

UPON RECORDING, PLEASE RETURN TO:

THE WOODS OF PARLEYS LANE DEVELOPMENT, INC.
1434 EAST 4500 SOUTH #103
SALT LAKE CITY, UTAH

**DECLARATION
OF
COVENANTS, CONDITIONS
AND RESTRICTIONS
for
The Woods of Parleys Lane**

Summit County, Utah

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ALAN SPRIGGS, SUMMIT COUNTY RECORDER

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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE WOODS OF PARLEYS LANE**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this ____ day of _____, 2007, by The Woods of Parleys Lane Development, Inc., a Utah corporation (the "Declarant").

ARTICLE 1 - CREATION OF THE COMMUNITY

1.1 Purpose and Intent

Declarant is the owner of real property located in Summit County, Utah, described in Exhibit "A" attached hereto, which consists of the following: (A) forty-three (43) single family residential estate lots and (1) one approximately 1 acre outparcel depicted on the Plat as "Outparcel 1" (which shall be hereinafter known, collectively, as the "Lots"); (B) approximately four (4) miles of community trails and an approximately 3.4 acre trailhead area (which shall be hereinafter known, collectively, as the "Recreation Facilities"); and (C) approximately 86 acres of "Open Space Area." The real property described in Exhibit "A" is hereinafter referred to as, and shall generally be known as, "The Woods of Parleys Lane" or the "Community."

Declarant, as the owner of the Community, is Recording this Declaration to establish a general plan of development for The Woods of Parleys Lane, a planned community. This Declaration provides for the Community's overall development, administration, maintenance, and preservation. An integral part of the development plan is the creation of The Woods of Parleys Lane Homeowners Association (which shall be hereinafter known as the "Association"), a Utah nonprofit corporation comprising all Owners of property in the Community, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents.

This document does not and is not intended to create a condominium under Utah law.

1.2 Mission Statement

The Association's mission is to preserve, promote, and manage natural resources to ensure that the community lives in harmony with its surroundings. The Association will manage the wildlife, open spaces and common areas and develop and maintain the community's parks and trails except for the public land controlled by Snyderville Basin Special Recreation District ("SBSRD"). The Association is also charged with administering design guidelines and the design review process when delegated by Declarant. In addition, the Association may perform such other community services and undertake such other responsibilities as its Board may deem advisable from time to time.

1.3 Binding Effect

This Declaration governs the property described in Exhibit "A" and any other property submitted to this Declaration in the future by a Recorded Supplemental Declaration. This Declaration shall run with the title to such property and shall bind anyone having any right, title, or interest in any portion of such property, their heirs, successors, successors-in-title, and assigns.

Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns may enforce this Declaration. This Declaration shall be effective for a minimum of 20 years from the date it is Recorded. After 20 years, this Declaration shall continue automatically for successive 10 year periods unless a majority of the then Owners sign a document stating that the Declaration is terminated and that document is Recorded within the year before the Declaration expires. In such case, this Declaration shall expire on the date specified in the termination document.

1.4 Governing Documents

The Governing Documents create a general development plan for the Community.

Declaration (Recorded)	Creates obligations, which are binding upon the Association and all present and future owners of property in the Community.
Articles of Incorporation (filed with the Utah Division of Corporations and Commercial Code)	Establishes the Association as a Utah non-profit corporation under Utah law.
By-Laws (Board adopts)	Governs the Association's internal affairs, such as voting rights, elections, meetings, officers, etc.
Use Restrictions (initial set attached as Exhibit "B")	Govern use of property and activities within the Community
Board Resolutions and Rules (Board adopts)	Establish rules, policies, and procedures for internal governance and Association activities; regulate operation and use of Common Area.
Development Agreement (Adopted by Summit County)	Establishes the terms and conditions of Declarant's right to develop the Community and provides certain obligations of Declarant, the Association and the Owners.

The Governing Documents apply to all Owners and any occupants of a Lot. They also apply to tenants, guests, visitors, and invitees.

If any court determines that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or other applications of the provision.

Diagrams in the Governing Documents illustrate concepts and assist the reader. The diagrams are for illustrative purposes only. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

ARTICLE 2 - CONCEPTS AND DEFINITIONS

The terms used in the Governing Documents are given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms are defined as follows:

“Design Guidelines”: The Community's architectural, construction, design, landscaping and site planning guidelines and review procedures adopted and amended pursuant to Article 4.

“Architectural Review Committee” or “ARC”: The ARC established to review plans and specifications for the construction or modification of improvements and to administer and enforce the architectural and design controls described in Article 4.

“Area of Disturbance”: That area on a Lot delineating the boundaries within which a Residence or other improvement may be constructed, always subject to the prior written approval of the Architectural Review Committee.

“Articles”: The Articles of Incorporation of the Association, filed with Utah's Division of Corporations and Commercial Code, as they may be amended.

“Assessment”: any Regular Assessment, Special Assessment, or Benefited Assessment levied or assessed by the Association pursuant to this Declaration.

“Benefited Assessment”: an Assessment charged against a particular Lot or particular Lots for expenses incurred by the Association for the benefit of one or more, but less than all, Lots, as described in Section 8.4.

“Board of Directors” or “Board”: The body responsible for the general governance and administration of the Association, selected as provided in the By-Laws.

“Builder”: Anyone acquiring a Lot or Lots for the purpose of constructing homes for later sale to consumers, or who purchases land within the Community, or builds for a Lot owner.

“By-Laws”: The By-Laws of The Association, as they may be amended. A copy of the initial By-Laws is attached to this Declaration as Exhibit “C.”

“Class “B” Control Period”: The time period during which the Class “B” Member may appoint a majority of the Board members. The Class “B” Control Period ends when any one of the following occurs:

- (a) When 90% of the Lots permitted under the Master Plan are issued certificates of occupancy and are owned by Class “A” Members other than Builders;
- (b) December 31, 2015; or
- (c) When, in its discretion, the Class “B” Member so determines.

“Common Area”: All real and personal property, including easements, which the Association owns, leases, or otherwise has a right to possess or use for the common use and enjoyment of the Owners, including, without limitation, (i) the Open Space Area; (ii) the Recreation Facilities until such time that the Recreation Facilities are controlled and maintained by SBSRD by grant of easement or conveyance as the case may be, (iii) all real and personal property that may be conveyed to the Association from time to time by Declarant or designated as Common Area in any Recorded deed or easement; (iv) easements across all portions of the Community not within an Area of Disturbance in favor of the Association and all Owners, including, without limitation such easements as may be deemed by the Association to be necessary or appropriate to cross portions of the Lots to obtain access to the streams, ditches, ponds, the Open Space Area, other Lots and the backs and sides of Lots; (v) all improvements located on the foregoing properties or easements, including perimeter fences, entrance gates, roads, trails, signage, lighting, utility lines such as gas, electric, telephone, cable and fiber, water and waste water lines and facilities, and other structures; and (vi) all landscaping located within or adjacent to the foregoing properties or easements, other than landscaping within Lots.

“Common Expenses”: The actual and estimated expenses the Association incurs, or expects to incur, for the general benefit of all Owners. Common Expenses include, without limitation, (i) any reserves the Board finds necessary or appropriate, (ii) any and all expenses associated with the Open Space Area, including, without limitation, any and all fees required to be paid pursuant to the Conservation Easement, and (iii) any and all expenses associated with the on-going maintenance and repair of the Recreation Facilities, until such time that the Recreation Facilities are controlled and maintained by SBSRD by grant of easement or conveyance, as the case may be. Common Expenses do not include any expenses incurred during the Class “B” Control Period for initial development or other original construction costs unless a majority of the Class “A” Members approve.

“Common Maintenance Areas”: The Common Area, together with any other area for which the Association has or assumes maintenance or other responsibility.

“Community”: The real property described in Exhibit “A”, together with all improvements constructed thereon. The Community does not include the four (4) affordable housing parcels described and depicted on the Plat as lots 44, 45, 46 and 47.

“Community Enhancement Fee”: Fees levied upon certain real property transfers for the benefit of the Community and other designated Persons.

“Community-Wide Standard”: The standard of conduct, maintenance, or other activity generally prevailing throughout the Community, or the minimum standards established pursuant to the Design Guidelines, Use Restrictions, and Board resolutions, whichever is the highest standard. Declarant initially shall establish such standard. The Community-Wide Standard may contain objective elements, such as specific landscape or house maintenance requirements, and subjective elements, such as matters subject to the Board's or the ARC's discretion. The Community-Wide Standard may or may not be in writing. The Community-Wide Standard may evolve as development progresses and as the Community changes.

COMMUNITY-WIDE STANDARD THE HIGHER OF:		
<u>Minimum Standards</u> Design Guidelines Use Restrictions Resolutions of Board Example set by Declarant, Board	OR	<u>Prevailing Standards</u>

“Conservation Easement”: that certain easement pertaining to the Open Space Area in favor of Utah Open Lands Conservation Association (“Utah Open Lands”) and Recorded as Entry No. _____ in the records of the County Recorder for Summit County, Utah.

“Declarant”: The Woods of Parleys Lane Development, Inc., a Utah corporation, or any successor or assign who takes title to any portion of the property described in Exhibit “A” for development and/or sale and who is designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

“Development Agreement”: That certain Development Agreement dated as of December 21, 2005, between Summit County and Declarant relating to the Community.

“Lot”: A portion of the Community, whether improved or unimproved, which may be independently owned and conveyed, and upon which a Residence is intended for development, use, and occupancy. The term shall refer to the land, if any, which is part of the Lot as well as any improvements, including any Residence, on the Lot. The boundaries of each Lot shall be shown on the Plat.

“Member”: Each Lot Owner, subject to Section 6.2.

“Mortgage”: A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Lot. The term “Mortgagee” shall refer to a beneficiary or holder of a Mortgage.

“Open Space Area”: That area designated as Open Space on the Plat. The Open Space Area is subject to the Conservation Easement, and this Declaration is made subject to the provisions thereof.

“Owner”: The Record title holder to any Lot, but excluding, in all cases, anyone holding an interest merely as security for the performance of an obligation (e.g., a Mortgagee). If a Lot is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

“Person”: An individual, a corporation, a partnership, a trustee, or any other legal entity.

“Plat”: That certain Recorded land survey plat for affecting the property described on Exhibit “A”.

“Record,” “Recording,” or “Recorded”: To file, the filing of, or file or record a legal instrument in the Office of the Recorder of Summit County, Utah, or such other place designated as the official Summit County location for recording documents affecting title to real estate.

“Recreation Facilities”: The approximately four (4) miles of community trails depicted on the Plat and the approximately 3 acre trailhead area, including a 16-space parking area, a restroom and storage facility, two picnic tables, stubbed in water utilities, a 100 foot by 200 foot multi-use field, and a \$1000 contribution toward the purchase of a lawnmower for trailhead maintenance. The Recreation Facilities shall be constructed by Developer and maintained by the Association as Common Areas, until such time the Recreation Facilities are controlled and maintained by SBSRD by grant of perpetual easement or conveyance, as the case may be.

“Regular Assessment”: Monthly Assessments levied to fund Common Expenses for the general benefit of all Lots, as determined in accordance with Section 8.1.

“Residence”: Any building, or part of a building, on a Lot, which is intended for use and occupancy as a separate residence.

“Special Assessment”: Assessments charged against all Owners in accordance with Section 8.3.

“Use Restrictions”: The initial use restrictions, rules, and regulations governing the use of and activities on the Lots and the Common Areas set forth in Exhibit “B,” as they may be changed in accordance with Article 3 or otherwise amended.

ARTICLE 3 - USE AND CONDUCT

3.1 Restrictions on Use, Occupancy, and Alienation

The restrictions set forth in this Section may be amended only in accordance with Article 16.

3.1.1 Residential and Related Uses. Subject to Section 3.1.2, the Community shall be used only for residential, use of trails, and related purposes. Related purposes may include offices for the Association or its management agent(s), Declarant's business or sales office(s), and any business use, which meets the conditions of Section 3.1.2.

3.1.2 Business Use. No business shall be conducted in or from any Lot, except that an Owner or a resident of the Lot may conduct business activities within the Residence if the business activity:

- (a) is not apparent or detectable by sight, sound, or smell from outside the Residence;
- (b) complies with applicable zoning requirements;
- (c) does not involve regular visitation of the Residence by clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and
- (d) is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous, offensive or illegal use, or threaten the security or safety of others within the Community, as determined in the Board's sole discretion.

As used herein, the term "business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer received a fee, compensation, or other form of consideration, regardless of whether (A) such activity is engaged in full or part time, (B) such activity is intended to or does generate a profit, or (C) a license is required.

This subsection 3.1.2 does not apply to (A) Declarant's activities, or the activities of Persons which Declarant approves, with respect to the development and sale of property or to the provision of services in the Community, (B) any Association activity related to operating, maintaining, or advancing the Community's residential character, or (C) any business operations associated with the easements to the Cell Towers.

Leasing a Residence is not a "business" within the meaning of this subsection.

3.1.3 Leasing. For purposes of this Declaration, "leasing" is defined as regular, exclusive occupancy of a Residence by any Person other than the Owner, for which the Owner receives any consideration or benefit, including a fee, service, or gratuity. The Residence, if leased, may be leased only in its entirety (e.g., separate rooms within the same Residence may not be separately leased).

In no case shall a Residence be leased to more than one family group made up of immediate family members and there must be adequate parking on site without violating design guidelines, county ordinances, etc.

There shall be no subleasing of a Residence or assignment of leases except with the Board's prior written approval. All leases shall be in writing, must require that tenants and all occupants of the leased Lot are bound by and obligated to comply with the Governing Documents, and shall have a term of at least three months, except: with the Board's prior written consent.

Within ten days of the lease being signed, an Owner shall notify the Board or the Association's managing agent of any lease and provide any additional information the Board may require. The Owner must give the tenant copies of the Governing Documents. The Board may adopt reasonable Use Restrictions and rules regulating leasing.

The restrictions on lease terms set forth in this subsection 3.1.3 shall not apply to Lots owned by Declarant or Lots owned by a Builder where Declarant approves an exception to the foregoing restrictions.

3.1.4 Occupants Bound. Every Owner shall cause anyone occupying or visiting such Owner's Lot to comply with the Governing Documents and shall be responsible for all violations and losses they cause to the Common Maintenance Areas, notwithstanding the fact that such Persons also are fully liable and may be sanctioned for any violation.

3.1.5 Subdivision of a Lot and Time-Sharing. Lots may not be subdivided or their boundary lines changed except with the Board's prior written approval; provided, Declarant may subdivide, change the boundary line of, and replat any Lot it owns. In addition, for so long as Declarant owns any portion of the Community, it may convert Lots into Common Area.

Timesharing, fraction-sharing, or similar programs whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years is prohibited. The foregoing restriction shall not be applicable to Lots owned by Declarant.

3.1.6 Non-interference of Cell Tower Signals and Associated Business Operations. In no case shall the Association or an Owner interfere in any way with the sending or receiving of cell tower signals or business operations associated with the Cell Towers.

