

WHEN RECORDED, MAIL TO:

**Providence Highlands Phase I, L.C.
2975 W. Executive Parkway, Suite 515 Lehi, Utah 84043**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE
THE PROVIDENCE HIGHLANDS - PHASE I SUBDIVISION**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
THE PROVIDENCE HIGHLANDS - PHASE I SUBDIVISION**

This Declaration of Covenants, Conditions and Restrictions of The Providence Highlands - Phase I Subdivision, hereinafter referred to as the "Declaration," is made and executed as of this ____ day of _____, 2005, by Providence Highlands Phase I, L.C. (hereinafter, "Declarant"), as owner of the Property described herein.

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1. RECITALS.

1.1. Capitalized terms in this Declaration are defined in Section 2 below.

1.2. Declarant holds legal title to certain unimproved real property located in Providence City, Cache County, State of Utah, and as more particularly described herein (the "Property"). Having obtained the necessary approvals from Providence City, Declarant intends to, and does by the recording of this Declaration, and its accompanying Subdivision Plat, legally subdivide the Property into seventy (70) single family residential building lots (the "Project") the use, possession, repair, maintenance, enjoyment, and improvement of which shall be governed by the covenants, conditions, and restrictions set forth in this Declaration.

1.3. The covenants, conditions and restrictions contained in this Declaration are expressly intended to be enforceable equitable servitudes, appurtenant to and running with the land, and shall be binding upon and inure to the benefit of the Declarant, its successors and assigns, and all owners of any portion of the Property, together with their grantees, successors, assigns, heirs, executors, administrators, and devisees.

1.4. Providence Highlands Phase I, a Utah limited liability company, as founder of Providence Highlands Subdivision, has established and recorded this Declaration to establish a governing structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of Providence Highlands Subdivision as a master planned residential community. An integral part of the development plan is the formation of the Providence Highlands Community Association ("Association"), a non-profit corporation, to own, operate, and maintain various common areas and community improvements and to administer and enforce this Declaration and the governing documents referred to herein. The guiding principles in developing the Providence Highlands Subdivision are:

1. Create community
2. Add long-term value
3. Create open-space recreation areas

NOW, THEREFORE, Declarant hereby declares that the Property shall be encumbered by the following provisions of this Declaration.

2. DEFINITIONS.

2.1. Unless the context clearly indicates otherwise, certain terms as used in this Declaration and the foregoing Recitals shall have the meanings set forth in this Section.

2.2. Amendment shall mean any amendment to this Declaration made in accordance with the Declaration and Utah law.

2.3. Association shall mean the Providence Highlands Community Association, a Utah nonprofit corporation.

2.4. Bylaws shall mean the Bylaws of the Association, a copy of which is attached hereto as Exhibit B, as amended from time to time.

2.5. Capital Improvement shall mean any improvement with a useful life of more than three (3) years.

2.6. Common Areas and Facilities shall mean all portions of the Project other than the respective building lots, together with structures and improvements, as described herein and public improvements. The undivided interest in the Common Areas and Facilities appurtenant to each building lot is described herein and is set forth in Exhibit A hereto.

2.7. Common Assessments shall mean those assessments described in Section 20 to fund the Common Expenses, and include Regular Common Assessments and Special Common Assessments.

2.8. Common Expense Account shall mean one or more deposit or investment accounts of the Association into which are deposited the Common Assessments.

2.9. Common Expenses shall mean all expenses of the administration, maintenance, repair, or replacement of the Common Areas and Facilities and all other expenses denominated as Common Expenses by this Declaration or by Utah law.

2.10. Cost of Living Index shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers: U.S. City Average, All Items 1967 = 100 compiled by the Bureau of Labor Statistics, United States Department of Labor. The Index for December 1982-1984 is the reference base index. Declarant may select any other comparable index that measures changes in the cost of living.

2.11. Declarant shall mean Providence Highlands Phase I, L.C. a Utah limited liability company.

2.12. Lease shall mean any agreement for the leasing or rental of any portion of the Project.

2.13. Lots shall mean a physical portion of the Property or Project designed for separate ownership, single-family residential construction, and occupancy as described in Section 5 hereof.

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2.14. Lot Number shall mean the number, letter, or combination thereof, which identifies a respective Lot within upon the Property or within the Project

2.15. Management Committee shall mean the Board of Trustees of the Association, appointed or elected in accordance with this Declaration and the Bylaws.

2.16. Manager shall mean the person, firm or company, if any, designated from time to time by the Association to manage, in whole or in part, the affairs of the Association and the Project.

2.17. Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Lot or any part thereof or interest therein is encumbered. A First Mortgage is a Mortgage having priority as to all other Mortgages encumbering any building lot or any part thereof or interest therein.

2.18. Mortgagee shall mean (i) any persons or entities named as the mortgagee or beneficiary under any Mortgage by which the interest of any Owner is encumbered, (ii) any successor to the interest of such person or entity under such Mortgage, or (iii) any insurer or guarantor of such person or entity under such Mortgage.

2.19. Owner shall mean any person or entity at any time owning in fee simple a building lot within the Project as such ownership is shown by the records of the Cache County Recorder, State of Utah. The term "Owner" shall not refer to any Mortgagee, unless such Mortgagee has acquired title for other than security purposes.

2.20. Plat shall mean the Subdivision Plat for the Providence Highlands Phase I Subdivision, as recorded in the office of the Cache County Recorder.

2.21. Project shall mean the Property, the Lots, the Common Areas and Facilities and all improvements submitted by this Declaration and the provisions of Utah law.

2.22. Property shall mean that certain real property situated in Cache County, State of Utah, more particularly described in Section 3 below, on which the building lots and other improvements are located.

2.23. Regular Common Assessments shall mean the annual assessments levied by the Association to pay the budgeted Common Expenses.

2.24. Special Common Assessments shall mean assessments, which the Association may levy from time to time, in addition to the Regular Common Assessments, for unexpected Common Expenses or other purposes as provided herein.

2.25. Total Votes of the Association shall mean the total number of votes appertaining to all Lots, as described in Section 21 here

3. DESCRIPTION OF THE PROPERTY.

3.1. The Property on which the Lots and improvements are or will be located is situated in Cache County, Utah and more particularly described as follows:

Parcel No. 03-036-0011

4. CONFIRMATION OF COMPLIANCE WITH UTAH LAW.

Declarant hereby confirms and acknowledges that the Plat whereby the Property is subdivided into individual Lots is in compliance with, and subject to, the provisions of the Utah law. All of said Project is and shall be held, conveyed, hypothecated, encumbered, leased, subleased, rented, used and improved as a single family residential project known as The Providence Highlands - Phase I Subdivision. All of said Project is and shall be subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth herein, each and all of which are declared and agreed to be for the benefit of said Project; further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit on the Property and shall be binding on any person acquiring, leasing, subleasing or owning an interest in the real property and improvements comprising the Project, their assigns, lessees, sublessees, heirs, executors, administrators, devisees and successors.

5. DESCRIPTION OF LOTS.

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The boundary lines of each lot are as set forth on the Plat and are as depicted. Exhibit A hereto contains the Lot Number of each Lot in the Project.

