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Sunstone Corporation
1192 E. Draper Parkway #101
Draper, UT 84020

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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
ESTABLISHING A PLAN OF TOWNHOME OWNERSHIP
FOR
THE WHITE PINES TOWNHOMES PUD
PHASES III & IV

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FOR
THE WHITE PINES TOWNHOMES P.U.D. PHASES III & IV

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AFTER RECORDING. PLEASE RETURN TO:
SUNSTONE CORPORATION
1192 EAST DRAPER PKY #101
DRAPER, UTAH 84020

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

WHITE PINES TOWNHOMES P.U.D. PHASES III & IV

THIS Declaration of Covenants, Conditions and Restrictions is made and executed this 25th day of March 1999 by Sunstone Corporation, a Utah corporation of 1192 East Draper Parkway #101, Draper, Utah 84020 (hereinafter referred to as the "Declarant").

RECITALS:

A. This Declaration of Covenants, Conditions and Restrictions affects that certain real property located in Salt Lake County, Utah, described with particularity in Article II below (hereinafter referred to as the "Tract").

B. Declarant is the Owner of the Tract.

C. Declarant has constructed, is in the process of constructing or will construct, upon the Tract a residential planned unit development which shall include certain Lots, Common Area, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Record of Plat Map to be recorded concurrently herewith.

D. Declarant intends to sell to various purchasers the fee title to the individual Lots contained in the Tract, and a corresponding membership interest in the Association of Lot Owners (which shall own the Common Area), subject to the Plat Map, or Maps and the covenants, conditions and restrictions set forth herein.

E. Declarant desires, by filing this Declaration and Record of Plat Map, to submit the Tract and all improvements now or hereafter construct hereon to the terms, covenants and conditions of this Declaration, and the Project is to be known as WHITE PINES TOWNHOMES P.U.D. PHASES III & IV.

NOW, THEREFORE, for the reasons recited above and subject to the covenants, conditions and restrictions set forth below, Declarant hereby makes the following Declaration:

I. DEFINITIONS

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

1. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to all attorney's fees, late charges, service fees, filing and recordation fees, accruing interest, fines, and expenditures actually incurred or assessed by the Association.

2. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the WHITE PINES TOWNHOMES P.U.D. PHASES III & IV HOMEOWNERS' ASSOCIATION on file or to be filed with the Utah Department of Commerce.

3. Assessment shall mean and refer to the fees, dues and amounts assessed each Lot Owner to pay for the common expenses incurred in the operation, management, maintenance, repair, replacement, control and regulation of the Project.

4. Association shall mean and refer to the association of Lot Owners at WHITE PINES TOWNHOMES P.U.D. PHASES III & IV.

5. Building shall mean and refer to any of the structures constructed in the Project.

6. Business and Trade shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form or consideration, regardless of whether such activity is engaged in in full- or part-time; such activity is intended to or does generate a profit; or a license is required, therefore.

7. By Laws shall mean and refer to the document attached to this Declaration as Exhibit "C."

8. Capital Improvement shall mean and refer to all nonrecurring expenses (as opposed to day-to-day expenses) to repair, maintain or replace significant fixed assets in the Project intended to restore, enhance, improve or ameliorate the utility, value or beauty of the Common Areas or Facilities.

9. Class B Control Period shall mean and refer to the period of time during which the Class B Member is entitled to appoint all or a majority of the members of the Management Committee.

10. Committee shall mean and refer to the Management Committee.
11. Common Areas shall mean and refer to all real property in or adjacent to the Project in which the Association or its Members have a right of use or owns an interest for the common use and benefit of its Members, their successors, assigns, tenants, families, guests and invitees, including but not limited to the following items:
- a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all improvements constructed thereon, excluding the individual Lots.
 - b) All Common Areas and Facilities designated as such in the Plat Map or Maps;
 - c) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Lot Owners, such as telephone, electricity, gas, water and sewer.
 - d) The Project's outdoor grounds, landscaping, street lighting, perimeter and preservation fences, sidewalks, parking spaces and roadways;
 - e) All portions of the Project not specifically included within the individual Lots; and
 - f) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of its Members.
12. Common Area Assessment shall mean and refer to an Assessment.
13. Common Expense shall mean and refer to the actual and estimated expenses of operating, managing, maintaining, repairing, replacing, controlling and regulating the Project, or any portion thereof, including any reasonable reserve.
14. Community shall mean and refer to the Project.
15. Community-Wide Standard shall mean and refer to the standard of conduct, maintenance, or other activity generally prevailing in the Community as determined by the Management Committee from time to time.
16. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of WHITE PINES TOWNHOMES P.U.D. PHASES III & IV.

17. Declarant shall mean and refer to SUNSTONE CORPORATION, its successors and assigns.

18. Dwelling Unit or Units shall mean and refer to the single-family home or residential structure constructed upon a Lot.

19. Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

20. Eligible Mortgages shall mean and refer to a mortgage, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

21. Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Committee. A vote which is for any reason suspended is not an "eligible vote".

22. Family shall mean and refer to a group of natural persons residing in the same residential structure and maintaining a common household.

23. Guest shall mean and refer to a temporary visitor, invitee or person whose presence within the Project is approved by or is at the request of a particular Resident.

24. Improvement shall mean and refer to all existing physical structures and appurtenances to the Property of every kind and type, including but not limited to all buildings, dwelling units, fixtures, plumbing, electrical, heating, air conditioning and utility systems, roads, walkways, driveways, parking areas, fences, walls stairs, landscaping, trees, shrubs, bushes and green space.

25. Land shall mean and refer to all of the real property subject to this Declaration.

26. Lot shall mean and refer to a portion of the Property, other than the Common Area, intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the Plat Map filed with this Declaration or amendments thereto. Where the context indicates or requires, the term Lot includes any dwelling unit, physical structure or improvement constructed on the Lot.

27. Lot Number shall mean and refer to the number, letter or combination thereof designating a particular Lot.

28. Lot Owner shall mean and refer to the person who is the Owner of Record (in the office of the County Recorder of Salt Lake County, Utah) of a fee or an undivided fee interest in a Lot, including but not limited to both the Seller and Buyer under an executory sales contract (e.g., uniform real estate, land sales contract, or other similar instrument). The term Lot Owner does not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

29. Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

30. Management Committee (sometimes referred to as "Committee") shall mean and refer to those Lot Owners duly elected and qualified to manage, operate and regulate the Association.

31. Manager shall mean and refer to the person or entity appointed or hired to manage and operate the Project.

32. Map shall mean and refer to the Plat Map on file in the office of the County Recorder of Salt Lake County.

33. Member shall mean and refer to an Owner, obligated by virtue of ownership, to be a shareholder in the Association.

34. Mortgage shall mean and refer exclusively to either a first mortgage or first deed of trust on any Lot, but shall not mean or refer to an executory contract of sale.

35. Mortgagee shall mean and refer exclusively to a Mortgagee under either a first mortgage or a beneficiary under a first deed of trust on any Lot, but shall not mean or refer to a Seller under an executory contract of sale.

36. Notice and Hearing shall mean and refer to the procedure which gives an Owner or Resident due process.

37. Owner shall mean and refer to the Lot Owner.

38. Par Value shall mean the number of dollars or points assigned to each Unit by the Declaration in Exhibit "A" attached. The statement of value may not be considered to reflect or control the sales prices or fair market value of any unit, and no opinion, appraisal, or fair market transaction at a different figure may affect the Par Value of any Unit, or any undivided interest in the Common Areas and Facilities, voting rights in the Association, liability for Common Expenses, or the rights to Common Profits, assigned on the basis thereof.

39. Permanent Resident shall mean and refer to anyone who resides in the Project for more than four (4) consecutive weeks or for more than eight (8) weeks in any calendar year.

40. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

41. Plat Map shall mean and refer to the Plat Map or Maps of WHITE PINES TOWNHOMES P.U.D. PHASES III & IV on file in the office of the County Recorder of Salt Lake County as they may be amended from time to time. The Plat Map will show the location of the Lots, Common Area and Limited Common Area.

42. Project shall mean and refer to the WHITE PINES TOWNHOMES P.U.D. PHASES III & IV.

43. Project Documents shall mean the Declaration, By Laws, and Rules and Regulations, and Articles of Incorporation.

44. Property shall mean and refer to all of the land or real estate, improvements and appurtenances submitted to this Declaration.

45. Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational, oversized or commercial transportation device of any kind.

46. Single-Family Home or Residence shall mean and refer to both the architectural style of a dwelling unit and the nature of the residential use permitted.

47. Unit shall mean and refer to a Dwelling Unit.

II. SUBMISSION

The Land, described with particularity on Exhibit "A", attached hereto and incorporated herein by this reference, is located in Salt Lake County, Utah, is hereby submitted to the terms, covenants and conditions of this Declaration, and is hereby made subject to, and shall be governed and regulated by, this Declaration of restrictive covenants. In addition:

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

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservations and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights-of-way, encroachments, or discrepancies shown on or revealed by the Plat Maps or otherwise existing; an easement for each and every Common Area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Tract; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such Common Area improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

III. COVENANTS, CONDITIONS AND RESTRICTIONS

The foregoing submission is made upon and under the following covenants, conditions and restrictions:

1. PHASE III.

a. Description of Improvements. The significant improvements in the Project include, or shall include, twelve (12) Lots; Dwelling Units constructed with cement footings and foundations, wood siding, stucco and/or cobblestone rock exteriors, and wood, composite asphalt shingles on the roof; and Common Area consisting of two open parking spaces, green space, landscaping, roadways, a common utility system, as well as an entrance to and exit from the Community. The Project will also contain other improvements of a less significant nature. All Dwelling Units and residential structures must be of like kind, color, and quality (in the sole discretion of the Declarant or its successor in interest) with a minimum of 1,400 square feet on the main floor.

2. PHASE IV.

a. Description of Improvements. The significant improvements in the Project include, or shall include, eighteen (18) Lots; Dwelling Units constructed with cement footings and foundations, wood, siding, stucco and/or cobblestone rock exteriors, and wood, composite asphalt shingles on the roof; and Common Area consisting of five (5) open parking spaces, green space, landscaping, roadways, a common utility system, as well as an entrance to and exit from the Community. The Project will also contain other improvements of a less significant nature. All Dwelling Units and residential structures must be of like kind, color, and quality (in the sole discretion of the Declarant or its successor in interest) with a minimum of 519 square feet on the main floor.

3. Description and Legal Status of the Property. The Lots shall be individually owned and the Common Areas shall be owned by the Association.