3.1.7 Area of Disturbance. All Residences and associated structures or improvements shall be constructed within the Area of Disturbance on each Lot, as such Area of Disturbance is proposed by each Owner and finally determined and approved by the Architectural Review Committee. No development activities shall be permitted on any Lot outside of the Area of Disturbance except for a private driveway, underground utility installations and landscaping activities, if any, in the locations finally determined and approved by the Architectural Review Committee.

3.1.8 Authorized Structures and Improvements. No structure or improvement shall be constructed, placed or maintained on or under any Lot, except as authorized by (and subject to the disturbance, coverage, height and other limitations and standards contained in) the Design Guidelines and as approved by the Architectural Review Committee.

3.2 Framework for Regulation

As part of the general plan of development, the Governing Documents establish a framework of covenants, easements, and restrictions, which govern the Community. This includes the Use Restrictions set forth in Exhibit "B." Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes affecting the Community. This Article establishes procedures for modifying and expanding the initial Use Restrictions to respond to such changes.

This Article is not intended to apply to reasonable rules and regulations relating to use and operation of the Common Area, which the Board may adopt by resolution, or other administrative rules, unless the Board chooses, in its discretion, to submit to such procedures.

3.3 Owners' Acknowledgment and Notice to Purchasers

All Owners are given notice that use of their Lots and the Common Area is limited by the Use Restrictions as amended, expanded, and otherwise modified from time to time. **Each Owner, by accepting a deed, acknowledges and agrees that the use, enjoyment, and marketability of such Owner's Lot can be affected by the Use Restrictions and Board rules, which may change from time to time. All Lot purchasers are on notice that the Association may have adopted changes to the Use Restrictions and that such changes may not be set forth in a Recorded document.** Copies of the current Use Restrictions and Board rules may be obtained from the Association

3.4 Rule Making Authority

3.4.1 Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and the Members, the Board may change (i.e., modify, cancel, limit, create exceptions to, or expand) the Use Restrictions. The Board shall send notice to all Owners of any proposed change at least five business days

before the Board meeting to consider the change. Any Owner shall have a reasonable opportunity to be heard at such Board meeting.

The proposed change shall be approved unless disapproved by Owners representing a majority of the Association's Class "A" votes, and by the Class "B" Member, if any. The Board is not obligated to call a meeting of the Owners to consider disapproval unless it receives a petition which meets the By-Laws' requirements for special meetings. If the Board receives such a petition before the change's effective date, the change shall not become effective until after a meeting is held, and then subject to the outcome of the meeting. Alternatively, the Owners representing a majority of the Class "A" votes in the Association at a meeting duly called for such purpose, may vote to change the Use Restrictions then in effect. Any such change shall require approval of the Class "B" Member, if any.

3.4.2 Before any Use Restriction change becomes effective, the Board shall send a copy of the new or changed Use Restriction to each Owner. The change does not become effective until 30 days following distribution to Owners. The Association shall provide to any requesting Member or Mortgagee, without cost, a copy of the Use Restrictions then in effect.

3.4.3 No action taken under this Article shall have the effect of modifying, repealing, or expanding the Design Guidelines or any provision of this Declaration other than the initial Use Restrictions. In the event of a conflict between the Design Guidelines and the Use Restrictions, the Design Guidelines shall control.

3.5 Protection of Owners and Others

Except as may be set forth in this Declaration (either initially or by amendment) or in the initial Use Restrictions set forth in Exhibit "B," the Association's actions with respect to Use Restrictions and rules must comply with the following:

3.5.1 Similar Treatment. Similarly situated Owners must be treated similarly.

3.5.2 Displays. Subject to Design Guideline restrictions on construction and exterior lighting, Owners' rights to display religious and holiday signs, symbols, and decoration on their Lots of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to such displays.

The Association shall not regulate the content of political signs; however, it may regulate the time, place, and manner of posting such signs (including design criteria). All other signs, posters, circulars, and billboards, or "for rent" signs are prohibited except those required by law or those which meet the standards set forth in the Design Guidelines. For sale signs shall be allowed provided they are removed within five (5) days of listing expiration or closing of sale.

3.5.3 Household Composition. The Association shall not interfere with any Owner's freedom to determine the composition of his/her household, except that it may limit the total number of Persons entitled to permanently occupy a Residence based upon the "fair use of the Common Area" and impacts on all Community services.

3.5.4 Activities within Dwellings. The Association shall not interfere with activities carried on within a Residence, except it may prohibit activities not normally associated with residential property, and it may restrict or prohibit activities that create monetary costs for the Association or other Owners, that are illegal, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible outside the Residence, or that are an unreasonable source of annoyance.

3.5.5 Allocation of Burdens and Benefits. The Association shall not reallocate financial burdens among the various Lots or change Common Area use rights to the detriment of any Owner over that Owner's written objection. This does not prevent the Association from changing the Common Area available, from adopting generally applicable rules for using the Common Area, or from denying use privileges to anyone who is late in paying Assessments, who abuses the Common Area, or who violates the Governing Documents. This provision does not affect the right to levy Assessments or to increase the amount of Assessments as provided in Article 8.

3.5.6 Alienation. Except as provided in Section 3.1.3 above, the Association shall not prohibit leasing or transfer of any Lot, or require the Association's or the Board's consent prior to leasing or transferring a Lot. The Association may require that Owners use Association-approved lease forms (or include specific lease terms) and may impose a reasonable review or administrative fee on the lease or transfer of any Lot. Section 3.1.3 imposes a minimum lease term. Section 8.10 imposes a Community Enhancement Fee of up to 1.0% of sales price to help fund Association operations.

3.5.7 Abridging Existing Rights. The Association may not require an Owner to dispose of personal property that was in or on a Lot in compliance with previous rules. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who take title to the Lot after adoption of the rule.

3.5.8 Reasonable Rights to Develop. The Association may not unreasonably impede Declarant's right to develop the Community.

The limitations in subsections 3.5.1 through 3.5.7 shall only limit rule-making authority exercises under Section 3.4; they shall not apply to amendments to this Declaration adopted in accordance with Article 16.

ARTICLE 4 - ARCHITECTURE AND LANDSCAPING

4.1 General

No structure or thing shall be placed, erected, or installed upon any Lot, and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations, or planting or removal of landscaping) shall take place upon any Lot within the Community, except in compliance with this Article and the Design Guidelines.

No design review approval shall be required to repaint the exterior of a structure in accordance with its most recently approved color scheme or to rebuild in accordance with previously approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of structures (including the Residence) on such Owner's Lot without design review approval. However, modifications to the interior of screened porches, patios, and any other portions of a Lot visible from outside a structure are subject to design review approval. Although design review is not required under the limited circumstances set forth above, each Owner will still have the responsibility to comply with any applicable Board rules and any applicable laws.

Each Residence shall be designed by and built in accordance with the plans and specifications of a licensed architect unless Declarant, in its sole discretion, or its designee otherwise approves.

Streetscape along the Community entrance road should enhance the Community entrance and be consistent with the Community emphasis on native vegetation.

All signs in the Community shall be consistent with the Design Guidelines.

All mechanical equipment shall be suitably screened from view, and any sound from such mechanical equipment shall be suitably buffered so as not to disturb the occupants of any other Residence.

This Article does not apply to Declarant's activities nor to the Association's activities during the Class "B" Control Period.

4.2 Architectural Review

4.2.1 By Declarant. Declarant shall have exclusive authority to administer and enforce architectural controls and to review and act upon all applications for architectural and other improvements within the Community. Declarant's rights under this Article 4 shall continue for as long as Declarant owns any portion of the Community, unless Declarant earlier terminates its rights in a Recorded instrument. Declarant may designate one or more Persons to act on its behalf in reviewing applications. In reviewing and acting upon any request for approval, Declarant or its designee acts solely in Declarant's interest and owes no duty to any other Person.

Declarant may from time to time delegate or assign all or any portion of its rights under this Article to the Association's Architectural Review Committee. Any such delegation shall be in writing, specifying the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

4.2.2 Architectural Review Committee. Upon Declarant's delegation or upon expiration or termination of Declarant's rights under this Article, the ARC shall assume jurisdiction over architectural matters. When appointed, the ARC shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced at the Board's discretion. Members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish.

As long as Declarant owns any portion of the Community, the ARC shall notify Declarant of any action to be taken under this Article. During such time, Declarant shall have the right, in its sole and absolute discretion, to veto any action the ARC takes; provided, Declarant's right to veto must be exercised within 10 days after it receives notice of the ARC's action. The party submitting the plans for approval shall not be notified of the ARC's approval or disapproval until after Declarant's right to veto has been exercised or has expired.

The Board may create and appoint subcommittees of the ARC. Subcommittees may be established to preside over particular areas of review (e.g., landscape plans) and shall be governed by procedures the Board or the ARC may establish. Any subcommittee's actions are subject to review and approval by Declarant, for as long as Declarant may review the ARC's decisions, and the ARC. Notwithstanding the above, neither the ARC nor Declarant shall be obligated to review all actions of any subcommittee, and the failure to take action in any instance shall not be a waiver of the right to act in the future.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARC or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

4.2.3 Reviewer. For purposes of this Article, the "Reviewer" is the entity having jurisdiction in a particular case. Declarant and the Association may employ architects, engineers, or other Persons to perform the review.

In reviewing applications and other materials, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed exterior design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that aesthetic determinations are purely subjective

and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations are not subject to review so long as they are made in good faith and in accordance with the required procedures.

4.2.4 Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of Applications and may require that such fees be paid in advance. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such Persons in the Association's annual operating budget.

4.3 Guidelines and Procedures

4.3.1 Design Guidelines. Declarant will prepare the initial Design Guidelines, which may contain general provisions applicable to all of the Community. The Design Guidelines are intended solely to provide guidance to Owners and Builders. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval of any application.

Declarant shall have sole and full authority to amend the Design Guidelines as long as it owns any portion of the Community. Declarant's right to amend the Design Guidelines shall continue even if reviewing authority is delegated to the ARC, unless Declarant also delegates the power to amend the Design Guidelines to the ARC. Upon termination or delegation of Declarant's right to amend, the ARC may amend the Design Guidelines at its sole discretion.

Amendments to the Design Guidelines shall be prospective only. They shall not require modifications to or removal of structures previously approved once the approved construction or modification has commenced. Subject to the Community-Wide Standard, the scope of amendments to the Design Guidelines is unlimited, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Board shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Community. In Declarant's discretion, the Design Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

4.3.2 Procedures. Any design review procedures set forth in the Design Guidelines shall govern the application and review process. Unless the Design Guidelines provide otherwise, no construction activities or other activities described in Section 4.2.1 may begin until a request is submitted to and approved by the Reviewer. The request must be in writing and accompanied by plans and specifications and other information the Reviewer or the Design Guidelines require.

The Reviewer shall make a determination on each application after receipt of a completed application and other information it requires. The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

Reviewer approval is not a substitute for any approvals or reviews required by Summit County or any other municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

The Reviewer shall notify the applicant in writing of the final determination on any application within 30 days after its receipt of a completed application and all required information. If the Reviewer fails to respond in a timely manner, approval shall be deemed given, subject to Declarant's right to veto pursuant to Section 4.2.1. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 4.5.

Notice shall be deemed given at the time the envelope containing the response is deposited in U.S. mail. Personal or electronic delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

As part of any approval, the Reviewer may require that construction in accordance with approved plans commence within a specified time period. If construction does not commence within the required period, approval shall be deemed withdrawn and the Owner must reapply for approval before commencing any construction activities. Once commenced, construction must be diligently pursued to completion. All construction work shall be completed within 16 months of commencement unless otherwise specified in the notice of approval or the Design Guidelines. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant, or any aggrieved Owner.

The Reviewer may exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution. For example, Builders may submit and receive pre-approval of landscaping or other plans for general application. Such pre-approved plans shall not require resubmission prior to use on a particular Lot.

4.4 No Waiver of Future Approvals

Each Owner acknowledges that the people reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is

completed, at which time, it may be unreasonable to require that such objectionable features be changed. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval of similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5 Variances

The Reviewer may authorize variances from compliance with the Design Guidelines and any procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires Declarant's written consent for so long as Declarant owns any portion of the Community.

4.6 Limitation of Liability

The standards and procedures established by this Article are a mechanism for maintaining and enhancing the overall aesthetics of the Community; they do not create any duty to any Person. The Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, for ensuring compliance with building codes and other governmental requirements, or for ensuring that every Residence is of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to other Owners.

Declarant, the Association, its officers, the Board, the ARC, any committee, or any member of any of the foregoing (the "Released Parties") shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a Builder in the Community; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot. In all matters, the Association shall defend and indemnify any Released Party as provided in Section 7.6.

4.7 Certificate of Compliance

Any Owner may request in writing that the Reviewer or the Association issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Design Guidelines or specifying any violations that the Reviewer or the Association knows to exist. The Reviewer or the Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate

shall stop the Association from taking enforcement action against an Owner for any condition known to the Reviewer or the Association on the date of the certificate.

4.8 Enforcement

Any construction, alteration, or other work done in violation of this Article or the Design Guidelines is subject to enforcement action. Upon written request from the Association or Declarant, Owners shall, at their own cost and expense and within a reasonable time frame identified in the request, cure the violation or restore the Lot and/or Residence to substantially the same condition as existed before the violation occurred. Should an Owner fail to cure the problem or otherwise restore the Lot and/or Residence as required, the Association, Declarant, or their designees shall have the right to enter the Lot and/or Residence, remove the violation, and restore the Lot and/or Residence. All costs, together with interest at the rate the Board establishes (not to exceed the maximum rate then allowed by Utah law), may be assessed against such Lot and its Owner and collected as a Benefited Assessment, which shall be due 10 days after it is assessed.

Any approvals granted under this Article are conditioned upon completion of all elements of the approved work, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline imposed, Declarant or the Association may enter upon the Lot and remove or complete any incomplete work and assess all costs incurred against the affected Lot and its Owner as a Benefited Assessment, which shall be due 10 days after it is assessed.

All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provision of this Article and the Design Guidelines may be excluded from the Community. In such event, neither Declarant nor the Association, or their officers and directors, or any other person associated with the Community shall be held liable to any Person for exercising the rights granted by this paragraph.

The Association shall be primarily responsible for enforcing the provisions of this Article. If, however, in Declarant's judgment, the Association fails to take appropriate enforcement action within a reasonable time period, Declarant, for so long as it owns any portion of the Community, may, but shall not be obligated to, exercise the enforcement rights set forth above. In addition to the foregoing, the Association and Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the Reviewer's decisions. If the Association or Declarant prevail, they shall be entitled to recover all costs including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

ARTICLE 5 - MAINTENANCE AND REPAIR

5.1 Maintenance of Lots

Each Owner shall maintain such Owner's Lot, including the Residence and all landscaping and other improvements on the Lot, in a manner consistent with the Governing Documents, the Community-Wide Standard, and any other applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association

5.2 Responsibility for Repair and Replacement

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance includes responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on such Owner's Lot, less a reasonable deductible unless the Association carries such insurance (which they may, but are not obligated to do). If the Association assumes responsibility for insuring a Lot, the insurance premiums shall be levied against the benefited Lot and its Owner as a Benefited Assessment, which shall be due 10 days after it is assessed.