6. COMMON AREAS AND FACILITIES.

6.1. The Common Areas and Facilities shall mean and include all portions of the Project or Property not included as part of any Lot, or otherwise legally dedicated and designated as belonging to a Municipality, County, or State entity; park grounds and recreational facilities, if any, and certain parking areas associated therewith in the Project, if any, designated as part of the Common Areas and Facilities on the Plat; all other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities on the Plat; and all repairs and replacements of any of the foregoing. Parking stalls, if any, which are in Common Areas and Facilities may be utilized for locating trash containers and similar items if needed by the Association.

6.2. The undivided interest in the Common Areas and Facilities appurtenant to each Lot in the Project is 1.42857 %, as set forth in Exhibit "A" attached hereto. Except as otherwise provided in this Declaration and in Section 7, Expansion of the Community, the undivided interest in the Common Areas and Facilities that is appurtenant to each Lot shall have a permanent character and shall not be altered.

6.3 Facilities and Services Open to the Public. Certain facilities and common areas within Providence Highlands Subdivision may be open for use and enjoyment for the public. The Declarant may designate such facilities and common areas at any time.

7. EXPANSION AND/OR CHANGES TO THE COMMUNITY.

7.1 Expansion by Declarant. From time to time the Declarant may submit to the terms of the Declaration, all or any portion of the Property described in Exhibit B, by recording a Supplement describing the additional property to be submitted. The Declarant may record such a Supplement without the consent of any Person, except the owner of such property if not the Declarant. Nothing in this Declaration shall require the Declarant to submit any additional property or to develop any of the property described in Exhibit B. Expansions or changes to the Declaration may require changes to the Associations ownership and obligations for the Common Areas including the undivided interests described in Section 6.2 and in Exhibit A.

7.2 Expansion by Association. The Association also may submit additional property to this Declaration by recording a Supplement describing the additional property. Any Supplement, which the Association records must be approved by a majority vote of the Association. In addition, during the development and sale period the Declarant's consent is also required.

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7.3 Additional Covenants and Easements. Any Supplement that the Declarant records may impose additional covenants and easements on the property described in such Supplement. Such as, covenants obligating the Association to maintain and insure such property and authorizing the Association to recover any additional cost through Assessments. Such provisions may be included in a Supplement submitting new property or may be set forth in a separate Supplement applicable to property previously submitted.

7.4 Changes and Expansion for Future Phases. Each owner acknowledges that Providence Highlands Subdivision is a master planned community, the development of which is likely to extend over many years, and agrees that neither the Association or neighborhood association shall engage in, or use Association funds to support, protest, challenge, or other form of objection to (a) changes in use, layout or density of property; (b) changes in the master plan or development agreement. It is the Declarant's sole discretion to submit additional property to this Declaration. Each owner acknowledges that the Declarant, along with the City has the absolute right to amend or modify the master plan and/or development agreement without the consent of any party, including the Association and any Owner.

7.5 View Impairment. The Declarant, any Declarant affiliate, and the Association do not guarantee or represent that any view will be preserved without impairment for any reason. There shall be no express or implied easements for view purposes or for the passage of light and air.

7.6 Marketing and Sales Activities. Notwithstanding anything in the Declaration to the contrary, during the Development and Sale Period, the Declarant and its designees or assigns

may construct, use, and maintain upon portions of the common area and other property they own such facilities and activities as in the Declarant's sole opinion may reasonably be required, convenient, or incidental to the construction or sale of Units.

7.7 Storm Water Retention or Detention. Declarant reserves for itself or its designees the right to store, detain, or retain storm water as designated within easements identified on the Plat on individual lots and/or within common areas as necessary in Declarant's sole discretion. No Owner, occupant or Association shall have any right to be compensated for any storm water storage, detention or retention.

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8. NATURE AND INCIDENTS OF LOT OWNERSHIP.

8.1. Each Lot is a parcel of real property which may be separately held, conveyed, devised, mortgaged, encumbered, leased, rented, used, occupied, improved and otherwise affected in accordance with the provisions of this Declaration.

8.2. Subject to the limitations contained in this Declaration, each Owner shall have the non-exclusive right to use and enjoy the Common Areas and Facilities and the exclusive right to occupy and use their respective Lot.

8.3. Each Owner shall have the exclusive right to construct a single family residential home upon his respective Lot (hereinafter also referred to as, and including, "home, house, or residence"). Subject to the limitations contained in this Declaration, Each Owner shall have the right to design, construct, and otherwise decorate their home. However, as will be addressed in greater detail hereafter, each Owner shall keep their Lot, home, garage, including without limitation any garage door in a good state of repair. In the event that any such Lot or residence should develop an unsanitary condition or fall into a state of disrepair, and in the event that the Owner of such Lot or residence should fail to correct such condition or state of disrepair promptly following written notice from the Management Committee, the Management Committee shall have the right, at the expense of the Owner and without liability to the Owner to levy fines against said Lot or residence until such time as Owner corrects or eliminates the offending condition.

9. TITLE.

9.1. Title to a Lot within the Project may be held or owned by any person or entity and in any manner in which title to any other real property may be held or owned in the State of Utah.

9.2. Title to any part of a Lot within the Project shall not be separated from any other part thereof during the period of ownership, and each Lot, and the undivided interest in the Common Areas and Facilities appurtenant to each, shall always be conveyed, devised, encumbered and otherwise affected collectively. Every gift, devise, bequest, transfer, encumbrance, conveyance or other disposition of a Lot or residence, or any part thereof, shall be construed to be a gift, devise, bequest, transfer, encumbrance or conveyance, respectively, of the

entire Lot, together with all appurtenant rights created by law and by this Declaration, including appurtenant membership in the Association as herein set forth.

9.3. No Owner shall be permitted to timeshare or to allow any other form of interval ownership or interval right to use form of timesharing of any Lot or residence within the Project.

9.4. The Common Areas and Facilities shall be owned in common by all of the Owners, and no Owner may bring any action for partition thereof.

9.5. Each Owner shall have the right to encumber his interest in a Lot or residence with a Mortgage. However, no Owner shall attempt to nor shall have the right to encumber the Common Areas and Facilities or any part thereof except the undivided interest therein appurtenant to his interest in a Lot. Any Mortgage of any Lot or residence within the Project shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

9.6. Every contract for the sale of a Lot or residence, and every other instrument affecting title to a Lot or residence within the Project, may describe a Lot or residence by the name of the Project, the county wherein the Project is located and its Lot Number or a common address as indicated in this Declaration or as shown on the Plat. Such description will be construed to describe the Lot or residence, together with the appurtenant undivided interest in the Common Areas and Facilities, and to incorporate the entire rights incident to ownership of a Lot within the Project and all of the limitations on such ownership as described in this Declaration.

10. RESTRICTIONS ON USE.

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The Lots, Residences, and Common Areas and Facilities, except as otherwise permitted in writing by the Management Committee, shall be used in accordance with the following restrictions:

10.1. All Lots and residences are intended to be used for residential housing purposes and are expressly limited to such use.