4. Membership in the Association. Membership in the Association is appurtenant to the ownership of a Lot, and may not be partitioned therefrom.

5. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Lot shall describe the interest or estate involved substantially as follows: All of LOT No. _____ contained within the WHITE PINES TOWNHOMES P.U.D. PHASE III (or All of Lot No. _____ contained within the WHITE PINES TOWNHOMES P.U.D. PHASE IV, as the case may be), as the same is identified in the Record of Plat Map recorded in Salt Lake County, Utah, as Entry No. _____ in Book _____ at Page _____ (as said Record of Plat Map may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions of the WHITE PINES TOWNHOMES P.U.D. PHASE III, recorded in Salt Lake County, Utah, as Entry No. _____ in Book _____ at Page _____ (as said Declaration may have heretofore been amended or supplemented), together with an undivided percentage of ownership interest in the Association.

Regardless of whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the membership in the Association, nor the right of nonexclusive use of a Common Area shall be separated from the Lot to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Lot to which they relate.

6. Ownership and Use. Each Owner shall be entitled to the exclusive ownership and possession of his Lot and to membership in the Association as set forth herein, subject, however, to the following:

a) Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple ownership of his Lot. There shall be no requirements concerning who may own a Lot, it being intended that they may and shall be owned as any other Property rights by persons. This is a residential Community and as such the Lots shall be used only for residential purposes, except as set for below. The Common Areas shall only be used in a manner consistent with the residential nature of the Project.

b) Title to the Common Areas. The Common Areas, described with particularity on Exhibit "B", which is attached hereto and incorporated herein by this reference, shall be owned by the Association. The Members shall have the right to use all Common Areas, whether located in PHASE III or PHASE IV, subject to the payment of the appropriate maintenance expenses pursuant to the terms of this Declaration.

c) Mandatory Association. Each purchaser of a Lot shall automatically become a member of the Association.

d) Member's Easements and Rights-of-Way. Every Member of the Association shall as an Owner have the right and nonexclusive easement to use and enjoy the Common Area. Such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following restrictions:

(1) The right of the Association to limit the number of guests and Residents;

(2) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes. During the Developer's period of development of the Project, any such dedication or transfer shall be effective only if approved in writing by the Declarant.

e) Rules and Regulations. The Management Committee shall have the power and authority to adopt, amend or repeal administrative rules and regulations from time to time.

f) Restrictions and Limitations of Use. The use of the Lots, of whatever kind, is subject to the following guidelines, limitations and restrictions:

(1) Parties Bound. The Project Documents shall be binding upon all Owners and Residents, their family members, guests and invitees.

(2) Nuisance. It shall be the responsibility of each Owner and Resident to prevent the creation or maintenance of a nuisance in, on or about the Project. For purposes of this section, a "nuisance" includes but is not limited to the following:

a. The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about a Lot or the Common Areas;

b. The storage of any item, property or thing that will cause any Lot or the Common Area to appear to be in an unclean or untidy condition or that will be noxious to the senses;

c. The storage of any substance, thing or material upon any Lot or in the Common Areas that will emit any foul, unpleasant or noxious odors, or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the other Residents at the Project;

d. The creation or maintenance of any noxious or offensive condition or activity in or about any Lot or the Common Areas;

e. Actions or activities tending to cause embarrassment, discomfort, annoyance, distress or a disturbance to any other Residents, their guests or invitees, particularly if the police or sheriff must be called to restore order;

f. Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community by other Residents, their guests or invitees.

g. Too much noise in, on or about any Lot or the Common Area, especially after 10:00 p.m. and before 7:00 a.m.

h. Too much traffic in, on or about any lot or the Common Area, especially after 10:00 p.m. and before 7:00 a.m.; and

i. Loitering.

(3) Unsightly Work, Hobbies or Unkempt Conditions. The pursuit of hobbies or other activities, including but not limited to the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Project.

(4) Removing Garbage, Dust & Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be regularly removed from the Lot and shall not be allowed to accumulate thereon.

(5) Subdivision of a Lot. No Lot shall be subdivided or partitioned.

(6) Firearms, Incendiary Devices and Graffiti. The use of firearms and incendiary devices, or the painting of graffiti within the Project is prohibited. The term "firearms" includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

(7) Temporary Structures. No Owner or Resident shall place upon any part of the Project any temporary structures including but not limited to tents, trailers, or sheds, without the prior written consent of the committee. Anything to

the contrary notwithstanding and until the occurrence of the Events referred to herein, the Developer may install and use temporary structures in the development of the Project and marketing of the Lots or Units.

(8) Trees, Shrubs and Bushes; Maintenance of Proper Sight Distance at Intersections. All property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners shall be landscaped so as to remove any obstructions and to permit safe sight. No fence, wall, hedge, shrub, bush, tree or monument, real or artificial, shall be planted or placed by any Owner or Resident in, on or about the Common Areas without the prior written consent of the Committee. The Management Committee may alter or remove any objects planted or placed in violation of this subsection.

(9) Swamp Coolers or Evaporative Coolers. No Owner shall place upon any part of the Project, Lot or Common Areas any swamp cooler or evaporative cooler.

(10) Plants. No plants or seeds infected with noxious insects or plant diseases shall be brought upon, grown, or maintained upon the Project.

(11) Clothes Drying. No exterior clotheslines shall be erected or maintained and there shall be no outside drying or laundering of clothes.

(12) Exterior Alteration. No Owner shall at his or her expense or otherwise make any alterations or modifications to the exterior of the building, fences, railings, or walls situated within the Project without the prior written consent of the Association.

(13) Signs. No signs shall be erected or displayed on the Common Areas or any Lot except signs placed by authority of the Management Committee. Notwithstanding any provision in this Declaration to the contrary, so long as the Declarant retains ownership of any Units and/or Lots, Declarant may erect such signs as it reasonably determines are necessary for the sale or promotion of such Units or Lots. No sign other than one (1) sign of customary and reasonable size shall be erected or displayed on any Lot without prior written permission of the Management Committee. The sign must be no larger than 2' X 3', and only displayed in a window. No signs, whatsoever, may be displayed anywhere outside the Unit unless written permission was received by the Management Committee.

(14) Solar Equipment. No Owner may install any solar energy device without the express written consent of the Management Committee.

(15) Energy Conservation Equipment. No solar energy collector panels, other energy conservation equipment or attendant hardware shall be constructed or installed on the Project without the prior written consent of the Management Committee.

(16) Business Use. No commercial trade or business may be conducted in or from any Lot unless: a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; b) the business activity conforms to all zoning requirements for the Project; c) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of Residents of the Project; and d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents of the Project, as may be determined in the sole discretion of the Management Committee.

Notwithstanding the above, the leasing of a residence shall not be considered a trade or business within the meaning of this subsection.

(17) Storage and Parking of Vehicles. The driving, parking, standing or storing of motor vehicles in, on or about the Project shall be subject to the following:

a. The parking rules and regulations adopted by the Management Committee from time to time;

b. Except for purposes of loading or unloading passengers and supplies (for a period of time up to twelve (12) hours), no recreational, commercial or oversized vehicle parking is allowed in the Project;

c. No overnight parking on the street is allowed in the Project;

d. No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, or any other transportation device of any kind may be parked or stationed in such a manner so as to block access to any Lot, building or parking space, or so as to create an obstacle or potentially dangerous condition;

e. Residents may only park their motor vehicles within their garages and driveways;

f. No Resident shall repair or restore any vehicle of any kind in, on or about any Lot or the Common Areas, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility;

g. No garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonably parked in the garage as originally designed and constructed.

h. All parking areas shall be used solely for the parking and storage of vehicles.

i. Garage doors shall remain closed except when the garage is in use.

j. Upon prior approval of the Management Committee, guests, visitors and invitees of Owners may be permitted to park their vehicles on the roadways within the Project at reasonable times before, during and after special functions, provided that emergency vehicles can pass by safely if necessary.

k. Vehicles Parked in violation of this Declaration may be impounded or towed without further notice, and at the owner's sole expense.

l. No boats, personal watercrafts or Rvs shall be parked within the Project.

(18) Antennas. One (1) small and inconspicuous satellite dish antenna having a diameter of 18" or less, which is installed adjacent to any Unit and is integrated with the Unit structure and surrounding landscape, shall be permitted upon a Lot. A satellite dish larger than 18" in diameter, or any dish which is not installed adjacent to a Unit and/or integrated with the surrounding landscaping shall be reviewed by the Management Committee on a case-by-case basis. The location and screening of the satellite dish shall be specified by the Management Committee to ensure that the satellite dish is not visible from the street. Notwithstanding anything to the contrary, no satellite dish antenna having a diameter of more than 18", and all other microwave dish antenna, satellite dish antennae, exterior radio antenna, television antenna, or other electronic signal receiving or transmitting equipment are prohibited within the Project.

(19) Windows and Window Coverings. No aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any Dwelling Unit or garage. Sun shades and tinted windows are allowed. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality, so as not to detract from uniformity in appearance and construction.

(20) Pets. No animals, livestock, or poultry or any kind shall be raised, bred, or kept at the Project, except that no more than one (1) dog, cat or other normal household pet may be kept in Units subject to rules and regulations adopted by the Association through its Management Committee, provided that such pets are not kept, bred, or maintained for any commercial purpose.

Notwithstanding this provision, no pet enclosures shall be erected, placed or permitted to remain on any portion of the Common Areas, nor shall pets be kept tied to any structure outside the Unit. The keeping of pets and their ingress and egress to the Common Areas shall be subject to such rules and regulations as may be issued by the Management Committee. Pets shall not be walked on the Common Areas, except for the purpose of ingress or egress to the Unit before and after walking the pet outside the boundary of the Project. Pets shall be on a leash at all times when outside a Unit. No pet shall be permitted to urinate or defecate on any portion of the Common Areas, and the owner of such pet shall immediately remove feces left upon the Common Areas by his pet. If the Owner or Resident fails to abide by the rules and regulations and/or covenants applicable to pets, the Management Committee may bar such pet from use of or travel upon the Common Areas. The Management Committee may subject ingress, egress, use or travel upon the Common Areas to a user fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner or Resident to abide by the rules, regulations, and/or covenants applicable to pets. In addition, any pet which endangers the health or welfare of any Owner or Resident or which creates a nuisance (e.g., unreasonable barking, howling, whining or scratching) or an unreasonable disturbance or is not a common household pet, as may be determined in the sole discretion of the Management Committee, must be permanently removed from the Project upon seven (7) days' written notice by the Management Committee.