In the event of damage to or destruction of a structure on a Lot, the Owner shall promptly repair or reconstruct the structure in a manner consistent with the original construction or other plans and specifications approved in accordance with Article 4. Alternatively, the Owner shall clear the Lot and maintain it in a neat and attractive condition consistent with the Community-Wide Standard. The Owner shall pay any costs insurance proceeds do not cover.

ARTICLE 6 - THE HOMEOWNER'S ASSOCIATION AND ITS MEMBERS

6.1 Function of The Homeowner's Association

The Association is the entity responsible for management, maintenance, operation, and control of the Common Maintenance Areas. In addition, the Association may perform such other community services and undertake such other responsibilities, as its Board may deem advisable from time to time. The Association also has primary responsibility for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Utah law.

6.2 Membership

Every Owner is a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all co-Owners shall share the privileges of the membership, subject to reasonable Board regulation and the voting restrictions described in Section 6.3.3 and in the By-Laws. Co-Owners are jointly and severally obligated to perform the responsibilities of an Owner. The membership rights of an Owner which is not an individual

may be exercised by any officer, director, partner, or trustee or by an individual the Owner designates from time to time in a written instrument provided to the Association's Secretary.

6.3 Voting

The Association shall have two classes of Membership, Class "A" and Class "B."

6.3.1 Class "A". Class "A" Members are all Owners, except the Class "B" Member, which shall be Declarant. The Class "B" Member shall not vote, but may appoint a majority of the Board members during the Class "B" Control Period, as specified in the By-Laws, and may exercise the additional rights specified throughout the Governing Documents.

6.3.2 Class "B". The Class "B" membership shall terminate upon the earlier of:

- (a) two years after expiration of the Class "B" Control Period; or
- (b) when, in its discretion, Declarant declares in a Recorded instrument.

Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to one Class "A" vote for each Lot it owns.

The Member for each Lot shall be entitled personally to exercise the vote for such Lot. In any situation where a Member is entitled personally to exercise the vote for such Member's Lot, and there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one co-Owner seeks to exercise it.

6.3.3 Exercise of Voting Rights. The Owner of each lot shall be entitled personally to exercise the vote for his or her Lot. In any situation where a Member is entitled personally to exercise the vote for his or her Lot, and there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

ARTICLE 7 - ASSOCIATION POWERS AND RESPONSIBILITIES

7.1 Acceptance and Control of Association Property

7.1.1 The Association may acquire, hold, mortgage or pledge as security, lease (as landlord or tenant), operate, and dispose of tangible and intangible personal property and real property. The Association may enter into leases, licenses, or operating agreements, for payment or no payment, as the Board deems appropriate, permitting use of portions of the Common Area by Community organizations and by other third parties for the general benefit or convenience of Owners and other Community residents.

7.1.2 The Association is responsible for management, operation, and control of the Common Area, subject to any covenants, easements, or restrictions set forth in the deed or other instrument transferring the property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate. Further, the Board may lease, or borrow funds to acquire, operate or maintain equipment and facilities used in Common Areas or the performance of the Association's other duties under this Declaration or other agreements. Such equipment and facilities may be leased, or such funds may be borrowed from any source, including Declarant, on commercially reasonable terms and conditions.

7.2 Maintenance of Common Maintenance Areas

The Association shall maintain the Common Maintenance Areas in accordance with the Community-Wide Standard. The Common Maintenance Areas shall include, but are not limited to:

7.2.1 all portions of the Common Area, including the entrance gates and other entrance features, perimeter fences, all private roads, any and all landscaping, structures, and other improvements on the Common Areas;

7.2.2 all landscaping, and other flora, sidewalks, streetlights, and signage within public rights-of-way within or abutting the Community, any landscaping and other flora within any public utility easement within the Community, and any landscaping and other flora abutting any area adjacent to the Community;

7.2.3 such portions of any additional property as may be dictated by Declarant, this Declaration, any Plat, or any contract, covenant, or agreement for maintenance entered into by, or for the benefit of, the Association; and

7.2.4 all ponds, streams, and/or wetlands located within the Community which serve as part of the Community's storm water drainage system, including associated improvements and equipment.

7.2.5 all sanitary sewer facilities shall be owned by the Snyderville Basin Sewer Water Reclamation District.

The Association may maintain other property, which it does not own, including property dedicated to the public, conservation areas and wetlands dedicated to governmental agencies, and any and all trails and paths located on such parcel if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property, which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Common Maintenance Areas in continuous operation, except for any periods necessary, as determined by the Board, to perform required maintenance or repairs, unless Owners of Lots representing 75% of the Class "A" votes in the Association agree in writing to discontinue such operation. Notwithstanding the above, the Common Maintenance Areas may-not be reduced, nor shall operation of its facilities and equipment be discontinued, without Declarant's prior written approval as long as Declarant owns any property described in Exhibit "A" to this Declaration.

The costs associated with maintenance, repair, and replacement of the Common Maintenance Areas shall be a Common Expense. However, the Association may seek reimbursement from the owners of, or other Persons responsible for, certain portions of the Common Maintenance Areas pursuant to this Declaration, a Supplemental Declaration, or other Recorded covenants or agreements.

7.3 Insurance

7.3.1 Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not, the most nearly equivalent coverage's as are reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within other portions of the Common Maintenance Areas to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All Association property insurance policies shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(b) Commercial general liability insurance on the Common Maintenance Areas, insuring the Association and its Members for property damage or bodily injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors to the extent they were acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate with respect to bodily injury, personal injury, and property damage;

(c) Statutory workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) One Million (\$1,000,000.00) Directors and officers liability coverage;

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment, but not less than an amount equal to one-quarter of the annual Regular Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation;

(f) \$1,000,000.00 Hired and Non-owned Auto Liability Insurance; and

(g) Any other insurance, including without limitation insurance on vehicles, that the Board may deem appropriate.

In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits.

Premiums for Common Maintenance Area insurance shall be a Common Expense.

7.3.2 Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Summit County, Utah area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3.1. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct

of one or more Owners, their guests, invitees, or tenants, then the Board may assess the full amount of such deductible against such Owners and their Lots as a Benefited Assessment.

All insurance coverage obtained by the Board shall:

(a) be written with a company authorized to do business in Utah which satisfies the requirements of the Federal National Mortgage Corporation, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(b) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members.

(c) not be brought into contribution with insurance purchased by individual Owners, their Mortgagees, or any occupants of a Lot;

(d) contain an inflation guard endorsement;

(e) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(f) provide that each Owner is an additional insured under the policy only with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

In addition, the Board shall use reasonable efforts to secure insurance policies, which list the Owners (as a class) as additional insured and provide:

(g) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servant, agents, and guests;

(h) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause, coverage primary non-contributory with additional insured members;

(i) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

7.3.3 Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Owners representing at least 75% of the total Class "A" votes in the Association and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended for up to 60 additional days until such funds or information are available. No Mortgagees shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The Association shall return any insurance proceeds remaining after paying the costs of repair or reconstruction, or after an agreed-upon settlement, for the benefit of the Members, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall.

7.4 Compliance and Enforcement

7.4.1 The Board may impose sanctions for violations of the Governing Documents, which sanctions include those listed below and any others described elsewhere in the Governing Documents. The Board may establish a range of penalties for different violations, with violations of the Declaration, unsafe conduct, and harassment or intentionally malicious conduct treated more severely than other violations. The following sanctions require prior notice and an opportunity for a hearing in accordance with the By-Laws:

(a) imposing reasonable monetary fines, not to exceed \$1,000.00 per violation (or per day in the case of a continuing violation) or \$10,000.00 in the aggregate, which shall constitute a lien upon the violator's Lot (fines may be imposed within a graduated range);

(b) suspending an Owner's right to vote (except that suspension may be automatic if the Owner is more than 90 days delinquent in paying any Assessment or other charge owed to the Association);

(c) suspending any Person's right to use Common Area amenities; provided nothing shall authorize the Board to prevent access to a Lot;

(d) suspending any services provided by the Association (except that suspension may be automatic if the Owner is more than 30 days delinquent in paying any Assessment or other charge owed to the Association);

(e) exercising self-help or taking action to abate any violation of the Governing Documents occurring on a Lot in a non-emergency situation (including removing personal property that violates the Governing Documents); and

(f) levying Benefited Assessments to cover costs incurred by the Association to bring a Lot into compliance with the Governing Documents.

In addition, the Board may take the following enforcement actions to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the By-Laws:

(g) exercising self-help or taking action to abate a violation on a Lot in an emergency situation (including towing vehicles that are in violation of parking rules and regulations);

(h) exercising self-help or taking action to abate a violation on the Common Area under any circumstances; or

(i) bringing suit at law for monetary damages or in equity to stop or prevent any violation, or both.

In addition to any other enforcement rights, if an Owner fails properly to perform such Owner's maintenance responsibility or otherwise fails to comply with any provision of this Declaration, the Association may record a notice of violation or perform the required maintenance or other obligation or otherwise take steps to abate the violation and assess its costs against the Lot and the Owner as a Benefited Assessment. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All sanctions and remedies set forth in the Governing Documents shall be cumulative and not exclusive of any remedies available at law or in equity. If the Association prevails in any action to enforce the Governing Documents it shall be entitled to recover all costs incurred in the action, including, without limitation, court fees and reasonable attorneys' fees.

7.4.2 The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentences, the Board may determine that under the circumstances of a particular case:

- (a) the Association's position is not strong enough to justify taking any further action;
- (b) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- (d) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

By contract or other agreement, the Association may enforce applicable city and county ordinances, and Summit County may enforce its ordinances within the Community. Specifically, the Association is obligated to comply and to enforce owner compliance with certain obligations contained in the Development Agreement. The provisions of Section 7.4 shall be applicable to any violations of the Development Agreement.

7.5 Implied Rights; Board Authority

The Association may exercise any right or privilege given to it expressly or by reasonable implication by the Governing Documents, and may take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents or by law, all of the Association's rights and powers may be exercised by the Board without a vote of the membership.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters

pertaining to the Common Maintenance Areas, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or the Members.

In exercising the Association's rights and powers, making decisions on the Association's behalf, and conducting the Association's affairs, Board members are subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.6 Indemnification of Officers, Directors, and Others

The officers, directors, and committee members, acting in such capacity, 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 directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf (except to the extent that such officers or directors may also be Members of the Association

Subject to Utah law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonable incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Sections.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.7 Safety and Security

Owners and occupants of Lots, and their respective guests and invitees, are responsible for their own personal safety and the security of their property in the Community. The Association may, but is not obligated to, maintain or support certain activities within the Community which are designed to enhance the level of safety or security which each Person provides for him or her self and his, her, or its property. However, the Association and Declarant shall not in any way be considered insurers or guarantors of safety or security within the Community, 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.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Community, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within the Community assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

7.8 Relationships with Other Properties

The Association may enter into contractual agreements or covenants to share costs with any neighboring properties to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.9 View Impairment

Neither Declarant nor the Association guarantee or represent that any view over and across the Lots or any open space within the Community will be preserved without impairment by structures or landscaping and neither shall be obligated to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standard or as otherwise required under a separate covenant or agreement. The Association (with respect to the Common Area) has the right to construct improvements and add trees and other landscaping from time to time subject to applicable Law. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

7.10 Relationship with Governmental and Tax-Exempt Organizations

The Association may enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area to, state or local governments, public utility providers, and non-profit, tax-exempt organizations for the benefit of the Community, the Association, and the Members. The Association may contribute money, real property (including Common Area), personal property, or services to any such entity. Any such contribution shall be a Common Expense and included as a line item in the Association's annual budget.

For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

7.11 Right to Designate Sites for Governmental, Public Interests and Easement Rights

For so long as Declarant owns any property described in Exhibit "A," Declarant may designate sites within the Community for government, education, or religious activities and interests, including without limitation, fire, police, health care and for utility facilities, schools and educational facilities, houses of worship, parks, and other public facilities. Declarant may also retain for use by Declarant or, as approved solely by Declarant, for use by others, non-exclusive private easement rights for underground utilities, whether or not intended to serve the Community. The sites may include Common Area, in which case the Association shall take whatever action is required to permit such use, including dedication or conveyance of the site, if so directed by Declarant.

ARTICLE 8 - ASSOCIATION FINANCES

8.1 Budgeting and Allocating Common Expenses

The Association is authorized to levy Regular Assessments equally against all Lots subject to Assessment under Section 8.6 to fund the Common Expenses (including, without limitation, the Open Space Area annual stewardship fee in the amount of \$100 per Lot, totaling \$4,300, as required by the Conservation Easement); provided, however, that Section 8.8 shall govern the Assessments on Lots owned by Declarant. At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.2. The budget shall reflect the sources and estimated amounts of funds to cover such expenses, including any prior years' surplus, any non-Assessment income, and anticipated Assessment income.

Association Funds

- General Operating Fund
- Reserve Fund for Repair and Replacement of Capital Items

Primary Sources of Income

- Regular Assessments
- Special Assessments
- Declarant Subsidy (if any)
- One-time Contributions to Working Capital

Secondary Sources of Income

- Monetary Penalties
- Interest on Reserves and Delinquent Assessments
- Late Charges

8.2 Budgeting for Reserves

The Board shall prepare and review periodically a reserve budget for the Common Maintenance Areas. Reserve budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period. So long as the Board exercises business judgment in determining the amount of the reserve fund the amount shall be considered adequate.

The Board may adopt resolutions regarding the expenditure of any reserve funds, including policies designating the nature of assets for which reserve funds may be expended. These policies may differ for general Association purposes. So long as Declarant owns any property described in Exhibit "A," neither the Association nor the Board shall adopt, modify, limit, or expand such policies without Declarant's prior written consent.

8.3 Special Assessments

In addition to other authorized Assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Special Assessments may be levied against the entire membership, if the Special Assessment is for Common Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Members (if a Common Expense) representing at least a majority of the total votes, and the affirmative vote or written consent of the Class "B" Member, if any. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.4 Benefited Assessments

The Association may levy Benefited Assessments against a particular Lot as follows:

8.4.1 to cover costs incurred in bringing the Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing, in accordance with the By-Laws, before levying any Benefited Assessment under this subsection;

8.5 Commencement of Assessment Obligation; Time of Payment

The obligation to pay Assessments commences as to each Lot on the first day of the month following: (a) the month in which the Lot is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies Assessments pursuant to this

Article, whichever is later. The first annual Regular Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence on the Lot.

Owners shall pay Assessments in the manner and on the dates the Board establishes. The Board may require advance payment of Assessments at closing of the transfer of title to a Lot and may impose special requirements for Owners with a history of delinquent payment. Unless the Board otherwise provides, the Regular Assessment shall be due and payable in advance on the first day of each month. If any Owner is delinquent in paying any Assessments or other charges levied on such Owner's Lot, the Board may require that the outstanding balance on all Assessments be paid in full immediately.

