Committee may postpone review of any materials submitted for approval.

Section 10.7 Criteria for Approval

The Design Review Committee shall approve any proposed Improvement to Property only if it deems in its reasonable discretion that the Improvement to Property in the location indicated will comply with the Design Guidelines, will not be detrimental to the appearance of the surrounding areas of the Community Association Area as a whole; that the appearance of the proposed Improvement to Property will be in harmony with the surrounding areas of the Community Association Area; that the Improvement to Property will not detract from the beauty, wholesomeness and attractiveness of the Community Association Area or the enjoyment thereof by Owners; and that the upkeep and maintenance of the proposed Improvement to Property will not become a burden on the Community Association. The Design Review Committee may condition its approval of any proposed Improvement to Property upon the making of such changes therein as the Architectural Committee may deem appropriate.

Section 10.8 Committee Guidelines or Rules

The Design Review Committee shall follow the guidelines or rules relating to the procedures, materials to be submitted and additional factors which will be taken into consideration in connection with the approval of any proposed Improvement to Property as stated in The Ranches Design Guidelines. Such guidelines or rules may specify circumstances under which the strict application of limitations or restrictions under this Community Declaration will be waived or deemed waived in whole or in part because strict application of such limitations or restrictions would be unreasonable or unduly harsh under the circumstances. Such guidelines or rules may waive the requirement for approval of certain Improvements to Property or exempt certain Improvements to Property from the requirement for approval, if such approval is not reasonably required to carry out the purposes of this Community Declaration.

Section 10.9 Design Review Fee

The Design Review Committee may, in its guidelines or rules, provide for the payment of a fee to accompany each request for approval of any proposed Improvement to Property. The Design Review Committee may provide that the amount of such fee shall be uniform for similar types of any proposed Improvement to Property or that the fee shall be determined in any other reasonable manner, such as based upon the estimated cost of the proposed Improvement to Property.

Section 10.10 Decision of Committee

The decision of the Design Review Committee shall be made within thirty (30) days after receipt by the Design Review Committee of all materials required by the Design Review Committee unless such time period is extended by mutual agreement. The decision shall be in writing and if the decision is not to approve a proposed Improvement to Property, the reasons therefor shall be stated. The decision of the Design Review Committee shall be promptly transmitted to the Applicant at the address furnished by the Applicant to the Design Review Committee.

Section 10.11 Appeal to Association Board

If the Design Review Committee denies, imposes conditions on, or refuses approval of a proposed Improvement to Property, the Applicant may appeal to the Board of Trustees by giving written notice of such appeal to the Community Association and the Design Review Committee within twenty (20) days after such denial or refusal. The Board of Trustees or a Tribunal appointed pursuant to the Bylaws shall hear the appeal in accordance with the provisions of the Bylaws for Notice and Hearing, and the Board shall decide whether or not the proposed Improvement to Property or the conditions imposed by the Design Review Committee shall be approved, disapproved or modified.

Section 10.12 Failure of Committee to Act on Plans

Any request for approval of a proposed Improvement to Property shall be deemed approved, unless disapproval or a request for additional information or materials is transmitted to the Applicant by the Design Review Committee within thirty (30) days after the date of receipt by the Design Review Committee of all required materials.

Section 10.13 Prosecution of Work After Approval

After approval of any proposed Improvement to Property, the proposed Improvement to Property shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed Improvement to Property, any materials submitted to the Design Review Committee in connection with the proposed Improvement to Property and any conditions imposed by the Design Review Committee. Failure to complete the proposed Improvement to Property within one (1) year after the date of approval or to complete the Improvements to Property in accordance with the description and materials furnished to, and the conditions imposed by, the Design Review Committee, shall constitute noncompliance with the requirements for approval of Improvements to Property.

Section 10.14 Notice of Completion

Upon completion of the Improvement to Property, the Applicant may give written Notice of Completion to the Design Review Committee. Until the Date of receipt of such a Notice of Completion, the Design Review Committee shall not be deemed to have notice of completion of such Improvement to Property.

Section 10.15 Inspection of Work

The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement to Property prior to or after completion, provided that the right of inspection shall terminate thirty (30) days after the Design Review Committee shall have received a Notice of Completion from the Applicant.

Section 10.16 Notice of Noncompliance

If, as a result of inspections or otherwise, the Design Review Committee finds that any Improvement to Property has been done without obtaining the approval of the Design Review committee or was not done in substantial compliance with the description and materials furnished to, and any conditions imposed by, the Design Review Committee or was not completed within one (1) year after the date of approval by the Design Review Committee, the Design Review Committee shall notify the Applicant in writing of the noncompliance; which notice shall be given in any event, within thirty (30) days after the Design Review Committee receives a Notice of Completion from the Applicant. The notice shall specify the particulars of the noncompliance and shall require the Applicant to take such action as may be necessary to remedy the noncompliance.

Section 10.17 Failure of Committee to Act After Completion

If, for any reason other than the Applicant's act or neglect the Design Review Committee fails to notify the Applicant of any noncompliance within thirty (30) days after receipt by the Design Review Committee of written Notice of Completion from the Applicant, the Improvement to Property shall be deemed in compliance if the Improvement to Property was, in fact, completed as of the date of Notice of Completion.

Section 10.18 Appeal to Association Board of Finding of Noncompliance

If the Design Review Committee gives any notice of noncompliance, the Applicant may appeal to the Board of Trustees by giving written notice of such appeal to the Board and the Design Review Committee within thirty (30) days after receipt of the notice of noncompliance by the Applicant. If, after a notice of noncompliance, the Applicant fails to commence diligently to remedy such noncompliance, the Design Review Committee shall request a finding of noncompliance by the Board of Trustees by giving written notice of such request to the Community Association and the Applicant within thirty (30) days after delivery to the Applicant of a notice of noncompliance from the Design Review Committee. In either event, the Board of Trustees or a Tribunal appointed pursuant to the Bylaws shall hear the matter in accordance with the provisions of the Bylaws for Notice and Hearing, and the Board shall decide whether or not there has been such noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same.

Section 10.19 Correction of Noncompliance

If the Board of Trustees determines that a noncompliance exists, the Applicant shall remedy or remove the same within a period of not more than forty-five (45) days from the date of receipt by the Applicant of the ruling of the Board of Trustees. If the Applicant does not comply with the Board ruling within such period, the Board may, at its option, record a Notice of Noncompliance against the real property on which the noncompliance exists, may remove the noncomplying Improvement to Property or may otherwise remedy the noncompliance, and the Applicant shall reimburse the Community Association, upon demand, for all expenses incurred therewith. If such expenses are not promptly repaid by the Applicant or Owner to the Community Association, the Board may levy a Reimbursement Assessment against the Owner of the Privately Owned Site for such costs and expenses. The right of the Community Association to remedy or remove any noncompliance shall be in addition to all other rights and remedies which the Community Association may have at law, in equity, or under this Community Declaration.

Section 10.20 No Implied Waiver or Estoppel

No action or failure to act by the Design Review Committee or by the Board of Trustees shall constitute a waiver or estoppel with respect to future action by the Design Review Committee or the Board of Trustees with respect to any improvement to property. Specifically, the approval by the Design Review Committee of any Improvement to Property shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement to Property or any similar proposals, plans, specifications or other materials submitted with respect to any other Improvement to Property.

Section 10.21 Committee Power to Grant Variances

The Design Review Committee may authorize variances from compliance with any of the provisions of this Community Declaration or any Supplemental Declaration or the Design Guidelines, including restrictions upon height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and shall become effective when signed by at least a majority of the members of the Design Review Committee. If any such variance is granted, no violation of the provisions of this Community Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Community Declaration or any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall the granting of any variance affect the jurisdiction of any architectural control of a Sub-Association or committee created by a Supplemental Declaration, nor shall the granting of a variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned, including, but not limited to, the Development Guide and zoning ordinances and setback lines or requirements imposed by any governmental authority having jurisdiction.

Section 10.22 Compensation of Members

Members of the Design Review Committee may receive compensation for services rendered and reimbursement for out of pocket expenses incurred by them in the performance of their duties hereunder. Compensation is to be determined by the Board of Trustees.

Section 10.23 Meetings of Committee

The Design Review Committee shall meet from time to time as necessary to perform its duties hereunder. The Design Review Committee may, from time to time, by resolution in writing adopted by a two-thirds majority of the members, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for or on behalf of the Design Review Committee, except the granting of approval to any Improvement to Property and granting of variances. The action of such Committee Representative within the authority of such Committee Representative or the written consent or the vote of a two-thirds majority of the members of the Architectural Committee shall constitute action of the Design Review Committee.

Section 10.24 Records of Actions

The Design Review Committee shall report in writing to the Board of Trustees all final action of the Design Review Committee and the Board shall keep a permanent record of such reported action.

Section 10.25 Estoppel Certificates

The Board of Trustees shall, upon the reasonable request of any interested party and after confirming any necessary facts with the Design Review Committee, furnish a certificate with respect to the approval or disapproval of any Improvement to Property or with respect to whether any Improvement to Property was made in compliance herewith. Any Person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

Section 10.26 Non-liability for Committee Action

There shall be no liability imposed on the Design Review Committee, any member of the Committee, any Committee Representative, the Community Association, any member of the Board of Trustees or Declarant for any loss, damage or injury arising out of or in any way connected with the performance of the duties of the Design Review Committee unless due to the willful misconduct or bad faith of the party to be held liable. In reviewing any matter, the committee shall not be responsible for reviewing, nor shall its approval of an Improvement to Property be deemed approval of the Improvement to Property from the standpoint of safety, whether structural or otherwise, or conformance with building codes or other governmental laws or regulations.

Section 10.27 Construction Period Exception

During the course of actual construction of any permitted structure or Improvement to Property, and provided construction is proceeding with due diligence, the Design Review Committee may temporarily suspend the provisions contained in this Community Declaration as to the property upon which the construction is taking place to the extent necessary to permit such construction; provided that, during the course of any such construction, nothing is done which will constitute a nuisance or unreasonable interference with the use and enjoyment of other property.