(21) Insurance. Nothing shall be done or kept in, on or about any Lot or the Common Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Project over what the Management Committee, but for such activity, would pay.

(22) Laws. Nothing shall be done or kept in, on or about any Lot or Common Areas, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

(23) Damage or Waste. No damage to, or waste of, the Common Areas shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Management Committee and the other Owners harmless against all loss resulting from any such damage or waste caused by that Owner or an invitee, provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee or any other Owner.

(24) Structural Alterations. No structural alterations to the Common Areas or Facilities is allowed without the prior written consent of the Management Committee.

(25) Mail Boxes. The initial mail box must be the one approved and provided by the Declarant. All replacement mail boxes must be approved in writing by the Management Committee prior to installation.

7. Leases. Any agreement for the leasing, rental, or occupancy of a Unit (hereinafter in this Section referred to as a "Lease") shall be in writing and a copy thereof shall be delivered to the Association before the term of the Lease commences. Every Lease shall provide that its terms shall be subject in all respects to the provisions of the Project Documents. Said Lease shall further provide that any failure by the resident thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. If any Lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the Lease and binding on the Owner and Resident by virtue of their inclusion in this Declaration. No Owner shall be permitted to lease his Unit for transient, hotel, seasonal, rental pool, or corporate executive use or purposes, which shall be deemed to be any rental with an initial term of less than six (6) months. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Unit. Any Owner who shall lease his Unit shall be responsible for assuring compliance by the resident with the Project Documents. Failure by an Owner to take legal action, including the institution of a forcible entry and unlawful detainer proceeding against the resident who is in violation of the Project Documents within ten (10) days after receipt of written demand so to do from the Management Committee, shall entitle the Association to take any and all such action including the institution of proceedings in forcible entry and unlawful detainer on behalf of such Owner against his resident. Neither the Association nor any agent retained by the Association to manage the Project shall be liable to the Owner or resident for any eviction under this Section that is made in good faith. Any expenses incurred by the Association, including attorney's fees and costs of suit, shall be repaid to it by such Owner. Failure by such Owner to make such repayment within ten (10) days after receipt of a written demand therefor shall entitle the Association to levy an individual assessment against such Owner and his Unit for all such expenses incurred by the Association. In the event such assessment is not paid within thirty (30) days of its due date, the Management Committee may resort to all remedies of the Association for the collection thereof. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Unit.

8. Easements: Drainage, Support, Maintenance and Repair. There are hereby RESERVED and the Association is hereby GRANTED the following easements and rights-of-way:

a) A nonexclusive easement over, across, through, above and under the Lots and the Common Area for the operation, maintenance and regulation of the Common Area, amenities and facilities; and

b) A reciprocal easement on, over, under, through and across all Lots and Common Area for the drainage of surface waters on, over, under, through and across the Project. The Declarant shall establish a sub drain and storm drainage system designed to serve the entire Project (the "Master Sub Drain and Storm Drain System"). No Lot Owner shall interfere with the Master Sub Drain and Storm Drain System established by the Declarant, or its successors or assigns. Each Lot Owner shall be responsible to develop his Lot in a manner consistent with the Master Sub Drain and Storm Drain System, and so as not to detract therefrom or interfere therewith, or the Established Drainage Pattern on any other Lot in the Project. No changes to the Established Drainage Pattern on any Lot shall be permitted without the prior written consent of the Management Committee. For purposes of this section, the term "Established Drainage Pattern" is defined as the approved drainage pattern, facilities and improvements in existence at the time such Lot is conveyed to an Owner by the Declarant, its successor or assign. The cost of all improvements, maintenance, repairs and replacements of the Sub Drain or Storm Drainage System located within the boundaries of any Lot shall be the responsibility of the Lot Owner. The cost of all improvements, maintenance, repairs and replacements of the Sub Drain and Storm Drainage System located in the Common Area shall be the responsibility of the Association

9. Liability of Owners and Residents for Damages. Any Owner or resident shall be liable to the Association or other Owners or residents for damages to person or property in the Project caused by his or her negligence.

10. Encroachments. In the event that any portion of the Common Area or a Lot encroaches or comes to encroach upon other Common Area or a Lot as a result of construction, reconstruction, repair, shifting, settling, or movement, an easement for such encroachment is created hereby and shall exist so long as such encroachment exists.

11. Management Committee. The Association shall be managed by a Management Committee which shall be comprised of no less than three (3) and no more than nine (9) members. Until the happening of the Events (described below), the Declarant shall have the exclusive and irrevocable right to appoint all of the members of the Committee and their successors or replacements. At the first Annual Homeowners Meeting after the occurrence of the Events, the members of the Committee shall be elected by the Owners. Not less than two (2) of the members shall be elected for two-year terms and not less than one (1) member shall be

elected for a one-year term. Thereafter, all Members shall be elected for two-year terms. This staggering feature will provide continuity to the management of the Association.

a) Qualify. To qualify, a member of the Committee must be an individual Owner, or the legal representative of an organizational Owner.

b) Vacancies. In the event of the resignation or disqualification of any Committee Member, his or her replacement shall be selected by the affirmative vote of a majority of the Members of the Association.

c) Dismissal. Any Committee member who fails on three successive occasions to attend Committee Meetings (whether regular or special) or who has failed to attend at least twenty-five percent (25%) of all Committee meetings (whether regular or special) held during any twelve-month period, shall automatically forfeit his seat. In such cases, the remaining Committee members shall elect a replacement to sit on the Committee until the next meeting of the Association.

d) Removal of Committee Member/Declarant's Rights. Except for Committee members appointed by the Declarant before the occurrence of the Events, Committee members may be removed at any time by the affirmative vote of a majority of the Members of the Association. A replacement to serve the remainder of the removed member's unexpired term shall be elected at the same meeting.

e) Term. Unless he forfeits or otherwise loses his seat as herein provided, a member shall serve on the Committee until his successor qualifies and is properly elected by the Association.

f) No Compensation. Committee members shall not be compensated for their services but shall be reimbursed for all expenses reasonably incurred in connection with Committee business and approved by the Committee.

12. Committee Officers and Agents. The Committee shall perform its functions through members who are elected as Officers by the Committee and through such agents or employees as the Committee may appoint. There shall be a President, Vice-President and Secretary/Treasurer. Any Committee officer, agent, or employee may at any time be removed, with or without cause, by the vote of a majority of the Committee members. Provided, however, if a member of the Committee is removed as an officer, he shall continue to be a member of the Committee.

13. Committee Meetings. A regular meeting of the Committee shall be held immediately after the adjournment of each annual Owner's meeting or at such other time as the members of the Committee may decide. Other regular meetings shall be held at periodic intervals (no longer than monthly) at such time and place as the Committee may determine. No

notice need be given of regular Committee meetings. Special Committee meetings shall be held whenever called by the President or by any two (2) members of the Committee. Reasonable effort shall be made to give either oral or written notice of a special meeting to each Committee member at least twenty-four (24) hours before the time fixed for the meeting. The propriety of holding any meeting which is attended by all Committee members may not be challenged on grounds of inadequate notice. A quorum for the transaction of business at any Committee meeting shall consist of a majority of all the members then in office.

14. Status and General Authority of Committee. Any instrument executed by the Management Committee that recites facts which, if true, would establish the Committee's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated below, constitute a legal entity capable of dealing in the name of the Committee. The Management Committee shall have, and is hereby granted, the following authority and powers:

a) To Enter. The power and authority to enter into or upon any Lot to make repairs and to do other work reasonably necessary for the proper maintenance and operation of the Project. Except in the case of any emergency, reasonable notice shall be given to the Residents.

b) Grant Easements. The authority, without the vote or consent of the Owners, mortgagees, insurers or guarantors of any mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and nonexclusive easements over, under, across and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

c) Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to the Declaration or Plat Map which has been approved by the vote or consent necessary to authorize such amendment.

d) Standing. The power to sue and be sued.

e) Enter Into Contracts. The authority to enter into contracts which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

f) Transfer Interests in Real Property. The power and authority to purchase property, so long as it has been approved by at least seventy-five percent (75%) of the Members in the Association.

g) To Purchase. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as it has been approved by at least seventy-five percent (75%) of the Members in the Association.

h) To Add Property. The power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (g) above to the Project, so long as it has been approved by at least seventy-five percent (75%) of the Members in the Association.

i) Promulgate Rules. The authority to promulgate such reasonable administrative guidelines, rules, regulations, and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to ensure that the Project is maintained and used in a manner consistent with this Declaration.

j) Meetings. The authority to establish procedures for the conduct of its Meetings, including but not limited to the power to decide what portion of the Meeting shall be open or closed to Members of the Association or Residents not on the Committee, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Committee Meetings.

k) Assignment of Leasing of Common Area Parking Spaces. The authority to assign or Lease open Common Area parking spaces to Residents.

l) All Other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the management Committee to perform its functions on behalf of the Owners.

15. Delegation of Management Responsibilities. The Committee may delegate some of its management responsibilities to either a professional management company, an experienced on-site manager, independent contractors, through service contracts, or any combination thereof. The termination provision of any such contract must not require a termination penalty or any advance notice of more than ninety (90) days, no such contract shall be for a term greater than one (1) year.

16. Owners Meetings. The Association Members shall meet as follows:

a) Annual Meeting. The annual meeting of the Owners shall be held at 7:00 o'clock p.m. on the second Tuesday in August of each year. Whenever such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be at such location as the Committee may reasonably select and as specified in the notice of meeting. At least ten (10) but not more than thirty (30) days before the date of the annual meeting, a written notice thereof shall be personally delivered or mailed, postage prepaid, to each person who appears as an Owner, at his last know address. The notice shall state the time, place, and general purpose of the meeting.

b) Special Meetings. Special Meetings of the Owners may be called by the President, by any two (2) Members of the Committee, or by Members holding at least twenty-five percent (25%) of the undivided ownership interest in the Common Area. At least two (2) but not more than thirty (30) days before the date set for a Special Meeting, written notice thereof shall be given in the manner described in the immediately preceding paragraph.

c) Waiver of Notice. No notice of any Owners' Meeting shall be required if a waiver of such notice is signed by all of the Owners. Whenever all of the Owners meet in person or by proxy, such Meeting may not be challenged on grounds of inadequate notice.

d) Quorum. The presence of a majority of the undivided ownership interest in the Project entitled to cast a vote shall constitute a quorum for the transaction of business at any Owner's Meeting.

(1) Quorum Not Present. If a quorum is not present at any Owner's Meeting, whether regular or special, the Meeting may be adjourned and rescheduled for a time no earlier than forty-eight (48) hours and no later than thirty (30) days, after the time set for the original Meeting.