10.2. No noxious, destructive or offensive activity shall be carried on or placed in or upon any Lot or Residence, or in the Common Areas, or any part thereof, which shall interfere with the legal rights of other Owners, nor shall anything be done therein which is or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project, which are or may become unsafe or hazardous to any person or property. The Common Areas and Facilities shall be used only in a manner, which is consistent with their community nature and the use restrictions applicable to the Lots and Residences. Without limiting the breadth of the foregoing sentence: (i) no automobile or other vehicle shall be parked at any location within the Project which impairs or tends to impair vehicular or pedestrian access within the Project or to and from its various parts; (ii) No more than two satellite dishes may be

installed on each residence, subject to approval by the Architectural Review Committee's approval as to size and location, no radio or television antenna, receiver or similar device, or any wiring for any purpose, may be installed on the exterior of the Residences without the prior written approval of the Management Committee; (iii) no garments, rugs, or other household items, or washlines of any kind may be hung, erected, or maintained upon a Lot or outside a Residence; (iv) dog kennels are allowed on the lot or outside the residence ONLY after Architectural Review Committee approves the design and location and no dogs are permitted on common areas unless the dog is on a leash; and (v) each pet owner must immediately remove any animal droppings and dispose of them in their own garbage container. Each pet owner is only allowed 3 household pets. No nonworking vehicles are allowed. If a vehicle is determined to be a nonworking vehicle the Home Owners Association has the right to have the vehicle towed at Owners expense. No owner may store vehicles on their property except within their garage or located behind a sight obstructing fence of at least 6 feet in height at or behind the plane of the home or garage. The location and fencing for any stored vehicle must be approved in writing by the Declarant or the ACRC. If a vehicle is determined to be improperly stored on or in front of a property the Home Owners Association has the right to have the vehicle towed at Owners expense.

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10.3. No signs, flags or advertising devices of any nature, including, without limitation, informational or directional signs or devices, shall be erected or maintained on any part of the Project, without the prior inspection and written approval of the Management Committee, except as may be necessary temporarily to caution or warn of danger. If the Management Committee consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Management Committee.

10.4. No Lot, residence, nor portions thereof, may be further divided or subdivided, sold or conveyed so as to be held in divided ownership (as opposed to community property, tenancy in common, or other form of joint undivided ownership).

10.5. There shall be no obstruction of the Common Areas and Facilities by any Owner. Owners shall neither store nor leave any of their property in the Common Areas and Facilities, except with the prior consent of the Management Committee.

10.6. Nothing shall be done or kept in any Lot, residence, or in the Common Areas and Facilities or any part thereof which would result in cancellation of the insurance on the Project or any part thereof. Nothing shall be done or kept in any Lot or Residence or in the Common Areas and Facilities or any part thereof which would be in violation of any statute or rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas and Facilities or any part thereof shall be committed by any Owner or guest, lessee, licensee or invitee of any Owner, and each Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by him or his guests, lessees, licensees or invitees.

10.7. Each Owner shall comply strictly with all rules and regulations adopted by the Association for the governance of the Lots, Residences, the Common Areas and the Project, as

such rules and regulations may be modified, amended and construed by the Association in the sole discretion of its Management Committee.

10.8. Any Lease agreement between an Owner and a lessee respecting a Lot or Residence shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the Lease. All such Lease agreements shall be in writing and a copy of the Lease shall be filed with the Association. Other than the foregoing, there is no restriction on the right of any Owner to lease his Residence. An Owner shall be responsible and liable for any damage to the Project caused by its tenant. All basement rentals and business activities shall be governed by Providence City Zoning Ordinances.

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11. ASSOCIATION AND MANAGEMENT COMMITTEE.

11.1. Each Owner shall be a member of the Association. Membership will begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Lot or Residence is held by more than one person, the membership appurtenant to that Residence shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which title to the Lot or Residence is held. An Owner shall be entitled to one membership for each Lot or Residence owned by him. Each membership shall be appurtenant to the Lot or Residence to which it relates and shall be transferred automatically by conveyance upon the sale of the Lot or Residence. Ownership within the Project cannot be separated from the Association membership appurtenant thereto, and any devise, encumbrance, conveyance or other disposition of a Lot or Residence shall constitute a devise, encumbrance, conveyance or other disposition, respectively, of such Owner's membership in the Association and the rights appurtenant thereto. No person or entity other than an Owner, Declarant or Declarant's designee may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Lot or Residence.

11.2. The Association shall be governed by the following provisions:

11.2.1. The management and maintenance of the Project and the administration of the affairs of the Association shall be conducted by a Management Committee consisting of five (5) natural persons as provided in the Bylaws. The Management Committee shall be elected as provided in this Declaration and in the Bylaws.

11.2.2. Except as otherwise provided herein, the Management Committee shall have all the powers, duties and responsibilities as are now or may hereafter be provided by the Act, this Declaration and the Bylaws, including but not limited to the following:

11.2.2.1. To make and enforce all rules and regulations covering the operation and maintenance of the Project, Common Areas, its lots, and residences.

11.2.2.2. To carry out through a Manager those of its functions which are properly the subject of delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association or Management Committee, shall be responsible for managing the Project for the benefit of the Association and the Owners, and shall, to the extent permitted by law and by the terms of the agreement with the Management Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself.

11.2.2.3. To engage the services of accountants, attorneys or other employees or agents and to pay to said persons a reasonable compensation therefor.

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11.2.2.4. To operate, maintain, repair, improve and replace the Common Areas and Facilities.

11.2.2.5. To determine and pay the Common Expenses.

11.2.2.6. To assess and collect the proportionate share of Common Expenses from the Owners, as provided in Section 20 hereinafter.

11.2.2.7. To enter into contracts, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.

11.2.2.8. To open bank accounts on behalf of the Association and to designate the signatories therefor.

11.2.2.9. To purchase, hold, sell, convey, mortgage or lease any one or more Lots or Residences in the name of the Association or its designee.

11.2.2.10. To bring, prosecute and settle litigation for itself, the Association and the Project, provided that it shall make no settlement which results in a liability against the Management Committee, the Association or the Project in excess of \$10,000 (as measured in 2005 dollars and thereafter adjusted by the Cost of Living Index) without the prior approval of a majority of the Total Votes of the Association at a meeting or by written ballot distributed to Owners by mail; provided, any settlement which would be paid from proceeds of insurance which may be settled by the Association's insurance carrier and which in either case results in no actual liability of funds of the Association in excess of \$10,000 shall not require Association approval.

11.2.2.11. To obtain insurance for the Association with respect to the Common Areas and Facilities, as well as worker's compensation insurance, as needed.

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

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

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11.2.2.14. To keep adequate books and records and implement the policies and procedures for the inspection of the books and records of the Project by Owners in accordance with the terms of the Bylaws. The Association or the Management Committee shall make available to the Owners, Mortgagees and the holders, insurers and guarantors of the First Mortgage on any Lot or Home current copies of the Declaration, Articles, Bylaws and other rules governing the Project and other books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

11.2.2.15. To prepare, adopt, amend and disseminate budgets and other information from time to time in accordance with the terms of the Bylaws.

11.2.2.16. To grant conveyances, easements and rights-of-way over the Common Areas and Facilities.

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

11.2.2.18. When a member of the Management Committee is sued for liability for actions undertaken in his role as a member of the Management Committee, the Association shall indemnify him for his losses or claims, and

undertake all costs of defense, until and unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Management Committee who so acted. Members of the Management Committee are not personally liable to the victims of crimes occurring at the Project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose gross negligence gave rise to the damages.

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11.2.3. Neither the Management Committee nor the Manager, if any, shall sell any Property of the Association except as permitted by the Act and this Declaration.