ARTICLE XI MISCELLANEOUS

Section 11.1 Term of Declaration

Unless amended as herein provided, each provision contained in this Community Declaration which is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation shall continue and remain in full force and effect for the period of twenty-one (21) years following the death of the survivor of the members of the Senate and House of Representatives of the State of Utah in office on the date of this Community Declaration and the now living children of said Persons, or until this Community Declaration is terminated as hereinafter provided, whichever first occurs. Unless amended as herein provided, all other provisions, covenants, conditions, restrictions and equitable servitudes contained in this Community Declaration shall be effective until December 31, 2048, and thereafter shall be automatically extended for successive periods of ten (10) years each unless terminated by the vote, by written ballot, of Members holding at least seventy-five percent (75%) of the voting power of

Members of the Community Association at duly constituted meetings of the Delegate Districts. The termination of this Community Declaration shall be effective upon the Recording of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Community Association stating that this Community Declaration has been terminated by the vote of Members as provided herein.

Section 11.2 Amendment of Community Declaration by Declarant

Until the first Privately Owned Site subject to this Community Declaration has been conveyed by Declarant by deed Recorded in the office of the County Clerk and Recorder of Utah County, Utah, any provisions, covenants, conditions, restrictions and equitable servitudes contained in this Community Declaration may be amended or terminated by Declarant by the Recordation of a written instrument, executed by Declarant, setting forth such amendment or termination.

Section 11.3 Amendment of Community Declaration by Members

Except as otherwise provided in this Community Declaration, and subject to provisions elsewhere contained in this Community Declaration requiring the consent of Declarant or others, any provision, covenant, condition, restriction or equitable servitude contained in this Community Declaration may be amended or repealed at any time and from time to time upon approval of the amendment or repeal by Members of the Community association holding at least seventy-five percent (75%) of the voting power of the Community Association present in person or by proxy at duly constituted meetings of the Delegate Districts. Sections 2.47 and 4.7 hereof, as well as those provisions of Sections 8.1, 8.3, 8.5, 8.10, 8.11, 8.27, 8.32 or of any other Section of this Community Declaration pertaining solely to the rights and obligations of Members entitled to use an Improvement of any particular Recreation Cost Center, may be amended or repealed at any time and from time to time only upon the approval of the amendment or repeal by Members holding at least seventy-five percent (75%) of the voting power within each Delegate District entitled to use such Recreation Cost Center present in person or by proxy at duly constituted meetings of such Delegate Districts. The approval of any such amendment or repeal shall be evidenced by the certification by the Delegates from the appropriate Delegate Districts to the Board of Trustees of the Community Association of the votes of Members in the Delegate District. The amendment or repeal shall be effective upon the Recordation in the office of the Recorder of Utah County, Utah, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Community Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the Members and certified by the appropriate Delegates as set forth above.

Section 11.4 Amendment Required by Government Mortgage Agencies

Notwithstanding the provisions of Section 11.3 hereof, any provision, covenant, condition, restriction or equitable servitude contained in this Community Declaration which any Government Mortgage Agency requires to be amended or repealed may be amended or repealed by a two-thirds vote of Delegates voting in a meeting duly called. Any such amendment or repeal shall be effective upon the Recordation in the office of the Recorder of Utah County Utah, of a certificate, executed by the President or a Vice President and the Secretary or an Assistant Secretary of the Community Association setting forth the amendment or repeal in full and certifying that the amendment or repeal has been approved by the vote of Delegates as herein provided.

Section 11.5 Required Consent of Declarant to Amendment

Notwithstanding any other provision in this Community Declaration to the contrary, any proposed amendment or repeal of any provision of Article VII of this Community Declaration shall not be effective unless Declarant has given its written consent to such amendment or repeal, which consent may be evidenced by the execution by Declarant and of any certificate of amendment or repeal. The foregoing requirement for consent of Declarant to any amendment or repeal shall terminate at such time as all property in the Project Area has become part of the Community Association Area and the last Privately Owned Site within the Community Association Area has been sold and conveyed by Declarant.

Section 11.6 Amendment of Articles and Bylaws

The Articles of Incorporation and Bylaws may be amended in accordance with the provision set forth in such instruments or, in the absence of such provisions, in accordance with the applicable provisions of the Utah Nonprofit Corporation Act.

Section 11.7 Special Rights of First Mortgagees

Any First Mortgagee (meaning a Mortgage with first priority over other Mortgages) of a Mortgage encumbering any Privately Owned Site in the Community Association Area, upon filing a written request therefor with the Community Association, shall be entitled to (a) written notice from the Community Association of any default by the Mortgagor, of such Privately Owned Site in the performance of the Mortgagor's obligations under this Community Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations, which default is not cured within sixty (60) days after the Community Association learns of such default; (b) examine the books and records of the Community Association during normal business hours; (c) receive a copy of financial statements of the Community Association including any annual audited financial statement within ninety (90) days following the end of any fiscal year of the Community Association; (d) to receive written notice of all meetings of Delegates or of Delegate Districts; (e) designate a representative to attend any meeting of Delegates or of Delegate Districts; (f) receive written notice of abandonment or termination of the Community Association or of the plan contemplated under this Community Declaration; (g) receive thirty (30) days written notice prior to the effective date of any proposed, material amendment to this Community Declaration, the Articles of Incorporation or the Bylaws; (h) receive thirty (30) days written notice prior to the effective date of termination of any agreement for professional management of the Community Association or the Community Association Properties following a decisions of the community Association to assume self-management of the Community Association Properties; and (i) immediate written notice as soon as the Community Association receives notice or otherwise learns of any damage to the Community Association Properties if the cost of reconstruction exceeds Ten Thousand dollars (\$10,000) and as soon as the Community Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Community Association Properties

Section 11.8 First Mortgage Exemption from Rights of First Refusal

Any such First Mortgagee who obtains title to any Privately Owned Site pursuant to the remedies provided in the Mortgage held by such First Mortgagee or pursuant to any foreclosure of the Mortgage or by deed or assignment in lieu of foreclosure shall be exempt from any right of first

refusal if any such right of first refusal is ever contained in this Community Declaration or any Supplemental Declaration.

Section 11.9 Priority of First Mortgage Over Assessments

Each First Mortgagee of a Mortgage encumbering a Privately Owned Site who obtains title to such Privately Owned Site pursuant to the remedies provided in the Mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure shall take title to the Privately Owned Site free and clear of any claims for unpaid Assessments or charges against such Privately Owned Site which accrued prior to the time such holder acquires title to such Privately Owned Site, other than allocation of any deficiency prorated among all Members of the Community Association.

Section 11.10 First Mortgagee Right to Pay Taxes and Insurance Premiums

Any such First Mortgagee or any such First Mortgagees, jointly or singly, shall be entitled to pay any taxes or other charges which are in default and which may or have become a charge against any of the community Association Properties and may pay any overdue premiums on hazard insurance policies for any Community Association Properties, and the First Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Community Association.

Section 11.11 Agreements with Government Mortgage Agencies

The Community Association may enter into such contracts or agreements on behalf of the Community Association as may be required in order to satisfy the requirements or guidelines of any Government Mortgage Agency so as to allow for the purchase, guarantee or insurance, as the case may be, by a Government Mortgage Agency of First Mortgages encumbering Privately Owned Sites.

Each Owner hereby agrees that it will benefit the Community Association and the Members thereof, as a class of potential mortgage borrowers and potential sellers of Privately Owned Sites, if Government Mortgage Agencies approve the Community Association Area or parts thereof as a qualifying subdivision under their respective policies, rules and regulations as adopted from time to time.

Section 11.12 Association Right to Mortgage Information

Each owner hereby authorizes any First Mortgagee holding a Mortgage on such Owner's Privately Owned Site to furnish information to the Community Association concerning the status of such First Mortgage and the loan which it secures.

Section 11.13 Special Approvals by First Mortgagees

Unless at least seventy-five percent (75%) of the First Mortgagees (based upon one vote for each Mortgage owned) of Privately Owned Sites in the Community Association have given their written approval, neither the Community Association or any Member shall (a) by act or omission seek to abandon, partition, subdivide, encumber sell or transfer the Community Association Properties or the Improvements thereon which are owned, directly or indirectly, by the Community Association (except that the granting of Access Easements, Utilities Easements, Drainage Easements and Water Facilities Easements or easements for other public purposes consistent with the intended use of such property by the Community Association shall not be deemed within the meaning of this provision); (b) change the method of determining the obligations, Assessments or other charges which may be levied against Members or the method of allocating distributions of hazard insurance policy proceeds

or condemnation awards; (c) by act or omission change, waive or abandon any scheme of regulation, or enforcement thereof, pertaining to architectural approval of Improvement of Property including the architectural design of the exterior appearance of dwelling units, the exterior maintenance of dwelling units or the upkeep of lawns and plantings on the Community Association Properties; (d) fail to maintain the casualty, fire and extended coverage insurance on insurable Community Association Properties as elsewhere provided in this Declaration; (e) use hazard insurance proceeds for losses to any Community Association Properties for other than the repair replacement or reconstruction of the Improvements which were damaged or destroyed; and (f) amend any material provision of this Community Declaration, the Articles of Incorporation or Bylaws.

Section 11.14 FHA/VA Approval

As long as Declarant shall have the right to appoint a majority of the Members of the Design Review Committee as elsewhere provided in this Community Declaration, and provided further that the FHA or the VA is insuring or guaranteeing or has agreed to insure or guarantee loans in any portion of the Community Association Area with respect to initial sales of Privately Owned Sites by Declarant, the following action shall require the prior approval of the FHA or the VA, in accordance with the procedure set forth herein: (a) Dedication of any of the Community Association Properties; (b) granting of easements, rights of way or licenses by Declarant in the Community Association Properties; (c) granting of a Mortgage covering any portion of the Community Association Properties; (d) establishment of additional reservations by Declarant in the Community Association Properties; (e) amendment of this Community Declaration, the Articles of Incorporation or the Bylaws; (f) any merger or consolidation of the Community Association with any other entity; and (g) any exceptions to title to any Community Association Properties transferred to the Community Association by Declarant. Prior to any such proposed action, Declarant shall give written notice of such proposed action to the FHA and VA and for sixty (60) days following the receipt of such notice, the FHA or VA shall have the power to prohibit such action by written notice to Declarant. If no written notice of veto is received by Declarant within such sixty (60) day period, then such approval shall be deemed given and Declarant may proceed as if such approval was obtained with respect to the request contained in such notice. Any certificate of amendment or repeal shall state whether or not any such consent is required and, if required, shall state whether or not such consent has been obtained, and the statements in the certificate shall be binding and conclusive on all Persons.