(2) Quorum at Rescheduled Meeting. Those Members present at the Rescheduled Meeting and entitled to vote shall constitute a quorum at the Rescheduled Meeting.

(3) Percentage Approval Requirement. Notwithstanding the foregoing, however, in any case in which this Declaration requires the affirmative vote of a certain percentage of ownership interest for authorization or approval of a matter, their consent, in person by proxy or in writing is required for authorization or approval of the item, regardless of the quorum requirements.

17. Classes of Membership and Voting Allocations. The Association shall have two (2) classes of Membership — Class A and Class B, described more particularly as follows:

a) Class A. Class A Members shall be all Owners with the exception of the Class B Members, if any. Class A Members shall be entitled to vote on all issues before the Association, subject to the following:

(1) One Vote. Each Lot shall have one (1) vote.

(2) Subject to Assessment. No vote shall be cast or counted for any Lot not subject to assessment.

(3) Multiple Owners. When more than one (1) person or entity holds such interest in a Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any Meeting. In the absence of such advice, the vote of the Lot shall be suspended in the event more than one (1) person or entity seeks to exercise it.

(4) Leased Lot. Any Owner of a Lot which has been leased may, in the Lease or other written instrument, assign the voting right appurtenant to that Lot to the Lessee, provided that a copy of such instrument is furnished to the Secretary at least three (3) days prior to any Meeting.

b) Class B. The Class B Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale of Lots, and who is designated as such in a recorded instrument executed by Declarant. The Class B Member shall originally be entitled to three (3) votes per Lot owned. The Class B Membership and the Class B Control Period shall terminate, and Class B Membership shall convert to Class A Membership upon the happening of the earlier of the following (which is hereinafter referred to as the "Event" or "Events"):

(1) Lots Sold. Four (4) months after seventy-five percent (75%) of the Units (constructed upon the Lots) have been sold; or

(2) Three Years. Three (3) years from March 25, 1998; or

(3) Election. When, in its sole discretion, Declarant so determines. From and after the happening of these events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to One (1) vote for each Lot owned. At such time, the Declarant shall call a Meeting, in the matter described in the By Laws of the Association for Special Meetings, to advise the Membership of the termination of Class B status and, if it has not already occurred, to schedule transition of the operation and management of the entire Project to the Association.

18. Lists of Lot Owners, Eligible Mortgages, and Eligible Insurers or Guarantors. The Committee shall maintain up-to-date records showing: a) the name of each Owner, the address of such person, and the Lot which is owned by him or her; b) the name of each person or entity who is an Eligible Mortgagee, the address of such person or entity, and the Lot which is encumbered by the mortgage held by such person or entity; and c) the name of each person or entity who is an Eligible Insurer or Guarantor, the address of such person or entity, and the Lot which is encumbered by the Mortgage insured or guaranteed by such person or entity. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Committee with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the County

Recorder of Salt Lake County, Utah. The Committee may for all purposes act and rely on the information concerning Lot ownership in its records or, at its option, the records of the County Recorder. The address of any Owner shall be deemed to be the address of the Lot owned by such person unless the Committee is otherwise advised in writing.

19. Capital Improvements and Table. The Management Committee shall prepare a Table of Capital Improvements, which shall contain a list of foreseeable expenditures for capital improvements within the Area of Common Responsibility. The Table shall be included in every annual budget, and it shall be reviewed and updated at least annually, and reasonable reserve accounts shall be established by the Committee for the replacement of capital assets as they age. Expenditures by the Association for capital improvements to the Project shall be subject to and governed by the following:

a) Committee Discretion/Expenditure Limit. Capital improvements to the Project which cost ten percent (10%) or less of the Total Annual Operations Budget and do not materially alter the nature of the Project, may be authorized by the Management Committee alone.

b) Homeowner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed such amount, must, prior to the commencement of construction, be authorized by at least a majority of the Owners.

c) Homeowner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) of the undivided ownership interest in the Project.

20. Operation, Maintenance and Alterations. The Lots and Common Areas shall be maintained by the Lot Owners and the Association as follows:

a) Area of Common Responsibility. The Association shall maintain, repair and replace, as needed from time to time, the Common Areas, and certain improvements constructed or installed thereon and in, on or about the Lots, including but not limited to all entrances to and exits from the Project, street, roads, the five open parking spaces, street lighting, common sidewalks, curbs and gutters, landscaping, green space and sprinkler systems, central utility systems for power, light and water, and all grass edging and mowing as well as the preparation, maintenance and planting of all flower beds (both front and back yards). The foregoing items are hereinafter referred to as the "Area of Common Responsibility".

b) Landscaping Restrictions. Lot Owners shall not modify the landscaping, green space, sod, plant and flower beds, sprinkling system, or drainage in, on or about the Common Areas without the prior written consent of the Management Committee, except

that Lot Owners shall have the right to plant flowers in approved and planned flower beds, and remove up to twenty-five percent (25%) of the sod in the fenced area of the back yard to create a vegetable garden, which shall be properly maintained. If, in the opinion of the Committee, a Resident has created a vegetable garden area but has ceased to use the area for its intended purpose or to properly maintain it, the area shall be restored to its original condition.

c) Snow and Ice Accumulations . The Association shall remove all ice and snow accumulations from the driveways, walkways leading to the Dwelling Unit's main entrance, roads, streets and common walkways. Each Lot Owner shall remove all ice and snow accumulations from all other locations, including but not limited to all walkways (and steps) on the sides and to the rear of the Dwelling Unit, decks, patios and landings.

d) Garbage Removal. Each Owner shall be responsible to remove all garbage, debris and refuse from his Lot, and deposit it in the designated dumpsters.

e) Area of Personal Responsibility. Each Owner shall maintain his Lot and Unit, and all of the improvements constructed or installed thereon. The following items are expressly included in the Area of Personal Responsibility: all roofs, foundations, footings, columns, girders, beams, supports and main walls of any Dwelling Unit and garage, all individual utility services such as power, light, gas, hot and cold water, heating, refrigeration and air conditioning systems, fixtures, windows, doors, patios, balconies and decks, garage doors, garage door systems, interior fence surfaces. If an item is not included in the Area of Common Responsibility and it is located in, on, under or above a Lot, then it shall be the responsibility of the Lot Owner, unless otherwise determined in writing by the Committee (hereinafter referred to as the "Area of Personal Responsibility").

f) Utilities. The Association shall provide those utility services not separately metered and billed to the individual owners by the provider.

g) Standard of Care/General. The Property shall be maintained in a usable, clean, functional, attractive and good condition, consistent with Community Standards. Aesthetic considerations alone, and matters of taste, are sufficient to enjoin a violation of this Declaration.

h) Standard of Care/Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with Community Standards and the quality of design and construction originally established by Declarant. Specific guidelines and restrictions on landscaping may be established by the Management Committee from time to time. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed, and trees, shrubs and

bushes shall be properly pruned and trimmed. In a word, all landscaping shall be tasteful, so as not to affect adversely the value or use of any other Lot, or to detract from the uniform design and appearance of the Project. Unless the replacement of capital landscaping improvements is made necessary by the negligence of the Association, the cost of replacing or restoring the asset shall be the Lot Owner's responsibility.

i) Neglect. If the Committee determines that any owner has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or that the need for maintenance, repair, or replacement of the Common Area is caused through the willful or negligent act of any Owner, his family, guests, lessees, or invitees, and it is not covered or paid by insurance, in whole or in part, then the Association may, but is not obligated to, provide such maintenance, repair or replacement at the Owner's sole cost and expense, subject to the following:

(1) Assessment. Such costs as are incurred by the Association in the performance of an item included in the Area of Personal Responsibility shall be added to and become a part of the assessment to which such owner and Lot is subject, and shall be secured by a lien against the Lot regardless of whether a notice of lien is filed.

(2) Notice of Intent to Repair. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide necessary maintenance, repair, or replacement at Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Committee. The Owner shall have ten (10) days after receipt of notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days.

(3) Emergency Situation. If the Committee determines that an emergency exists, then notice and the opportunity to cure the default is not necessary.

(4) Optional Repairs. The Association may, but is not obligated to, provide any such maintenance, repair, or replacement in the manner described above.

(5) Right of Entry. The Association or its agents or employees shall have a right to enter upon or into any Lot or Common Area as necessary to perform such work and shall not be liable for trespass for such entry or work.

j) Changes to Areas of Personal or Common Responsibility. The Management Committee may, in its sole discretion, add items to or subtract items from the Areas of Personal or Common Responsibility upon at least thirty (30) days' prior written notice to the Lot Owners.

k) Alterations to the Common Area. Anything to the contrary notwithstanding and until the occurrence of the Events, the Declarant may make changes to the Common Areas without the consent of either the Association or the Management Committee; provided, however, no Owner or Resident may make any structural alterations, modifications, changes or improvements to the Common Areas, including but not limited to any additions, extensions, enclosures, fencing, decks, patios, walkways, structures or sheds not shown on the approved plans and specifications, without the prior written consent of the Committee. No fencing (other than around the patio in the rear yard) is allowed without the prior written consent of the Management Committee.

21. Common Area Expenses. Each Owner, upon receipt of a deed to a Lot, shall pay all Assessments subject to and in accordance with the restrictions set forth below; provided, however, anything to the contrary notwithstanding, the Developer shall not be obligated to pay Assessments until such time as any Building or Dwelling Unit is substantially complete and a permanent certificate of occupancy has been issued or, in the alternative, the Developer elects in writing to commence payment, whichever first occurs.

a) Purpose of Common Area Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and Residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Committee.

b) Creation of Common Area Assessments. The Assessments shall pay for the common expenses of the Association as may be from time to time specifically authorized by the Management Committee. Each Owner, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments assessed.

c) Budget. At least thirty (30) days prior to the Annual Homeowners Meeting, the Management Committee shall prepare and deliver to the Owners a proposed Budget which:

(1) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve-month calendar year, commencing with the following January 1.