12. LOT DEVELOPMENT CRITERIA AND CONSTRUCTION DESIGN GUIDELINES

12.1 The building lots within the Project are expressly limited to the construction of single family residential homes, the development and construction of which shall comply with all aspects of the local, state, and federal law, ordinances, building codes, and all other applicable construction guidelines. Declarant shall have the right and ability to interpret or modify any of the community guidelines at any time in its sole discretion. The following construction design guidelines shall also apply to all lots and residential homes within the project area and they shall be interpreted and/or modified by Declarant in Declarant's sole discretion at any time and for any reason :

12.1.1 One story, rambler type homes, shall have a minimum square footage of 1,600 square feet of above ground level living space; Living space does not include garage and porch areas, however Declarant may designate from time to time specific lots that may have a minimum ground level or main living space of 1500 square feet provided it includes a 3-car garage. Two story homes, with two floors above ground level, shall have a minimum square footage of 2000 square feet of above ground level living space, with at least 1000 square feet on the main level; any lots with rear property boundaries on the east side of open space or the west side of the development boundaries shall be no less than 1,800 square feet on the main for a single story home or 1,500 square feet on the main for a multi-story home. Each home, regardless of type, shall have a minimum width of fifty feet (50') including garage areas.

12.1.2 Building heights shall be governed by Providence City Zoning Ordinances;

12.1.3 Each residential home shall include, as a minimum, a private, attached, two car garage; no home shall have more than three car garage doors facing any streets;

12.1.4 Garages shall be constructed on the front or side elevation of a residence;

12.1.5 Detached garages or storage buildings may be permitted upon prior written approval of the Architectural Control Committee, providing that such buildings will not encroach upon or into any established easements or setbacks and that they must have the same exterior materials, coloring, and style as the home;

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12.1.6 All construction to be of new materials, except that used brick may be used with prior written approval of the Architectural Control Committee;

12.1.7 The exterior finish of each dwelling shall be 4-sided or 360 degree architecture which carries the exterior theme and materials used on the front elevation of the home (in proportionate ratios) onto the side and rear elevations of the home;

12.1.8 All soffit shall extend a minimum of 12" and be of a maintenance-free material. Fascias shall be a minimum of 6" and also be of a maintenance-free material;

12.1.9 All roof pitches upon or over 80% of the main body of any home shall have a minimum 7/12 slope/pitch angle (this requirement shall not apply to dormers and deck coverings). Roof materials are to be of Architectural grade shingles and Duraridge or wood shakes, unless written approval from the Architectural Control Committee is granted otherwise. Copper, steel or other similar roofing materials may be used provided that they do not make up more than 20% of the visual roof or as approved by the Architectural Review Committee;

12.1.10 Roofs are to be dark colors, preferably dark brown or black. Brick, stone, stucco and siding are to be natural colors or earth tones. All colors are to be approved by the Architectural Control Committee in writing;

12.1.11 Buildings shall comply with minimum front, back, and side setback requirements as established by Providence City ordinance, any variance must be approved by the City and the Architectural Review Committee;

12.1.12 To eliminate or reduce visibility from the street, all roof-mounted heating and cooling equipment, TV antennas, satellite dishes, and etc., must be approved by the Architectural Control Committee in writing and must state the specific location of the installation.

12.1.13 Landscaping on each residential home must be installed as soon as reasonably possible and shall be complete not later than nine (9) months following the issuance of a Certificate of Occupancy. The front, side and rear yards shall be completely landscaped pursuant to Providence City ordinance and shall include the following: Automatic sprinkling systems

and sod (sod planting, hydro-seeding, and etc. are precluded); in addition to the trees planted in the park strip area, which are governed by Providence City Zoning Ordinance, a minimum of three (3) two inch (2") caliper trees, of a species approved by the Architectural Review Committee, in each front yard; planting areas, of at least thirty inches (30") in width, consisting of trees, shrubs, and flowers shall surround the foundation of each home; planting areas, of at least eighteen inches (18"), shall surround any retaining wall, and no metal shall be exposed or visible on front or side elevation window wells. (We need to check on the status and/or requirements of the City landscaping ordinance before finalizing this paragraph).

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13. ARCHITECTURAL CONTROL AND REVIEW COMMITTEE

12.1 The Declarant shall select the Architectural Control and Review Committee ("ACRC") during the initial Development and Sale period, thereafter it shall consist of three (3) Owners who are selected by, and shall serve at the pleasure of, the Management Committee; however, the ACRC shall not include any Owners who are also serving on the Management Committee. The ACRC shall have the powers, duties, and responsibilities to control and review the architecture of the lots and residential homes within the Project area in conjunction with the guidelines set forth in this Declaration, or as may be otherwise established in local, state, or federal law.

12.2 The ACRC shall meet as needed and necessary to consider the various requests, petitions, applications, and considerations as may be brought before it.

14. MAINTENANCE, ALTERATION AND IMPROVEMENT.

14.1. The Management Committee, acting on behalf of the Association and, subject to the rights and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and Facilities and all improvements thereon and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair. The specification of duties of the Management Committee with respect to particular Common Areas and Facilities shall not be construed to limit its duties with respect to other Common Areas and Facilities. The costs associated with the maintenance, replacement and repair of the Common Areas and Facilities shall be a Common Expense.

14.2. Additions or Capital Improvements to the Common Areas and Facilities, which cost no more than \$1,000, may be authorized by the Management Committee alone. Additions or Capital Improvements the cost of which exceeds \$1,000 must, prior to being constructed, be authorized by at least a majority of the lot or homeowners

14.3. No Owner shall enlarge or otherwise modify the exterior of his/her residential home or add any devices or structures such as, fences, greenhouses, solariums, room additions,

enclosing decks, hot tubs, unless and until the Owner has received written consent from ACRC and approved by the Management Committee.

15. PERIOD OF DECLARANT CONTROL.

13.1. During the Development and Sale Period Declarant shall have sole and exclusive control over the decisions, operations, duties, and responsibilities of the Association. Within sixty (60) days following the Development and Sale Period, Declarant shall provide written notification to each of the Owners informing them that the Period of Declarant Control has ended, and that the Owners must proceed to elect the members of the Management Committee. Upon completion of such election, Declarant shall have no further control over the actions of the Association, except pursuant to the ordinary rights afforded to the Declarant as Owner of any remaining Lots that Declarant may own in the Project.

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16. INSURANCE.

16.1.1. The Association shall at all times maintain in force insurance which provides the necessary levels of liability protection to any Common Areas and Facilities.

16.1.2. The name of the insured under each policy required to be maintained shall be the Association for the use and benefit of the individual Owners (said Owners shall be designated by name, if required). Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and each such Owner's Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.

16.1.3. The Association shall acquire and maintain in force and pay the premiums for "blanket" fidelity bonds for all officers, members, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association whether or not that individual receives compensation for services. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to the Manager, the Manager shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association, for the Manager's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage required shall be based upon the Association's best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association, or the Manager, as the case may be, at any given time during the term of each bond

16.1.4. The Association shall maintain in force, and pay the premium for a policy providing general liability insurance coverage covering all of the Common Areas and Facilities. The coverage limits under such policy shall be in amounts generally required by private institutional mortgage investors for projects similar to the Project in construction, location, and use. Nevertheless, such coverage shall be for at least One

Million Dollars (\$1,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas and Facilities, and legal liability arising out of lawsuits related to employment contracts of the Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Project in construction, location, and use, including but not limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include "severability of interest" in its terms, the policy shall include a special endorsement to preclude an insurer's denial of any Owner's claim because of negligent acts of the Association or any other Owner. Such policy shall provide that it may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each First Mortgagee, which is listed as a scheduled holder of a Mortgage in such policy.

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

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17. EMINENT DOMAIN.

17.1. Whenever any proceeding is instituted that could result in the temporary or permanent taking, injury or destruction of all or part of the Common Areas and Facilities, the Management Committee and each Owner shall be entitled to notice thereof and the Management Committee shall, and the Owners at their respective expense may, participate in the proceedings incident thereto.

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

17.2. Changes in the Common Areas and Facilities and in the ownership of the Common Areas and Facilities that are affected by the taking referred to in this Section shall be evidenced by an Amendment to this Declaration and the Plat, which need not be approved by the Owners.

18. MORTGAGEE PROTECTION.

18.1. The Association shall maintain and have current copies of the Declaration, Articles, Bylaws, and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of First Mortgages that are secured by Lots and Homes in the Project. Generally, these documents shall be available during normal business hours.

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18.2. The lien or claim against a Lot or Home for unpaid assessments or charges levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Lot or Home if the First Mortgage was recorded before the delinquent assessment was due, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Lot or Home shall take the same free of such lien or claim for unpaid assessment or charges, but only to the extent of assessments or charges which accrue prior to foreclosure of the First Mortgage, exercise of a power of sale available thereunder, or taking of a deed or assignment in lieu of foreclosure. No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a First Mortgage or as not to burden a First Mortgagee which comes into possession or which obtains title shall be collected or enforced by the Association from or against a First Mortgagee, a successor in title to a First Mortgagee, or the Lot or Home affected or previously affected by the First Mortgage concerned.

18.3. In the event any taxes or other charges which may or have become a lien on the Common Areas and Facilities are not timely paid, or in the event the required hazard insurance lapses, is not maintained, or the premiums therefore are not paid when due, any Mortgagee or any combination of Mortgagees may jointly or singly, pay such taxes or premiums or secure such insurance. Any Mortgagee, which expends funds for any of such purposes, shall be entitled to immediate reimbursement therefor from the Association.

18.4. No provision of this Declaration or the Articles gives or may give an Owner or any other party priority over any rights of Mortgagees pursuant to their respective Mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for loss to or taking of all or any part of the Common Areas and Facilities.

19. AMENDMENT.

19.1. Except as provided elsewhere in this Declaration, any amendment to this Declaration or the Plat shall require the affirmative vote of at least seventy-five percent (75%) of the Total Votes of the Association cast in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Cache County Recorder of an instrument executed by the Association. In such instrument an officer or a member of the Management Committee of the Association shall certify that the vote required by this Section for amendment has occurred.

20. ASSESSMENTS BY THE ASSOCIATION.

20.1. The making and collection of Common Assessments by the Association from Owners of Lots and Homes for their share of Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

20.1.1. Each Owner shall be liable for a proportionate share of the Common Expenses, such share being the same as the ownership interest in the Common Areas and Facilities appurtenant to the Lot owned by him. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital reserve expenses. Such combined expenses shall constitute the Common Expenses, and the funds received from Common Assessments under this Section shall be the Common Expense Account. Common Assessments shall include both Regular Common Assessments and Special Common Assessments. Regular Common Assessments must be made at least annually, based on a budget adopted at least annually by the Association in accordance with the provisions of this Declaration and the Bylaws. Regular Common Assessments shall be levied against each separate Lot annually.

20.1.2. The Association may not impose a Regular Common Assessment per Lot which is more than 20% greater than the previous year's Regular Common Assessment, without first obtaining the vote of Owners, constituting a quorum, casting a majority of the Total Votes of the Association at a meeting of the Association. Such percentage increase shall be calculated without regard to any increase attributable to an increase in real estate taxes against the Lot or Home. The Association shall provide notice, by first class mail to all Owners, of any increase in the Regular Common Assessments not less than thirty (30) nor more than sixty (60) days prior to the date the increased Regular Common Assessment is due.

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20.1.3. In addition to the Regular Common Assessments, the Association may levy in any calendar year, Special Common Assessments applicable to that year only. However, in any fiscal year, except as otherwise provided in this Declaration, the Management Committee shall not, without the vote or written assent of Owners, casting a majority of the Total Votes of the Association at a meeting or by written ballot, levy Special Common Assessments which in the aggregate exceed 10% of the budgeted gross expenses of the Association for that fiscal year. The portion of any Special Common Assessment levied against a particular Lot or Home shall be equal to the percentage of undivided interest in the Common Areas and Facilities appurtenant to such Lot. These provisions with respect to the imposition or allocation of Special Common Assessments shall not apply when the special assessment is to pay an increase in real property taxes or when the special assessment against an Owner is a remedy utilized by the Management Committee to reimburse the Association for costs incurred in bringing the Owner and/or his Lot or Home into compliance with the provisions of this Declaration, the Bylaws, rules and regulations of the Association, or any other governing instrument for the Project. The Management Committee shall provide notice by first class mail to all Owners of any Special Common Assessments not less than thirty (30) nor more than

sixty (60) days prior to the date such Assessment is due. Special Common Assessments shall be paid as determined by the Management Committee and the Management Committee may permit Special Common Assessments to be paid in installments extending beyond the fiscal year in which the Special Common Assessment is imposed.

20.1.4. All Common Assessments shall be due as determined pursuant to the Bylaws. Common Assessments and any installments thereof not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum, or at such lower rate of interest as may be set by the Management Committee, from the date when due until paid. Furthermore, Owners who do not pay their Common Assessments when due shall be subject to a late fee of up to fifty dollars (\$50.00), adjustable from year to year at the discretion of the Management Committee pursuant to the Cost of Living Index. All payments of Common Assessments shall be first applied to accrued interest and late fees, and then to the Common Assessment payment first due. All Common Assessments to pay a judgment against the Association may be made only against the Lots or Homes in the Project at the time the judgment was entered, in proportion to their liabilities for Common Expenses. If any Common Expense is caused by the misconduct of any Owner, the Association may assess that expense exclusively against such Owner's Lots(s). If the Owners' percentage interests in the Common Areas and Facilities are reallocated, assessments for Common Expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated percentage interests of the Owners.

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20.1.5. There shall be a lien upon the applicable Lot or Home for all unpaid Common Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to the Declaration and Utah Law. The lien for unpaid Common Assessments and related charges shall be effective upon recordation in the Office of the Cache County Recorder of a written notice of lien by the Management Committee or the Manager. The written notice of lien shall set forth the amount of the Common Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Lot or Home and a description of the Lot. No notice of lien shall be recorded until there is a delinquency in payment of the Common Assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law including specifically, but without limitation, the method recognized under the laws of the state of Utah for the enforcement of a mechanics lien which has been established in accordance with the provisions of Chapter 1, Title 38, Utah Code Ann., as amended from time to time. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any Common Assessments against the Lot, which shall become due during the period of foreclosure, and all such Common Assessments shall be secured by the lien being foreclosed. The Management Committee shall have the right and power in behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Lot or

Home in the name of the Association. The Association and each Owner hereby appoint American Secure Title, 580 N. Main Street, Suite 100, Logan, UT 84321, its successors and/or assigns, as trustee for the purpose of exercising the power of sale in connection with non-judicial foreclosures as provided in Title 57, Chapter 1 Utah Code Ann. and made applicable hereto by Title 57, Chapter 8 Utah Code Ann. Provided, however, the Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1 Utah Code Ann. Each Owner hereby conveys all of its right, title and interest in its Lot or Home to such trustee, in trust, with a power of sale, to secure each Owner's obligations under the Declaration, including but not limited to the obligation to pay all Common Assessments. The Association may, through its duly authorized agents, bid on the Lot or Home at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The lien of the Association shall be superior (prior) to all other liens and encumbrances except liens and encumbrances recorded before recordation of this Declaration, a First Mortgage on a Lot or Home as provided for in Section 18.2 hereof and assessments, liens and charges in favor of the state or any political subdivision thereof, for taxes and other governmental assessments or charges past due and unpaid on the Lot. The lien procedures described herein do not prohibit actions to recover sums for which the Act creates a lien or prohibit the Association from taking a deed in lieu of foreclosure. The Management Committee, upon written request, shall furnish to an Owner a statement setting forth the amount of unpaid assessments against the Lot or Home. This statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Management Committee, the Common Area Manager and every Owner, in favor of all who rely on such statement in good faith.