8.6 Obligation for Assessments

8.6.1 Personal Obligation. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any Lot, covenants and agrees to pay all Assessments authorized in the Governing Documents. All Assessments, together with interest (computed from the Assessment's due date at a rate of 18% per annum or such higher rate as the Board may establish, subject to Utah law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any Assessments and other charges due at the time of conveyance.

The Board's failure to fix Assessment amounts or rates or to deliver or mail each Owner an Assessment notice shall not be deemed a waiver, modification, or release of any Owner from the obligations to pay Assessments. In such event, each Owner shall continue to pay Regular Assessments on the same basis as during the last year for which an Assessment is made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner is exempt from liability for Assessments by non-use of Common Area, abandonment of such Owner's Lot, or any other means. The obligation to pay Assessments is a separate and independent covenant by each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some required function, or for inconvenience or discomfort arising from making repairs or improvements, or for any other reason.

Upon written request, the Association shall furnish to any Owner liable for any type of Assessment a certificate in writing signed by an Association officer setting forth whether such Assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

8.6.2 Declarant's Limited Assessment Obligation. During the Class "B" Control Period and so long as there is a budget deficit calculated as provided in this subparagraph, Declarant may elect either to pay Assessments on fully-improved Lots which it owns at a rate established by Declarant from time to time that is not less than 33 1/3% of the rate of the Assessment applicable to a fully improved Lot owned by another Owner, or by funding the budget deficit for the year in question. For purposes of this paragraph, the budget deficit is the difference between the amount of Assessments levied on Class "A" Member-owned Lots and the amount of the Association's actual expenditures during the fiscal year, including debt service and reserve contributions. Unless Declarant otherwise notifies the Board in writing at least 60 days before the beginning of a fiscal year, Declarant shall continue paying on the same basis as during the previous fiscal year if there continues to be a budget deficit during the subsequent year. During the Class "B" Control Period, Declarant shall not be required to pay Assessments on fully improved Lots, which it owns, or to fund the activities of the Association if there is no budget deficit.

Regardless of Declarant's election, Declarant's Assessment obligations may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, Declarant shall pay Assessments on its unsold Lots at 33 1/3% of the rate of the Assessment applicable to fully improved Lots owned by other Class "A" Members.

8.7 Lien for Assessments

The Association shall have a lien against each Lot, including Declarant's Lots, to secure payment of delinquent Assessments by the Owner of such Lot, as well as interest, late charges (subject to Utah law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, Assessments, and other levies which by law would be superior, and (b) the lien or charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value. The Association's lien, when Assessments become delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

At a foreclosure sale, the Association may bid for the Lot and acquire, hold, lease, mortgage, and convey the Lot. The Association may sue for unpaid Assessments and other charges without foreclosing or waiving its Assessment lien.

Sale or transfer of any Lot shall not affect a lien for unpaid Assessments or relieve such Lot from the lien for any subsequent Assessments. However, the sale or transfer of any Lot pursuant to foreclosure by the first Mortgagee extinguishes the lien relating to any amounts due prior to the Mortgagee's foreclosure. The purchaser of a foreclosed Lot shall not be personally liable for Assessments on such Lot due prior to the date on which such purchaser becomes the Owner of such Lot. Such unpaid assessments shall be a Common Expense collectible from Owners of all Lots subject to assessment under Section 8.6, including such purchaser, its successors and assigns.

8.8 Exempt Property

The following property shall be exempt from payment of Regular Assessments and Special Assessments: All Common Area and other portions of the Community which are not Lots.

8.9 Capitalization of Association

Upon acquisition of record title to a Lot by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to Five Hundred and no/100 Dollars (\$500.00). This amount shall be in addition to, not in lieu of, the Lot's monthly Regular Assessment and shall not be considered an advance payment of such Assessment. This amount shall be deposited into the purchase and sales escrow and then disbursed to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

8.10 Community Enhancement Fee

8.10.1 Authority. As an additional funding source, the Board may establish and collect a Community Enhancement Fee upon each transfer of title to a Lot. The fee shall be charged to the seller of the Lot, shall be payable to the Association at the closing of the transfer, and shall be secured by the Association's lien for Assessments under Section 8.7. Each Owner shall notify the Association's Secretary, or designee, at least seven days prior to the scheduled closing and provide the name of the buyer, the date of title transfer, and other information the Board may reasonably require.

8.10.2 Fee Limit. The Board shall have the sole discretion to determine the amount of and method of calculating the Community Enhancement Fee. The fee may be based upon a sliding scale which in accordance with the "gross selling price" of the property or any other factor the Board deems appropriate. However, the Community Enhancement Fee may not exceed one percent (1%) of the Lot's gross selling price. The gross selling price is the total cost to the purchaser of the Lot, excluding transfer taxes, impact or other fees and title fees imposed by Summit County and/or the State of Utah.

8.10.3 Purpose. The Community Enhancement Fees shall be used to provide funding for Association activities and such other purposes as the Board deems beneficial to the general good and welfare of the Community and included in the Association's Common Expense budget, including for reserves. Community Enhancement Fees might also be used to assist one or more tax-exempt entities in funding:

(a) preservation and maintenance of natural areas, wildlife preserves, or similar conservation areas, and sponsorship of educational programs and activities which

contribute to the overall understanding, appreciation, and preservation of the natural environment within and surrounding the Community, or as may be necessary to comply with the Development Agreement or the Conservation Easement;

(b) programs, services, and activities which serve to promote a sense of community within the Community, such as educational programs, festivals and holiday celebrations and activities, etc.

(c) social services, educational programs, community outreach programs, and other charitable causes.

8.10.4 Exempt Transfers. Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Lot:

- (a) by or to Declarant;
- (b) by a Builder who held title solely for purposes of development and resale without occupying the property as a residence or rental home;
- (c) by a co-owner to any Person who was a co-owner immediately prior to such transfer;
- (d) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;
- (e) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership interest in such entity, the Community Enhancement Fee shall become due; or
- (f) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage.

ARTICLE 9 - ADDITIONAL RIGHTS RESERVED TO DECLARANT

9.1 Marketing and Sales Activities

Notwithstanding anything in the Governing Documents to the contrary, Declarant and each Builder may construct and maintain upon portions of the Common Area and other property owned by Declarant or such Builder such facilities, activities, and things as, in Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots. Such permitted facilities, activities, and things include, but are not limited to, business offices, signs, flags (whether hung from flagpoles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, Declarant and Builders may park vehicles in areas other than garages or driveways, including on streets. Builders' rights under this Section are subject to Declarant's approval.

9.2 Right to Develop

Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

9.3 Right to Approve Changes in the Community Standards

No amendment to or modification of any Use Restrictions, rules, or the Design Guidelines shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns any portion of the Community or has a unilateral right to annex additional property into the Community.

9.4 Right to Transfer or Assign Declarant Rights

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a Recorded instrument signed by Declarant. Declarant may allow other Persons to exercise, on a one time or limited basis, any Declarant right without transferring the entire right. In such case, a Recorded instrument is not required.

9.5 Exclusive Rights to Use Name of Development

No Person shall use the name "The Woods of Parleys Lane" or any derivative of "The Woods of Parleys Lane" in any printed or promotional material, or in logo or depiction, without

Declarant's prior written consent. However, Owners may use the name "The Woods of Parleys Lane" where such term is used solely to specify that particular property is located within the Community.

9.6 Right to Use Common Area for Special Events

As long as Declarant owns any property in the Community, Declarant may use the Common Area to sponsor special events for charitable, philanthropic, political, or marketing purposes, subject to the following conditions:

9.6.1 the availability of the facilities at the time a request is submitted to the Association;

9.6.2 Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event; and

9.6.3 Declarant shall return the facilities and personal property used in conjunction with the special event to the Association in the same general conditions existed prior to the special event.

Declarant shall have the right to assign its rights to charitable organizations or foundations selected by Declarant. Declarant's right to use the Common Area for special events shall be enforceable by injunction, by any other remedy in law or equity, and by the terms of this Declaration.

9.7 Easement to Inspect and Right to Correct

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Community, including Lots, and a perpetual nonexclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency or in the case of an inspection relating to construction or in a case involving enforcement of a violation of this Declaration, the Design Guidelines or any condition of design review approval, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into the interior of an occupied Residence or other structure on a Lot shall be permitted without the Owner's consent. Except where entry is necessary to abate a violation of this Declaration, the Design Guidelines or any condition of design review approval, the Person exercising this easement shall promptly repair, and pay for, any resulting damage.

9.8 Right to Notice of Design or Construction Claims

No person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction

unless Declarant and any Builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the property Owner and conduct an inspection.

9.9 Termination of Rights

Rights granted under Sections 9.1 to 9.8 of this Article shall terminate upon the earlier of (a) the period specified in the particular Section; (b) 40 years from the date this Declaration is Recorded; or (c) Declarant's Recording of a statement that all sales activity and resale activity within Declarant's control has ceased. Thereafter, Declarant may continue to use the Common Areas for the purposes stated in this Article only pursuant to a rental or lease agreement between Declarant and the Association which provides for rental payments based on the fair market rental value of any such portion of the Common Areas. This Article shall not be amended without the written consent of Declarant so long as Declarant owns any property in the Community.

ARTICLE 10 - EASEMENTS

10.1 Easements in Common Area

Declarant grants to each Owner a right and easement of use, access, and enjoyment in and to the Common Area, subject to:

10.1.1 The Governing Documents and any other applicable covenants;

10.1.2 Any restrictions or limitations contained in any deed conveying the property to the Association

10.1.3 The Board's right to:

(a) adopt rules regulating Common Area use, including rules limiting the number of guests who may use the Common Area;

(b) suspend the right of an Owner to use any Common Area amenity (A) for any period during which any Assessment or other charge against the Owner's Lot remains delinquent, and (B) for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation, of the Governing Documents;

(c) dedicate or transfer all or any part of the Common Area, subject to any approval requirements set forth in this Declaration;

(d) mortgage, pledge, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred.

Any Owner may extend such Owner's right to use the Common Area to the members of such Owner's family, tenants, and social invitees, as applicable, subject to reasonable Board

regulation. An Owner who leases its Lot shall be deemed to have assigned all such rights to the tenants of such Lot for the lease term.

10.2 Easements of Encroachment

Declarant grants easements of encroachment, and for maintenance and use of any permitted encroachment between each Lot and any adjacent Common Area and between adjacent Lots. A permitted encroachment is a structure or fixture, which extends unintentionally from one person's property onto another's, a distance of less than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement. All Lot Owners are responsible to have a licensed surveyor establish property lines, easements, and building corners prior to commencement of construction.

10.3 Easements for Utilities, Etc.

10.3.1 Installation and Maintenance. Declarant reserves for itself, so long as Declarant owns any property in the Community, the right in Declarant's sole discretion to grant to the Association and utility providers perpetual non-exclusive easements throughout the Community (but not through a structure) to the extent reasonably necessary:

- (a) for access to do general maintenance and landscaping around all ponds and lakes and along both sides of all watercourses;
- (b) for access for the purpose of installation, maintenance and repair of any Association owned and controlled irrigation systems;
- (c) for access as may be necessary to prevent damage to Common Areas, Recreation Facilities or other facilities, whether or not in case of an emergency, or to take such other actions as the Association may determine to be in the best interest of all of the Owners;
- (d) for snow removal and snow storage;
- (e) for roads, trails and other Common Areas and easements provided on the Plat or by recorded easement;
- (f) for drainage of storm, surface and irrigation water across portions of Lots containing watercourses, ditches, and natural drainage ways;
- (g) for other specific purposes set forth in this Article or for the purpose of performing any maintenance or other duties as authorized by this Declaration;

(h) for access to inspect, and carry out the enforcement, abatement and completion remedies provided in this Declaration or the Design Guidelines;

(i) for any shared driveways or roads as per the Plat which easement shall also run in favor of all benefitted Lot Owners. The length of each driveway to which the easement applies shall be determined by Declarant in the course of development of the subdivision;

(j) for shared utility easements, where such easements are established by a written and recorded instrument approved by the Board, which easement shall also run in favor of all benefitted Lot Owners;

(k) to install utilities and infrastructure to serve the Community or any portion thereof, cable, and other systems for sending and receiving data and/or other electronic signals, drainage systems, and security and similar systems;

(l) to install walkways, pathways and trails, street lights, and signage on property which Declarant or the Association owns or within public rights-of-way or easements reserved for such purpose on a Plat;

(m) to inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and

(n) to access and read utility meters.

Notwithstanding the above, Declarant reserves the right to deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

10.3.2 Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in Declarant's sole discretion, to develop the Community. The location of the easement shall be subject to the written approval of the burdened property Owner, which approval shall not unreasonably be withheld, delayed, or conditioned.

10.3.3 Declarant Access. Declarant shall have rights to use the Common Areas for ingress, egress and for activities related to development, construction, repairs, maintenance and improvement in the Community. Declarant reserves full right, but not the obligation, during the Period of Declarant Control, to implement additional improvements (including without limitation landscaping, fencing, pathways, signs, outdoor lighting and maintenance sheds) in the Community without the requirement of obtaining the consent or other authorization of the Association, the Board, or the Owners.

10.3.4 Operations Easements. There is hereby reserved to Declarant and the Association the right from time to time to enter upon Common Areas, or any Lot, to perform or carry out any Association operations, drainage or fence maintenance, repair or operation of the

water or utility systems, or any other actions reasonably required to implement wildlife, agricultural, or weed control (including controlled burning or cutting to enhance wildlife habitat), or other Community operations approved by the Association.

10.3.5 Emergency and Service Access Easement. A non-exclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, trash collection, mail service and other similar emergency and service agencies or persons, now or hereafter providing services to the Community, the Owners, Declarant, or the Association to enter upon all Common Areas and any Lots in the lawful performance of their duties. Private security contracts or other security arrangements made by Owners must first be approved by the Association.

10.3.6 Trail Easement. There is hereby created a trail easement for the use and enjoyment of Owners, their guests and invitees, and the public over and across any trails in the Community for purposes of hiking, biking, horseback riding, jogging, hunting, fishing, cross-country skiing, snow shoeing and other activities consistent with this Declaration. Use of the trail easement by the public shall be controlled by SBSRD. The trail system shall be constructed by either Declarant or the Association and thereafter owned, maintained and operated by the Association as a part of the Common Area, until such time the trail system is controlled by SBSRD by grant of easement from Declarant or the Association. Construction and operation of the trail system may include cutting, clearing, stabilizing or maintaining trails, the posting of signs and erosion control. The use of the trail system shall be subject to such Rules and Regulations as the Association shall from time to time establish, until such time the trail system is controlled by SBSRD by grant of easement from Declarant or the Association. The Association, or SBSRD, as the case may be, shall indemnify Owners of Lots subject to the trail easement in regard to any injury or death to persons or damage to property occurred by use of the trails. Each Owner, members of their families and their guests or invitees, and any and all members of the public assume all risk in connection with use of the trails. Declarant and/or the Association may, but shall not be obligated to, modify or relocate specific trail locations on any Lot to accommodate the Owner thereof, without notice to or approval of the other Owners.

10.3.7 Road Easements. By separate grant of easement, Declarant shall grant to the Association permanent, perpetual and non-exclusive road easements for the purpose of providing access to all Lots within all phases of the Community and all road easements created thereby shall be for the use, benefit and enjoyment of all Owners, their family members, guests and invitees and for use of the Declarant and the Association, their respective officers, employees, agents, and contractors. Said easements shall be located under, over, along and across those areas designated as a primary access and secondary accesses easement on the Plat and shall include all embankment slopes created by the construction of the improvements within the road easements, all drainage structures, utilities, walls, bridges and other structures appurtenant to the roads, whether located inside or outside the road easements. The Declarant shall construct and the Association shall permanently operate, maintain, repair and replace the road improvements within the road easements, and may in the future construct, install, operate, maintain, repair or replace other road improvements within the road easements for any purpose

consistent with this Declaration. Road improvements which may be constructed by Declarant and/or the Association within the road easements and the Common Areas adjacent thereto, may include, but shall not be limited to, security and entry gates, fences, signage, speed bumps or dips, drainage structures, guard rails and the like. There is further reserved to Declarant the right to increase the width of any road easement shown on the Plat provided that such widening does not encroach into any Area of Disturbance. With respect to all Lots, no increased road width shall exceed twenty (20) feet on either side of the centerline thereof as such centerline is shown on the Plat or as-built if the as-built location shall vary from the Plat. In the event Declarant shall determine to increase the width of any road, Declarant shall have the right, but not the obligation, to amend the Plat for that purpose without any requirement to obtain the consent of any Owner, Mortgagee or the Association. The width of any road easement may be increased for road purposes as long as the width of such enlargement does not exceed the maximum width set forth herein.

10.3.8 Minimal Interference. All work associated with the exercise of the easements described in subsections 10.3.1 through 10.3.7 of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the general condition existing prior to the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot, and, except in an emergency or otherwise as provided herein, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant if possible.

10.4 Technology Utility Easements

Declarant reserves exclusive easements in or adjacent to all Association-owned roads, and trails and any public trail rights-of-way throughout the Community, on behalf of itself, and its nominees, successors, and assigns, for installing, operating, maintaining, repairing, and replacing telephone, cable television, telecommunications, security, and other systems for sending and receiving data and/or other electronic signals (“Technology Utilities”), serving the Community or any portion thereof. Declarant shall have ownership and exclusive control of all conduits, cable, lines or other means of distributing Technology Utilities serving the Community or any portion thereof. Declarant may grant or convey these easements to third parties. Declarant also reserves for itself the exclusive right and power to enter into contracts for the construction, installation, and provision of Technology Utilities and may grant exclusive rights to access or use the Technology Utilities.

Declarant may require that the Board enter into a bulk rate service agreement with Declarant or its assignee for the provision of Technology Utilities services to all Lots as a Common Expense. If particular services or benefits are provided to particular Owners or Lots at their request, the benefited Owners shall pay the service provider directly for such services, or the Association may assess the costs as a Benefited Assessment, as appropriate.

10.5 Easements for Maintenance, Emergency, and Enforcement

Declarant grants to the Association easements over the Community as necessary for the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Any member of the Board, and its duly authorized agents and assignees, including committee members, and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner of the affected Lot.

Declarant grants to the Association, subject to any required notice, an easement and right to enter a Lot to abate a violation of the Governing Documents and/or to remove any structure, thing, or condition, which violates the Governing Documents. Any costs incurred, including reasonable attorneys' fees, shall be assessed against the Lot and its Owner as a Benefited Assessment, which shall be due 10 days after the Owner receives notice thereof.

10.6 Easements for Lake and Pond Maintenance and Flood Water

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Common Maintenance Areas to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Common Maintenance Areas; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any portion of the Community which abuts or contains bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself, the Association, and their successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not inside a Residence or other structure) adjacent to or within 100 feet of bodies of water and wetlands within the Community, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Community; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Common Maintenance Areas; and (c) maintain and landscape the slopes and banks pertaining to such areas. Anyone exercising these easements shall use reasonable care in and repair any damage resulting from their intentional exercise of the easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to natural occurrences.

10.7 Easements for Cross-Drainage

Every Lot and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Community; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Community without the consent of the Owners of the affected property, the Board, and Declarant as long as it owns any property in the Community.

10.8 Rights to Storm Water Runoff, Effluent, and Water Reclamation

Declarant reserves for itself and its designees all rights to ground water, surface water, storm water runoff, and effluent located or produced within the Community, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights. Such rights shall include the reservation of an easement over the Community for access, and for installation and maintenance of facilities and equipment to capture, transport and discharge such water, runoff, and effluent. This Section may not be amended without Declarant's consent, and the rights created in this Section shall survive termination of this Declaration.

ARTICLE 11 - PARTY WALLS AND OTHER SHARED STRUCTURES

11.1 General Rules of Law to Apply

Each wall, fence, driveway, or similar structure built as a part of the original construction on the Lots which serve and/or separate any two adjoining Lots shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to party structures. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article 12.

11.2 Maintenance; Damage and Destruction

Unless otherwise specifically provided in additional covenants relating to such Lots, the Owners sharing the party structure shall share the cost of necessary or appropriate party structure repairs and maintenance equally.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner sharing the structure may restore it. If other Owners thereafter share in the use of the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

ARTICLE 12 - DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

12.1 Agreement to Encourage Resolution of Disputes without Litigation

12.1.1 Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree to attempt to resolve disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file a lawsuit for a Claim described in subsection 12.1.2, without first submitting the Claim to the alternative dispute resolution procedures described in Section 12.2.

12.1.2 As used in this Article, the term "Claim" shall refer to my claim, grievance, or dispute arising out of or relating to:

- (a) the interpretation, application, or enforcement of the Governing Documents;
- (b) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- (c) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article 4, which shall not be subject to review.

Notwithstanding the foregoing, the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 12.2:

- (d) any action by the Association to collect Assessments or other amounts due from any Owner;
- (e) any action by the Association or Declarant to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Articles 3, 4 and 5 of this Declaration (relating to creation and maintenance of Community standards);
- (f) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- (g) any suit in which any indispensable party is not a Bound Party; and
- (h) any suit as to which the applicable statute of limitations would expire within 180 days of giving the Notice required by Section 12.2.1, unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Article.

12.2 Dispute Resolution Procedures

12.2.1 Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice ("Notice") by mail or personal delivery to each Respondent, and to the Board, stating plainly and concisely:

- (a) the nature of the Claim, including the Persons involved and Respondent's role in the Claim;
- (b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (c) the Claimant's proposed resolution or remedy; and
- (d) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

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

12.2.3 Mediation. If the Bound Parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Summit Count, Utah area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Bound Parties do not settle the Claim within 30 days after submitting the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse as of the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

12.2.4 Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Bound Parties. If any Bound Party thereafter

fails to abide by the terms of such agreement, then any other Bound Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Bound Party taking action to enforce the agreement shall, upon prevailing, be entitled to recover from the non-complying Bound Party (or each one in equal proportions) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

12.2.5 Adjacent Property Disputes. The Development Agreement contemplates that disputes between Owners and the owners or users of property adjacent to or in the vicinity of the Community will be addressed by the Association, and the Association and all Bound Parties will follow the foregoing dispute resolution procedures with respect to any such Claims on the condition that the non-Community parties also agree to be bound by such procedures. The Association shall use reasonable efforts to obtain the agreement of any such non-Community parties to become "Bound Parties" and to follow the procedures set forth above in resolving disputes. In the event the non-Community parties refuse, the Association shall use reasonable efforts to attempt to resolve any such dispute and to mitigate any adverse impacts caused by the Community and its Owners upon the neighboring property owners and users.

DISPUTE RESOLUTION TIMELINE

Claim Between Bound Parties			
Day 1	Days 1-30	Days 30-60	Days 60-90+
Written Notice of Claim	Negotiations	Request Mediation	Mediation

<p>Factual Basis Legal Basis Propose a resolution. Send copy to Board.</p>	<p>Good Faith effort Parties meet in person. May request Board assistance.</p>	<p>Claimant must submit claim. Mediator assigned by Association or independent agency. If Claim is not submitted, it is waived.</p>	<p>Mediator supplies rules. Fee split between parties. Written summary from each side. Supervised negotiation, Contractual settlement, or Termination of mediation.</p>
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12.3 Initiation of Litigation by Association

The Association shall not initiate any judicial or administrative proceeding unless first approved by Members entitled to cast at least 75% of the total Class "A" votes in the Association, except that no such approval shall be required for actions or proceedings:

12.3.1 initiated during the Class "B" Control Period;

12.3.2 initiated to enforce the provisions of this Declaration, including collection of Assessments and foreclosure of liens;

12.3.3 initiated to challenge ad valorem taxation or condemnation proceedings;

12.3.4 initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

12.3.5 to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

ARTICLE 13 - MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

13.1 Notices of Action

An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an ("Eligible Holder")), will be entitled to timely written notice of:

13.1.1 Any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

13.1.2 Any delinquency in the payment of Assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Lot or the Owner or occupant which is not cured within 60 days;

13.1.3 Any lapse, cancellation, or material modification of any Association insurance policy; or

13.1.4 Any proposed action, which would require the consent of a specified percentage of Eligible Holders.

13.2 No Priority

No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

13.3 Notice to Association

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering the Owner's Lot.

13.4 Failure of Mortgagee to Respond

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE 14 - CHANGES IN OWNERSHIP OF LOTS

Any Owner, other than Declarant, desiring to sell or otherwise transfer title to such Owner's Lot shall give the Board at least 14 days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Lot Owner, including Assessment obligations, until the date upon which the Board, notwithstanding the transfer of title, receives such notice.

ARTICLE 15 - CHANGES IN COMMON AREA

15.1 Condemnation

Whenever any part of the Common Area is taken or conveyed under threat of condemnation by any authority having the power of eminent domain, the Board shall determine, in the exercise of its business judgment, whether each Owner is entitled to notice. The Board may convey Common Area under threat of condemnation only if approved by the Declarant, as long as Declarant owns any property in the Community.

The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent practicable, unless, within 60 days after such taking, if Declarant, so long as Declarant owns any property in the Community, agrees. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3 regarding funds for the repair of damage or destruction shall apply.

If the taking does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

15.2 Partition

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property, which may or may not be subject to this Declaration.

15.3 Transfer, Dedication or Preservation of Common Area

The Association may dedicate portions of the Common Area to Summit County, Utah or to any other local, state, or federal governmental or quasi-governmental entity, or grant conservation easements over any such property.

ARTICLE 16 - AMENDMENT OF DECLARATION

16.1 By Declarant

In addition to specific amendment rights granted elsewhere in this Declaration, until a Lot is conveyed to a Person other than a Builder, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Corporation or the Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent in writing.

So long as Declarant owns property in the Community for development as part of The Woods of Parleys Lane, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no materially adverse effect upon the rights of more than 5% of the Members.

16.2 By Members

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent of at least 75% of the votes in the Community. In addition, so long as Declarant owns any property subject to this Declaration, Declarant's consent is required. The approval requirements set forth in Article 8 also shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

16.3 Validity and Effective Date

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that the Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly

adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

16.4 Exhibits

Exhibit "A" attached to this Declaration is incorporated by this reference and this Article shall govern amendment of such exhibit. Exhibit "B" is incorporated by reference and may be amended as provided in Article 3 or pursuant to Sections 16.1 and 16.2. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration, which refer to such exhibits.

ARTICLE 17 – RESPONSIBILITIES TO GREATER SUMMIT COUNTY COMMUNITY

17.1 Summit County Development Agreement.

The Community and the Owners are subject to the terms and conditions of the Development Agreement. A summary of some of the provisions of the Development Agreement to be implemented by the Declarant or the Association, or both, is attached hereto as Exhibit "D" for reference purposes. Among the key obligations are the following:

17.1.1 the development of the Project must be consistent with the specific conditions and standards set forth in the site plan, landscape plan, and architectural design standards;

17.1.2 prior to the commencement of construction of any structure authorized in this Agreement, a building permit must be obtained from the County in accordance with the provisions of this Agreement and applicable requirements of the Code;

17.1.3 the following amenities and infrastructure must be provided: 79% open space and Recreation Facilities, outside of platted lots; all roads (including the primary access and the secondary accesses) shall meet the design, standards and specifications of the County Engineers and shall be constructed as part of the initial phase of the Project; and the berms along highway frontage shall be extended, recontoured and planted with appropriate native vegetation;

17.1.4 building heights shall be limited pursuant to the Design Guidelines

17.1.5 the Community's Architectural Guidelines (aka Design Guidelines) shall be finalized and approved by the Community Development Department to regulate building materials and color;

17.1.6 the Developer shall provide four (4) parcels to be dedicated to Mountainlands Affordable Housing Trust for construction of attainable housing units that will meet the South Ridge Design Guidelines and have two car garages. The Developer shall be responsible for improving the lots with all appropriate fees paid including water, sewer, fire and

recreation. Prior to plat recordation, an agreement will be executed between the Developer and Mountainlands Community Housing Trust to address the Developer's obligation to pay these fees. Said lots have been provided as a public amenity to the community and are not part of the Developer's density calculation nor are they governed by the Declaration;

17.1.7 the implementation of the following site improvements and mitigation measures to address wildlife concerns on the property: site design to preserve major meadow, wetlands and pond areas; minimum of 100-foot buffer around the existing pond and a minimum 250-foot wildlife corridor area leading to the pond; wetland corridors to be enhanced by cleaning up, revegetation and elimination of range grazing; increase in the surface area of the pond; require native planting and limitation of native vegetation removal in the CC&Rs for the subdivision; placement of bird boxes to provide for nesting sites for the Mountain Bluebird; place information signs on trails and roads to alert users of potential dangers and trail etiquette in moose habitat; planting of additional native riparian vegetation to enhance wetland and riparian area, including along the edges of the large pond, the area of riparian vegetation in the southeast corner of the development, and along drainages; installation of a wildlife viewing point, just off the trail on the south side of the pond; minimize residential and subdivision lighting and require amber, downward directed lighting; control of noxious weeds by spot treatment and control the importation of noxious weeds during subdivision improvements and individual residential construction; improve and repair I-80 right of way fence; install rock or wood dams in the existing southwest drainage, subject to any necessary approvals by the Army Corps of Engineers; plant Aspen seedlings along the roads; plant Utah Juniper seedlings along the rail trail; plant Douglas fir seedlings along the upper rail ponds; place majority of the Zastrop parcel in a conservation easement; allow for limited fencing in residential areas to contain dogs; require wildlife friendly fencing (maximum of six feet tall, black vinyl clad chain link with solid top rail);

17.1.8 the owners association shall ensure appropriate maintenance of all landscape material in defined common areas. Maintenance shall include a proper root water schedule, pruning, replacement of dead trees and plants, and other sound landscape maintenance techniques;

17.1.9 compliance with all water concurrency requirements of the County at the time of building permit issuances. No construction activity, to include grading, shall occur on the property prior to demonstrating said compliance.