(2) Basis. Shall be based upon advance estimates of cash requirements by the Management Committee to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas, which estimates shall include but are not limited to expenses of management, grounds maintenance, taxes and special assessments, premiums for all insurance which the Committee is required or permitted to maintain, common lighting and heating, water charges, carpeting, painting, repairs and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Management Committee employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration.

d) Apportionment. The common profits of the property shall be distributed among, the common expenses shall be charged (and voting rights shall be allocated) to the Lot Owners equally pursuant to Exhibit "B" attached.

e) Approval of Budget and Assessments. The proposed Budget and the Assessments shall become effective unless disapproved at the Annual Meeting by a vote of at least a majority of the Owners. Notwithstanding the foregoing, however, if the Members disapprove the proposed Budget and Assessments or the Management Committee fails for any reason to establish the Budget and Assessments for the succeeding year, then and until such time as a new Budget and new Assessment schedule shall have been established, the budget and the Assessments in affect for the then current year shall continue for the succeeding year.

f) Payment of Common Area Assessments. The Management Committee has the sole authority and discretion to determine how and when the annual Assessments are paid.

g) Personal Obligation of Owner. Owners are liable to pay all Assessments accruing interest, late Assessments and collection costs, including attorney's fees. Provided, however, no first Mortgage (but not the Seller under an executory contract of sale such as a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Lot pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to the acquisition of title. For purposes of this section, the term "Owner" shall mean and refer jointly and severally to: (i) the Owner of both the legal and equitable interest in any Lot, (ii) the Owner of record in the offices of the County Recorder of Salt Lake County, Utah, and (iii) both the Buyer and Seller under any executory sales contract or other similar instrument.

h) Equitable Changes. If the aggregate of all monthly payments on all of the Lots is too large or too small as a result of unanticipated income or expenses, the Committee may from time to time effect an equitable change in the amount of said payments. Owners shall be given at least thirty (30) days' written notice of any changes.

i) Reserve Accounts. The Committee shall establish and maintain at least two (2) reserve accounts: one to pay for unexpected operating expenses and the other to pay for capital improvements. The reserve accounts shall be funded out of regular Assessments.

j) Acceleration. Assessments shall be paid in the manner and on dates fixed by the Committee without may, at its option and in its sole discretion, elect to accelerate the entire annual Assessment for delinquent Owners. If, however, the Assessment is accelerated and an Owner subsequently files bankruptcy or the Committee otherwise decided acceleration is not in its best interest, the Committee, at its option and in its sole discretion, may elect to decelerate the obligation.

k) Statement of Common Area Assessments Due. Upon written request, the Committee shall furnish to any Owner a Statement of Assessments Due, if any on his Lot. Failure to provide the certificate within ten (10) days after a written request shall be deemed conclusive evidence that all Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

l) Superiority of Common Area Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled.

m) Termination of Utility Service. At the discretion of the Committee, the utility service to any Owner paid for by Assessments may be terminated if the Owner is in arrears on his obligation to pay Assessments and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

n) Suspension of Right to Vote for Non-Payment. At the discretion of the Committee, the right of an Owner to vote on issues concerning the Association may be suspended if the Owner is delinquent in the payment of his Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

o) Failure to Assess. The omission or failure of the Management Committee to fix the Assessment amounts or rates or to delivery or mail to each Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay annual Assessments on the same basis as for the last year for which an Assessment was made

until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

22. Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special assessments in any year, subject to the following:

a) Committee-Based Assessment. So long as the special assessment does not exceed the sum of Five Hundred and 00/100 Dollars (\$500.00), the "Special Assessment Limit" per Lot in any one fiscal year, the Committee may impose the special assessment without any additional approval.

b) Association Approval. Any special assessment which would exceed the Special Assessment Limit shall be effective only if approved by a majority of the Members of the Association. The Committee in its discretion may allow any special assessment to be paid in installments.

23. Specific Assessments. The Management Committee shall also have the power specifically to assess the Owners in a particular area pursuant to this section as, in its discretion, it shall deem necessary or appropriate, subject to the following:

a) No Obligation or Waiver. Failure of the Committee to exercise its authority under this Section shall not be grounds for any action against the Association or the Committee and shall not constitute a waiver of the Committee's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Committee has not previously exercised its authority under this Section.

b) Enabling Power. The Committee may specifically assess an Owner in a particular area in the manner set forth below; provided, however, the specific assessment is not for any maintenance, repair or replacement ordinarily required by this Declaration and the Owner has the choice to accept or reject the benefit.

(1) Benefit Only to Specific Lot. If the expense benefits less than all of the Lots, then those Lots benefitted may be specifically assessed, and the specific assessment shall be equitably apportioned among those Lots according to the benefit received.

(2) Unequal or Disproportionate Benefit. If the expense benefits all Lots, but does not provide an equal benefit to all Lots, then all Lots shall be specifically assessed, but the specific assessment shall be equitably apportioned among all Lots according to the benefit received.

24. Individual Assessments. Individual Assessments shall be levied by the Committee against a Lot and its Owner to reimburse the Association for:

a) The west Lot Owners shall pay a surcharge of up to ten percent (10%) of their monthly assessment (as determined by the Management Committee from time to time) for landscaping services on their Lots, which are larger than the Lots on the east;

b) fines levied and costs incurred in enforcing Project Documents;

c) costs associated with the maintenance, repair or replacement of for which the Lot Owner is responsible;

d) any other charge, fee, due, expense, or cost designated as an Individual Assessment in the Project Documents; and

e) attorney's fees, interest, and other charges relating thereto as provided in this Declaration.

25. Collection of Common Area Assessments. Assessments must be paid in a timely manner and shall be collected as follows:

a) Time is of the Essence. Time is of the essence and all Assessments shall be paid promptly when due.

b) Delinquent Assessments. Any Assessments which are not paid when due are delinquent and a lien against the Lot affected shall attach automatically, regardless of whether a notice of lien is recorded.

c) Late Assessment and Accruing Interest. Any Assessments delinquent for a period of more than ten (10) days shall incur a late charge of Twenty-five Dollars (\$25.00) or five percent (5%) of the delinquent amount, whichever is greater. Interest at the rate of one and a half percent (1.5%) per month shall accrue on all delinquent accounts. The Committee may, in its sole discretion, change the amount of the late fee or waive late Assessments and accruing interest but is not required to do so.

d) Notice of Delinquency. The Association shall give a notice of delinquency to any Owner who has not paid the Assessments in a timely manner.

e) Notice of Lien. If any Assessment is unpaid a notice of lien evidencing the unpaid amounts, accruing interest, late charges, attorney's fees, the cost of a foreclosure or abstractor's report, and any other Additional Charges permitted by law should be filed with the County Recorder. The lien provided for in this section shall be in favor of the

Association and shall be for the benefit of all other Owners. It may be executed by the Association's attorney, manager, Committee Member, or other designated agent.

f) Foreclosure of Lien and/or Collection Action. If any Assessments remain unpaid, the Association may, as determined by the Committee, institute suit to collect the amounts due and/or to foreclosure the lien.

g) Personal Obligation. Each Owner, by acceptance deed or as a party to any other type of conveyance, vest in the Association or its agents the right and power to bring all action against him or her personally for the collection of the charges as a debt or to foreclosure the lien in the same manner as mechanics lien, mortgages, trust deeds or encumbrances may be foreclosed.

h) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein, including but not limited to the non-use of Common Areas or the abandonment of his Lot.

i) Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association or Committee to take some action or perform some function required to be taken or performed by the Association or Committee under this Declaration or the By Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with order or directive or any municipal or other governmental authority the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

j) Application of Payments. All payments shall be applied as follows: Additional Charges, Delinquent Assessments, and Current Assessments.

k) Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Committee. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorney's fees, and reasonable rental for the Lot during the pendency of the foreclosure action. The Association in the foreclosure may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Committee may bid for the Lot at foreclosure or other sale and hold, lease, mortgage, or convey the same.

l) Appointment of Trustee. If the Committee elects to foreclose the lien in the same manner as foreclosures of deeds of trust, then the Owner by accepting a deed to the Lot hereby irrevocably appoints the attorney of the Association, provided he is a Member of the Utah State Bar, as Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended. In addition, Owner hereby transfers in trust to said Trustee all of his right, title and interest in and to the real property for the purpose of securing his performance of the obligations set forth herein.

m) Attorney-in-Fact. Each Owner by accepting a deed to a Lot hereby irrevocably appoints the Association as his attorney-in-fact to collect rent from any person renting his Lot, if the Lot is rented and Owner is delinquent in his Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current; and the Owner shall credit the renter, against rent due, for the amount of money paid to the Association.

26. Liability of Management Committee. The Association shall indemnify every officer and Member of the Committee against any and all expenses, including but not limited to attorney's fees reasonably incurred by or imposed upon any officer or Member of the Committee in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Committee) to which he or she may be a party by reason of being or having been an officer or Member of the Committee. The officers and Members of the Committee shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and Members of the Committee shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or Members of the Committee may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and Member of the Committee free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or Member of the Committee, or former officer or Member of the Committee, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officer's and director's insurance coverage to fund this obligation, if such insurance is reasonably available.

27. Insurance. The Management Committee shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, insurance on the Common Areas satisfying at least the following requirements:

a) Property Insurance. Blanket property insurance using the standard "Special" or "All-Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this subsection, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in the standard planned residential

development casualty policy. This additional coverage may be added by the Committee as it deems necessary in its best judgment and in its sole discretion.

b) Flood Insurance. If any part of the Project's improvements are in a Special Flood Hazard Area which is designated as A, AE, AH, AO, AI-30, A-99, V, VE, or VI-30 on a Flood Insurance Rate Map (FIRM) — the Association shall obtain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any common element buildings and any other common property. The Unit Owner may also be required to purchase an individual policy. The amount of flood insurance should be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program.

c) Liability Insurance. Liability insurance with adequate limits of liability for bodily injury and property damage, consistent with that of similarly situated first-class subdivisions in the county. If possible, the policy should be written on the comprehensive form and shall include not-owned and hired automobile liability protection.

d) Director's and Officer's Insurance. Adequate director's and officer's liability insurance (a.k.a. Errors and Omissions insurance).

e) Fidelity Bond. A separate fidelity bond in a reasonable amount to be determined by the Management Committee to cover all non-compensated officers as well as all employees for theft of Association funds, subject to the following:

(1) Agents. Where the Committee or the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds are required for the Management agent's officers, employees and agents handling or responsible for funds of or administered on behalf of, the Committee or Association.

(2) Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Committee's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Committee, the Association, or the Management agent, as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Lots, plus reserve funds.

(3) Quality of Coverage. The bonds required shall meet the following additional requirements:

a. they shall name the Committee, the Owner's Association, and the Property Manager as obligee;

b. the premiums on all bonds required herein for the Committee and the Association (except for premiums on fidelity bonds maintained by a Management agent for its officers, employees and agents) shall be paid by the Committee or the Association as part of the Common Expenses; and

c. the bonds shall provide that they may not be canceled or substantially modified, including cancellation or nonpayment of premium, without at least thirty (30) days' prior written notice to the Committee and the Association.

f) Earthquake Insurance shall not be required unless requested by at least seventy-five percent (75%) of the Members of the Association.

g) Miscellaneous Items. The following provisions shall apply to all insurance coverage:

(1) Quality of Carrier. A "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports - International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "B-bq" qualified solvency or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurers Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating service — if the carrier is issuing a master policy or an insurance policy for the common elements in the Project.