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

20.1.7. The personal obligation of an Owner to pay unpaid assessments against his Lot or Home as described in Section 20.1.6 shall not pass to successors in title unless assumed by them. Provided, however, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Lot or Home unless foreclosure by a First Mortgagee is involved in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying further assessments.

20.2. The Management Committee shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas and Facilities for which the Association is responsible and for which the reserve fund was established or for litigation involving such matters. Nevertheless, the Management Committee may authorize the temporary transfer of money from the reserve account to the Association's operating account from time to time to meet short-term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Management Committee may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Association, delay such restoration until the time it reasonably determines to be necessary. The Management Committee shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Common Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Common Assessment shall not be subject to the limitations set forth in Section 20.1.3 hereof. At least once every three (3) years the Management Committee shall cause a study to be conducted of the reserve account of the Association and its adequacy to satisfy anticipated future expenditure requirements. The Management Committee shall, thereafter, annually review the reserve account study and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve account study shall include, at a minimum:

20.2.1. Identification of the major components which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of less than 35 years.

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20.2.2. Identification of the probable remaining useful life of the components identified in subparagraph 19.2.1 above, as of the date of the study.

20.2.3. An estimate of the cost of repair, replacement, restoration or maintenance of each major component identified in subparagraph 19.2.1 above, during and at the end of its useful life.

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

For the purposes of this Section, the term "reserve account requirements" means the estimated funds which the Management Committee has determined are required to be available at a specified point in time to repair, replace or restore those major components, which the Association is obligated to maintain.

20.3. If an Owner shall at any time lease his Home and shall default in the payment of Common Assessments, the Management Committee may, at its option, so long as such default shall continue, demand and receive from any tenant of the Owner the rent due or becoming due,

and the payment of such rent to the Management Committee shall be sufficient payment and discharge of such tenant and the Owner for such assessments to the extent of the amount so paid.

21. VOTING.

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At any meeting of the Association, each Owner of a Lot or Home either in person or by proxy, shall be entitled to vote the number of votes appurtenant to each respective Lot or Home as set forth in Exhibit "A."

The number of votes appurtenant to each respective Lot or Home shall be based on the Lot or Home's undivided interest in the Common Areas and Facilities as set forth in Exhibit "A." The number of votes appurtenant to each Lot or Home shall have a permanent character, and, except as otherwise permitted and provided for in this Declaration, shall not be altered without the unanimous consent of all Owners expressed in a duly recorded Amendment.

22. EASEMENTS.

22.1. If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Lot, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Lot encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Lot, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities or the Lots. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Map, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

22.2. Improvements of Common Areas and Facilities, constructed as subsequent phases of the Project may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment and the activities necessary to repair, maintain and operate such improvements is hereby granted.

22.3. Each Owner shall have the unrestricted right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Lot or Home he is occupying and to any Limited Common Areas and Facilities appurtenant to his Lot or Home, and shall have the right to the horizontal, vertical and lateral support of his Lot and such rights shall be perpetual and shall be appurtenant to and pass with his title.

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

22.5. All conveyances of Lots or Homes within the Project shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

23. NOTICES.

Ent 887346 Bk 1347 Pg 1085

Any notice permitted or required to be delivered as provided herein may be delivered either personally, by first class mail, by express mail or overnight courier service providing proof of delivery, or by telecopy or facsimile transmission. Notice to Owners shall be addressed to each Owner at the address given by such Owners to the Management Committee for the purpose of service of such notice or to the Lot or Home of such Owner if no such address has been given to the Management Committee. Notice shall be deemed given when actually received if personally delivered or sent by overnight courier; if faxed, when the fax is received, except that if the fax is received at a time other than the normal business hours of the office at which it is received, on the next regular business day; and if by mail, the earlier of the day actually received or the third business day after the notice is deposited in the United States Mail, properly addressed and postage prepaid. Notices to Declarant shall be delivered by Certified Mail to 2975 W. Executive Parkway, Suite 515, Lehi, UT 84043 or any other address identified by Declarant.

24. NO WAIVER.

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

25. ENFORCEMENT.

25.1. All Owners, guests or lessees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of the Declaration, the Bylaws, and the rules and regulations and decisions issued pursuant thereto. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Declaration or the decisions of the Association. Owners shall have a similar right or action against the Association. Failure to so comply shall be grounds for: (i) an action to recover sums due for damages or injunctive relief or both, maintainable by the Management Committee, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (ii) the Management Committee to impose monetary penalties, temporary suspensions of an Owner's right to the use of the Common Areas and Facilities, or other appropriate discipline so

long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Management Committee shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Management Committee. The Management Committee may delegate to the Manager, the power and authority to carry out disciplinary actions duly imposed.

25.2. The Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of the Declaration or the rules and regulations for the Project except pursuant to:

25.2.1. The judgment of a court; or

25.2.2. A foreclosure for the failure of an Owner to pay assessments duly levied by the Association.

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

26. AGENT FOR SERVICE OF PROCESS.

Ent 887346 Bk 1347 Pg 1086

The name and address of the person to receive service of process in all cases provided by the Act shall be the registered agent and address of the Association as shown on the official corporate records maintained in the office of the Division of Corporations and Commercial Code of the State of Utah. On the date of this Declaration, the registered agent of the Association is Providence Highlands Phase I, L.C., 2975 W. Executive Parkway, Suite 515, Lehi Utah 84043.

27. SEVERABILITY.

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

28. CAPTIONS.

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

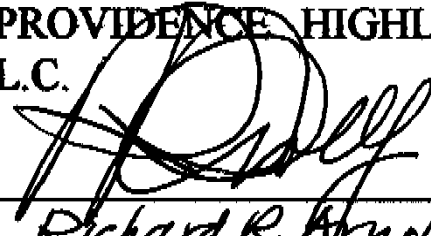
29. LAW CONTROLLING.

This Declaration and the Map shall be construed and controlled by and under the laws of the State of Utah.

30. EFFECTIVE DATE. This Declaration shall take effect when recorded.

IN WITNESS WHEREOF, the Declarant has executed this instrument this 08 day of April, ~~2000~~ 2005.

DECLARANT:
PROVIDENCE HIGHLANDS PHASE I,
L.C.


Richard R. Arnold, Jr.
Attorney-in-Fact

Ent 887346 Bk 1347 Pg 1087

STATE OF UTAH)
 : ss.
COUNTY OF BOX ELDER

On this the 8th day of April, 2005, appeared before me Richard R. Arnold, Jr. who acknowledged before me that he is the Attorney-in-Fact for Providence Highlands Phase I, LC, and is thereby authorized to sign the foregoing Declaration of Covenants, Conditions and Restrictions of the Providence Highlands Phase I.