Section 11.15 Notices

Any notice permitted or required to be given under this Community Declaration shall be in writing and may be given either personally or by mail, telephone or fax. If served by mail, each notice shall be sent postage prepaid, addressed to any Person at the address given by such Person to the Community Association for the purpose of service of such notice, or to the Privately Owned Site of such Person if no address has been given to the Community Association and shall be deemed given, if not actually received earlier, at 5:00 p.m. on the second business day after it is deposited in a regular depository of the United States Postal Service. Such address may be changed from time to time by notice in writing to the Community Association.

Section 11.16 Persons Entitled to Enforce Declaration

The Community Association, acting by authority of the Board and any Member of the Community Association shall have the right to enforce any or all of the provisions, covenants, conditions,

restrictions and equitable servitudes contained in this Community Declaration against any property within the Community Association Area and the Owner thereof. The right of enforcement shall include the right to bring an action for damages as well as an action to enjoin any violation of any provision of this Community Declaration.

Section 11.17 Violations Constitute a Nuisance

Any violation of any provision, covenant, condition, restriction or equitable servitude contained in this Community Declaration, whether by act or omission, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by any Person entitled to enforce the provisions of this Community Declaration.

Section 11.18 Enforcement by Self Help

Declarant or the Community Association, or any authorized agent of either of them, may enforce, by self help, any of the provisions, covenants, conditions, restrictions or equitable servitudes contained in this Community Declaration, provided such self help is preceded by Notice and Hearing as set forth in the Bylaws.

Section 11.19 Violations of Law

Any violation of any federal, state, municipal or local law, ordinance, rule or regulation, pertaining to the ownership, occupation or use of any property within the Community Association Area is hereby declared to be a violation of this Community Declaration and shall be subject to any and all of the enforcement procedures set forth in this Community Declaration.

Section 11.20 Remedies Cumulative

Each Remedy provided under this Community Declaration is cumulative and not exclusive.

Section 11.21 Costs and Attorneys' Fees

In any action or proceeding under this Community Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith including reasonable attorney's fees.

Section 11.22 Limitation of Liability

The Community Association, the Board of Trustees, the Design Review Committee, Declarant, any Delegate and any member, agent or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action or failure to act was in good faith and without malice.

Section 11.23 No Representations or Warranties

No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Project Area, or any Improvement thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

Section 11.24 Liberal Interpretation

The provisions of this Community Declaration shall be liberally construed as a whole to effectuate the purpose of this Community Declaration.

Section 11.25 Governing Law

This Community Declaration shall be construed and governed under the laws of the State of Utah.

Section 11.26 Severability

Each of the provisions of this Community Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial enforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 11.27 Number and Gender

Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

Section 11.28 Captions for Convenience

The titles, heading and captions used in this Community Declaration are intended solely for convenience of reference and shall not be construed as affecting any of the provisions of this Community Declaration.

Section 11.29 Mergers or Consolidations

Upon a merger or consolidation of the Community Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Community Association. As a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Community Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one plan.

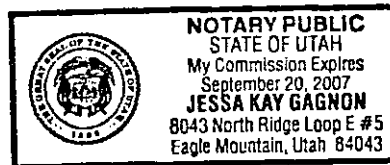
IN WITNESS WHEREOF, Declarant has executed this Community Declaration the day and year first above written.

The Ranches at Eagle Mountain Master Homeowner's Association
A Utah Non-Profit Corporation

Daniel T. Burdick
Daniel T. Burdick
President

State of Utah)
 :SS
County of Utah)

Subscribed and sworn before me this 1st day of June 2004.



Jessa Kay Gagnon
Notary

EXHIBIT A

COMMUNITY DECLARATION LEGAL DESCRIPTION

Parcel 1: (THE RANCHES LEGAL DESCRIPTION)

All Properties with the following tax id numbers are included within the following legal description: 58:033:0095; 58:041:0029; 58:048:0032; 58:048:0033; 58:048:0028; 58:040:0030; 58:040:0117; 58:040:0112; 58:040:0149; 58:040:0013; 58:040:0115; 58:040:0110; 58:040:0059; 58:040:0147; 58:040:0146; 58:040: 0109; 58: 040:0161; 58:040:0162; 58:040:0163; 58:040:0134; 58:040:0028; 58:040:0119; 58:040:0132; 58:040:0091; 58:040:0143; 58:040:0156; 58:040:0157; 58:040:0130; 58:040:0128; 58:040:0122; 58:040:0118; 58:040:0099; 58:040: 0087; 58:040:0084; 58:040:0090; 58:040:0093; 58:040:0133; 58:040:0066; 58:040:0136; 58:034:0124; 58:034:0167; 58:034:0168; 58:034:0155; 58:034:0162; 58: 043:0169; 58:034:0170; 58:034:0149; 58:034:0152; 58:034:0150; 58:034:0148; 58:034:0160; 58:034:0158; 58:034:0171; 58:034:0172; 58:034:0166; 58:034:0157; 58:034:0193; 58:034:0194; 58:034:0153; 58:034:0188; 58:034:0187; 58:034:0121; 58:034:0164; 58:034:0181; 58:034:0182; 58:034:0180; 58: 040:0159; 58:033:0112; 58:033:0113; 58:033:0117; 58:033:0109; 58:040:0164; 58:033:0111; 58: 033:0106; 58:033:0107; 58:033:0116; 58:033:0100; 58:033:0097; 58:040:0160; 58:033:0114; 58:033:0115; 58:033:0098; 58:033:0099; 58:040:0155; 58: 040:0096; 58:040:0138; 58:040:0140; 58:040:0148; 51:333:0001-0500; 37:132:0001-0500; 36:809:0001-0038; 34:301:0001-0079; 36:849:0001-0500; 52:797:0001-0032; 52:812:0033-0500; 51:329:0001; 52:740:0001-0049; 37: 141:0001-0500; 46:543:0001-0071; 38:302:0001-0500; 39:135:0001-0500; 58:033:0114; 53:231:0079-0108; 53:234:0109-0144; 49:382:0179-0200

Beginning at the South quarter corner of Section 25, Township 5 South, Range 2 West, Salt Lake Base and Meridian; thence North 00° 50' 24" East 2709.61 feet; thence South 89° 31' 55" East 1296.93 feet; thence North 01° 38' 58" East 2604.26 feet; thence South 89° 15' 07" East 1333.69 feet along section line to the Northwest corner of Section 30, Township 5 South, Range 1 West, Salt Lake Base and Meridian; thence South 89° 43' 21" East 1135.80 feet along the section line; thence North 34° 16' 08" East 74.04 feet along the Section line; thence North 35° 40' 00" East 535.26 feet; thence North 08° 30' 00" West 853.01 feet; thence North 88° 19' 10" East 1135.48 feet; thence South 00° 31' 41" West 1279.11 feet to the North quarter corner of said Section 30; thence South 89° 18' 39" East 2759.83 feet along the section line to the Northeast corner of said Section 30; thence North 00° 18' 58" West along the section line 2654.18 feet to the West quarter corner of Section 20; Township 5 South, Range 1 West; thence North 00° 54' 13" West along the section line 1466.45 feet; thence North 89° 05' 47" East 1131.69 feet; thence North 00° 14' 17" East 2395.75 feet to the Southerly right of way of State Road 73; thence North 89° 14' 02" East 309.94 feet along said right of way; thence along the arc of a 5804.70 foot radius curve to the left 1114.39 feet along said right of way (central angle = 10° 59' 59"), the chord of which bears North 83° 44' 03" East 1112.68 feet; thence North 78° 14' 03" East 2847.09 feet along said right of way; thence South 00° 15' 56" West along Section line 1978.86 feet to the Northeast corner of said Section 20; thence South 00° 12' 55" West 2672.98 feet along section line to the East quarter

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Total Ranches Legal contains approximately 2,494.7886 acres

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Parcel 4: (CARLTON ANNEXATION LEGAL DESCRIPTION)

Beginning at a point which is North $00^{\circ}10'13''$ West 123.60 along quarter section line from the South quarter corner of Section 20, Township 5 South, Range 1 West, Salt Lake Base and Meridian; thence North $00^{\circ}10'38''$ West 2541.73 along the quarter section line; thence South $89^{\circ}17'20''$ East 1222.95 along the quarter section line; thence South 2544.42 feet; thence North $89^{\circ}09'24''$ West 424.10 feet along Pony Express right of way; thence North $00^{\circ}33'29''$ East 362.70 feet thence; North $89^{\circ}26'34''$ West 241.10 feet thence; South $33^{\circ}58'16''$ West 431.66 feet thence; North $89^{\circ}09'24''$ West 312.21 feet along Pony Express right of way to the point of beginning. (Approx. 68.1698 acres)

EXHIBIT B**DESCRIPTION OF ANNEXABLE AREA****Parcel 1: (THE RANCHES LEGAL DESCRIPTION)**

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EXHIBIT C
BYLAWS OF
THE RANCHES AT EAGLE MOUNTAIN
MASTER HOMEOWNER'S ASSOCIATION, INC.

I. GENERAL

1.1 Purpose of Bylaws

These Bylaws are adopted for the regulation and management of the affairs of THE RANCHES AT EAGLE MOUNTAIN MASTER HOMEOWNER'S ASSOCIATION, INC.. ("Community Association"). The Community Association has been organized as a Utah Corporation under the Utah Nonprofit Corporation Act to be and constitute the Community Association under the Community Declaration for The Ranches, L.C. (Declarant). The Community Declaration relates to real property in Eagle Mountain, Utah which becomes annexed and subject to the Community Declaration ("Community Association Area").

1.2 Terms Defined in Community Declaration

Terms used in these Bylaws which are defined in the community Declaration shall have the same meaning and definition as in the Community Declaration.

1.3 Controlling Laws and Instruments

These Bylaws are controlled by and shall always be consistent with the provisions of the Utah Nonprofit Corporation Act, the Community Declaration and the Articles of Incorporation of the Community Association filed with the Division of Corporations and Commercial Code, State of Utah, as any of the foregoing may be amended from time to time.

II. OFFICES

2.1 Principal Office

The Board of Trustees, in its discretion, may fix and may change, from time to time, the location of the principal office of the Community Association provided that, at such time as suitable quarters can reasonably be obtained within the Community Association Area in Eagle Mountain, Utah, the principal office of the corporation shall be located within the Community Association Area.

2.2 Registered Office and Agent

The Utah Nonprofit Corporation Act requires that the Community Association have and continuously maintain in the State of Utah a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Community Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Community Association but may be changed by the Community Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the Office of the Secretary of State of Utah.

III. MEMBERS

3.1 Members

A "Member", as defined in the Community Declaration, is the Person, or if more than one, all Persons collectively, who constitute the Owner of a Privately Owned Site within the Community Association Area.

3.2 Memberships Appurtenant to Sites

Each Membership shall be appurtenant to the fee simple title to a Privately Owned Site. The Person or Persons who constitute the Owner of fee simple title to a Privately Owned Site shall automatically be the holder of the Membership appurtenant to that Privately Owned Site and the Membership shall automatically pass with fee simple title to the Privately Owned Site.

3.3 Voting Rights of Members

Each Member shall have the right to cast votes for the election of a Delegate to the Community Association to exercise the voting power of the Delegate District in which the Member's Privately Owned Site is located. The Supplemental Declaration by which property is annexed to the Community Association Area shall define the Delegate District within which each Privately Owned Site is located and shall state whether or not the Delegate District is to be governed by a Sub-Association. If a Delegate District is governed by a Sub-Association, then Members shall have the same voting rights for the election of a Delegate from that Delegate District as for the election of a member of the Board of Trustees of the Sub-Association. If the Delegate District is not governed by the Sub-Association, then Members in that Delegate District shall have voting rights for the election of a Delegate to represent the Delegate District as provided in the following section of these Bylaws.

3.4 Class A and Class B Members Votes

Within any Delegate District without a Sub-Association, there shall be Class A Members and Class B Members. Initially, Class A Members shall be all Members with the exception of Declarant, and each Class A Member shall be entitled to one vote for each Privately Owned Site which he or it owns within the Delegate District. Declarant shall become a Class A Member, with regard to Privately Owned Sites owned by Declarant in any such Delegate District without a Sub-Association, upon the conversion of Declarant's Class B Membership to Class A Membership as provided below. Declarant shall be the sole Class B Member. The Class B Member shall be entitled to three times the number of votes to which the Class B Member would have been entitled as a Class A Member. As to any such Delegate District without a Sub-Association, the Class B Membership shall cease as to that Delegate District and be converted to a Class A Membership on the happening of either of the following events, whichever occurs earlier: (a) when the total votes outstanding in the Class A Membership for that Delegate District equal the total votes outstanding in the Class B Membership for the Delegate District; or (b) five (5) years from the date of Recordation of the Supplemental Declaration or other written instrument creating the Delegate District.

3.5 Voting by Joint Owners

If there is more than one person who constitutes the Owner of a Privately Owned Site, each such Person shall be entitled to attend any meeting of Members of a Delegate district but the voting power attributable to the Privately Owned Site shall not be increased. In all cases in which more than one

Person constitutes the Owner of a Privately Owned Site, including instances in which a Privately Owned Site is owned by a husband and wife, then unless written notice to the contrary, signed by any one of such Persons, is given to the Board of Trustees of the Community Association prior to the meeting, any one such Person shall be entitled to cast, in person or by proxy, the vote attributable to the Privately Owned Site. If, however, more than one Person constituting such Owner attends a meeting in person or by proxy, and seeks to cast the vote attributable to the Site, then the act of those Persons owning a majority in interest in such a Privately Owned Site shall be entitled to cast the vote attributable to such Privately Owned Site.

3.6 Resolution of Voting Disputes

In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members at a meeting of a Delegate District, the Board of Trustees of the Community Association shall act as arbitrators and the decision of a disinterested majority of the Board of Trustees shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon, provided however, that the Board of Trustees shall have no authority or jurisdiction to determine matters relating to the manner of exercise by Declarant of its voting rights.

3.7 Suspension of Voting Rights

The Board of Trustees may suspend, after Notice and Hearing, the voting rights of a Member during and for up to 60 days following any breach by such Member or a Related User of such Member of any provision of the Community Declaration or of any Rule or Regulation adopted by the Community Association.

3.8 Transfer of Memberships on Association Books

Transfers of Memberships shall be made on the books of the Community Association only upon presentation of evidence, satisfactory to the Community Association, of the transfer of ownership of the Privately Owned Site to which the Membership is appurtenant. Prior to presentation of such evidence, the Community Association may treat the previous owner of the membership as the owner of the Membership entitled to all rights in connection therewith, including the rights to vote and to receive notice.

IV. MEETINGS OF MEMBERS

4.1 Delegate Districts with Sub-Association

Matters relating to meetings of Members within a Delegate District which is governed by a Sub-Association may be governed by the Bylaws of the Sub-Association. Except to the extent contrary to or inconsistent with the Bylaws of the Sub-Association, the following sections of these Bylaws shall be applicable to meetings of Members within a Delegate District which is governed by a Sub-Association. The Bylaws of the Sub-Association shall in any event, provide for an annual meeting of Members to elect a Delegate to the Community Association and for the holding of such annual meeting within the time periods specified hereinafter for annual meetings of Members in Delegate Districts.

4.2 Delegate Districts Without a Sub-Association

The following sections of these Bylaws shall govern matters relating to meetings of Members in Delegate Districts not governed by a Sub-Association.

4.3 Place of Member's Meetings

Meetings of Members in a Delegate District shall be held at the principal office of the Community Association or at such other place, within or convenient to the Community Association Area, as may be fixed by the Board of Trustees and specified in the notice of the meeting.

4.4 Annual Meetings of Members

Annual meetings of the Members shall be held in March of each year beginning in March of 1999 on such day in March and at such time of day as is fixed by the Board of Trustees and specified in the notice of meeting. The annual meetings in each Delegate District shall be held to elect a Delegate from that Delegate District and to transact such other business as may properly come before the meeting.

4.5 Special Meetings of Members

Special meetings of the Members in any Delegate District may be called by the Delegate representing the Delegate District, the Board of Trustees of the Community Association or by Members holding not less than 5% of the total votes of all Members in the Delegate District, including votes of Declarant. No business shall be transacted at a special meeting of Members except as indicated in the notice thereof.

4.6 Record Date

For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members in any Delegate district or in order to make a determination of such Members for any other proper purpose, the Board of Trustees of the Community Association may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than 50 days prior to the meeting of Members or the event requiring a determination of Members.

4.7 Notice of Member's Meetings

Written notice stating the place, day and hour of any meeting in any Delegate District shall be delivered not less than 10 or more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Community Association or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidate for Delegate and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Community Association, with postage thereon prepaid. Such notice may be posted in a conspicuous place in the Community Association Area, such as on a notice board outside the principal office of the Community Association, and such notice shall be deemed to be delivered to any Member upon such posting if such Member has not furnished an address for mailing of notice to the Community Association.

4.8 Proxies

A Member entitled to vote in any Delegate District may vote in person or by Proxy executed in writing by the Member or his duly authorized attorney-in-fact and filed with the Chairman of the meeting prior to the time the proxy is exercised. Any proxy may be revocable by attendance of a Member in person at a meeting or by revocation in writing filed with the Chairman of the meeting prior to the time the proxy is exercised. A proxy shall automatically cease upon the conveyance by a Member of the Privately Owned site of the Member and the transfer of the Membership on the books of the Association. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy and no proxy shall be valid in any event for more than three years after its date of execution. Any form of proxy furnished or solicited by the community Association and any form of written ballot furnished by the Community Association shall afford an opportunity thereon for Members to specify a choice between approval and disapproval of each matter or group of related matters which is known at the time the form of proxy or written ballot is prepared, may come before the meeting and shall provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

4.9 Quorum at Members' Meetings

Except as may be otherwise provided in the Community Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least 66% of the votes of all Members in any Delegate District shall constitute a quorum at any meeting of such Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum.

4.10 Adjournments of Members Meetings

Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

4.11 Vote Required at Members' Meetings

At any meeting of a Delegate District, if a quorum is present, a two-thirds majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the community Declaration, the Articles of Incorporation or these Bylaws. Notwithstanding anything to the contrary in the Community Declaration, the Articles of Incorporation or these Bylaws, at any meeting of a Delegate District called for the purpose of electing Delegates or Trustees, a quorum shall constitute a majority of the Members entitled to cast votes, in person or by proxy, and, if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast shall be necessary for the election of a Delegate or Trustee.

4.12 Cumulative Voting Not Pertinent

Since only one Delegate is to be elected from any Delegate District, cumulative voting in an election for a Delegate is not pertinent and is therefore not applicable.

4.13 Order of Business

The order of business at any meeting of Members of a Delegate District shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) report of the Delegate of the Delegate District; (e) election of inspectors of election (at annual meetings or special meetings held for the election of a Delegate); and (f) election of a Delegate (at annual meetings or special meetings held for such purpose).

4.14 Officers of Meetings

At any meeting of a Delegate District, the Members present shall select a Chairman and Secretary of the meeting.

4.15 Certification of Election After Meeting

Promptly after any meeting of Members to elect a Delegate, the Chairman of the meeting shall certify in writing to the Community Association the name and address of the Delegate elected, the Delegate District which the Delegate represents and the time and place of the meeting at which the Delegate was elected.

4.16 Expenses of Meetings

The Community Association shall be the expenses of all meetings of Members in Delegate Districts without a Sub-Association and of special meetings of Members in Delegate Districts governed by a Sub-Association which are held to elect a Delegate or to instruct a Delegate as to the manner in which he is to vote on any issue.

4.17 Waiver of Notice

A waiver of notice of any meeting of Members of a Delegate District, signed by a Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.18 Action of Members Without a Meeting

Any action required to be taken or which may be taken at a meeting of Members in a Delegate District may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

V. DELEGATES**5.1 Delegates**

A "Delegate", as defined in the Community Declaration, is the natural person selected by Members within a Delegate District to represent such Delegate District and to cast votes on behalf of Members

within such Delegate District. The Delegates so selected constitute the "members" of the Community Association, as that term is used in the Utah Nonprofit Corporation Act, notwithstanding the fact that, in the Community Declaration and these Bylaws, the Owners of Privately Owned Sites are referred to and designated as Members.

5.2 Voting Rights of Delegates

Each Delegate shall have one vote for each Privately Owned Site which is subject to the Community Declaration and is located in the Delegate District represented by such Delegate except that, in the case of a Privately Owned Site improved with residential apartments, the Delegate shall have one whole vote for each three apartment units located on the Site with a full vote assigned for any extra one or two apartments in lieu of assigning any fractional votes. The Delegate may cast votes with respect to each Privately Owned Site except for any Privately Owned Site as to which the voting right of the Member owning the Privately Owned Site has been suspended. Each Delegate may cast the votes which he represents in such manner as he may, in his sole discretion, deem appropriate, acting on behalf of all of the Members owning Privately Owned Sites in the Delegate District provided, however, that, in the event that the Members in any Delegate District shall determine, at any duly constituted meeting of the Members of such Delegate District, to instruct their Delegate as to the manner in which he is to vote on any issue to be voted on by the Delegates, then the Delegate representing such Delegate District shall cast only as many votes as the Members in such Delegate District cast in person or by proxy in the exact proportion "for" and "against" such issue. If no quorum of the Members is present in person or by proxy to vote on any issue to be voted on by the Delegates, then the Delegate representing such Delegate District shall not cast any votes regarding such issue. When a Delegate is voting in his own discretion, without instruction from the Members whom he represents, then such Delegate may cast all of the votes which he represents as a unit or such Delegate may apportion some of such votes in favor of a given proposition and some of such votes in opposition to such proposition. It shall be conclusively presumed for all purposes that any Delegate casting votes on behalf of Members owning Privately Owned Sites in his Delegate District will have acted with the authority and consent of all such Members.

5.3 Qualifications of Delegates

A Delegate must be an Owner of a Privately Owned Site within the Community Association Area or, if the Owner of any such Site is a partnership or corporation, must be an authorized agent of such partnership or corporation. If a Delegate conveys or transfers title to his Privately Owned Site, or if a Delegate who is an authorized agent of a partnership or corporation ceased to be such authorized agent, or if the partnership or corporation of which a Delegate is an agent transfers title to its Privately Owned Site, such Delegate's term as Delegate shall immediately terminate and a new Delegate shall be elected as promptly as possible to take such Delegate's place. A Delegate may be re-elected and there shall be no limit on the number of terms a Delegate may serve.

5.4 Term of Office of Delegates

Each Delegate elected at an annual meeting of Members in a Delegate District shall continue in office until the next annual meeting of the Delegate District or until his successor is elected, whichever is later, unless such Delegate resigns, is removed or his term of office terminates because he is no longer qualified to be a Delegate.

5.5 Removal of Delegates

At any meeting of Members of a Delegate District, the notice of which indicates such purpose, the Delegate representing that Delegate District may be removed, with or without cause, by a vote of the majority of the votes of Members present at such meeting in person or by proxy and a successor may be then and there elected to fill the vacancy thus created.

5.6 Resignation of Delegates

Any Delegate may resign at any time by giving written notice to the President, to the Secretary or to the Board of Trustees of the Community Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.7 Vacancies in Delegates

Any vacancy occurring in the office of a Delegate shall, unless filled in accordance with Section 5.5, be filled at a special meeting, called for such purpose, of Members of the Delegate District represented by such Delegate. A Delegate elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

VI. MEETINGS OF DELEGATES

6.1 Place of Delegate Meetings

Meetings of Delegates shall be held at the principal office of the Community Association or at such other place, within or convenient to the Community association Area, as may be fixed by the Board of Trustees and specified in the notice of the meeting.

6.2 Annual Meetings of Delegates

Annual meetings of Delegates shall be held in April of each year beginning in April of 1999, on such day in April and at such time of day as fixed by the Board of Trustees and specified in the notice of meeting. The date in April for the annual meeting shall be fixed by the Board of Trustees so that it shall be at least 10 days after the last of the annual meetings of Delegate Districts in that year and so that notice of the meeting, in accordance with these Bylaws, may be given to the Delegates elected at the annual meetings of Delegate Districts. Annual meetings of Delegates shall be held to elect trustees of the Community Association and to transact such other business as may properly come before the meeting.

6.3 Special Meetings of Delegates

Special Meetings of Delegates may be called by the Board of Trustees or by Delegates representing at least 15% of the total voting power of Delegates. No business shall be transacted at a special meeting of Delegates except as indicated in the notice thereof.

6.4 Record Date

For the purpose of determining Delegates entitled to notice of, or to vote at, any meeting of Delegates, or in order to make a determination of such Delegates for any other proper purpose, the Board of Trustees of the Community Association may fix, in advance, a date as the record date for any such determination of Delegates. The record date shall not be more than 50 days prior to the meeting of Delegates or the event requiring a determination of Delegates.

6.5 Notice of Delegates' Meetings

Written notice stating the place, day and hour of any meeting of Delegates shall be delivered not less than 10 or more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Community Association or the officers or persons calling the meeting, to each Delegate entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidates for Trustee and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Delegate at his address as it appears on the records of the Community Association, with postage thereon paid. Such notice may be posted in a conspicuous place in the Community Association Area, such as on a notice board outside of the principal office of the Community Association and such notice shall be deemed to be delivered to any Delegate upon such posting if such Delegate has not furnished an address for mailing of notice to the Community Association.

6.6 Proxies

A Delegate shall not be entitled to vote by proxy at any meeting of Delegates.

6.7 Quorum at Delegates' Meetings

Except as may be otherwise provided in the Community Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting of Delegates, the presence of Delegates entitled to cast at least 66% of the votes of all Delegates shall constitute a quorum at any meeting of Delegates. Delegates present at a duly organized meeting of Delegates may continue to transact business until adjournment, notwithstanding the withdrawal of Delegates so as to leave less than a quorum.

6.8 Adjournments of Delegates' Meetings

Delegates present at any meeting of Delegates may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

6.9 Vote Required at Delegates' Meetings

At any meeting of Delegates, if a quorum is present, a two-thirds majority of the votes present in person and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Community Declaration, the Articles of Incorporation or these Bylaws.

6.10 Cumulative Voting Permitted

Cumulative voting by Delegates in the election of Trustees shall be permitted. Each Delegate may cumulate his votes by giving one candidate a number of votes equal to the product of the number of votes which the Delegate has the right to cast multiplies by the number of Trustees to be elected or by distributing votes on the same principle among any number of candidates.

6.11 Order of Business

The order of business at all meetings of Delegates shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspectors of election (at annual meetings or special meetings held for the election of Trustees); (g) election of Trustees (at annual meetings or special meetings held for such purpose); (h) unfinished business; and (i) new business.

6.12 Officers of Meetings

The President of the Community Association shall act as chairman and the Secretary of the Community Association shall act as secretary of any meetings of Delegates. In the absence of the President, the Vice President, the Secretary or the Treasurer, in that order, shall act as chairman of the meeting. In the absence of the Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer, in that order, shall act as secretary of the meeting.

6.13 Waiver of Notice

A waiver of notice of any meeting of Delegates, signed by a Delegate, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Delegate. Attendance of a Delegate at a meeting of Delegates shall constitute waiver of Notice of Such meeting except when the Delegate attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.14 Action of Delegates Without a Meeting

Any action required to be taken or which may be taken at a meeting of Delegates, may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Delegates.

6.15 Members Right to Attend

Any Member of a Delegate District shall be entitled to attend any Meeting of Delegates.

VII. BOARD OF TRUSTEES

7.1 General Powers and Duties of Board

The Board of Trustees shall have the duty to manage and supervise the affairs of the Community Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board of Trustees shall have the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the community Association not reserved to Members in the Community Declaration, the Articles of Incorporation, these Bylaws or the Utah Non-Profit Corporation Act.

7.2 Special Powers and Duties of Board

Without limiting the foregoing statement of general powers and duties of the Board of Trustees or the powers and duties of the Board of Trustees as set forth in the Community Declaration, the Board of Trustees of the Community Association shall be vested with and responsible for the following specific powers and duties.

- a) **Assessments.** The duty to fix and levy from time to time Common Assessments, Special Assessments, and Reimbursement Assessments upon the Members of the Community Association as provided in the Community Declaration; to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent; and to enforce the payment of such delinquent assessments as provided in the Community Declaration.
- b) **Insurance.** The duty to contract and pay premiums for fire and casualty and blanket liability and other insurance in accordance with the provisions of the Community Declaration.
- c) **Community Association Property.** The duty to contract for and pay bills for maintenance, legal service, accounting service, gardening, common utilities and other materials, supplies and services relating to the Community Association Properties, and to employ personnel necessary for the care and operation of the Community Association Properties, and to contract and pay for necessary improvements on the Community Association Properties.
- d) **Agents and Employees.** The power to select, appoint, and remove all officers, agents, and employees of the Community Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Community Declaration and these bylaws; and to fix their compensation and to require from them security for faithful service as deemed advisable by the Board.
- e) **Borrowing.** The power, with the approval of Delegates representing at least two-thirds of the voting power of the Community Association (exclusive of the voting power of the Declarant), to borrow money and to incur indebtedness for the purposes of the Community Association, and to cause to be executed and delivered therefor, in the Community Association's name, promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt and securities therefore.
- f) **Enforcement.** The power to enforce the provisions of the Community Declaration, the Rules and Regulations, these Bylaws or other agreements of the Community Association.
- g) **Delegation of Powers.** The power to delegate its powers according to law.
- h) **Easements.** The power to grant easements where necessary for utilities and other facilities over the Community Association Properties to serve the Community Association Area.
- i) **Rules and Regulations.** The power to adopt such rules and Regulation as the Board may deem necessary for the management of the Community Association Area. Such Rules and Regulations may concern, without limitation, use of the Community Association Properties, signs, parking restrictions; common collection and disposal of refuse; minimum standards of property maintenance consistent with the Community Declaration and the provisions of the Architectural Committee; and any other matters within the jurisdiction of the Community Association as provided in the Community Declaration; provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Community Declaration, the Articles and these Bylaws.

7.3 Qualifications of Trustees

A Trustee must be an Owner of a Privately Owned Site within the Community Association Area or, if the Owner of any such Site is a partnership or corporation, must be an authorized agent of such partnership or corporation. If a Trustee conveys or transfers title to his Privately Owned Site, or if a Trustee who is an authorized agent of a partnership or corporation ceases to be such authorized agent, or if the partnership or corporation of which a Trustee is an agent transfers title to its Privately Owned Site, such Trustee's term as Trustee shall immediately terminate and a new Trustee shall be selected as promptly as possible to take such Trustee's place. A Trustee may be re-elected and there shall be no limit on the number of terms a Trustee may serve.

7.4 Number of Trustees

The number of Trustees of the Community Association shall be seven except that, until the first annual meeting of Delegates, the number of Trustees shall be three. The number of Trustees may be increased or decreased from time to time by amendment to these bylaws provided that the number of Trustees shall not be less than three and no decrease in number shall have the effect of shortening the term of any incumbent trustee.

7.5 Term of Office of Trustees

The initial Trustees named in the Articles of Incorporation shall hold office until the first annual meeting of Delegates, new trustees shall be elected and at each annual meeting thereafter, up to four new trustees shall be elected. Trustees shall continue in office for two consecutive years until their second annual meeting of Delegates or until their successors have been elected, whichever is later, unless a Trustee resigns, is removed or his term of office terminates because he is no longer qualified to be a Trustee.

7.6 Removal of Trustees

At any meeting of Delegates, the notice of which indicates such purposes, any Trustee may be removed, with or without cause, by vote of a majority of the Delegates and a successor may be then and there be elected to fill the vacancy this created. No Trustee who was elected based on the exercise of cumulative voting rights shall be removed if the votes against his removal would have been sufficient, if cast at the meeting at which he was elected, to have elected him as a Trustee.

7.7 Resignation of Trustees

Any Trustee may resign at any time by giving written notice to the President, to the Secretary or to the board of Trustees stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.8 Vacancies in Trustees

Any vacancy occurring in the Board of Trustees shall, unless filled in accordance with Section 7.6 or by election at a special meeting of Delegates, be filled by the affirmative vote of a majority of the remaining trustees, though less than a quorum of the Board of Trustees. A Trustee elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. A Trusteeship to be filled by reason of an increase in the number of Trustees shall be filled only by vote of the Delegates.

7.9 Executive Committee

The Board of Trustees, by resolution adopted by a majority of the Trustees in office, may designate and appoint an Executive Committee, which shall consist of three or more Trustees and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Board of Trustees except authority with respect to those matters specified in Utah Nonprofit corporation Act as matters which such committee may not have and exercise the authority of the Board of Trustees.

7.10 Other Committees of Association

The Board of Trustees, by resolution adopted by a majority of the Trustees in office, may designate and appoint one or more other committees, which may consist of or include Members or Delegates who are not Trustees. Any such committee shall have and exercise such authority as shall be specified in the resolution creating such committee except such authority as can only be exercised by the Board of Trustees.

7.11 General Provisions Applicable to Committee

The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the board of Trustees, or any individual Trustee, of any responsibility imposed upon it or him by law.

The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of Trustees shall be applicable to meetings of committees of the Board of Trustees.

7.12 Manager or Managing Agent

The Board of Trustees, by resolution adopted by a majority of the Trustees in office, shall, at or as reasonable possible after the first annual meeting of the Board of Trustees, designate and appoint a manager or a managing agent, or both, which manager or managing agent shall have and exercise those powers and shall fulfill those duties of the Board of Trustees as shall be specified in any such resolution. Any such resolution may delegate all or substantially all of the powers and duties of the Board of Trustees to any such manager or managing agent, shall not be relieved of its responsibilities under the Declaration.

VIII. MEETING OF TRUSTEES

8.1 Place of Trustees Meetings

Meetings of the Board of Trustees shall be held at the principal office of the Community Association or at such other place, within or convenient to the Community Association Area, as may be fixed by the Board of Trustees and specified in the notice of the meeting.

8.2 Annual Meeting of Trustees

Annual meetings of the Board of Trustees shall be held on the same date as, or within 10 days following, the annual meeting of Delegates. The business to be conducted at the annual meeting of Trustees shall consist of the appointment of officers of the Community Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board of Trustees shall be necessary if the meeting is held on the same day

and at the same place as the annual meeting of Delegates at which the Board of Trustees is elected or if the time and place of the annual meeting of the Board of Trustees is elected or if the time and place of the annual meeting of the Board of Trustees is announced at the annual meeting of such Delegates.

8.3 Other Regular Meetings of Trustees

The Board of Trustees shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for such regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by such resolution.

8.4 Special Meetings of Trustees

Special meetings of the Board of Trustees may be called by the President or any two members of the Board of Trustees.

8.5 Notice of Trustees Meetings

In the case of all meetings of Trustees for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three nor more than 50 days before the date of the meeting, by mail, telegraph, telephone or personally, by or at the direction of the persons calling the meeting, to each member of the Board of Trustees. If mailed, such notice shall be deemed to be delivered at 5:00 p.m. on the second business day after it is deposited in the mail addressed to the Trustee at his home or business address as either appears on the records of the Association, with postage thereon prepaid. If telegraphed, such notice shall be deemed delivered at 5:00 p.m. on the next calendar day after it is deposited in a telegraph office addressed to the Trustee at either such address, with all charges thereon prepaid. If by telephone, such notice shall be deemed to be delivered when given by telephone to the Trustee or to any person answering the phone who sounds competent and mature at this home or business phone number as either appears on the records of the Community Association. If given personally, such options shall be deemed to be delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Trustee or some person who appears competent and mature at his home or business address as either appears on the records of the Community Association.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Trustees need be specified in the notice or waiver of such meeting.

8.6 Proxies

A Trustee shall not be entitled to vote by proxy at any meeting of Trustees.

8.7 Quorum of Trustees

A majority of the number of Trustees fixed in these Bylaws shall constitute a quorum for the transaction of business.

8.8 Adjournment of Trustee's Meetings

Trustees present at any meeting of Trustees may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods not to exceed 30 days after the date set for the original meeting. At any adjourned

meeting which is held without notice other than announcement at the meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

8.9 Vote Required at Trustee's Meeting

At any meeting of Trustees, if a quorum is present, a majority of the votes present in person and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater proportion is required by law, the Community Declaration, the Articles of Incorporation or these Bylaws.

8.10 Order of Business

The order of business at all meetings of Trustees shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of Committees; (f) unfinished business; and (G) new business.

8.11 Officers at Meetings

The President shall act as chairman and the Board of Trustees shall elect a Trustee to act as secretary at all meetings of Trustees.

8.12 Waiver of Notice

A waiver of notice of any meeting of the Board of Trustees, signed by a Trustee, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Trustees. Attendance of a Trustee at a meeting in person shall constitute waiver of notice of such meeting except when the Trustee attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

8.13 Action of Trustees Without a Meeting

Any action required to be taken or which may be taken at a meeting of Trustees, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees.

IX. OFFICERS

9.1 Officers, Employees, and Agents

The officers of the Community Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed necessary by the Board of Trustees. Officers other than the president need not be Trustees. No person shall simultaneously hold more than one office except the offices of Secretary and Treasurer.

9.2 Appointment and Terms of Office of Officers

The officers shall be appointed by the Board of Trustees at the annual meeting of the Board of Trustees and shall hold office, subject to the pleasure of the Board of Trustees until the annual meeting of the Board of Trustees or until their successors are appointed, whichever is later, unless the officer resigns, or is removed earlier.

9.3 Removal of Officers

Any officer, employee or agent may be removed by the Board of Trustees, with or without cause, whenever in the Board's judgment the best interests of the Community Association will be served thereby. The removal of an officer, employee, employee or agent shall be without prejudice to the contract rights, if any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

9.4 Resignation of Officers

Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of Trustees of the Community Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

9.5 Vacancies in Officers

Any vacancy occurring in any position as an Officer may be filled by the Board of Trustees. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

9.6 President

The President shall be a member of the Board of Trustees and shall be the principal executive officer of the Community association and, subject to the control of the Board of Trustees, shall direct, supervise, coordinate and have general control over the affairs of the Community Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board of Trustees and of Delegates of the Community Association.

9.7 Vice President

The Vice President may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board of Trustees or by the President.

9.8 Secretary

The Secretary shall be the custodian of the records and the seal of the Community Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Community Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of Delegates, of the Board of Trustees and of committees of the Board; shall keep at the principal office of the Community Association a record of the names and addresses of the Delegates and Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Trustees or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence or inability to act.

9.9 Treasurer

The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Community Association; shall deposit all such funds in the name of the Community Association in such depositories as shall be designated by the Board of Trustees; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Community Association and shall submit such reports thereof as the Board of Trustees may, from time to time, require; shall arrange for the annual audited report required under Section 11.4 of these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Trustees or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence or inability to act.

9.10 Bonds

The Community Association shall require fidelity bonds covering officers or other persons handling funds of the Community Association as required in the Community Declaration. The Community Association shall pay the premiums for such bonds.

X. INDEMNIFICATION OF OFFICIALS AND AGENTS

10.1 Certain Definitions

A "Corporate Official" shall mean any Delegate, Trustee or Officer and any former Delegate, Trustee or officer of the Community Association. A "Corporate Employee" shall mean any employee and any former employee of the Association. "Corporate Official" and "Corporate Employee" shall not include any officer, trustee, agent or employee of Declarant or of any managing agent employed by the Community Association and no such persons shall have rights of indemnification hereunder. "Expenses" shall mean all costs and expenses including attorneys' fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, whether threatened, pending or completed, and shall include appeals.

10.2 Right of Indemnification

The Community Association shall indemnify any Corporate Official and may, at the discretion of the Board of Trustees, indemnify any Corporate Employee against any and all Expenses actually and necessarily incurred by or imposed upon him in connection with, arising out of, or resulting from, any Proceeding in which he may be involved or to which he is or may be made a party by reason of (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in his official capacity as a Corporate Office or Corporate employee, or (b) any matter claimed against him solely by reason of his being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of disinterested trustees of the Community Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Employee acted in good faith and had no reasonable cause to believe that his conduct was improper or unlawful. The right of indemnification shall not extent to matters as to which the Corporate Official or Employee is finally adjudged in an action, suit or proceeding to have been liable for gross negligence or willful misconduct in the performance of his duty except to the extent that a court may determine, upon

application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Utah.

10.3 Advances of Expenses and Defense

The Community Association may advance expenses to, or where appropriate, may undertake the defense of, any Corporate Official or employee in a Proceeding provided that the Corporate Official or Employee shall undertake, in writing, to reimburse the Community Association for the expenses advanced or for the costs and expenses of such defense if it should ultimately be determined that the Corporate Official or Employee is not entitled to indemnification under this Article.

10.4 Rights Not Exclusive

The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Employee may be entitled as a matter of law.

10.5 Authority to Insure

The Community Association may purchase and maintain liability insurance on behalf of any Corporate Official or Employee against any liability asserted against him and incurred by him as a Corporate Official or Employee or arising out of his status as such, including liabilities for which a Corporate Official or Employee might not be entitled to indemnification hereunder.

XI. MISCELLANEOUS

11.1 Amendment of Bylaws

The Board of Trustees shall not have the power to alter, amend or repeal these Bylaws or to adopt new Bylaws. Subject to any approval of the FHA or VA or of First Mortgages required under the Community Declaration, the Delegates, at a meeting called for that purpose, shall have the sole power to alter, amend or repeal the Bylaws and to adopt new Bylaws by a two-thirds majority of votes present at the meeting, if a quorum is present. The Bylaws may contain any provision for the regulation or management of the affairs of the Community Association not inconsistent with law, the Community Declaration or the Articles of Incorporation.

11.2 Compensation of Officers, Trustees and Delegates

No Trustee or Delegate shall have the right to receive any compensation from the Community association for serving as such Trustee or Delegate except for reimbursement of expenses as may be approved by resolution of disinterested members of the Board of Trustees. Officers, agents and employees shall receive such reasonable compensation as may be approved by the Board of Trustees except that no officer, trustee or employee of Declarant or of any affiliate of Declarant may receive compensation as an officer, agent, employee, Trustee or Delegate. Appointment of a person as an officer, agent or employee shall not, of itself, create any right to compensation. Notwithstanding the provisions of this section, a Trustee shall be entitled to a waiver of his Common Assessment provided that the Trustee attends at least 75% of the duly called meetings which he is required to attend.

11.3 Books and Records

The Community Association shall keep correct and complete books and records of account and shall keep, at its principal office in Utah, a record of the names and addresses of its Delegates and Members, and copies of the Community Declaration, the Articles of Incorporation and these Bylaws which may be purchased by any Member at reasonable cost. All books and records of the Association including the Articles of Incorporation, Bylaws as amended and minutes of meetings of members, Delegates and Trustees may be inspected by any Delegate or Member, or his agent or attorney, and any First Mortgagee of a Member for any proper purpose. The right of inspection shall be subject to any reasonable rules adopted by the Board of Trustees requiring advance notice of inspection, specifying hours and days of the week which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

11.4 Annual Report

The Board of Trustees shall cause to be prepared and distributed to each Member and to each First Mortgage who has filed a written request therefor, not later than 90 days after the close of each fiscal year of the Community Association an annual report of the Community Association containing (a) an income statement reflecting income and expenditures of the Community Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of changes in financial position for such fiscal year; and (d) a statement of the place of the principal office of the Community Association where the books and records of the Association, including a list of names and addresses of current Members, may be found. The financial statements of the Community Association may be audited by an independent public accountant and a report based upon such audit shall be included in the annual Report.

11.5 Statement of Account

Upon payment of a reasonable fee to be determined by the Community Association and upon written request of an Owner of a Privately Owned Site or any person with any right, title or interest in a Privately Owned Site or intending to acquire any right, title or interest in a Privately Owned Site, the Community Association shall furnish a written statement of account setting forth the amount of any unpaid assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Privately Owned Site, the Owner of the Privately Owned Site, and Related Users of such Owner and the amount of the assessments for the current fiscal period of the Community Association payable with respect to the Privately Owned Site. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Community Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have then been levied.

11.6 Biennial Corporate Reports

The Community Association shall file with the Secretary of State of Utah within the time prescribed by law, biennial Corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law and shall pay the fee for such filing as prescribed by law.

11.7 Fiscal Year

The fiscal year of the Community Association shall begin on January 1 and end the succeeding December 31 except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board of Trustees without amending these Bylaws.

11.8 Seal

The Board of Trustees may adopt a seal which shall have inscribed thereon the name of the Community Association and the words "SEAL" and Eagle Mountain, Utah.

11.9 Shares of Stock and Dividends Prohibited

The Community Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Association shall be distributed to its Members, Trustees or Officers.

Notwithstanding the foregoing paragraph, the Community Association may issue certificates evidencing membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

11.10 Loans to Trustees, Officers and Delegates Prohibited

No loan shall be made by the Community Association to its Delegates, trustees or officers and any trustee, officer or Delegate who assents to or participates in the making of any such loan shall be liable to the Community Association for the amount of such loan until; the repayment thereof.

11.11 Limited Liability

As provided in the Community Declaration, the Community Association, the Board of Trustees, the Architectural Control Committee, Declarant, any Delegate and any member, agent or employee of any of the same shall not be liable to any Person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

11.12 Special Rights of First Mortgagees

Any First Mortgagee of a Mortgage encumbering any Privately Owned Site in the Community Association Area, upon filing a written request therefor with the Community Association, shall be entitled to (a) receive written notice from the Community Association of any default by the Mortgagor of such Privately Owned Site in the performance of the Mortgagor's obligations under this Community Declaration, the Articles of Incorporation, the Bylaws or Rules and Regulations, which default is not cured within 60 days after the Community Association learns of such default; (b) examine the books and records of the Community Association during normal business hours; (c) receive a copy of financial statements of the Community Association including any annual audited financial statement within 90 days following the end of any fiscal year of the Community Association; (d) receive written notice of all meetings of Delegates or Delegate Districts; (e) designate a representative to attend any meeting of Delegates or Delegate Districts, (f) receive written notice of abandonment or termination of the Community Declaration; (g) receive 30 days written notice prior to the effective date of any proposed, material amendment to the Community Declaration, the Articles of Incorporation or the Bylaws; (h) receive 30 days written notice prior to

the effective date of termination of any agreement for professional management of the Community Association or the Community Association Properties following a decision of the Community Association to assume self-management of the Community Association Properties; and (i) receive immediate written notice as soon as the Community Association receives notice or otherwise learns of any damage to the Community Association Properties if the cost of reconstruction exceeds \$10,000 and as soon as the Community Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Community Association Properties.

11.13 Minutes and Presumptions Thereunder

Minutes or any similar record of the meetings of Members in a Delegate District, of Delegates, or of the Board of Trustees, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

11.14 Record of Mortgagees

Under the Community Declaration, First Mortgagees have rights, under certain circumstances to approve amendments to the Community Declaration. Therefore, any such First Mortgage or, upon the failure of such First Mortgagee, any Member who has created or granted a First Mortgage, shall give written notice to the Community Association, through its Manager, or through the Secretary in the event there is no Manager, which notice shall give the name and address of the first Mortgagee and describe the Privately Owned Site encumbered by the First Mortgage. The Community Association shall maintain such information in a book entitled "Record of First Mortgages on Privately Owned Sites:. Any such first Mortgagee or such Member shall likewise give written notice to the Community Association at the time of release or discharge of any such First Mortgage.

11.15 Checks, Drafts, and Documents

All checks drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Community Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board of Trustees.

11.16 Execution of Documents

The Board of Trustees, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Community Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Trustees, no officer, agent or employee shall have any power or authority to bind the Community Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

XII. NOTICE AND HEARING PROCEDURE

12.1 Association's Enforcement Rights

In the event of an alleged violation by a Member ("Respondent") of the Community Declaration, these Bylaws or the Rules and Regulations, the Board of Trustees shall have the right, after notice

and hearing as hereinafter provided, and upon an affirmative vote of a majority of all Trustees on the Board, to take any one or more of the following actions: (a) Levy a Reimbursement Assessment as provided in the Community Declaration; (b) suspend or condition the right of said Member and anyone claiming through such Member to the use and enjoyment of any recreational facilities operated or maintained by the Community Association (to the extent any such Person is otherwise entitled to such use); (c) suspend said Member's voting privileges as a Member, as provided in the Community Declaration; or (d) Record a Notice of Noncompliance against the Privately Owned Site of the Respondent. Any such suspension shall be for a period of not more than 30 days for any non-continuing infraction, but in the case of a continuing infraction (such as nonpayment of any Assessment after the same becomes delinquent) such suspension may be imposed for so long as the violation continues. The failure of the Board or the Design Review Committee to enforce the Rules and Regulations, these Bylaws or the Community Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided in the Community Declaration or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Community Association prescribed by these Bylaws and the Rules and Regulations, before that Member may resort to a court of law for relief with respect to any alleged violation by another Member of the Community Declaration, these Bylaws or the Rules and Regulations, provided that the foregoing limitations pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Common Assessments, Special Assessments, or Reimbursement Assessments.

12.2 Written Complaint

A hearing to determine whether enforcement action under the Community Declaration or these bylaws should be taken shall be initiated by the filing of a written complaint by any Member or by any officer or member of the Board of Trustees or the Architectural Committee with the President of the Community Association or other presiding member of the board. The Complaint shall contain a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged and a reference to the specific provisions of the Community Declaration, these Bylaws or the Rules and Regulations which the Respondent is alleged to have violated.

12.3 Notice of Complaint and Notice of Defense

A copy of the complaint shall be delivered to the Respondent in accordance with the notice provisions set forth in the Community Declaration, together with a statement which shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board of Trustees within 15 days after the Complaint was served upon you, the Board of Trustees may proceed upon the complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board of Trustees at the following address:

3688 East Campus Drive Suite 140
Eagle Mountain, UT 84043

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses or witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board of Trustees, you may contact:

Duval Haws Moody & Frei, P.C. Attn: Gordon Duval
947 South 500 East, Suite 200
American Fork, Utah 84003
801-763-0155

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board of Trustees. The Respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

12.4 Tribunal

The President shall appoint a Hearing Committee ("Tribunal") of three natural Persons upon receipt of a written Complaint as provided in Section 12.2 of these Bylaws. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the Respondent or any Members of the Community Association who are essential witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that the Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to taking of evidence at the hearing. In the event of such a challenge, the Board of Trustees shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another member to replace the challenged member of the Tribunal. All decisions of the Board of Trustees in this regard shall be final. The Tribunal shall elect a Chairman and appoint a hearing officer who shall take evidence and ensure that a proper record of all proceedings is maintained.

12.5 Notice of Hearing

The Tribunal shall serve a Notice of Hearing, as provided herein, on all parties at least 10 days prior to the hearing, if such hearing is requested by the Respondent. The hearing shall be held no sooner than 30 days after the Complaint is mailed or delivered to the Respondent as provided in Section 12.3 of these Bylaws. The Notice of Hearing to the Respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before a Tribunal appointed by the President of The Ranches at Eagle Mountain Master Homeowner's Association, Inc., at 3688 East Campus Drive Suite 140, Eagle Mountain, UT 84043. On the _____ Day of _____, 20____ at the hour of _____ a.m./p.m., upon the charges made in the Complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Trustees of the Community Association."

12.6 Hearing

- (a) Oral evidence shall be taken only on oath or affirmation administered by an officer of the Community Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.
- (b) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and to rebut the evidence against him. If respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.
- (c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible Persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil action. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitive evidence shall be excluded.
- (d) Neither the accusing Member or the Respondent must be in attendance at the hearing. The hearing shall be open to attendance by all Members of the Community Association to the extent of the Permissible capacity of the hearing room.
- (e) In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Community Declaration, these Bylaws, the Rules and Regulations, or the working of the Community Association. Persons present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings.
- (f) The Tribunal may grant continuances on a showing of good cause.
- (g) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

12.7 Decision

If the Respondent fails to file a Notice of Defense as provided in Section 12.3 of these Bylaws, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without notice to the Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Trustees. The Tribunal shall make its determination only in accordance with these Bylaws. After all testimony and documentary evidence has been presented by

the Tribunal, the Tribunal shall vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendation of the Tribunal shall be posted by the Board of Trustees at a conspicuous place in the Community Association Area, and a copy shall be served by the President on each Person involved in the matter and his attorney, if any. Disciplinary action and levy of a Reimbursement Assessment under the Community Declaration, these Bylaws or Rules and the Regulations shall be imposed only by the Board of Trustees and in accordance with the findings and recommendations of the Tribunal. The Board of Trustees may adopt the recommendations of the Tribunal in their entirety or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent enforcement action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective 10 days after it is served upon the Respondent, unless otherwise ordered in writing by the Board of Trustees. The Board may order a reconsideration at any time within 15 days following service of its decision on the involved persons, on its own motion or on petition by any party. However, no action against the Member arising from the alleged violation shall take effect prior to the expiration of the later of (a) 15 days after the Member's receipt of the Notice of Hearing; or (b) five days after the hearing required herein.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

- 1) I am the duly elected and acting Secretary of THE RANCHES AT EAGLE MOUNTAIN MASTER HOMEOWNER'S ASSOCIATION, INC., a Utah Non-profit Corporation ("Community Association"); and
- 2) The foregoing Bylaws, comprising twenty five pages (25) including this page, constitute the Bylaws of the Community Association duly adopted at the meeting of the Board of Trustees of the Community Association duly held on April 17th, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this 1st day of June, 2004.

Jessa Kay Shinn
Secretary

EXHIBIT D

**ARTICLES OF INCORPORATION OF
THE RANCHES AT EAGLE MOUNTAIN
MASTER HOMEOWNER'S ASSOCIATION, INC.**

I hereby certify that the foregoing has been filed
and approved on this day of May 1997
in the office of this Division and hereby issue
this Certificate thereof.

Examine:



5/27/97
KORLA T. WOODS
Division Director

**ARTICLES OF INCORPORATION
OF
CEDAR PASS ESTATES**

HOMEOWNERS' ASSOCIATION, INC.

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Utah Div. of Corp. Comm. Code

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In compliance with the requirements of the Utah Non-Profit Corporation and Co-operative Association Act, Section 16-6-18, et seq., the undersigned, a resident of the County of Arapahoe, State of Colorado and who is of full age, for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I

The name of the corporation is "Cedar Pass Estates Homeowners' Association, Inc.", hereinafter called the "Association".

ARTICLE II

The principal office of the Association is located at:
65 North 920 East, Orem, Utah 84057.

ARTICLE III

Scott Kirkland, whose address is 65 North 920 East, Orem, Utah 84057, is hereby appointed the initial registered agent of this Association and the address of the initial registered office of the Corporation is: 65 North 920 East, Orem, Utah 84057.

ARTICLE IV

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance of the common areas, Easements and the preservation and architectural control of the Real Property described on Exhibit A attached hereto and incorporated by reference herein, and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and for these purposes to:

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- (a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Cedar Pass Estates (hereinafter called "Declaration"), recorded in the office of the Recorder of the County of Utah, State of Utah, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length.
- (b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association.
- (c) Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.
- (d) Borrow money, and with the assent of three-fourths (3/4) of the members to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.
- (e) Dedicate, sell or transfer all or any part of the Property owned by the Association to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by the members entitled to vote, three-fourths (3/4) of the votes, agreeing to such dedication, sale or transfer.
- (f) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Utah by law may now or hereafter have or exercise.
- (g) Notwithstanding the above, unless three-quarters (3/4) of the first mortgagees of Lots within the Properties (based upon one vote for each first

mortgage owned or held) have given their prior written approval, the Association shall not be empowered or entitled to:

- (1) by act or omission, seek to abandon, partition, encumber, sell or transfer any common areas or Easements owned by the Association.
- (2) fail to maintain fire and extended coverage insurance on any common areas, Easements and the improvements on such in an amount not less than full replacement value.
- (3) use hazard insurance proceeds for loss to the improvements situated on any common areas or Easements for other than the repair, replacement or reconstruction of such improvements.
- (4) change the method of determining assessments which may be levied against a Lot owner.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject by the terms of the Declaration to assessment by the Association, including the Declarant, as said term is defined in the Declaration, and every contract buyer shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessments by the Association.

ARTICLE VI

VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in

any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant (as defined in the Declaration) and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs later:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) December 31, 2004.

ARTICLE VII

BOARD OF TRUSTEES

The affairs of the Association shall be managed by a Board of five (5) Trustees, who need not be members of the Association. The number of Trustees may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of Trustees until the selection of their successors are:

Phillip W. Nolen 5803 Green Oaks Drive
 Littleton, Colorado
 80121

Grant E. Marsh 54 Glenmoor Way
 Englewood, Colorado
 80110

Scott Kirkland 65 North 920 East
 Orem, Utah
 84057

At the first annual meeting, the members shall elect one (1) Trustee for a term of three (3) years, two (2) Trustees for a term of two (2) years and two (2) Trustees for a term of one (1) year; and at each annual meeting thereafter the members shall elect Trustees for a term of two (2) years.

Notwithstanding the above, the Class B voting members shall have the exclusive right to nominate and elect all of the Association's Board of Trustees until such time as Class B membership ceases, or December 31, 2004, whichever event occurs last.

ARTICLE VIII**DISSOLUTION**

The Association may be dissolved with the assent given in writing and signed by not less than three-quarters (3/4) of the members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets will be granted, conveyed, and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX**DURATION**


The Corporation shall exist perpetually.

ARTICLE X**AMENDMENTS**

Amendments to these Articles shall require the assent of seventy-five percent (75%) of the entire membership.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Utah, I, the undersigned, the incorporator of this Association, have executed these Articles of Incorporation this 18th day of April 1997.

Address of Incorporator:


Phillip W. Nolen

5803 Green Oaks Drive

Littleton, Colorado 80121

STATE OF COLORADO)

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ss.)

COUNTY OF ARAPAHOE)

Subscribed and sworn to before me this 18th day of April 1997,
by:

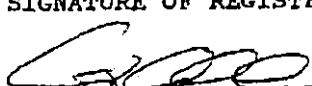
MY COMMISSION EXPIRES
JUNE 15, 1998

My Commission expires: _____



Notary Public

SIGNATURE OF REGISTERED AGENT



Scott Kirkland
65 North 920 East
Orem, Utah 84057

EXHIBIT A

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Beginning at the North quarter corner of Section 29, Township 5 South, Range 1 West, Salt Lake Base and Meridian; thence South 89 degrees 02' 12" East along section line 513.00 feet; thence South 00 degrees 57' 35" West 1328.28 feet to the South line of the Northwest quarter of the Northeast quarter of said Section 29; thence North 89 degrees 12' 26" West along said South line 513.08 feet to the East line of the Northwest quarter of said Section 29; thence South 00 degrees 57' 35" West along said East line 1329.81 feet to the Center quarter corner of Section 29; thence North 89 degrees 22' 35" West along the South line of said Northwest quarter 2647.98 feet to the West quarter corner of Section 29; thence North 01 degrees 08' 59" East along section line 1337.49 feet to the Southeast corner of the Northeast quarter of the Northeast quarter of Section 30; thence North 89 degrees 31' 55" West along the South line of said Northeast quarter 943.73 feet to the East boundary of a 56.00 foot roadway; thence North 18 degrees 40' 20" East along said East boundary 1409.96 feet to section line; thence South 89 degrees 18' 39" East along section line 519.16 feet to the Northwest corner of Section 29; thence South 89 degrees 02' 40" East along section line 2639.06 feet to the point of beginning. (58:040:0007, 58:040:0012, and 58:040:0031)

C# 200852

Department of Commerce
Division of Corporations and Commercial Code

I hereby certify that the foregoing has been duly
approved on the 1st day of July, 1998
in the office of this Division and hereby issue
this Certificate thereof.

Examiner: PS Date: 7/15/98



LORENA R. RIFFO

The following Amendment was voted upon and adopted in a meeting held June 25, 1998
by the Board of Trustees for Cedar Pass Estates Homeowner's Association. The Board adopted
this amendment by a 2/3 majority vote of the trustees with no members present.

WE HEREBY DECLARE that Cedar Pass Estates Homeowner's Association, Inc. shall
hereinafter be known as The Ranches at Eagle Mountain Master Homeowner's Association, Inc.

The following Articles of Incorporation are amended as follows:

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ARTICLE I

The name of the corporation is "The Ranches at Eagle Mountain Master Homeowner's
Association, Inc." hereinafter called the "Association".

ARTICLE II

The principal office of the Association is located at: 9155 N. Cedar Pass Rd. #B, Eagle
Mountain, Utah 84043

ARTICLE IV

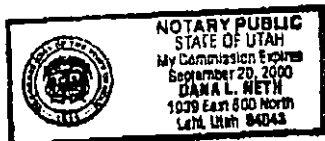
(a) Exercise all of the powers and privileges and to perform all of the duties and
obligations of the Association as set forth in that certain Declaration of Covenants, Conditions
and Restrictions for The Ranches at Eagle Mountain Master Homeowner's Association
(hereinafter called "Declaration"), recorded in the office of the Recorder of the County of Utah,
State of Utah and as the same may be amended from time to time as therein provided, said
Declaration being incorporated herein as if set forth at length.

IN WITNESS WHEREOF, Scott F. Kirkland, Registered Agent for The Ranches at
Eagle Mountain Master Homeowner's Association, Inc., has executed this Amendment on this
1st day of July, 1998.

By: [Signature]
Scott F. Kirkland, Registered Agent for
The Ranches at Eagle Mountain
Master Homeowner's Association, Inc.

State of Utah)
 :ss
County of Utah)

The foregoing instrument was subscribed and sworn for before me this 29th day of May
1998, by Scott F. Kirkland of The Ranches at Eagle Mountain Master Homeowner's Association,
Inc.



[Signature]
Notary Public

My commission expires September 20, 2000

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