(2) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth therein substantially as follows: "Association of Lot Owners of the WHITE PINES TOWNHOMES P.U.D. PHASES III & IV for the use and benefit of the individual Owners."

(3) Designated Representative. The Association may designate an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners.

(4) Beneficiary. In any policy covering the entire Project, each Owner and his Mortgagee, if any, shall be beneficiaries of the policy in an amount equal to the Owner's percentage of undivided ownership interest in the Common Areas and Facilities.

(5) Certificate of Insurance. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

(6) Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each Mortgagee.

(7) Sundry Provisions. Each insurance policy shall contain at least the following additional miscellaneous items:

a. Waiver of subrogation. A waiver of the right of a subrogation against Owners individually;

b. Individual Neglect. A provision that the insurance is not prejudiced by any act or neglect of any individual Owner; and

(8) Deductible. The deductible on any claim made against the Association's Property Insurance Policy shall be paid for by the Association.

(9) Individual Insurance. Each Owner and Resident shall purchase and maintain adequate liability and property insurance on his Lot, Dwelling Unit, personal property and contents; provided, however, no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their Mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any time.

(10) Primary Coverage. The insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.

(11) Prompt Repair. Each Owner further covenants and agrees that in the event of any partial loss, damage or destruction of his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction.

(12) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any proceeds remaining thereafter shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association. This is a covenant for the benefit of the Association and any Mortgagee of a Lot, and may be enforced by them.

(13) Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased, by other community associations in the county, including but not limited to a guaranteed Replacement Cost Endorsement under which the insurer agrees to replace the insurable property regardless of the cost and/or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Enforcement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, and increased costs of reconstruction; Steam Boiler and Machinery Coverage Endorsement if the Project has any central heating or cooling.

(14) Restrictions on Policies. No insurance policy shall be maintained where:

a. Individual Assessments Prohibited. Under the term of the carrier's charter, by-laws, or policy, contributions may be required from, or assessments may be made against, an Owner, borrower, Mortgagee, lender, Management Committee or the Association.

b. Payments Contingent. By the terms of the policy, payments are contingent upon action by the carrier's board of directors, policyholder, or Member; or

c. Mortgage Limitation Provisions. The policy includes any limiting clauses (other than insurance conditions) which could prevent the party entitled (including, without limitation, the Management Committee, Association, Lot Owner, Mortgagee, lender or a borrower) from collecting insurance proceeds.

(15) Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association, Committee or Owners to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Management Committee or Association may deem necessary or appropriate from time to time.

28. Destruction, Condemnation and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation or obsolescence of the Project.

Definitions. Each of the following terms shall have the meaning indicated:

(1) "Substantial Destruction" shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of Restoration over the funds available is twenty-five percent (25%) or more of the estimate restored value of the Project.

(2) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(3) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of Restoration over the funds available is twenty-five percent (25%) or more of the estimated restored value of the Project.

(4) "Partial Condemnation" shall mean any other such taking by eminent domain or grant or conveyance in lieu thereof.

(5) "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of Restoration over the funds available is twenty-five percent (25%) or more of the estimated restored value of the Project.

(6) "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(7) "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

(8) "Estimated Cost of Restoration" shall mean the estimated cost of restoring the Project to its former condition.

(9) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Management Committee or Association. Available funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a Mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Lot in which they are interested.

b) Determination by Committee. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Committee shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Committee shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations, the Committee may retain and rely upon one or more qualified appraisers or other professionals.

c) Restoration of the Project. Restoration of the Project shall be undertaken by the Committee promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence, and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent (67%) of the Project's undivided ownership interest and is further consented to by Eligible Mortgagees holding mortgages on Lots which have appurtenant at least fifty-one percent (51%) of the undivided ownership interest in the Common Areas and Facilities which is then subject to mortgages held by Eligible Mortgagees.

d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Committee has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning restoration, and shall, with or without a Meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding restoration.

e) Excess Insurance. If the insurance proceeds condemnation awards, or payments in lieu of condemnation actually received by the Committee or Association exceed the cost of restoration when restoration is undertaken, then the excess funds shall be placed in a capital improvement reserve account and retained by and for the benefit of the Association. This covenant is also for the benefit of the Association and any

Mortgagee, and therefore, may also be enforced by them. Payment to any Owner whose Lot is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

f) Inadequate Insurance. In the event the cost of restoration exceeds available funds, all of the Lots shall be assessed for the deficiency on the basis of their respective percentages of undivided ownership interest in the Common Areas.

g) Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Lots will not be the subject of restoration (even though the Project will continue as a planned unit development), or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the undivided ownership interest in the Common Areas shall be immediately reallocated to the remaining Lots.

h) Sale of Project. Unless restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, ownership under this Declaration and the Plat Map shall terminate and the proceeds of sale and any available funds shall be distributed by the Committee to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Lot is then the subject of a mortgage shall be made jointly to such Owner and the interested Mortgagee.

i) Authority of Committee to Represent Owners in Condemnation or to Restore or Sell. The Committee, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas.

j) Settlement Proceeds. The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their Mortgagees as their interests may appear.

k) Restoration Power. The Committee, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Lot therein whenever restoration or sale, as the case may be, is undertaken as herein above provided.

l) Right of Entry. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for restoration or sale, as the case may be.

29. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of an Owner for authorization or approval of an act or a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Owners who collectively hold the required percentages, subject to the following conditions:

a) Ninety-day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained.

b) Change in Owners. Any change in Ownership of a Lot which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose.

30. Mortgagee Protection. The lien or claim against a Lot for unpaid Common Area Assessments levied by the Management Committee or by the Association pursuant to this Declaration shall be subordinate to any mortgage recorded on or before the date such Common Area Assessments become due, subject to the following;

a) Effects of Voluntary and Involuntary Sale. The lien or claims against a Lot for such unpaid Common Area Assessments shall not be affected by any sale or transfer of such Lot, except that a sale or transfer pursuant to a foreclosure of the mortgage affecting such Lot or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Common Area Assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Lot from liability for the lien of any Common Area Assessments becoming due thereafter.

b) Books and Records Available for Inspection. The Committee or the Association shall make available to the Owners, to Mortgagees, and lenders, and to holders, insurers, or guarantors of any mortgage current copies of the Declaration, By Laws, Articles of Incorporation, and administrative rules and regulations concerning the Project, as well as the books, records, and financial statements of the Committee and the Association. The term "available," as used herein shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

c) Right to Financial Statement. The holder, insurer or guarantor of any mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

d) Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any Lease which is entered into by the Management Committee or the Association, shall provide or be deemed to provide hereby that either party may terminate the contract with or without cause upon at least sixty (60) days' prior written notice to the other party thereto.

e) Eligible Mortgagee Destruction. Upon written request to the Committee or the Association by the holder, insurer or guarantor and the Lot number or address of the property encumbered by the mortgage held or insured by such holder, insurer, or guarantor), such holder, insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer" or "Eligible Guarantor", as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

(1) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

(2) Delinquency. Any delinquency in the payment of Common Area Assessments owed by an Owner of a Lot subject to a mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty (60) days.

(3) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Committee or the Association.

(4) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

f) No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of first refusal or similar restriction.

31. Amendment. This Declaration may be amended as follows:

a) Consent of the Owners. The affirmative vote of at least sixty-seven percent (67%) of the Owners shall be required and shall be sufficient to amend the Declaration or the Plat Map. Any amendments so authorized shall be accomplished through the recordation of an instrument executed by the Management Committee. In such instrument the Committee shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained; and

b) Consent of Eligible Mortgagee. The consent of at least sixty-seven percent (67%) of the Eligible Mortgagees shall be required to any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one percent (51%) of the undivided ownership interest in the Common Areas shall be required to add to or amend any material provision of this Declaration or the Plat Map which establishes, provides for, governs, or regulates any of the following: (1) voting rights; (2) increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens; (3) reductions in reserves for maintenance, repair, and replacement of the common elements; (4) insurance or fidelity bonds; (5) limitations and restrictions on the right to use the Common Areas; (6) responsibility for maintenance and repairs; (7) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (8) the boundaries of any Lot; (9) the percentages of ownership interest in the Common Areas; (10) convertibility of a Lot into Common Area or Common Area into a Lot; (11) the imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Lot; (12) express benefits or rights of Mortgagees, Eligible Mortgagees, or Eligible Insurers or Guarantors; and (13) the requirement that the Project be professionally managed rather than self-managed. Any addition or amendment shall not be considered material for purposes of this paragraph b) if it is for the clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Plat Map is required shall be mailed, postage prepaid, to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Committee or Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal. The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Plat Map or the termination of the legal status of the Project as a planned residential development if such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.

32. Notice and Hearing. If a Lot Owner or resident is charged with a material violation of the Project Documents, then:

a) Notice. Written notice specifying the nature of the violation (and providing any other appropriate information) and stating the time, date and place that the Member will have an opportunity to be heard by the Management Committee. Written notice shall be given at least fifteen (15) days prior to the date set for the hearing and may be delivered seventy-two (72) hours after it has been deposited in the United States Mail, first-class postage prepaid, addressed to the Member at the address given by the Member to the Management Committee for the purpose of service of notice or to the address of the Member's Lot if no other address has been provided. Any address may be changed from time to time by giving written notice to the Management Committee.

b) Costs and Assessments. If the violation, or the failure to correct or remedy a violation, results or may result in the expenditure of funds, the notice shall also state that the Management Committee may vote to assess the adverse party, levy a fine, or impose other sanctions if the Committee finds that a violation has occurred.

c) Final Determination. After the hearing has taken place, the Management Committee shall (1) determine whether a violation has occurred and, if so, may impose a fine or issue sanctions which shall become effective not less than five (5) days after the date of the hearing; or (2) take such other action as may be appropriate. The determination of the Management Committee shall be final. However, nothing herein shall be construed to prevent the Management Committee from making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing Notice and Hearing.