NOTARY PUBLIC
Residing at _____

My Commission Expires:

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EXHIBIT A

Ent 887346 Bk 1347 Pg 1089

Schedule of Lots, Votes and Undivided Interests in Common Areas**THE PROVIDENCE HIGHLANDS - PHASE I SUBDIVISION**

Unit Identifying Number	Parcel I.D. Number	No. of Votes Per Unit	Undivided Interest Per Unit
#1		1	1.42857
#2		1	1.42857
#3		1	1.42857
#4		1	1.42857
#5		1	1.42857
#6		1	1.42857
#7		1	1.42857
#8		1	1.42857
#9		1	1.42857
#10		1	1.42857
#11		1	1.42857
#12		1	1.42857
#13		1	1.42857
#14		1	1.42857
#15		1	1.42857
#16		1	1.42857
#17		1	1.42857
#18		1	1.42857
#19		1	1.42857
#20		1	1.42857
#21		1	1.42857
#22		1	1.42857
#23		1	1.42857
#24		1	1.42857
#25		1	1.42857
#26		1	1.42857
#27		1	1.42857
#28		1	1.42857
#29		1	1.42857
#30		1	1.42857
#31		1	1.42857
#32		1	1.42857
#33		1	1.42857
#34		1	1.42857

Unit Identifying Number	Parcel LD. Number	No. of Votes Per Unit	Undivided Interest Per Unit
#35		1	1.42857
#36		1	1.42857
#37		1	1.42857
#38		1	1.42857
#39		1	1.42857
#40		1	1.42857
#41		1	1.42857
#42		1	1.42857
#43		1	1.42857
#44		1	1.42857
#45		1	1.42857
#46		1	1.42857
#47		1	1.42857
#48		1	1.42857
#49		1	1.42857
#50		1	1.42857
#51		1	1.42857
#52		1	1.42857
#53		1	1.42857
#54		1	1.42857
#55		1	1.42857
#56		1	1.42857
#57		1	1.42857
#58		1	1.42857
#59		1	1.42857
#60		1	1.42857
#61		1	1.42857
#62		1	1.42857
#63		1	1.42857
#64		1	1.42857
#65		1	1.42857
#66		1	1.42857
#67		1	1.42857
#68		1	1.42857
#69		1	1.42857
#70		1	1.42857
Total		70	100%

This schedule will from time to time be altered by any Expansion or changes as identified in Section 7 of the Declaration. Changes may increase or reduce the Undivided Interest per unit.

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EXHIBIT B

Association Bylaws

Ent 887346 Bk 1347 Pg 1091

**BYLAWS
OF
THE PROVIDENCE HIGHLANDS COMMUNITY
COMMUNITY ASSOCIATION**

A Utah Nonprofit Corporation

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act of Utah Code Ann. § 16-6a-101 et seq., as amended (the "Act"), the undersigned Declarant, on behalf of The Providence Highlands Community Association, a Utah nonprofit corporation, hereby adopts the following Bylaws for such nonprofit corporation.

**ARTICLE I
NAME AND PRINCIPAL OFFICE**

1.01 Name. The name of the nonprofit corporation is The Providence Highlands Community Association, hereinafter referred to as the "Association."

1.02 Offices. During the Period of Declarant Control, the principal office of the Association shall be 2975 W. Executive Parkway, Suite 515, Lehi, Utah 84043, attention Imagine Development, LC. Following expiration of the Period of Declarant Control, the office of the Association shall be located at one of the homes in the Providence Highlands development project area, hereinafter referred to as the "Project," located in Providence City, Cache County, State of Utah, as such home or other location is selected and designated by the Board.

**ARTICLE II
DEFINITIONS**

2.01 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in the Declaration of Covenants, Conditions, and Restrictions, hereinafter referred to as the "Declaration," shall have such defined meanings when used in these Bylaws.

**ARTICLE III
MEMBERS**

Ent 887346 Bk 1347 Pg 1092

3.01 Annual Meetings. The annual meeting of Members shall be held on the second Saturday in February of each year at the hour of 10:00 o'clock a.m., beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for the annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members to be convened as soon thereafter as may be convenient. The Board of Directors may from time to time by resolution change the date and time for the annual meeting of the Members.

3.02 Special Meetings. Special meetings of the Members may be called by the Board of Directors, the President, or upon the written request of Members holding not less than twenty-five percent (25%) of the Total Votes of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Board of Directors or the President.

3.03 Place of Meetings. The Board of Directors may designate any place Cache County, State of Utah as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all of the Members of the Board of Directors may designate any place, within the Continental United States, as the place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be at the principal office of the Association.

3.04 Notice of Meetings. The Board of Directors shall cause written or printed notice of the time, place, and purposes of all meetings of the Members (whether annual or special) to be delivered, not more than fifty (50) nor less than twenty-five (25) days prior to the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the Member at his registered address, with first-class postage thereon prepaid. Each Member shall register with the Association such Member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, a Member's Unit address shall be deemed to be his registered address for purpose of notice hereunder.

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3.05 Members of Record. Upon purchasing a home in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which ownership of such home has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining Members entitled to notice of or to vote at any meeting of the Members, or any adjournment thereof, the Board of Directors may designate a record date, which shall not be more than fifty (50) nor less than twenty-five (25) days prior to the meeting, for determining Members entitled to notice of or to vote at any meeting of the Members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining Members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the Owners of record in the Project shall be deemed to be the Members of record entitled to notice of and to vote at the meeting of the Members.

3.06 Quorum. At any meeting of the Members, the presence of Members holding, or holders of proxies entitled to cast, at least fifty percent (50%) of the Total Votes of the Association shall constitute a quorum for the transaction of business.

3.07 Proxies. At each meeting of the Members, each Member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Member himself or by his attorney thereunto duly authorized in writing. If a Membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such Membership or their attorneys thereunto duly authorized in writing. Such instrument

authorizing a proxy to act shall, set forth the specific matters or issues upon which the proxy is authorized to act. Such instrument shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

3.08 Votes. With respect to each matter submitted to a vote of the Members, each Member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the vote appertaining to the home of such Member, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the Members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Declaration, or Utah law. The election of Directors shall be by secret ballot. If a Membership is jointly held, all or any holders thereof may attend each meeting of the Members, but such holders must act unanimously to cast the votes relating to their joint Membership.

3.09 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting, form of proxies, and method of ascertaining Members present shall be deemed waived if no objection thereto is made either at the meeting or within 30 days of the date thereof.

3.10 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

ARTICLE IV BOARD OF DIRECTORS

Ent 887346 Bk 1347 Pg 1094

4.01 General Powers. The property, affairs, and business of the Association shall be managed by its Board of Directors. The Board of Directors may exercise all of the powers of the Association, whether derived from law or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation, by these Bylaws, or by the Declaration vested solely in the Members. The Board of Directors may, by written contract, delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions, and powers as are properly delegable.

4.02 Number, Tenure and Qualifications. Following expiration of the Period of Declarant Control, the initial Board of Directors shall consist of five (5) Directors. At the first annual meeting of the Members held after the Declarant turns over to the Members responsibility for electing Directors, the Members shall elect five (5) Directors to serve for the following respective terms: two (2) Directors to serve for a term of three (3) years; two (2) Directors to serve for a term of two (2) years; and one (1) Director to serve for a term of one (1) year. At each annual meeting thereafter, the Members shall elect for terms of three (3) years the appropriate number of Directors to fill all vacancies created by expiring terms of Directors. All

Directors, except any Directors appointed by the Declarant during the Period of Declarant Control, shall be Members of the Association.

4.03 Regular Meetings. The regular annual meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the Members. The Board of Directors may provide by resolution the time and place, within the United States, for the holding of additional regular meetings without other notice than such resolution.

Ent 887346 Bk 1347 Pg 1095

4.04 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any Director. The person or persons authorized to call special meetings of the Board of Directors may fix any place, within the United States, as the place for holding any special meeting of the Board of Directors called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally, or mailed to each Director at his registered address, or by Telegram. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed, with first-class postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to have been delivered when the telegram is delivered to the telegraph company. Any Trustee may waive notice of a meeting.

4.05 Quorum and Manner of Acting. A majority of the then authorized number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of a majority of the Director present at any meeting at which a quorum is present shall be the act of the Board of Directors. The Directors shall act only as a Board, and individual Directors shall have no powers as such.

4.06 Compensation. No Director shall receive compensation for any services that he or she may render to the Association as a Director; provided, however, that a Director may be reimbursed for expenses incurred in performance of his duties as a Director to the extent such expenses are approved by the Board of Directors and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a Director.

4.07 Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director, except a Director appointed by the Declarant, may be removed at any time, for or without cause, by the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association at a special meeting of the Members duly called for such purpose.

4.08 Vacancies and Newly Created Directorships. If vacancies shall occur in the Board of Directors by reason of the death, resignation or disqualification of a Director (other than a Director appointed by Declarant), or if the authorized number of Directors shall be increased, the Directors then in office shall continue to act, and such vacancies or newly created Directorships shall be filled by a vote of the Directors then in office, though less than a quorum, in any way by such Directors at the meeting. Any vacancy in the Board of Directors occurring by reason of

removal of a Director by the Members may be filled by election at the meeting at which such Director is removed. If vacancies shall occur in the Board of Directors by reason of death, resignation or removal of a Director appointed by the Declarant, such vacancies shall be filled by appointments to be made by the Declarant. Any Director elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created Directorship, as the case may be.

4.09 Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

ARTICLE V OFFICERS

Ent 887346 Bk 1347 Pg 1096

5.01 Officers. The officers of the Association shall be a President, Vice President, and Secretary, and such other officers as may from time to time be appointed by the Board of Directors.

5.02 Election, Tenure and Qualifications. The officers of the Association shall be chosen by the Board of Directors annually at the regular annual meeting of the Board of Directors. In the event of failure to choose officers at such regular annual meeting of the Board of Directors, officers may be chosen at any regular or special meeting of the Board of Directors. Each such officer (whether chosen at a regular annual meeting of the Board of Directors or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board of Directors and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification, or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices, except that the President may not also be the Secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President, Vice President, and Secretary shall be and remain Directors of the Association during the entire term of their respective offices. No other officer need be a Director.

5.03 Subordinate Officers. The Board of Directors may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Board of Directors may from time to time determine. The Board of Directors may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. Subordinate officers need not be Members or Directors of the Association.

5.04 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the President or the Board of Directors. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board of Directors at any time, for or without cause.

5.05 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Directors at any regular or special meeting.

5.06 The President. The President shall preside at meetings of the Board of Directors and at meetings of the Members. He shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things that the Board of Directors may require of him.

Ent 887346 Bk 1347 Pg 1097

5.07 The Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence or inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.

5.08 The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Declaration, or any resolution of the Board of Directors may require him to keep. In addition, the Secretary shall have the custody and control of the funds of the Association, subject to the action of the Board of Directors, and shall, when requested by the President to do so, report the state of the finances of the Association at each annual meeting of the Members and at any meeting of the Board of Directors. The Secretary shall also act in the place and stead of the President in the event of the President's absence or inability or refusal to act. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board of Directors may require of him.

5.09 Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his duties as an officer to the extent such expenses are approved by the Board of Directors and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as an officer.

ARTICLE VI COMMITTEES

6.01 Designation of Committees. The Board of Directors may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. The membership of each such committee designated hereunder shall include at least one (1) Director. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his duties as a committee member to the extent that such expenses are approved by the Board of Directors and (except as otherwise provided in these bylaws) may be compensated for services rendered to the Association other than in his capacity as a committee member.

6.02 Proceedings of Committees. Each committee designated hereunder by the Board of Directors may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Directors.

6.03 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Directors, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two members) shall constitute a quorum for the transaction of business, and an act of the majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Directors hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

6.04 Resignation and Removal. Any member of any committee designated hereunder by the Board of Directors may resign at any time by delivering a written resignation to the President, the Board of Directors, or the Presiding Officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Directors may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.05 Vacancies. If any vacancy shall occur in any committee designated by the Board of Directors hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Directors.

ARTICLE VII INDEMNIFICATION

Ent 887346 Bk 1347 Pg 1098

7.01 Indemnification -- Third Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, settlement, or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.02 Indemnification -- Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Trustee or officer of the Association, or is or was serving at the request of the Association as a director, trustee, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

Ent 887346 Bk 1347 Pg 1099

7.03 Determinations. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 7.01 or 7.02 hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Sections 7.01 or 7.02 hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Sections 7.01 or 7.02 hereof. Such determination shall be made either (i) by the Board of Directors by a majority vote of disinterested Directors or (ii) by independent legal counsel in a written opinion, or (iii) by the Members by the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association at any meeting duly called for such purpose.

7.04 Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a quorum of the Board of Directors and upon receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article or otherwise.

7.05 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Articles of Incorporation, Bylaws, agreements, vote of disinterested Members or Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Directors, officers, employees, and agents of the Association and shall continue as to such persons who cease to be Directors, officers, employees, or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.06 Insurance. The Association shall purchase and maintain insurance on behalf of any person who was or is a Director, officer, employee, or agent of the Association, or who was or is serving at the request of the Association as a trustee, director, officer, employee, or agent of another corporation, entity, or enterprise (whether for profit or not for profit), as may be required by Article X of the Declaration.

7.07 Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute expenses of the Association and shall be paid with funds from the Common Expense Fund referred to in the Declaration.

ARTICLE VIII FISCAL YEAR

Ent 887346 Bk 1347 Pg 1100

8.01 Fiscal Year. The fiscal year of the Association shall begin on the first day of January each year and end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE IX RULES AND REGULATIONS


9.01 Rules and Regulations. The Board of Directors may from time to time adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Project, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these Bylaws. The Members shall be provided with copies of all rules and regulations adopted by the Board of Directors, and with copies of all amendments and revisions thereof.

ARTICLE X AMENDMENTS

10.01 Amendments. Except as otherwise provided by law, by the Articles of Incorporation, by the Declaration, or by these Bylaws, these Bylaws may be amended, altered, or repealed and new bylaws may be made and adopted by the Members upon the affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (i) the amended, altered, repealed, or new bylaw, (ii) the number of votes cast in favor of such action, and (iii) the Total Votes of the Association, shall have been executed and verified by the current President of the Association and recorded in the office of the County Recorder of Cache County, State of Utah.

IN WITNESS WHEREOF, the undersigned, as Declarant and owner of the land upon which the Project is located, does hereby execute these Bylaws on the 04 day of ~~March~~ ^{April}, 2005.

Imagine Development, LC, a Utah limited liability company

By: 
Its: Attorney-in-Fact

Ent 887346 Bk 1347 Pg 1101