17.2 Specific Owner Financial Responsibilities.

Pursuant to the terms of the Development Agreement, each Owner will be subject to certain financial obligations. These obligations involving the greater Summit County Community include the following:

17.2.1 Each Owner will contribute through the Association toward any and all expenses associated with the Open Space Area. Each Owner will contribute through the

Association toward any and all expenses relating to the on-going maintenance and repair of the Recreation Facilities, until such time that the Recreation Facilities are controlled and maintained by SBSRD by grant of easement or conveyance, as the case may be.

17.2.2 The Woods of Parley's Lane has annexed or will annex to the Snyderville Basin Special Recreation District, the Park City Fire Service District, the Summit Water Distribution Company, and the Snyderville Basin Water Reclamation District, and the Owners will be required to pay all charges, assessments, assessment liens, impact fees, connection fees and tax levies of such entities.

17.3 Other Owner Duties and Enforcement.

Many of the provisions of the Development Agreement, including without limitation design review and architectural, thematic character and landscaping standards, the establishment of specific architectural controls within certain designated ridgeline and viewshed areas and environmental standards and programs, are of benefit to the County as well as to the Association Members and their guests. The Declarant and the Association are obligated under the terms of the Development Agreement to enforce such restrictions and the County also retains enforcement rights against Owners of its rights in the Development Agreement.

IN WITNESS WHEREOF, this Declaration has been executed as of the date first set forth above.

THE WOODS OF PARLEYS LANE, INC
a Utah Corporation

By *Roger J. Knight*
Name: Roger J. Knight
Title: pres.

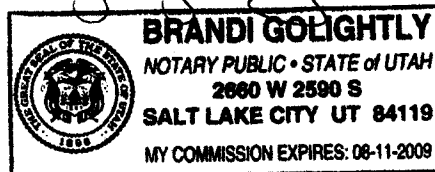
STATE OF UTAH)
)ss.
COUNTY OF SUMMIT)

The foregoing instrument was acknowledged before me February 6, 2007, by Roger J. Knight, as President of THE WOODS OF PARLEYS LANE, INC., a Utah corporation.

Residing at: Salt Lake

Brandi Golightly

SaltLake-297552.5 0037097-00001



My commission expires: _____

EXHIBIT A

Legal Description of the Community

THE WOODS AT PARLEY'S LANE
BOUNDARY DESCRIPTION

Beginning at a found marked stone marking the Northwest Corner of Section 10, Township 1 South, Range 3 East, Salt Lake Base and Meridian, (basis of bearing North 89°45'18" East from said Northwest Corner to the North quarter corner of said Section 10) and running thence North 00°08'08" West 1062.97 feet; thence North 54°33'03" East 577.24 feet; thence North 81°45'27" East 153.53 feet; thence North 87°53'54" East 368.86 feet; thence North 63°20'25" East 635.48 feet; thence North 00°03'28" West 355.68 feet; thence North 77°41'07" East 405.46 feet to the southerly boundary of Amended Moose Hollow Subdivision; thence South 53°28'42" East 1246.92 feet along said southerly line to the westerly line of Revised Hidden Cove No. 1; thence along said westerly line of Revised Hidden Cove No. 1 the following 6 (six) courses: 1) South 18°49'59" West 78.31 feet; 2) South 31°49'59" West 576.43 feet; 3) South 43°49'59" West 465.44 feet; 4) South 29°49'59" West 191.51 feet; 5) South 09°49'59" West 261.64 feet; 6) South 00°10'01" East 85.74 feet to the North line of said Section 10; thence North 89°45'18" East 520.93 feet along said North line to the North Quarter Corner of said Section 10; thence North 89°49'13" East 1339.72 feet along said North line to the westerly boundary of South Ridge Subdivision (formerly known as Sunrise Hills Subdivision); thence South 00°12'39" East 923.63 feet along said westerly line to the northerly line of a Stock Easement being a part of Interstate 80 (Project No. I-80-4(30)135); thence along said northerly line of the Stock Easement the following six (6) courses: 1) South 69°31'25" West 53.30 feet; 2) South 00°12'39" East 360.00 feet, thence 3) South 61°38'25" West 1315.70 feet thence (4) South 69°17'37" West 291.37 feet to a point of curvature of a 3564.72 foot radius non-tangent curve to the right, the center of which bears North 26°23'49" West; 5) westerly along the arc of said curve 649.49 feet through a central angle of 10°26'21"; 6) South 67°42'43" West 66.52 feet; thence North 22°17'17" West 398.37 feet; thence North 00°07'50" West 1912.89 feet to the North line of said Section 10 ; thence South 89°45'18" West 35.88 feet along said North line; thence North 00°14'42" West 320.00 feet; thence South 89°45'18" West 210.00 feet; thence South 00°14'42" East 320.00 feet to the North line of said Section 10; thence South 89°45'18" West 1480.12 feet along said North line to the point of beginning.

Containing 191.35 acres total.

PP-34-5

PP-34-A-1

PP-38-A

Excepting therefrom the following:

*All of Lots 44, 45, 46, and 47 as shown on The Woods of Parley's Lane, recorded January 16, 2007 as Entry No. 802055 in the Office of the Summit County Recorder.
Containing 0.83 of an acre.*

Excepting therefrom the following:

A parcel of land situated in the Northwest Quarter of the Northeast Quarter of Section 10, Township 1 South, Range 3 East, Salt Lake Base and Meridian, more particularly described as follows:

Beginning at a point South 66 degrees 13'33" East, 804.7 feet from the North Quarter corner of Section 10, Township 1 South, Range 3 East, Salt Lake Base and Meridian; said point being the Northwest corner of said parcel; thence East a distance of 290.00 feet; thence South a distance of 150.00 feet; thence West a distance of 290.00 feet; thence North 150.00 feet to the point of beginning.

Containing 43,500.00 square feet or 0.9986 acres of land, more or less.

Further described as 290 ft. (E to W) by 150 ft. (N to S). The area known as the Sunrise Water Tank Knoll contained within this area the existing cell structures, the existing metal water tank (Sunrise), the South Ridge Water Tank, cell antennas, towers, and dishes. Along with the existing 15' wide access road starting on Hilltop Dr. and running West to the one acre excluded property known as Sunrise Water Tank Area, along with utilities servicing the approximate one acre property.

OUTPARCEL 1
REVISED Legal Description

Beginning at a point South 00°04'11" East 859.94 feet from the North quarter corner of Section 10, Township 1 South, Range 3 East, Salt Lake Base and Meridian (basis of bearing South 89°45'18" West 2683.63 feet from said North quarter corner to the Northwest corner of said Section 10), thence South 88°43'55" East 352.62 feet; thence South 23°26'29" West 135.84 feet; thence South 85°27'16" West 299.44 feet; thence North 00°00'06" East 156.16 feet to the point of beginning.

Containing 45,485 sq. ft. or 1.04 acres.

Together with an access easement described as follows:

Beginning at a point South 00°04'11" East 859.94 feet and South 88°43'55" East 79.24 feet from the North quarter corner of Section 10, Township 1 South, Range 3 East, Salt Lake Base and Meridian (basis of bearing South 89°45'18" West 2683.63 feet from said North quarter corner to the Northwest corner of said Section 10) and running thence North 01°16'05" East 37.00 feet; thence South 88°43'55" East 273.38 feet; thence South 81°53'45" East 83.42 feet; thence South 75°17'55" East 314.30 feet; thence South 75°07'09" East 481.36 feet to a point of curvature of a 20.00 foot radius curve to the left, the center of which bears North 14°52'51" East; thence easterly along the arc of said curve 12.53 feet through a central angle of 35°54'23" to a non-tangent point of curvature of a 40.00 foot radius curve to the left, the center of which bears North 51°33'07" East; thence southeasterly along the arc of said curve 22.01 feet through a central angle of 31°31'46" to a non-tangent point of curvature of a 40.00 foot radius curve to the right, the center of which bears North 38°19'44" West; thence westerly along the arc of said curve 37.15 feet through a central angle of 53°12'35"; thence North 75°07'09" West 481.36 feet; thence North 75°17'55" West 313.09 feet; thence North 81°53'45" West 79.87 feet; thence South 01°16'05" West 16.86 feet; thence North 88°43'55" West 273.38 feet to the point of beginning.

EXHIBIT B

Initial Use Restrictions

(a) Animals and Pets. No animals of any kind, including livestock and poultry, shall be raised, bred, or kept on any portion of the Community, except that for each Residence there shall be permitted a reasonable number of usual and common household pets, as determined in the Board's discretion. Pets shall not be permitted by their Owners to roam free, and any which are permitted to roam free, or, in the Association's sole discretion, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to other Owners or residents of any portion of the Community, shall be removed upon the Board's request at the Owner's expense. If the Owner fails to honor such request, the Board may cause the pet to be removed at the Owner's expense. No pets shall be kept, bred, or maintained on any homesite for any commercial purpose.

(b) Wildlife. Capturing, killing, or trapping wildlife is prohibited within the Community, except in circumstances imposing an imminent threat to the safety of Persons or pets.

(c) Firearms. The discharge of firearms within the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size.

(d) Nuisances. No Owner shall engage in any activity which constitutes a nuisance (meaning offensive or detrimental activity, as determined by the Board), which materially disturbs or destroys the vegetation, wildlife, or air quality within the Community, or which results in unreasonable levels of sound or light pollution.

(e) Garages. Garage doors shall remain closed at all times except when entering and exiting the garage.

(f) Exterior Lighting. All exterior lighting must conform to the requirements of the Design Guidelines. Excessive exterior lighting on any Lot is prohibited. The Board in its sole discretion shall determine whether any exterior lighting is excessive.

(g) Storage of Goods. Storage (except in approved structures or containers) of furniture, fixtures, appliances, machinery, equipment, or other goods and chattels on the Common Area (except by the Association), or, if not in active use, any portion of a Lot which is visible from outside the Lot is prohibited.

(h) Prohibited Conditions. The following conditions, structures, or activities are prohibited on any Lot:

(i) Dogs runs and animal pens of any kind, unless properly screened and approved in accordance with Article 4;

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(ii) Shacks or other structures of a temporary nature on any Lot except as may be authorized by Declarant during the initial construction of improvements within the Community. Temporary structures used during the construction or repair of a Residence or other improvements shall be removed immediately after the completion of construction or repair;

(iii) Except as expressly permitted pursuant to the Design Guidelines, permanent basketball goals, basketball standards, or backboards which are or would be visible from any street or Common Area; provided, portable basketball goals may be used on a Lot without prior approval, but must be stored so as not to be visible from any street or Common Area overnight or otherwise when not in use;

(iv) Except as expressly permitted pursuant to the Design Guidelines, freestanding flagpoles; provided, flags may be displayed using a bracket or other approved device mounted to the Residence so long as the size of the flag displayed does not exceed that of a standard United States flag (as determined in the Board's discretion and as may be set forth in a Board rule);

(v) Compost piles or containers and statues; and

(vi) Outside clotheslines or other outside facilities for drying or airing clothes.

In any event, and notwithstanding the above list of prohibited conditions, as set forth in Article 4, any structure, improvement, or thing proposed for construction, erection, installation, or placement on a Lot requires prior Reviewer approval unless otherwise specifically exempt under the Design Guidelines.

(i) Quiet Enjoyment. Nothing shall be done or maintained on any part of a Lot which emits foul or obnoxious odors outside the Lot or creates noise or other conditions which tend to disturb the peace, quiet, safety, comfort, or serenity of the occupants and invitees of other Lots.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Community, which in the Board's reasonable determination tends to cause embarrassment, discomfort, annoyance, or nuisance to others.

(j) Signs. No sign shall be erected within the Community except in accordance with the criteria set forth in the Design Guidelines. This restriction shall not apply to entry, directional, and marketing signs installed by Declarant or a Builder. The Association shall have the right to erect signs on the Common Area.

(k) Holiday Decorations. Owners may display holiday decorations located or visible from outside their Residences if the decorations are of the kinds normally displayed in single family residential Villages, are of reasonable size and scope, and do not disturb other Owners

and residents by excessive light or sound emission or by causing an unreasonable amount of spectator traffic. Holiday decorations may be displayed in season only from November 1 to January 31 and, during other times of the year, from one week before to one week after any nationally recognized holiday.

(1) Antennas and Satellite Dishes. No antenna, satellite dish, or other device for the transmission or reception of television or radio (including amateur or ham radios) signals is permitted outside the Residence, except those devices whose installation and use is protected under federal law or regulations (generally, certain antennae under one meter in diameter). Notwithstanding such protection, an application for such an antenna or other device must be submitted to the Architectural Review Committee for approval and approval will be granted only if:

(i) First, the antenna or other device is designed for minimal visual intrusion (*i.e.*, is located in a manner that minimizes visibility from the street or an adjacent Lot and is consistent with the Community-Wide Standard); and

(ii) Second, the antenna or other device complies to the maximum extent feasible with the Design Guidelines within the confines of applicable federal regulations (*i.e.*, without precluding reception of a quality signal or unreasonably increasing the cost of the antenna or device).

The Architectural Review Committee shall consider any such application on an expedited basis.

Notwithstanding the above, Declarant and/or the Association may erect an antenna, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Community, should any master system or systems be used by the Association and require such exterior apparatus.

(m) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style which are pre-approved by the ARC or specifically permitted under the Design Guidelines, or as required by the applicable governing jurisdiction. Such containers shall be screened from view outside of the Lot except when they are being made available for collection and then only for the shortest time reasonably necessary to effect such collection. Rubbish, trash, and garbage must be removed from the Lots and may not accumulate on any Lot. Outdoor incinerators may not be kept or maintained on any Lot.

(n) Pool Equipment. All pool equipment stored on any Lot shall be screened from view from outside the Lot.

(o) Unsightly or Unkempt Conditions. All portions of a Lot outside enclosed structures shall be kept in a clean and tidy condition at all times. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot in at manner which is unsanitary, unsightly, offensive or detrimental to any other portion of the Community, as determined by the Board.

Woodpiles or other material shall be properly screened and stored in a such a manner so as not to attract rodents, snakes, and other animals and or create a fire hazard, as the Board determines. No activities shall be conducted upon or adjacent to any Lot or within any structure on a Lot which are or might be unsafe or hazardous to any Person or property. Open fires are prohibited within the Community, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes.

(p) Vehicles and Parking. As used in this Section, the term “vehicles” includes, without limitation, automobiles, trucks, boats, trailers, motorcycles, snowmobiles, campers, vans, and recreational vehicles.

No vehicle may be left upon any portion of the Community except in a garage, driveway, designated on street parking spaces or other area designated by the Board. No person shall park any recreational vehicles, mobile homes, trailers, campers, snowmobiles, boats or other watercraft, stored vehicles, and unlicensed vehicles or inoperable vehicles within the Community other than in enclosed garages. This Section shall not apply to emergency vehicle repairs.

(q) Wetlands, Lakes, and Other Water Bodies. Wetlands, lakes, ponds, and streams within the Community, if any, are aesthetic amenities only, and no active use of lakes, ponds, streams, or other bodies of water within the Community is permitted except for fishing in designated locations only. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams, or other bodies of water within or adjacent to the Community.

(r) Solar Equipment. No solar heating equipment or device is permitted outside the Residence except such devices whose installation and use is protected by federal or Utah law. Notwithstanding such protection, an application for such equipment or device must be submitted for approval under Article 4 prior to installation and approval will be granted only if

(i) First, such equipment or device is designed for minimal visual intrusion when installed (*i.e.*, is located in a manner which minimizes visibility from the street or an adjacent Lot and is consistent with the Community-Wide Standard); and

(ii) Second, the equipment or device complies to the maximum extent feasible with the Design Guidelines within the confines of the applicable governmental regulations.

EXHIBIT C

By-Laws of The Association

[SEE Doc. # _____]

BYLAWS
OF
THE WOODS OF PARLEYS LANE
HOMEOWNERS ASSOCIATION

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**BYLAWS
OF
THE WOODS OF PARLEYS LANE HOMEOWNERS ASSOCIATION**

Article 1: Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is The Woods of Parleys Lane Homeowners Association (the "Association").

1.2. Principal Office.

The Association's principal office shall be located in [Summit County], Utah. The Association may have other offices, either within or outside Utah, as the Board of Directors determines or as the Association's affairs require.

1.3. Definitions.

The words used in these Bylaws shall have their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for The Woods of Parleys Lane, as it may be amended from time to time and recorded in the office of the County Recorder for Summit County, State of Utah (the "Declaration"), unless the context indicates otherwise.

1.4. Purposes.

The Association is organized pursuant to and for the purposes set forth in the Declaration. Such purposes include, but are not limited to, the desire to create a nonprofit corporation comprised of all the property owners of The Woods of Parleys Lane, a planned community located in Summit County, State of Utah, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce the Declaration and the other Governing Documents.

Article 2: Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration. Provisions of the Declaration pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

The Association shall hold meetings at its principal office or at such other suitable place convenient to the Members as the Board may designate.

2.3. Annual Meetings.

The Association shall hold its first meeting, whether a regular or special meeting, within one year after the date of the Association's incorporation. The Board shall set the date and time of subsequent regular annual meetings so as to occur during the first or fourth quarters of the Association's fiscal year. Annual meetings may be conducted electronically (*i.e.*, via the Internet, Intranet, or teleconference) if, and to the extent, permitted by law.

2.4. Special Meetings.

The President may call a special meeting of the Association. It also shall be the President's duty to call a special meeting if so directed by Board resolution or upon petition of Members representing at least 10% of the Association's total Class "A" votes; provided, the Members must deliver to the Association's Secretary at least one written demand for the meeting, describing the meeting's purpose.

If the President does not send notice of a special meeting pursuant to Section 2.5 within 30 days after the date written demand is delivered to the Association's Secretary, any Member signing the demand may set the time and place of the special meeting and give the Association notice pursuant to Section 2.5.

2.5. Notice of Meetings.

The Association's Secretary shall cause written notice stating the place, day, and hour of any Association meeting to be given in any manner permitted by Utah law. If permitted, notice may be posted in a conspicuous, prominent place within the Community, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication, device, or such other manner which is reasonably calculated, as determined in the Board's discretion, to provide personal notice to any Members entitled to notice. Notice shall be given at least 10 but less than 50 days before the date of the meeting, by or at the direction of the President or the Secretary or the officers or Persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice.

If posted, notice shall be deemed delivered when posted. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to any Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or such other electronic communication device, notice shall be deemed to be delivered when transmitted to any Member at his or her address or number as it appears on the Association's records. Failure to receive actual notice of a Association meeting shall not affect the validity of any action taken at such meeting.

2.6. Waiver of Notice.

Waiver of notice of a Association meeting shall be the equivalent of proper notice. Any Member may waive, in writing, notice of any Association meeting, either before or after such

meeting. Any Member's attendance at a meeting shall be deemed a waiver by such Member of notice of the meeting unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at the meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If the Association cannot hold a meeting because a quorum is not present, the Class "A" Members representing a majority of the Class "A" votes who are present may adjourn the meeting to a time at least five but not more than 30 days from the date called for the original meeting and no further notice need be given as to the time and place set for the reconvened meeting. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Association shall give any Members notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

Any Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that at least a majority of the votes required to constitute a quorum approve any action taken.

2.8. Voting.

Members shall have such voting rights as are set forth in the Declaration, which provisions are incorporated herein by this reference. No Class "A" vote may be divided, *pro rata* or otherwise, among co-Owners jointly holding a Association membership. As provided in the Declaration, in any situation where a Member is entitled personally to exercise the vote for his or her Lot, and there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it in inconsistent manner, provided that in any event the Lot's vote will be counted no more than once.

Any Members may vote at a meeting by voice vote or ballot or may vote by mail without the necessity of a meeting, as determined by the Board; provided, the Board shall hold meetings when required by the Declaration, these Bylaws, or Utah law. Votes for the election of directors shall be cast by secret written ballot. All Member votes cast at meetings are subject to the quorum requirements of Section 2.11. The Board may permit votes to be cast electronically (*i.e.*, via the Internet, Intranet, or electronic mail) with sufficient verification of authenticity and if permitted by law.

2.9. Proxies.

On any matter as to which a Member is entitled personally to cast the vote for his Lot, such vote may be cast in person or by proxy, subject to Utah law.

Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot for which it was given, (b) the Secretary's receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or (c) 90 days from the meeting date for which the proxy was originally given, unless the proxy specifies a shorter period.

2.10. Majority.

As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as these Bylaws or the Declaration otherwise provides, the presence of Members representing 30% of the total Class "A" votes in the Association shall constitute a quorum at all Association meetings.

2.12. Conduct of Meetings.

The President shall preside over all Association meetings, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings. Owners may tape record or videotape Association meetings subject to reasonable rules the Board imposes.

2.13. Action Without a Meeting.

Without holding a meeting pursuant to Sections 2.3 or 2.4, Members may take any action that Utah law requires or permits the Members to take at a meeting, if Members representing at least 80% of the Association's Class "A" votes sign a written consent specifically authorizing the proposed action. The Association need not give prior notice before soliciting such consent; provided, the Association must send written consent forms to all Members. Members shall sign, date, and deliver such consents to the Association within 60 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file such consents with the Association's minutes and the consents shall have the same force and effect as a vote of the Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article 3: Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body; Composition.

The Association's affairs shall be governed by a Board of Directors. Each director shall have one vote. Except with respect to directors appointed by the Class "B" Member, directors shall be Members or persons residing on a Lot with a Member if the Lot is their principal residence; provided, no Member and resident representing the same Lot may serve on the Board at the same time. A director must be at least 18 years old. In the case of a Member who is not an individual, any officer, director, partner, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors the Class "B" Member appoints.

3.2. Number of Directors.

The Board shall consist of three, five, or seven directors, as provided in Section 3.5. The initial Board shall consist of the three directors appointed by the incorporator(s) of the Association at the initial organizational meeting.

3.3. Directors During Class "B" Control Period.

The Class "B" Member shall have complete discretion in appointing its directors under Section 3.5. Class "B" Member-appointed directors shall serve at the pleasure of the Class "B" Member.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which every eligible person who has an interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes.

Nominations for election to the Board may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members. The Board shall appoint the members of the Nominating Committee, if one is to be appointed, not less than 30 days prior to the election, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it deems appropriate in its discretion. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. The Board may also permit nominations from the floor.

The Board shall give each candidate a reasonable, equal opportunity to communicate his or her qualifications to the Members and to solicit votes.

(b) Election Procedures. Each Member may cast the votes assigned to the Lots which the Member owns for each position to be filled. That candidate receiving the greatest number of votes shall be elected.

3.5. Election and Term of Office.

Except as these Bylaws may otherwise specifically provide, election, of directors shall take place at the Association's annual meeting. Notwithstanding any other provision of these Bylaws:

(a) Within 30 days after the time that Class "A" Members other than Builders own 25% of the Lots subject to the Declaration, or whenever the Class "B" Member earlier determines, the President shall call for an election by which the Members shall elect one of the three directors, who shall be an at-large director. (A Director elected by the Class "A" Members is referred to as a Class "A" Director.) The Class "B" Member shall appoint the remaining two directors. The Class "A" Director shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within 30 days after the time that Class "A" Members other than Builders own 50% of the Lots subject to the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the Members shall elect two at-large directors. The Class "B" Member shall appoint the remaining three directors. These Class "A" Directors shall be elected for a term of two years or until the happening of the event described in subsection (c), whichever is shorter. If the Class "A" Directors' terms expire prior to the happening of the event described in subsection (c), successors shall be elected for a like term.

(c) Within 90 days after the Class "B" Control Period terminates, the President shall call for an election by which the Members shall elect three at-large directors. The Class "B" Member shall appoint the remaining two directors. These Class "A" Directors shall serve until the first annual meeting following the termination of the Class "B" Control Period. If the annual meeting is scheduled to occur within 90 days after the Class "B" Control Period terminates, this subsection shall not apply and directors shall be elected in accordance with subsection (d).

(d) Not later than the first annual meeting after the termination of the Class "B" Control Period, the Board shall be increased to seven directors and an election shall be held. Six directors shall be elected by the Members, and such directorships shall be filled at-large by the vote of all Members. Three directors shall serve two-year terms and three directors shall serve one-year terms, as such directors determine among themselves.

Until the Class "B" membership terminates, the Class "B" Member may appoint one director. When the Class "B" membership terminates, the director elected by the Class "B" Member shall resign and the remaining directors shall appoint a director to serve until the next

annual meeting, at which time the Members shall elect a director to fill such position. Such director shall be elected for a two-year term.

Thereafter, upon expiration of the term of office of each Class "A" Director, Members entitled to elect such director shall be entitled to elect a successor to serve a two-year term. Class "A" Directors shall hold office until their respective successors have been elected. Directors may not serve more than two consecutive two-year terms.

**COMPOSITION OF BOARD OF
THE WOODS OF PARLEYS LANE HOMEOWNERS ASSOCIATION**

Initial	25% of Lots owned by Class "A" Members	50% of Lots owned by Class "A" Members	Termination of Class "B" Control Period	Termination of Class "B" Membership
Class "B" (Declarant) Appointee	At-Large Class "A" Director	At-Large Class "A" Director	Class "A" Director	Class "A" Director
Class "B" (Declarant) Appointee	Class "B" (Declarant) Appointee	At-Large Class "A" Director	Class "A" Director	Class "A" Director
Class "B" (Declarant) Appointee	Class "B" (Declarant) Appointee	Class "B" (Declarant) Appointee	Class "A" Director	Class "A" Director
		Class "B" (Declarant) Appointee	Class "B" (Declarant) Appointee	Class "A" Director
		Class "B" (Declarant) Appointee	Class "B" (Declarant) Appointee	Class "A" Director
				Class "A" Director

Diagram I - Transition of Control over the Board of Directors

3.6. Removal of Directors and Vacancies.

Any Class "A" Director may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder such director's term. Class "A" Directors may not be removed by the Class "B" Member.

Any Class "A" Director who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority vote of the Board, excluding the director at issue. If the director is removed, the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members entitled to fill such directorship may elect a successor for the remainder of the term.

This Section shall not apply to directors the Class "B" Member appoints nor to any director serving as Declarant's representative. The Class "B" Member or Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member or Declarant.

B. Meetings.

3.7. Organizational Meetings.

The Board shall hold its first meeting following each annual membership meeting within 10 days thereafter at such time and place as the Board shall fix.

3.8. Regular Meetings.

The Board may hold regular meetings at such time and place as the Board shall determine, but the Board shall hold at least four such meetings during each fiscal year with at least one per quarter.

3.9. Special Meetings.

The Board shall hold special meetings when called by written notice signed by the President, Vice President, or any two directors.

3.10. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall give notice to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone (either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director); or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

(b) Except for emergency meetings, notice of a Board meeting shall be posted in a conspicuous place within the Community at least 48 hours in advance of the meeting or provided in any other manner reasonably anticipated to provide notice to all Members, including publication in an Association newsletter with community-wide circulation, posting on a Community cable television channel, or posting on a Community Internet or Intranet page, if any.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and

notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the meeting's purpose. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

(d) Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment.

3.11. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a Board or committee meeting by means of telephone or other electronic means, through which all persons participating in the meeting can hear each other. Participation in this manner shall constitute presence at the meeting for all purposes.

3.12. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless these Bylaws or the Declaration specifically provide otherwise. A meeting at which a quorum is initially present may continue, notwithstanding the withdrawal of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting.

At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings. Owners may tape record or videotape Board meetings subject to reasonable rules the Board imposes.

3.14. Open Meetings; Executive Session.

Subject to the provisions of Section 3.15, all Board meetings shall be open to all Owners. However, attendees other than directors may not participate in any discussion or deliberation unless a director requests that they be granted permission to speak, and the Board concurs. In such case, the President may limit the time any such individual may speak.

Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude persons other than directors, to discuss with the Association's attorney matters relating to pending or threatened litigation which are protected by

the attorney-client privileges, or to discuss among the Board any other matter of a sensitive nature, if Utah law permits.

3.15. Action Without a Formal Meeting.

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if all directors sign a consent in writing, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers and duties necessary for administering the Association's affairs and for performing all of the Association's responsibilities and exercising all of the Association's rights as set forth in the Governing Documents, and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Governing Documents or Utah law require to be done and exercised exclusively by the membership generally.

3.17. Duties.

The Board's duties shall include, without limitation:

(a) preparing and adopting, in accordance with the Declarations an annual budget establishing each Owner's share of the Common Expenses;

(b) providing for the operation, care, upkeep, and maintenance of the Common Maintenance Area consistent with the Community-Wide Standard;

(c) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of necessary equipment, supplies, and materials;

(d) depositing all funds received on the Association's behalf in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's business judgment, in depositories other, than banks;

(e) making, amending, and enforcing Use Restrictions and rules in accordance with the Declaration;

(f) opening bank accounts on the Association's behalf and designating the signatories required;

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;

(h) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;

(i) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(j) paying the cost of all services rendered to the Association;

(k) keeping books with detailed accounts of the Association's receipts and expenditures;

(l) making available to any Owner, the holders, insurers, and guarantors of any Mortgage on any Lot, and any prospective purchaser of a Lot, current copies of the Governing Documents and all other Association books, records, and financial statements as provided in Section 6.4;

(m) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of The Woods of Parleys Lane;

(n) indemnifying an Association director, officer, or committee member, or former Association director, officer, or committee member to the extent such indemnity is required by Utah law, the Articles of Incorporation, or the Declaration;

(o) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration;

(p) preserving and maintaining natural areas, wildlife preserves, or similar conservation areas, and sponsorship educational programs and activities which contribute to the overall understanding, appreciation, and preservation of the natural environment within and surrounding the Community; and

(q) maintaining the official records of the Association.

3.18. Compensation.

The Association shall not compensate a director for acting as such unless the Members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association otherwise approve. The Association may reimburse any director for expenses incurred on the Association's behalf if approved by a majority of the other directors. In addition, nothing herein shall prohibit the Association from compensating a director for services or supplies he or she furnishes to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director made his or her interest known to the Board prior to entering into such contract and a majority of the Board, excluding the interested director, approved such contract. The foregoing also applies to any entity with which a director is affiliated.

3.19. Right of Class "B" Member to Disapprove Actions.

The Class "B" Member shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the Class "B" Member's sole judgment, would tend to impair rights of Declarant or Builders under the Declaration or these Bylaws, interfere with development or construction of any portion of the Community, or diminish the level of services the Association provides.

(a) Notice. The Association, the Board, and each committee shall give the Class "B" Member written notice of their meetings and proposed actions to be approved at their meetings (or by written consent in lieu of a meeting). The notice shall comply with Section 3.10 and shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard. The Association, the Board, and each committee shall give the Class "B" Member the opportunity at any meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval described in this Section.

(c) Exercise of Rights. The Class "B" Member, its representative or agents, shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, if the action is approved without a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction by the Association, the Board, or any committee. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

(d) Condition of Implementation. No action, policy, or program subject to the Class "B" Member's right of disapproval shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

3.20. Management.

The Board may employ a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy-making authority or those duties set forth in Sections 3.17(a) (with respect to adoption of the budget), 3.17(b), 3.17(f), 3.17(g) and 3.17(i). The Board may contract with or employ Declarant or Declarant's affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on the Board's behalf on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Control Period unless such contract contains a right of termination which the Association may exercise with or without cause and without penalty at any time after termination of the Class "B" Control Period upon not more than 90 days written notice.

3.21. Accounts and Reports.

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

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) the Association's cash accounts shall not be commingled with any other accounts;
- (d) the managing agent shall accept no remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise the Association shall benefit from anything of value received;
- (e) the managing agent shall disclose promptly to the Board any financial or other interest which it may have in any firm providing goods or services to the Association;
- (f) commencing at the end of the quarter in which the first Lot is sold and closed, the Board shall prepare financial reports for the Association at least quarterly containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iv) a balance sheet as of the last day of the preceding period; and
 - (v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be prepared within 120 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Lot, the Association shall provide an audited financial statement. During the Class "B" Control Period, the annual report shall include certified financial statements.

The Association shall provide each Owner or its authorized agent a copy of the most recent available annual financial report within 10 business days following receipt of a written request for access. In addition, if Utah law requires, the Association shall send a copy of the annual report to each Member by mail or personal delivery within 120 days following the close of the fiscal year.

3.22. Borrowing.

The Association may borrow money for any legal purpose; provided, the approval of Members representing a majority of the Class "A" votes in the Association is required if the proposed borrowing is (a) for the purpose of making discretionary capital improvements, and (b) the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year.

During the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Members representing at least 67% of the total Class "A." votes.

3.23. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other owners or residents organizational structure within the Community.

3.24. Enforcement.

The Association may impose sanctions for any violation of the Governing Documents. To the extent the Declaration specifically requires, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 15 days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless the alleged violator challenges the violation within 15 days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided, the Board or Covenants Committee may suspend any

proposed sanction if the violation is cured, or if a diligent effort is made to cure, within the 15-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If the alleged violator requests a hearing within the allotted 15-day period, the hearing shall be held before the Covenants Committee. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the alleged violator shall have the right to appeal the decision to the Board. To exercise this right, the alleged violator must submit a written notice of appeal to the Association's manager, President, or Secretary within 10 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, if permitted under the Declaration, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, towing vehicles that violate parking rules) or, following compliance with the Declaration's dispute resolution procedures, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

3.25. Board Training Seminar.

The Board shall provide or provide for seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs shall include instruction on applicable Utah corporate and fiduciary law principles, other issues relating to administering the Community's affairs, and upholding and enforcing the Governing Documents. The Board shall retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected, and each re-elected director shall complete a training seminar within the first six months of assuming the director position.

3.26. Board Standards.

In performing their duties, directors and officers shall act as fiduciaries and are subject to insulation from liability as provided for directors of corporations by Utah law and as otherwise provided by the Governing Documents. Directors shall exercise the ordinary and reasonable care of directors of a corporation, subject to the business judgment rule.

A director shall act in accordance with the business judgment rule so long as the director:

- (a) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;
- (b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;
- (c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and
- (d) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

A director acting in accordance with the business judgment rule shall be protected from personal liability.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

3.27. Conflicts of Interest; Code of Ethics.

Unless otherwise approved by a majority of the other directors, no Class "A" Director may transact business with the Association or any Association contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting such director relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members.

Notwithstanding the above, the directors appointed by the Class "B" Member may be employed by or otherwise transact business with Declarant or any affiliate of Declarant, and Declarant may transact business with the Association or its contractors.

The initial Board shall create and adopt a written "Code of Ethics" applicable to all directors and officers. The Code of Ethics shall incorporate the above standards and other conduct rules it deems appropriate. At a minimum, the Code of Ethics shall require each officer and director to conduct himself or herself in manner consistent with the Board Standards described in Section 3.26. Each officer and director, as a pre-condition to service, shall acknowledge and agree, in writing, to abide by the Code of Ethics.

Article 4: Officers

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The officers may, but need not, be Board members, Owners, or residents of the Community. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each Association annual meeting. Officers shall serve until their successors are elected. Officers may not hold the same office for more than two consecutive terms.

4.3. Removal and Vacancies.

Any officer may be removed by a vote of at least 2/3 of the directors. The Board shall appoint a replacement to fill any vacancy in any office for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall supervise the preparation of the Association's budget, but shall delegate all or part of the preparation and notification duties to a finance committee, management agent, or both. The Secretary shall prepare or supervise the preparation of meeting minutes as required by Utah law.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other Association instruments shall be executed by an officer, unless the Board provides otherwise, or by such other person or persons as the Board may designate by resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.18.

Article 5: Committees

5.1. General.

The Board may create such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. In an effort to encourage and incorporate a broad base of Owner and resident participation in community governance, it shall be the Association's policy that the Board create and delegate its responsibilities to committees as reasonably appropriate.

Committees shall exercise such authority as granted by Board resolution, provided the Board may, in the exercise of its reasonable discretion, elect not to follow a committee's advice on any matter. Committees may not bind the Association contractually or financially. Committee members may serve no more than two consecutive two-year terms on the same committee.

5.2. Covenants Committee.

The Board shall appoint a Covenants Committee consisting of at least five members. At least three of the Covenants Committee members shall be Members of the Association who are not directors, officers, or employees of the Association or the spouse, parent, child, brother, or sister of a director, officer, or employee. Acting in accordance with the provisions of the Declaration, these Bylaws, and any Board resolutions, the Covenants Committee shall be the Association's hearing tribunal and shall conduct all hearings held pursuant to Section 3.24. The Board may not impose a fine without a majority vote of the Covenants Committee.

5.3. [Reserved].

5.4. Other Committees.

In addition to the above, the Board shall create the following committees, each of which shall have at least three members:

(a) Finance Committee. The Finance Committee shall actively assist the Board, the Treasurer, and the Association managing agent in preparing the Association's budget.

(b) Physical Maintenance Committee. The Physical Maintenance Committee shall preside over maintenance of the Common Maintenance Areas.

(c) Dispute Resolution Committee. The Dispute Resolution Committee shall be established to mediate disputes concerning the interpretation of Use Restrictions, rules, and other Governing Document provisions; provided, the Dispute Resolution Committee shall not preside over matters relating to the collection of assessments or other fees and charges. Each member of the Dispute Resolution Committee shall attend a Board approved course on dispute resolution.

The Board shall establish by resolution the specific scope and limitations on the authority of the above committees.

Article 6: Miscellaneous

6.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless otherwise established by Board resolution.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (the then current edition) shall govern the conduct of Association proceedings when not in conflict with Utah law or the Governing Documents.

6.3. Conflicts.

If there are conflicts among the provisions of Utah law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Utah law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Governing Documents, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the Association's office or at such other place within the Community as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested. Records shall be made available within 10 business days of the receipt of a written request by an Owner or his or her authorized agent.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties the Association owns or controls. The director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

6.5. Notices.

Except as the Declaration or these Bylaws otherwise provide, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member;

(b) if to the Association, the Board or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6. Amendment.

(a) By Class "B" Member. Prior to the conveyance of the first Lot to a Person other than a Builder, the Class "B" Member unilaterally may amend these Bylaws. Thereafter, the Class "B" Member unilaterally may amend these Bylaws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans; including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots. provided, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing.

So long as the Class "B" membership exists, the Class "B" Member unilaterally may amend these Bylaws for any other purpose, provided the amendment has no materially adverse effect upon the rights of more than 5% of the Members.

(b) By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 51% of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the sole incorporator of The Woods of Parleys Lane Homeowners Association, a Utah nonprofit corporation (the "Association");

That as of the date written below, no directors have been elected or appointed for the Association;

That the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by the sole incorporator thereof.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 6th, February, 2007.

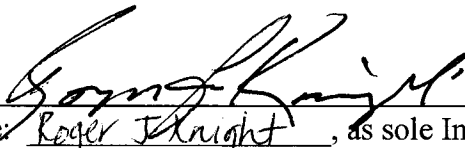

Name: Roger J. Knight, as sole Incorporator

EXHIBIT D

ASPEN HIGHLANDS (aka THE WOODS OF PARLEY'S LANE) DEVELOPMENT AGREEMENT SUMMARY OF OBLIGATIONS

The following provisions describing certain obligations of the Community and certain duties of the Association and Owners are summarized from the Development Agreement for the Aspen Highlands (aka The Woods of Parleys Lane) Specially Planned Area dated as of December 21, 2005. The final Development Agreement should be considered in its entirety.

4.7 The development of the Project must be consistent with the specific conditions and standards set forth in this section and with those described in the exhibits, which include, among other things, the site plan, landscape plan, and architectural design standards. The Project is approved subject to the following conditions, which are in addition to all other conditions specified in this Agreement:

4.7.3 Prior to the commencement of construction of any structure authorized in this Agreement, a building permit must be obtained from the County in accordance with the provisions of this Agreement and applicable requirements of the Code not modified by this Agreement. Failure to so comply will be grounds for revocation of the Final Subdivision Plat approval or denial/revocation of building permits issued pursuant to a Final Subdivision Plat or this Agreement.

4.7.5 Amenities and Facilities. The Developer shall provide the following amenities and infrastructure as part of the Project.

4.7.5.1 The Aspen Highlands (aka The Woods of Parley's Lane) proposes 79% open space and recreation facilities, outside of platted lots. Ridgelines, steep slopes, and wetland areas are included in the open space.

4.7.5.2 All roads shall meet the design, standards and specifications of the County Engineers and shall be constructed as part of the initial phase of the Project. This shall include the construction of the primary access road from Parley's Lane Frontage Road and paved, secondary emergency, gated accesses to South Ridge and Moose Hollow. The secondary accesses will be required to be built concurrent with the initial subdivision improvements. No dwellings in the Community will be issued certificates of occupancy until the secondary accesses are improved as specified in the construction drawings and approved by the Park City Fire Service District.

4.7.5.3 The four (4) miles of trails constructed by the Developer within the Community shall be controlled by the SBSRD by appropriate form of perpetual easement acceptable to the District. The 3 acre enhanced trailhead area constructed by Developer adjacent

to South Ridge within the Community shall be controlled by the SBSRD by conveyance. The enhanced trailhead area shall include a 16-space parking area, a restroom and storage facility, two picnic tables, stubbed in water utilities a 100 foot by 200 foot multi-use field, and a \$1000 contribution toward the purchase of a lawnmower for trailhead maintenance. Prior to construction of the trailhead area, Developer shall submit construction plans, which shall be reviewed and approved by SBSRD and the Summit County Community Development Department. The Developer shall construct all such improvements as part of the initial subdivision improvements for the Community.

4.7.5.4 The berms along highway frontage shall be extended, recontoured and planted with appropriate native vegetation. Building heights will be limited as provided in the Declaration. The Community's Architectural Guidelines (aka Design Guidelines) shall be finalized and approved by the Community Development Department to regulate building materials and color.

4.7.5.5 The Developer shall provide four (4) parcels to be dedicated to Mountainlands Affordable Housing Trust for construction of attainable housing units that will meet the South Ridge Design Guidelines and have two car garages. The Developer shall be responsible for improving the lots with all appropriate fees paid including water, sewer, fire and recreation. Prior to plat recordation, an agreement will be executed between the Developer and Mountainlands Community Housing Trust to address the Developer's obligation to pay these fees. Said lots have been provided as a public amenity to the community and are not part of the Developer's density calculation nor are they governed by the Declaration.

4.7.5.6 The applicant has worked with a Wildlife consultant and with the State of Utah Division of Wildlife Resources and has agreed to the following site improvements and mitigation measures to address wildlife concerns on the property. The mitigations are shown on Exhibit E to the Development Agreement and include, but are not limited to, the following: site design to preserve major meadow, wetlands and pond areas; minimum of 100-foot buffer around the existing pond and a minimum 250-foot wildlife corridor area leading to the pond; wetland corridors to be enhanced by cleaning up, revegetation and elimination of range grazing; increase in the surface area of the pond; require native planting and limitation of native vegetation removal in the CC&Rs for the subdivision; placement of bird boxes to provide for nesting sites for the Mountain Bluebird; place information signs on trails and roads to alert users of potential dangers and trail etiquette in moose habitat; planting of additional native riparian vegetation to enhance wetland and riparian area, including along the edges of the large pond, the area of riparian vegetation in the southeast corner of the development, and along drainages; installation of a wildlife viewing point, just off the trail on the south side of the pond, just off the trail on the south side of the pond; minimize residential and subdivision lighting and require amber, downward directed lighting; control of noxious weeds by spot treatment and control the importation of noxious weeds during subdivision improvements and individual residential construction; improve and repair I-80 right of way fence; install rock or wood dams in the existing southwest drainage, subject to any necessary approvals by the Army Corps of Engineers; plant Aspen seedlings along the roads; plant Utah Juniper seedlings along the rail trail; plant Douglas fir seedlings along the upper rail ponds; place majority of the Zastrop parcel in a conservation easement; allow for limited fencing in residential areas to contain dogs; require

wildlife friendly fencing (maximum of six feet tall, black vinyl clad chain link with solid top rail). These improvements will be constructed concurrent with the initial subdivision improvements.

4.7.6 The owners association shall ensure appropriate maintenance of all landscape material in defined common areas. Maintenance shall include a proper root water schedule, pruning, replacement of dead trees and plants, and other sound landscape maintenance techniques.

4.7.8 Developer shall comply with all water concurrency requirements of the County at the time of building permit issuances. No construction activity, to include grading, shall occur on the property prior to the Developer demonstrating said compliance.