33. Declarant's Sales Program. Notwithstanding anything to the contrary, until Declarant has sold all the Lots and Units owned by it in the Project or the expiration of a reasonable sales period following three (3) years after the date on which this Declaration is filed for record in the office of the County Recorder, whichever first occurs (herein referred to as the "Events"), neither the Owners, Association, Committee, nor any Member thereof shall interfere with the completion of improvements and sale of all remaining Lots and Units, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Lots and Units owned by Declarant.

a) Sales Office and Model Lots. Declarant shall have the right to maintain one (1) or more sales offices and one (1) or more model Lots or Units at any one time. Such office and/or models may be one or more of the Lots or Units owned by it, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

b) Promotional. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners, flags or similar devices at any place or places on the Property.

c) Common Area Use. Declarant shall have the right to use the Common Areas of the Project to facilitate sales.

d) Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this section. Within a reasonable period of time after the happening of the occurrence of the Events, Declarant shall have the right to remove from the Project any signs, banners, flags or similar devices and any separate structure or

facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

34. Limitation on Improvements by Association. Until the occurrence of the Events described above, neither the Association nor the Committee shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

35. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Lots, Units or Buildings in the Project, title to which is vested in Declarant shall, at any given point in time and whether or not such mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protection and controls which are accorded to Declarant (in its capacity as Declarant) herein.

36. Working Capital Fund. A working capital fund shall be established by the Declarant to meet unforeseen expenditures or to purchase any additional equipment or services. The initial working capital fund shall be in an amount equal to two (2) months' of estimated Common Area Assessments for each Lot. Each Lot's share of the working capital fund shall be collected either at the time the sale of any Lot is closed or when control of the Project is transferred to the Lot Owners, whichever first occurs. Any amounts paid into the working capital fund shall not be considered as advance payments of regular monthly assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Lot Owners. The Declarant is prohibited from using the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association. When a Lot is sold, however, the Declarant may reimburse itself for monies it has paid the Association for an unsold Lot's share of the working capital fund by using funds collected at closing when the Lot is sold.

37. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time elect to relinquish its reserved right to select Members of the Committee and transfer Management of the Project to the Association. If and when Declarant elects to do so, Declarant shall send written notification to each Owner of the effective date of the transfer (the "Transfer or Transition Date") at least forty-five (45) days prior thereto. Thereupon, the Owners shall call a Meeting to elect the Members of their own Management Committee to take office as of the Transfer Date. Declarant covenants to cooperate with the Owners in effecting an orderly transition of Management. Moreover, Declarant shall cause all obligations for Common Area expenses of the Committee incurred prior to the Transfer Date to be paid in full on or before such date.

38. Certain Provisions Applicable to Declarant. Notwithstanding any other provision herein contained, for so long as Declarant continues to own any of the Lots, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations of an Owner to pay Common Area Assessments or Assessments, except as herein otherwise provided, as to each Lot owned by Declarant in accordance with the Declaration.

a) Declarant specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Lot, and no person shall rely upon any warranty or representation not so specifically made therein.

b) No amendment may be made to the Declaration without the written consent of Declarant so long as Declarant retains the ownership of five (5) or more Lots; provided, however, that the obligation to acquire said written consent of Declarant shall cease on the occurrence of the Events.

39. Interpretation. To the extent Utah Law is consistent with the Project Documents, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of the Project Documents are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The unenforceability or invalidity of any portion of the Project Documents shall not affect the validity or enforceability of the remainder hereof.

40. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitude, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Lot or in the Project, and their respective grantees, transferees, heirs, devisee, personal representative, successors, and assigns. Each Owner or Resident of a Lot shall comply with, and all interests in all Lots shall be subject to the terms of the Project Documents and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of the Project Documents.

41. Enforcement and Right to Recover Attorney's Assessments. The Association, Management Committee, or any Lot Owner may take action, at law or in equity, to enforce the terms, covenants or conditions of the Project Documents. Should the Association, Management Committee or Lot Owner be required to take action to enforce the Project Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by

filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

42. Security. The Association may, but shall not be obligated to, maintain or support any systems, programs or activities within the Project designed to make the Project safer than it otherwise might be. Neither the Association nor the Committee shall in any way be considered insurers or guarantors of security within the Project, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and residents, as well as their guests and invitees, where applicable, acknowledge by taking occupancy of a Unit or entering the Project that neither the Association nor the Committee represent or warrant that any security measures undertaken will ensure their safety, and further acknowledge that neither the Association nor the committee are insurers or guarantors of their safety, and they hereby expressly assume all risks for loss or damage to their person or property, and they further acknowledge that neither the Association nor the Committee have made any representations or warranties, nor have they relied upon any representations or warranties, expressed or implied, including any warranty or merchantability.

43. Mechanics Liens. Mechanics liens shall be filed in the office of the County Recorder as follows:

a) Association/Goods or Services. Mechanics liens for labor, materials or supplies purchased by the Association shall be filed against all Lot Owners in the Project and their appurtenant interest in the Common Areas, and shall be indexed in the public records under the name of the Association and Community. If the Association has encumbered the Common Areas and thereafter defaults on its obligations, the lien holder must exercise its rights against the Common Areas before it may proceed against any Lot. Any Owner wishing to release that lien as to his Lot may pay the pro rate share of that total amount of the lien and that shall be sufficient to release the lien against his Lot.

b) Lot Owner/Goods or Services. Mechanics liens filed for labor, materials or supplies benefitting a particular Lot shall be filed against that Lot and its appurtenant interest in the Common Area.

c) Constructive Consent. Any person or entity who elects to perform labor or provide materials at this Project agrees to be bound by and subject to the terms of this section.

44. Dispute Resolution. The Management Committee may, but shall not be obligated to, exercise jurisdiction over and act as an arbiter with respect to any dispute between or among Lot Owners or Residents. In such instance, the parties shall divide the expense equally, and consent to and sign an Arbitration Agreement prepared by the Association's legal counsel and the decision of the Committee shall be binding and final.

45. Agent for Service of Process. After the occurrence of the Events, the President of the Association shall be the person designated as the agent to receive service of process. The initial Registered Agent shall be Stephen E. Brendle and the initial office of the Registered Agent shall be 802 East 7800 South, Sandy, Utah.

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

EXHIBIT "A"

<u>LOT NO.</u>	<u>PERCENTAGE OF OWNERSHIP INTEREST</u>	<u>PAR VALUE</u>
PHASE III		
1	1/12	500
2	1/12	500
3	1/12	500
4	1/12	500
5	1/12	500
6	1/12	500
7	1/12	500
8	1/12	500
9	1/12	500
10	1/12	500
11	1/12	500
12	1/12	500

PHASE IV		
1	1/18	500
2	1/18	500
3	1/18	500
4	1/18	500
5	1/18	500
6	1/18	500
7	1/18	500
8	1/18	500
9	1/18	500
10	1/18	500
11	1/18	500
12	1/18	500
13	1/18	500
14	1/18	500
15	1/18	500
16	1/18	500
17	1/18	500
18	1/18	500

EXHIBIT "B"

LEGAL DESCRIPTION OF COMMON AREA

The Land described in the foregoing Declaration as Common Area is located in Salt Lake County, Utah, and is described more particularly as follows:

PHASE IV

BEGINNING at a point S89°39'40"W along the section line 449.00 feet from the North quarter corner of section 32, Township 2 South, range 1 East, Salt Lake Base and Meridian said point also being the Northwest corner of the White Pines Phase 3 P.U.D. subdivision as recorded in the office of the Salt Lake County Recorder, running; thence S00°02'38"E along said West line of White Pines Phase 3 Subdivision 311.07 feet to the North line of the Ponderosa Park No. 4 Subdivision as recorded in the office of the Salt Lake County Recorders Office; thence N89°25'33"W along the said North boundary 293.75 feet; thence North 174.34 feet; thence East 100.35 feet; thence North 99.65 feet; thence S89°39'40"W 100.35 feet; thence N00°20'20"W 33.00 feet to said section line; thence N89°39'40"E along said section line 200.20 feet; thence South 34.50 feet; thence N89°39'40"E 93.00 feet; thence north 34.50 feet to said section line; thence N89°39'40"E 0.50 feet to the point of BEGINNING.

LESS AND EXCEPTING ALL OF LOTS 1-18, INCLUSIVE.

LESS AND EXCEPTING THE 7800 SOUTH ROAD DEDICATION.

(PHASE IV AS SHOWN ON ATTACHED EXHIBIT "D", PAGE 55)

PHASE III

COMMENCING at a point South 89 degrees 39'40" West 220.00 feet along the section line from the North quarter corner of Aection 32 Township 200 degrees 02'37" East 317.24 feet to the North right of the way line of 7865 South Street and a point on a 218.37 foot radius curve to the left (long chord bears South 71 degrees 13'53" West 64.38 feet); thence Southwesterly along the arc of said curbe 64.62 feet through a central angle of 16 degrees 57'16"; thence North 15 degrees 20'00" 38.66 feet; thence North 02 degrees 05'00" East 35.00 feet; thence West 75.09 feet; thence South 3.00 feet; thence West 84.01 feet; thence North degrees 02'40' East along the section line of said Section 32 229.00 feet to the point of BEGINNING.

LESS AND EXCEPTING ALL OF LOTS 1-12, INCLUSIVE

LESS AND EXCEPTING THE ROAD WIDENING AND DEDICATION .

(PHASE III AS SHOWN ON ATTACHED EXHIBIT "D", PAGE 55 A)

EXHIBIT "C"

BY-LAWS OF WHITE PINES TOWNHOMES P.U.D. PHASES III & IV

The following are the By-Laws of the Association, who is obligated to operate, manage, and regulate the Project.

ARTICLE I

PLAN OF LOT OWNERSHIP AND INCORPORATION

1. Submission. These By-Laws are referred to and incorporated by reference in the Declaration of Covenants, Conditions and Restrictions of WHITE PINES TOWNHOMES P.U.D. PHASES III & IV (The "Declaration"). The Project is located in Salt Lake County, State of Utah. These By-Laws shall govern the administration of the Project and the Association.
2. Organizational Form. If the Association incorporates itself, then these By-Laws shall also function as the By-Laws of the corporation.
3. Office and Registered Agent. The Registered Agent of the Association is Stephen E. Brendle, 802 East 7800 South, Sandy, Utah; however, after transfer of Management and control of the Association is made by the Developer to the Association, the Registered Agent of the Association shall be the President of the Association and the Registered Office of the Association shall be the home of the President or such other place as shall be designated by him.
4. By-Laws Applicability. All present and future Owners, Residents, occupants, tenants, renters, lessees, and their guests, licensees, invitees, servants, agents or employees, and any other person or persons who shall be permitted entrance at the Project shall be subject to and abide by these By-Laws.

ARTICLE II
ASSOCIATION

1. Composition. The Association is a mandatory Association consisting of all Lot Owners at WHITE PINES TOWNHOMES P.U.D. PHASES III & IV.
2. Voting. Each Lot shall have one (1) vote as set forth in the Declaration.
3. Place of Meeting. Meetings of the Association shall be held as set forth in the Declaration.
4. Annual Meeting. Unless otherwise designated by the Committee, the Annual Meeting of the Association shall be held as set forth in the Declaration.

5. Special Meetings. Special meetings of the Association may be held as provided in the Declaration.

6. Notice of Meeting. Notice of meeting shall be given as provided in the Declaration.

7. Voting Requirements. An Owner shall be deemed to be in "good standing" and "entitled to vote" at an Annual Meeting or at any Special Meeting of the Association if, and only if, he shall be in full compliance with all of the terms, covenants, and conditions of the Project Documents, and shall have fully paid all Common Area Assessments and/or Additional Charges due.

8. Proxies. The votes appertaining to any Lot may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Lot Owner, or in cases where the Lot Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual written notice to the person presiding over the Meeting, by the Lot Owner, or by any such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice, or if it is not signed by the Lot Owner.

b) Executive Session. The Committee may, with approval of a majority of a quorum, adjourn a Meeting and reconvene in an Executive Session to discuss and vote upon private, confidential, sensitive or personnel matters, litigation, and orders of business of a similar nature. The nature of any and all business to be considered in an Executive Session shall first be announced in open session.

c) Action Without a Formal Meeting. Any action to be taken at a meeting of the Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all members of the Committee.

ARTICLE III MANAGEMENT COMMITTEE

1. Powers and Duties. The affairs and business of the Association shall be managed by the Management Committee in accordance with the Declaration. The Management Committee shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things appropriate and necessary to operate, manage, maintain, control and regulate the Project. The Committee shall have the power from time to time to adopt any Rules and Regulations deemed proper for the exercise of its Management powers. The Committee may delegate its authority to a manager or managers.

2. Composition of Management Committee. The Management Committee shall be composed of at least three (3) but no more than nine (9) Members. Only individual Lot Owners or officers or agents of organizational Owners shall be eligible for Committee Membership.

3. Election and Term of Office of the Committee. The term of office of membership on the Committee shall be two (2) years. At the expiration of the member's term, a successor shall be elected.

4. Initial Meeting. The first meeting of the members of the Committee shall be immediately following the annual meeting of the Association, or at such other time and place designated by the Committee.

5. Regular Meetings. Regular meetings of the Committee shall be held from time to time and at such time and place as shall be determined by a majority of the members of the Committee, but no less often than monthly (except for the month of December).

6. Special Meetings. Special meetings of the Committee may be called by the President, Vice-President or a majority of the Members on at least forty-eight (48) hours' prior notice to each member. Such notice shall be given personally, by regular U.S. mail, postage prepaid, or by telephone, and such notice shall state the time, place and purpose of the meeting. Any meeting attended by all members of the Committee shall be valid for any and all purposes.

7. Waiver of Notice. Before or at any meeting of the Committee, any member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Committee shall constitute a waiver of notice. If all the members are present at any meeting of the Committee, no notice shall be required and any business may be transacted at such meeting.

8. Committee's Quorum. At all meetings of the Committee, a majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the majority of all the Committee members present at a meeting at which a quorum is present shall be deemed to be the acts of the Committee. If, at any meeting of the Committee, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time but for no longer than two days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice.

9. Vacancies. Vacancies in the Committee caused by an reason other than removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Committee at a special meeting of the Committee held for that purpose promptly after the occurrence of any such vacancy, even though the total members remaining may constitute less than a quorum of the Committee; and each person so elected shall be a member for the remainder of the term of the member so replaced and until a successor is elected at the next annual meeting of the Association. A vacancy created by the removal of a member by a vote of the Association shall be filled by the election and vote of the Association.

10. Removal of Committee Member. A member may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum of the Association is present, by an affirmative vote of a majority of the Members of the Association. Any member whose removal has been proposed by the Owners shall be given at least thirty (30) days' notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Committee member who misses three (3) consecutive meetings, in any calendar year, shall be automatically removed from the Committee.

11. Conduct of Meetings. The President shall preside over all meetings of the Committee and the Secretary shall keep a minute book of the Committee recording therein all resolutions adopted by the Committee and a record of all transactions and proceedings occurring at such meetings.

12. Report of Committee. The Committee shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Association.

ARTICLE IV OFFICERS

1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Committee. The Committee may appoint assistant secretaries and such other officers as in its judgment may be necessary. All officers shall also be members of the Committee. Two (2) or more offices may be held by the same person, except that the President shall not hold any other office.

2. Election of Officers. The officers of the Association shall be elected annually by the Committee at the corporation meeting of each Committee and shall hold office at the pleasure of the Committee. Any vacancy in an office shall be filled by the Committee at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Committee may be removed at any time by the affirmative vote of a majority of the Committee, and his successor may be elected at any regular meeting of the Committee, or at a special meeting of the Committee called for such purposes.

4. President. The President shall be the chief executive officer; he shall preside at meetings of the Association and the Committee, and shall be an ex official member of all Committees; he shall have general and active management of the business of the Committee and shall see that all orders and resolutions of the Committee are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the use of president of a stock corporation organized under the laws of the State of Utah.

5. Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Committee or the President shall prescribe. If neither the President nor the Vice-President is able to act, the Committee shall appoint a member of the Committee to do so on an interim basis.

6. Secretary. The Secretary shall attend all meetings of the Committee and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him or her for that purpose and shall perform like duties for Committees when required. He or she shall give, or cause to be given, notices for all meetings of the Association and the Committee and shall perform such other duties as may be prescribed by the Committee. The Secretary shall compile and keep current at the principal office of the Association a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Committee, including resolutions.

7. Treasurer. The Treasurer shall have custody of all funds and securities that are not under the control of the Manager, and with the assistance of the Manager shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable effects in such federally insured depositories as may be designated by the Committee. He shall disburse funds as ordered by the Committee, taking proper vouchers for such disbursements, and shall render to the President and Members, at the regular meetings of the Committee, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Project.

ARTICLE V FISCAL YEAR

The fiscal year of the Association shall be the calendar year consisting of the twelve-month period commencing on January 1 of each year terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Committee should it be deemed advisable or in the best interests of the Association.

ARTICLE VI AMENDMENT TO BY-LAWS

1. Amendment. These By-Laws may be modified or amended either by the affirmative vote of a majority of the Members of the Association or pursuant to a written instrument of consent duly executed by a majority of the Members of the Association provided all of the written consents are obtained within a ninety-day (90) period.

2. Recording. An amendment to the By-Laws shall become effective immediately upon recordation in the office of the County Recorder of Salt Lake County, State of Utah.

ARTICLE VII
NOTICE

1. Manner of Notice. All notices, demands, bills, statements, or other communications provided for or required under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by regular U.S. mail, postage prepaid, (a) if to an Owner, at the address of his Lot and at such other address as the Owner may have designated by notice in writing to the Secretary; or (b) if to the Committee or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this section.

2. Waiver of Notice. Whenever any notice is required to be given by the Project Documents, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VIII
COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws are set forth in compliance with the requirements of the Declaration.

2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control.

3. Severability. If any provisions of these By-Laws or any section, sentence, clause, phrase, or work, or the application thereof in any circumstances is held invalid, the validity of the remainder of these By-Laws shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

4. Waiver. No restriction, condition, obligation, or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

5. Captions. The captions contained in these By-Laws are for convenience only and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

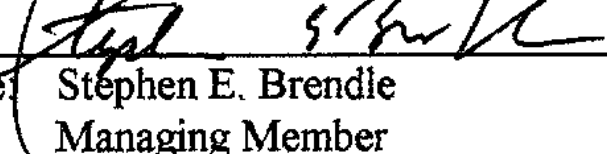
6. Gender and Grammar. Whenever in these By-Laws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine.

7. Liability of Committee Members. Neither the members of the Committee nor the officers of the Association shall be liable to any Lot Owner, resident or person for any damage, loss or liability arising out of or caused by their voluntary participation as a member of the Committee, including but not limited to any claims due to negligence, mistake of judgment, or for any acts or omissions made in good faith. In addition, the Lot Owners and residents, by virtue of their taking title to or possession of a Lot, agree to indemnify and hold the members of the Committee and officers of the Association harmless from any and all claims arising out of or caused by their voluntary participation as a member of the Committee or officer of the Association to the extent any damage, loss or liability is not covered by insurance, unless caused by gross negligence or willful neglect.

8. Attorney's Assessments and Costs. If an Owner or resident, or their families, guests or invitees, shall, at any time, violate the terms, covenants or conditions of these By-Laws, and the Committee shall be required to take action to enforce the same, regardless of whether a lawsuit is commenced, the Owner or resident shall reimburse the Committee for all costs and expenses, including but not limited to a reasonable attorney's fee, necessitated thereby. To secure payment of any unpaid costs or Assessments, the Committee shall have the right and power to file a lien against the Lot owned or occupied, and may proceed to collect the same by judgment or foreclosure. In the event of a breach or anticipated breach by an Owner or resident, or by their family, guests or invitees, of any of the terms, covenants, or conditions of these By-Laws, the Committee shall have, in addition to any other remedies provided by law or equity, the right to injunctive relief and damages.

9. Persons Bound. All references herein to an Owner, resident, tenant, renter, lessee, guest, or invitee shall be deemed to include their respective executors, administrators, employees, representatives, legatees, distributees, successors and assigns; and the terms, covenants, and conditions herein contained shall apply to and be binding upon them.

DATED this 25th day of March 1999.

By 
Title: Stephen E. Brendle
Managing Member

Dated this 25 th day of March 1999.

By Stephen E. Brendle
Title: Stephen E. Brendle
Managing Member

STATE OF UTAH

)SS:

COUNTY OF SALT LAKE

On the 25 th day of March 1999, personally appeared before me STEPHEN E. BRENDLE, who by me being duly sworn, did say that he is the Managing Member of Sunstone Corporation, and that the said, Stephen E. Brendle, is the Managing Member of Sunstone Corporation, and that the within and foregoing instrument was signed in behalf of said company pursuant to its Articles of Organization and Operating Agreements, and by authority of a resolution of their Members, and said Stephen E. Brendle, duly acknowledged to me that Sunstone Corporation, executed the same.

Michael S. Kirby
NOTARY PUBLIC
Residing At:

