

WHEN RECORDED, RETURN TO:

D.R. Horton, Inc.  
12351 South Gateway Park Place, Suite D-100  
Draper, Utah 84020  
Attn: Mike De Carlo

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**ANDREA ALLEN**  
**UTAH COUNTY RECORDER**  
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**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR INVERNESS**

**DECEMBER 19, 2024**

**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR INVERNESS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR INVERNESS, is made effective as of this \_\_\_\_\_ day of December, 2024, by D.R. HORTON, INC., a Delaware corporation, (referred to herein as “**Declarant**”), with respect to the following:

**RECITALS:**

A. Declarant owns certain real property located in the City of Lehi, Utah County, Utah, which is more particularly described on Exhibit A attached hereto and by this reference made a part hereof (the “**Property**”). Declarant desires to develop the Property as a master planned development known as Inverness.

B. At full development Declarant intends, without obligation, that the Property will be developed for Residential Use, with some portions thereof being developed as recreational areas, which may include, without obligation, trail systems, open spaces, walkways, parks, picnic areas, play areas, a swimming pool and a clubhouse.

C. As the various phases of development of the Property proceed, Declarant intends, without obligation, to record various Plats; to dedicate portions of the Property to the public for streets, roadways, utilities, and improvements for drainage and flood control; and to record this Declaration covering the Property.

D. As part of the development of the Property, Declarant may, without any obligation to do so, sell Lots or Parcels to various Merchant Builders.

E. Declarant desires to form the Association as a non-profit corporation for the purpose of benefiting the Property and its Owners and Residents, which non-profit corporation will (a) acquire, construct, operate, own, manage and maintain a variety of Community Areas and other areas within the Property; (b) establish, levy, collect and disburse the Assessments and other charges imposed hereunder; and (c) as the agent and representative of the Members of the Association and the Residents of Inverness, administer and enforce all of the provisions hereof and enforce the use and other restrictions imposed on various parts of the Property.

F. Declarant desires to establish for its own benefit and for the mutual benefit of all future Owners, Mortgagees, Residents, lessees, occupants and other holders of an interest in the Property, or any part thereof, certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the proper development, use and maintenance of the Property.

G. Declarant desires and intends that the Owners, Mortgagees, Residents, lessees, occupants, and other holders of an interest in the Property and other persons hereafter acquiring any interest in or otherwise utilizing portions of the Property shall at all times enjoy the benefits of the Property and shall hold their interest therein subject to the rights, privileges, covenants, conditions and restrictions set forth in this Declaration, all of which are declared to be in furtherance of a plan to promote and protect the aesthetic and cooperative aspects of Inverness and are established for the purpose of enhancing the value, desirability and attractiveness of Inverness.

H. Declarant therefore desires to subject all of the Property to the covenants, conditions, restrictions, assessments, charges, servitudes, liens and reservations set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

**ARTICLE I  
DEFINITIONS**

The following words, phrases or terms used in this Declaration (including that portion hereof headed “**Recitals**”) shall have the following meanings:

1.1 “**AAAC**” shall mean the Active Adult Amenities Committee for Inverness created pursuant to Section 5.3.2.

1.2 “**Active Adult**” shall mean those Lots within an Active Adult Neighborhood.

1.3 “**Active Adult Amenities**” shall mean the term defined in Section 4.2.41.

1.4 “**Active Adult Amenities Rules**” shall mean the rules pertaining to the Active Adult Amenities adopted by the Board pursuant to Section 5.3.2.

1.5 “**Active Adult Lots**” shall mean those Lots within an Active Adult Neighborhood.

1.6 “**Active Adult Lots Assessments**” shall mean the allocation of the Active Adult Lots Expenses to the Owners of the Active Adult Lots by the Board pursuant to Section 7.3

1.7 “**Active Adult Lots Expenses**” shall mean that portion of the Expenses applicable only to the Active Adult Lots, as determined from time to time by the Board.

1.8 “**Active Adult Neighborhoods**” shall mean those Lots designated by Declarant or by the Board for the development and improvement of Active Adult Lots.

1.9 “**Active Adult Use**” shall mean the use of property within Inverness for the construction thereon of Dwelling Units that are restricted and limited by Recorded covenants to the ownership and occupancy of such Dwelling Units by only adults above a specified age. Residential Areas may not be utilized for Active Adult Use, except as permitted by this Declaration, by Declarant or by the Board.

1.10 “**Additional Land**” shall mean, refer to and consist of any parcels of real property located adjacent to or in the vicinity of the Property, which are now owned by Declarant or which, in the future, may be acquired by Declarant, and which Declarant, in its sole discretion, may elect to subject to the terms of this Declaration. This Declaration is not intended to create and shall not be deemed to constitute any lien, encumbrance, restriction or limitation upon any Additional Land, unless and until any Additional Land is added to the then existing Project in accordance with the provisions of Article XIX of this Declaration.

1.11 “**ARC**” shall mean the Architectural Design Review Committee for Inverness contemplated by the Area Plan and created pursuant to Article XI.

1.12 “**Area Plan**” shall mean the Skye Area Plan dated August 23, 2022 which has been approved by the Lehi City Council. The Area Plan may be amended from time to time, as it pertains to the Property. Copies of the Area Plan are available at the offices of the City.

1.13 “**Articles**” shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.

1.14 “**Assessable Property**” shall mean all Lots, Units or Parcels or other portions of the Property, except such part or parts thereof as may from time to time constitute Exempt Property.

1.15 “**Assessment Lien**” shall mean the lien created and imposed by Article VII.

1.16 “**Assessment Period**” shall mean the term set forth in Section 7.8.

1.17 “**Assessments**” shall mean:

- 1.17.1 the Community Areas Assessments;
- 1.17.2 with respect to Active Adult Lots, the Active Adult Lots Assessments;
- 1.17.3 with respect to Single Family Lots, the Single Family Lots Assessments;
- 1.17.4 with respect to Townhome Lots, the Townhome Lots Assessments;
- 1.17.5 the Individual Assessments;
- 1.17.6 the Special Assessments; and
- 1.17.7 the Reinvestment Fees;

all of which may be determined and assessed by the Board and which shall be payable by an Owner of a Lot, Unit or Parcel (other than Exempt Property) pursuant to the terms of this Declaration.

1.18 “**Association**” shall mean the Utah nonprofit corporation to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration, the Articles, the Bylaws and any other Governing Document and the successors and assigns of such nonprofit corporation. Declarant hereby reserves the exclusive right to cause such Association to be incorporated. Declarant shall name the Association “**INVERNESS OWNERS ASSOCIATION.**”

1.19 “**Association Land**” shall mean such part or parts of Inverness, together with the buildings, structures and Improvements thereon, and other real property which the Association now or hereafter owns in fee for as long as the Association is the owner of the fee.

1.20 “**Association Use**” shall mean the use by the Association of those portions of Inverness intended for the use and benefit of the Association including, without limitation, amenities provided by the Association for the use and enjoyment of the Members and Residents.

1.21 “**Board**” shall mean the Board of Directors of the Association.

1.22 “**Budget**” shall mean the budget of Expenses prepared and adopted by the Board each year, as the basis for the calculation of the Assessments, as provided in Section 7.3.3.

1.23 “**Building**” shall mean and refer to any of the structures constructed within Inverness.

1.24 “**Bylaws**” shall mean the Bylaws of the Association, as the same may from time to time be amended or supplemented. A copy of the Bylaws is attached hereto as Exhibit B.

1.25 “**Certificate of Amendment**” shall mean an amendment to this Declaration Recorded by the Association pursuant to Section 17.2.1 of this Declaration and/or shall mean an amendment to this Declaration Recorded by Declarant pursuant to Section 17.2.2 of this Declaration.

1.26 “**City**” shall mean the City of Lehi, a body corporate and political subdivision of the State of Utah.

1.27 “**Common Area**” and “**Common Areas**” shall mean and refer to all real property described and identified on a specific Plat as Common Area or Common Areas in which the Association owns an interest for the common use and benefit of some or all of the Owners of the Lots or Units identified on such Plat, their successors, assigns, tenants, families, guests and invitees, including, but not limited to, the following items:

1.27.1 The real property and interests in real property subjected to the terms of this Declaration, including the entirety of the land and all Improvements constructed thereon, except for and specifically excluding therefrom the individual Lots and Units;

1.27.2 All Common Areas designated as such on the Plat;

1.27.3 All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Lots and Units identified on a specific Plat and intended for the common use of all Owners of the Lots and Units identified on such Plat, including without limitation utility services such as telephone, telecommunication, electricity, natural gas, water and sewer;

1.27.4 The outdoor grounds, detention basins, landscaping, street lighting, perimeter and preservation fences, sidewalks, trails, walking paths, parking spaces, private streets and allies identified on such Plat;

1.27.5 All portions of the Project identified on a specific Plat that are not specifically included within the individual Lots and Units identified on such Plat; and

1.27.6 All other parts of the Project identified on a specific Plat that are normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the land owned by the Association for the common benefit of the Owners of the Lots and Units identified on such Plat.

1.27.7 Pursuant to Section 57-8a-102(16)(a)(ii)(B) of the Utah Code, the exterior boundaries of a Unit owned by an Owner within the Project shall be the exterior footprint or exterior boundary of the Unit on the ground level of such Unit, even if the exterior footprint or exterior boundary of a second or third or higher level of such Unit may be shown on the Plat to extend outward beyond the exterior footprint or exterior boundary of the ground level of such Unit. To the extent that the exterior footprint or exterior boundary of a second or third or higher level of a Unit extends outward beyond the exterior footprint or exterior boundary of the ground level of such Unit, such portions of such upper levels and beneath such upper levels of such Unit shall be deemed to be Common Areas within the exterior air space appurtenant to such Unit, which Common Areas are perpetually designated as Limited Common Areas for the exclusive use of the Owner of such Unit. The Limited Common Areas appurtenant to a Unit and designated for the exclusive use of the Owner of a Unit shall also include the exterior walkways, driveways, stairs, porches, patios, balconies, decks and landscaped areas adjacent to the ground level or upper levels of such Unit and which may be designated on the Plat or otherwise designated in writing from time to time by the Association as Limited Common Areas for the exclusive use of the Owner of such Unit. Limited Common Areas shall include any window well for a Dwelling Unit that is located outside the boundary of a Lot or Unit and within a Common Area.

1.28 “**Community Area**” and “**Community Areas**” shall mean (a) all Association Land designated from time to time by the Board for use by the Members, Residents, lessees, occupants and their guests, including entry monument areas and the entry monuments related to projects within Inverness constructed by Declarant; (b) all areas identified as open space on the Area Plan, including the Trail System, which may or may not be dedicated to the public or to a Municipal Authority, but only until such open space is dedicated to a Municipal Authority; (c) all land within Inverness which Declarant, by this Declaration or other Recorded instrument, makes available for use by Members of the Association including enhanced parkways and median strips and areas between roadways and Improvements, even if owned by a Municipal Authority; (d) all land within Inverness which Declarant indicates on a Plat is to be used for landscaping, drainage, and/or flood control for the benefit of Inverness and/or the general public and which is to be dedicated to the public or a Municipal Authority upon the expiration of a fixed period of time, but only until such land is so dedicated; (e) all land or right-of-way easements within Inverness which are dedicated to the public or to a Municipal Authority, but which such Municipal Authority or other governmental agency requires the Association to maintain; (f) roadways, walkways, bridges, culinary or secondary water system components, tunnels and storm drain pipes within the existing and subsequent phases of Inverness; (g) other public infrastructure within Inverness; and (h) certain specified areas within Inverness that are available for the use by all of the Owners of Lots and Units within Inverness or for the use of one or more specific categories of Lots or Units within Inverness, including without limitation those areas identified on a specific Plat or otherwise designated in writing from time to time by Declarant or by the Board as either Common Areas or Limited Common Areas in relation to the Lots or Units so designated by Declarant or by the Board.

1.29 “**Community Areas Assessments**” shall mean the allocation of the Community Expenses to the Owners of all Lots by the Board pursuant to Section 7.3.

1.30 “**Community Expenses**” shall mean and refer to those costs and expenses incurred by or on behalf of the Association arising out of or connected with the maintenance, improvement and operation (including capital repairs and replacements) of Inverness and the operation of the Association as described in Article VII hereof, other than Active Adult Lots Expenses, Single Family Lots Expenses and Townhome Lots Expenses.

1.31 “**Covenants**” shall mean the covenants, conditions, restrictions, assessments, charges, rights, obligations, servitudes, liens, reservations and easements set forth in this Declaration, as amended or supplemented from time to time.

1.32 “**Declarant**” shall mean D.R. Horton, Inc., a Delaware corporation, and the successors and assigns of Declarant’s rights and powers hereunder. Declarant shall also include any Person or Persons that have been assigned and have agreed to assume certain of Declarant’s rights and/or obligations in this Declaration pursuant to Section 18.1 effective upon the Recording of a written instrument signed by Declarant and such Person or Persons that evidences such assignment and assumption.

1.33 “**Declaration**” shall mean this Declaration of Covenants, Conditions and Restrictions for Inverness, as amended or supplemented from time to time.

1.34 “**Deed**” shall mean a deed or other instrument conveying the fee simple title in a “Lot,” “Unit” or “Parcel.”

1.35 “**Drainage Control Features**” shall mean the term defined in Section 3.4.

1.36 “**Dwelling Unit**” shall mean any building or portion thereof situated upon a Lot, Unit or Parcel designed for use and occupancy as a residence by a Single Family.

1.37 “**Eligible Mortgagee**” shall mean and refer to a Mortgagee which has requested notice of certain matters from the Association in accordance with Section 16.1 of this Declaration.

1.38 “**Exempt Property**” shall mean the following parts of Inverness:

1.38.1 All land and Improvements owned by or dedicated to and accepted by the United States, a Municipal Authority, or any political subdivision thereof, for as long as any such entity or political subdivision is the owner thereof or for so long as said dedication remains effective, including all Municipal Authority Property and all property utilized for General Public Uses;

1.38.2 All Association Land, for as long as the Association is the owner thereof; and

1.38.3 Each other property, including each Lot, Unit or Parcel, while owned by Declarant or a Declarant related developer entity, until the earliest to occur of (i) the acquisition of its record title by a Person other than Declarant or a Declarant related

developer entity, or (ii) the 10th anniversary of the date on which the real property comprising such Exempt Property is subjected to this Declaration. Declarant or a Declarant related developer entity may expressly waive its right to an exemption from Assessments as to some or all Exempt Property of which it is then the Owner, by delivering a written notice to the Association identifying such Exempt Property, which written notice is signed by Declarant. In such event, such exemption shall terminate as to each such identified Exempt Property when the Association receives such written notice from Declarant. Any such waiver shall run with the title to each such Exempt Property and shall bind its subsequent Owners, including Declarant and any Declarant related developer entity.

1.38.4 All Exempt Property described herein shall be exempt from Assessments and Membership in the Association (provided, however, Declarant or a Declarant related entity shall remain a Member in the Association at all times as a Class B Member with voting rights, notwithstanding its temporary exemption status from required Assessments payments) and its associated privileges and responsibilities, but shall nevertheless be subject to all other provisions of this Declaration, including but not limited to, the use restrictions and architectural controls. Provided, however, at the sole and exclusive option of Declarant, property described in Section 1.38.1, shall be fully exempt from all of the terms and provisions of this Declaration.

1.39 “**Expenses**” shall mean and refer to the combination of Community Expenses, Active Adult Lots Expenses, Single Family Lots Expenses and Townhome Lots Expenses as described and defined in this Declaration.

1.40 “**FHA**” shall mean and refer to the Federal Housing Administration.

1.41 “**FHLMC**” shall mean the Federal Home Loan Mortgage Corporation.

1.42 “**First Mortgage**” means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

1.43 “**First Mortgagee**” means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage.

1.44 “**FNMA**” shall mean and refer to Federal National Mortgage Association.

1.45 “**General Public Uses**” shall mean those types of uses designated by the Area Plan as General Public Uses, including but not limited to open spaces and trails, conveyed, assigned, or transferred by Deed or other written instrument to a Municipal Authority.

1.46 “**Governing Documents**” shall mean the Area Plan, this Declaration, the Bylaws, the Articles, the Inverness Landscape, Fence and Retaining Wall Guidelines, the Inverness Rules, the Active Adult Amenities Rules, the Board’s resolutions and the Recorded Plats.

1.47 “**Improvement(s)**” shall mean any improvement now or hereafter constructed in Inverness and includes anything which is a structure for purposes of applicable Municipal Authority law, including but not limited to any building, structure, shed, covered patio, fountain, pool, radio or television antenna or receiving dish, tree, shrubbery, paving, curbing, landscaping,

tank, fence, mailbox, sign, any excavation or fill having a volume exceeding ten (10) cubic yards and any excavation, fill, ditch, diversion, dam, or other thing or device which affects the natural flow of surface water or the flow of water in a natural or artificial stream, wash or drainage channel.

1.48 “**Inverness**” shall mean, refer to, and consist of the Property and the development to be completed thereon pursuant to the Governing Documents, commonly known as Inverness.

1.49 “**Inverness Landscape, Fence and Retaining Wall Guidelines**” shall mean the written rules, regulations and guidelines that may be adopted, amended, or repealed from time to time by the Board and that set forth guidelines or requirements pertaining to: (a) the design, construction and/or installation of landscape Improvements of any nature, including the planting of grass, plants, trees and any other type or form of vegetation and the location of any such landscape Improvements within any of the Lots, Community Areas or any other portions of the Project, (b) the design, construction and/or installation of fences and/or gates of any type within any of the Lots, Community Areas or any other portions of the Project, and (c) the design, construction and/or installation of retaining walls and any other types of walls of any size within any of the Lots, Community Areas or other portions of the Project, as provided in Section 5.3.3.

1.50 “**Inverness Rules**” shall mean the rules for Inverness adopted by the Board pursuant to Section 5.3.1.

1.51 “**Land Use Classification**” shall mean the classification to be established by Declarant pursuant to Section 4.1, which designates the type of Improvements which may be constructed on a Lot, Unit, Parcel, or Association Land and the purposes for which such Improvements and surrounding land may be utilized.

1.52 “**Limited Common Areas**” shall mean and refer to those portions of the Common Areas which are specifically designated on a specific Plat or which are otherwise designated in writing from time to time by Declarant or by the Board as “Limited Common Area” and which are thereby allocated and reserved for the exclusive use of one or more Units but fewer than all of the Units identified on such Plat. Pursuant to Section 57-8a-102(16)(a)(ii)(B) of the Utah Code, the exterior boundaries of a Unit owned by an Owner within the Project shall be the exterior footprint or exterior boundary of the Unit on the ground level of such Unit, even if the exterior footprint or exterior boundary of a second or third or higher level of such Unit may be shown on the Plat to extend outward beyond the exterior footprint or exterior boundary of the ground level of such Unit. To the extent that the exterior footprint or exterior boundary of a second or third or higher level of a Unit extends outward beyond the exterior footprint or exterior boundary of the ground level of such Unit, such portions of such upper levels and beneath such upper levels of such Unit shall be deemed to be Common Areas within the exterior air space appurtenant to such Unit, which Common Areas are perpetually designated as Limited Common Areas for the exclusive use of the Owner of such Unit. The Limited Common Areas appurtenant to a Unit and designated for the exclusive use of the Owner of a Unit shall also include the exterior walkways, driveways, stairs, porches, patios, balconies, decks and landscaped areas adjacent to the ground level or upper levels of such Unit and which may be designated on the Plat or otherwise designated in writing from time to time by the Association as Limited Common Areas for the exclusive use of the Owner of such Unit. Limited Common Areas shall include any window well for a Dwelling Unit that is located outside the boundary of a Lot or Unit and within a Common Area.

1.53 “**Lot**” shall mean any area of real property within Inverness designated as a Lot on any Plat Recorded or approved by Declarant and limited to Residential Use.

1.54 “**Manager**” shall mean such Person retained by the Board to perform certain functions of the Board pursuant to this Declaration or the Bylaws. The Manager for the Association shall carry out certain responsibilities of the Association as required herein, by the Area Plan, and by any other Governing Document.

1.55 “**Member**” shall mean any Person holding a Membership in the Association pursuant to this Declaration as an Owner of a Lot, Unit or Parcel.

1.56 “**Membership**” shall mean a Membership in the Association and the rights granted to the Owners and Declarant pursuant to Article VI to participate in the Association.

1.57 “**Merchant Builder**” shall mean a Person who acquires Lots or Parcels in Inverness for the purpose of improving and constructing Dwelling Units or other Improvements thereon for resale to the general public; provided, however, that the term “Merchant Builder” shall not mean or refer to Declarant or its successors as Declarant under this Declaration.

1.58 “**Mortgage**” shall mean any mortgage, deed of trust, or other document encumbering any portion of a Lot, Unit or Parcel or interest therein, including without limitation a leasehold interest, as security for the payment of a debt or obligation.

1.59 “**Mortgagee**” shall mean a beneficiary of a deed of trust that is included within the definition of a Mortgage as well as a named mortgagee under a Mortgage.

1.60 “**Motor Vehicles**” shall mean and include all gasoline, diesel fuel, or electric powered automobiles, recreation vehicles, motorcycles, motorbikes, motor scooters, bikes, mini-bikes, all-terrain vehicles, snowmobiles, mopeds, off-road vehicles, e-bikes or other gasoline, diesel fuel, or electric powered means of transportation of any size or type.

1.61 “**Municipal Authority**” shall mean the applicable governmental entity or municipality which has jurisdiction over some part of Inverness including, without limitation, the City.

1.62 “**Municipal Authority Property**” shall mean all real property which is from time to time conveyed, assigned, or transferred by Deed, a grant of a perpetual easement or other written instrument to the applicable Municipal Authority, which may include, without limitation, portions or all of the Trail System, public streets including medians and enhanced parkways, retention basins and drainage facilities and open space areas.

1.63 “**Neighborhood**” shall mean one or more Lots, Units or Parcels (as designated by Declarant or by the Board) with interests other than those common to all Lots, Units or Parcels, as more particularly described in Section 6.4. By way of illustration and not limitation, a subdivision of Active Adult Lots, Single Family Lots and Townhome Lots created by one or more Plats, might each be designated as separate Neighborhoods. In addition, each Parcel intended for development shall constitute a Neighborhood, subject to division by Declarant into more than one Neighborhood

upon development. Declarant shall initially establish Neighborhood boundaries, which boundaries may be modified by Declarant or by the Board, as provided herein.

1.64 **“Neighboring Property”** shall mean any street within Inverness (including annexed property) that is adjacent to the specific Lot, Unit or Parcel in reference.

1.65 **“Owner”** shall mean (a) any Person(s) who is (are) record holder(s) of legal, beneficial, or equitable title to the fee simple interest of any Lot, Unit or Parcel including, without limitation, one who is buying a Lot, Unit, or Parcel under a Recorded contract or Recorded notice of such contract, but excluding others who hold an interest therein merely as security, and (b) any Person(s) entitled to occupy all of a Lot, Unit, or Parcel under a Lease or sublease for an initial term of at least ten (10) years, in which case the fee owner or sublessor of the Lot, Unit or Parcel shall not be deemed the Owner thereof for purposes of this Declaration during the term of said Lease or sublease.

1.66 **“Parcel”** shall mean a portion of the Property limited by the Governing Documents to one or more specific uses, but any such areas shall cease to be a Parcel upon the Recording of a Plat covering the area and creating Lots, Units and related amenities. A Parcel shall not include a Lot or a Unit but, in the case of staged developments, shall include areas not yet included in a Plat or other Recorded instrument creating Lots, Units and related amenities. Declarant shall have the right, subject to the requirements of any applicable Municipal Authority, to identify and create and/or reconfigure the boundaries of any Parcel of which Declarant is the Owner.

1.67 **“Period of Declarant Control”** shall mean the term as defined in Section 6.3.3.

1.68 **“Person”** shall mean a natural individual, a corporation, limited liability company, partnership or any other entity with the legal right to hold title to real property.

1.69 **“Plat”** shall mean any Recorded subdivision plat affecting Inverness, as such may be amended from time to time.

1.70 **“Project”** shall have the same meaning as the defined term, **“Inverness.”**

1.71 **“Property”** shall mean the real property described on Exhibit A and any Additional Land added to Inverness by Declarant pursuant to Article XIX.

1.72 **“Record”** or **“Recording”** or **“Recordation”** shall mean placing an instrument of public record in the Office of the Recorder of Utah County, Utah, and **“Recorded”** shall mean having been so placed of public record.

1.73 **“Reinvestment Fee”** shall mean the charge which may be levied and assessed by the Association in the event of a Transfer of a Lot, pursuant to Section 7.6 hereof. The Reinvestment Fee assessed, if any, shall be in compliance with Section 57-1-46 of the Utah Code, as such Section of the Utah Code may be amended, supplemented or replaced from time to time.

1.74 **“Reserve Fund”** shall mean the fund created or to be created by the Association pursuant to Section 7.3.12 for the purposes provided in Section 9.1.

1.75 “**Resident**” shall mean:

1.75.1 Each buyer under a contract of sale covering any part of the Assessable Property, regardless of whether the contract is Recorded, and each tenant or lessee actually residing on any part of the Assessable Property; and

1.75.2 Members of the immediate family of each Owner, lessee, tenant, or buyer referred to in Section 1.75.1 actually living in the same household with such Owner, lessee, tenant or buyer.

Subject to the Inverness Rules (including the imposition of special non-resident fees for use of the Association Land if the Association shall so direct), the term “Resident” also shall include the on-site employees, guests or invitees of any such Owner, lessee, buyer or tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

1.76 “**Residential Areas or Residential Development or Residential Use**” shall mean Lots in a subdivision that have been approved by the City pursuant to the Governing Documents and platted as Adult Active Lots, Single Family Lots or Townhome Lots for the construction thereon of Dwelling Units, together with related areas intended for the use and enjoyment of the Owners and Residents of such Lots.

1.77 “**Shared Components of a Building**” shall mean all portions of a Building that are shared by or are reasonably necessary for the use and enjoyment of one or more Units within a Building including, without limitation, party walls, footings and foundations, structural components, roofs and common sanitary sewer laterals and other shared utilities.

1.78 “**Single Family**” shall mean a group of one or more persons, each related to the other by blood, marriage or legal adoption, or a group of persons not all so related, who maintain a common household in a Dwelling Unit.

1.79 “**Single Family Lots**” shall mean those Lots within a Single Family Neighborhood.

1.80 “**Single Family Lots Assessments**” shall mean the allocation of the Single Family Lots Expenses to the Owners of the Single Family Lots by the Board pursuant to Section 7.3.

1.81 “**Single Family Lots Expenses**” shall mean that portion of the Expenses applicable only to the Single Family Lots, as determined from time to time by the Board.

1.82 “**Single Family Neighborhoods**” shall mean those Lots designated by Declarant or by the Board for the development and improvement of Single Family Lots.

1.83 “**Special Assessment**” shall mean any assessment levied and assessed by the Board pursuant to Section 7.4.

1.84 “**Special Assessment Limit**” shall have the meaning set forth in Section 7.4.1.

1.85 “**Special Use Fees**” shall mean the term set forth in Section 3.1.5.

1.86 “**State**” shall mean the State of Utah.

1.87 “**Supplemental Declaration**” shall mean an amendment or supplement to this Declaration filed by Declarant identified as a Supplemental Declaration and Recorded pursuant to Article XIX of this Declaration, for the purpose of subjecting any Additional Land to this Declaration and/or for the purpose of amending this Declaration.

1.88 “**Timeshare/Fractional Share Development or Timeshare/Fractional Share Use**” shall mean any such development as defined under Utah Code Ann. § 57-19-2(25) or successor statutes. Notwithstanding anything to the contrary contained in this Declaration, Declarant has decreed that no portion of the Property shall be utilized or subjected to any Timeshare/Fractional Share Development or Timeshare/Fractional Share Use.

1.89 “**Townhome**” shall mean a Unit constructed within a Building that contains two (2) or more Units, which Units have and utilize Shared Components of such Building.

1.90 “**Townhome Lots Assessments**” shall mean the allocation of the Townhome Lots Expenses to the Owners of the Townhome Lots by the Board pursuant to Section 7.3.

1.91 “**Townhome Lots**” shall mean those Lots within a Townhome Neighborhood.

1.92 “**Townhome Lots Expenses**” shall mean that portion of the Expenses applicable only to the Townhome Lots, as determined from time to time by the Board.

1.93 “**Townhome Neighborhoods**” shall mean those Lots designated by Declarant or by the Board for the development and improvement of Townhome Lots.

1.94 “**Trail System**” shall mean the system of trails for Inverness which is established from time to time by Declarant and/or the Association and which may be identified pursuant to the Governing Documents. The Trail System may be owned by the Association and/or conveyed, assigned, or transferred by Deed, grant of easement or other written instrument to the appropriate Municipal Authority.

1.95 “**Transfer**” shall have the meaning set forth in Section 7.6.1.

1.96 “**Transferee**” shall have the meaning set forth in Section 7.6.1.

1.97 “**Unit**” shall mean a Dwelling Unit constructed on a Townhome Lot.

1.98 “**Use**” shall mean one or more specific types of property development and classification as set forth in Section 4.1 of this Declaration.

1.99 “**VA**” shall mean the Veterans Administration.

1.100 “**Visible From Neighboring Property**” shall mean, with respect to any object located on a Lot, that such object is or would be fully visible or unobscured from any street adjacent to the Lot on which the specific object is located.

## ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION

2.1 General Declaration Creating Inverness. Declarant hereby declares that the Property, is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration as amended or modified from time to time. In order to cause this Declaration and the Covenants to run with the Property and to be binding upon the Property and the Owners, Mortgagees, Residents, lessees, occupants, and other holders of an interest therein from and after the date this Declaration is Recorded, Declarant hereby makes all conveyances of the Property, whether or not so provided therein, subject to this Declaration; and by accepting deeds, leases, easements or other grants or conveyances to any portion of the Property, the Owners and other transferees for themselves and their heirs, executors, administrators, board of directors, personal representatives, successors and assigns, agree that they shall be personally bound by this Declaration (including but not limited to the obligation to pay Assessments) hereinafter set forth, except to the extent such persons are specifically excepted herefrom, and that all portions of the Property acquired by them shall be bound by and subject to this Declaration. Declarant intends to develop the Property by subdivision into various Lots, Units and Parcels and to sell such Lots, Units and Parcels. This Declaration is declared and agreed to be in furtherance of a general plan for the subdivision, development, improvement and sale of the Property and is established for the purpose of enhancing the value, desirability and attractiveness of Inverness and every part thereof. This Declaration shall run with the Property and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners and Residents and their successors in interest. Nothing in this Declaration shall be construed to prevent Declarant from modifying any of the Governing Documents or any portions thereof as to which a Plat has not been Recorded. This Declaration shall not be construed to prevent Declarant from dedicating or conveying portions of the Property, including but not limited to streets or roadways, for uses other than as a Lot, Unit, Parcel, or Association Land, subject to the provisions of Section 4.1. Inverness is not a cooperative.

2.2 Association Bound. Upon filing of the Articles with the Utah Division of Corporations and Commercial Code, the Covenants shall be binding upon and shall benefit the Association.

2.3 Municipal Authority Property. From time to time, Declarant may, in its sole and exclusive discretion and without the vote of the Members, convey, assign, or transfer (or may cause the Association to convey, assign or transfer) by Deed, grant of easement or other written instrument certain portions of the Community Areas to the applicable Municipal Authority. Once any such Community Areas are conveyed, assigned or transferred to a Municipal Authority or subjected to an easement for the benefit of a Municipal Authority, they shall be Exempt Property and shall constitute Municipal Authority Property. It is contemplated that from time to time certain open space areas, the Trail System and other real property and facilities, may be conveyed, assigned, or transferred by Deed or encumbered by a grant of easement or other written instrument in favor of a Municipal Authority, which conveyances and granting of easements are hereby authorized pursuant to this Declaration.

**ARTICLE III**  
**EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMUNITY AREAS**

3.1 Easements of Enjoyment. Every Member shall have a right and nonexclusive easement of enjoyment in and to the Community Areas, as such areas are dedicated for use by Declarant, which shall be appurtenant to and shall pass with the title to every Lot, Unit and Parcel, subject to the following provisions:

3.1.1 The right of the Association to suspend the voting rights of any Member and the right to the use of the Community Areas by any Member (i) for any period during which any Assessment against such Member's Lot, Unit or Parcel remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction by such Member of this Declaration, the Inverness Rules or any of the other governing Documents, and (iii) for successive sixty (60)-day periods if any such infraction by such Member is not corrected during any prior sixty (60)-day suspension period.

3.1.2 The right of the Association to dedicate or transfer all or any part of the Association Land to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association.

3.1.3 The right of the Association to regulate the time, place and manner of use of the Community Areas through Inverness Rules and to prohibit access to those Community Areas, such as maintenance buildings, landscaped rights-of-ways, and other areas not intended for use by the Members. The Inverness Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Community Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

3.1.4 The right of the applicable Municipal Authority and any other governmental or quasi-governmental body having jurisdiction over Inverness to access and to have rights of ingress and egress over and across any street, parking area, walkway, or open area contained within Inverness for purposes of providing police and fire protection, transporting school children and providing other governmental or municipal service.

3.1.5 The right (but not the obligation) of the Association to charge special use fees ("**Special Use Fees**") for the use of the Community Areas. The Special Use Fees, if any, shall be set by the Board from time to time, in its discretion. Special Use Fees shall be charged only for actual entry upon or use of those portions of the Community Areas, if any, selected by the Board to be subject to a Special Use Fees, and shall be imposed only where the Board deems it appropriate to collect revenue from the actual users of such selected portions of the Community Area so that all of the costs of operating such selected portions of the Community Area are not borne by all of the Owners through Assessments, but rather are borne, at least in part, by the Owners, Residents and other Persons using such selected portions of the Community Area.

3.2 No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek, any judicial partition of the Community Areas, nor

shall any Owner sell, convey, transfer, assign, hypothecate, or otherwise alienate all or any of such Owner's right and nonexclusive easement of enjoyment in the Community Areas or any funds or other assets of the Association except in connection with the sale, conveyance or hypothecation of such Owner's Lot, Unit or Parcel (and only with respect to the right and nonexclusive easement of enjoyment that is appurtenant thereto), or except as otherwise expressly permitted herein. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring or disposing of title to real property.

3.3 Easements for Encroachments. If any part of a Lot, Unit or Parcel, or any Improvement built in substantial accord with the boundaries for such Lot, Unit, or Parcel as depicted on a Plat (or in other approved documents depicting the location of such on the Lot, Unit or Parcel) encroaches or shall encroach upon the Community Areas or upon an adjoining Lot, Unit or Parcel, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of the Community Areas encroaches or shall encroach upon a Lot, Unit or Parcel or an Improvement, an easement for such encroachment and for the maintenance of the same shall and does exist. Each Owner shall have an unrestricted right of ingress or egress to and from its Lot, Unit or Parcel.

3.4 Easements for Drainage Maintenance and Flood Water. Various Community Areas, Lots, Units and Parcels have or may have ditches, diversions, drainage channels, swales, depressions, berms, retention basins, detention basins, bulkheads, walls, dams, or other structures retaining water or other similar features on, under or through the soil that are designed to carry water away from any Community Area, Lot, Unit or Parcel, as depicted upon a Recorded Plat, or otherwise found on such properties (collectively, "**Drainage Control Features**"). All Owners of Lots, Units or Parcels wherein Drainage Control Features are located shall remove trash and other debris therefrom and fulfill their maintenance responsibilities with respect to such Owners' Lot, Unit or Parcel as provided in this Declaration. Notwithstanding the foregoing, Declarant reserves for itself and its successors, assigns, and designees, a perpetual, nonexclusive right and easement, but not the obligation, to enter upon the Drainage Control Features located within any Community Area, Lot, Unit or Parcel for the purpose of maintaining, repairing, cleaning, or altering drainage and water flow, and shall have an access easement over and across any Community Area, Lot, Unit or Parcel (but not the Dwelling Units or other buildings thereon) abutting or adjacent to any portion of any Drainage Control Features to the extent reasonably necessary to exercise their rights under this Section 3.4. Any or all of Declarant's rights and easements provided for in this Section 3.4 may be transferred by Declarant to a Municipal Authority at Declarant's election by a written instrument and shall be transferred automatically to the Association at such time as Declarant shall cease to own any property subject to the Declaration, or such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. All persons entitled to utilize these easements shall use reasonable care in, and repair any material damage resulting from, the use of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall, excessive spring run-off, or natural disasters. Owners or Residents are strictly prohibited from disrupting the drainage pattern and shall not interfere with, obstruct, rechannel, construct upon, alter, build-in, fill-in, or impair any Drainage Control Features or the drainage pattern over his or her Lot, Unit or Parcel from or to any other Lot, Unit or Parcel as that pattern may be established by a Municipal Authority or by Declarant, a Merchant Builder, or another developer.

3.5 Easements for Utilities. There is hereby created an easement at specific locations approved by Declarant upon, across, over and under the Community Areas for reasonable ingress, egress, installation, replacement, repair or maintenance of all emergency access roads, all utilities, including, but not limited to, gas, water, sanitary sewer, telephone, storm drain, cable television and electricity, and all Drainage Control Features. By virtue of this easement, it shall be expressly permissible for the providing utility company to install and maintain the necessary equipment at such locations on the Community Areas, but no sanitary sewers, electrical lines, water lines, storm drain lines, or other utility or service lines may be installed or located on the Community Areas, except as designed, approved and/or constructed by Declarant or as approved by the Board.

3.6 Easements for Ingress and Egress. There are hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, pathways, trails, walks and lanes that from time to time may exist upon the Community Areas, including without limitation all portions of the Trail System. The use by Owners and Residents and their guests, families, tenants and invitees of sidewalks, pathways, trails, walks and lanes, including without limitation all portions of the Trail System, within the Community Areas may be utilized by pedestrians and by individuals utilizing regular bicycles or e-bikes with two wheels pedal-assist (but not throttle-assist) or electric powered scooters. However, no throttle-assist e-bikes of any nature and no electric-powered scooters that exceed twenty miles per hour (20 mph) and no other Motor Vehicles of any nature are allowed upon or within the sidewalks, pathways, trails, walks and lanes, including without limitation all portions of the Trail System, within the Community Areas other than Motor Vehicles utilized in connection with the maintenance and repair of such areas. The utilization of the sidewalks, pathways, trails, walks and lanes, including without limitation all portions of the Trail System, within the Community Areas may be controlled and regulated further pursuant to the Inverness Rules adopted by the Board. There is also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes. Such easements shall run in favor of and be for the benefit of the Owners and Residents of the Lots, Units and Parcels and their guests, families, tenants and invitees. There is also hereby created an easement upon, across and over the Community Areas and all private streets, private roadways, private driveways and private parking areas within the Property for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Board shall have the right to relocate and/or reconfigure any and all such easements from time to time as it sees fit without the consent of any Owners (but subject to any necessary approvals of the City or any other governmental body or agency having jurisdiction), including in particular, but without limitation, the easements granted herein for police, fire, medical and other emergency vehicles and personnel.

3.7 Delegation of Use. Each Member shall, in accordance with this Declaration and the other Governing Documents and the limitations therein contained, be deemed to have delegated his or her right of enjoyment in the Community Areas or from time to time portions of the Association Land to the members of his or her family, his or her tenants or lessees, his or her guests or invitees or to his or her tenant's family, guests or invitees.

3.8 Transfer of Title. Declarant shall convey to the Association the Association Land subject to certain easements, this Declaration, and the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities

within a reasonable period of time after the closing of the last sale of a Lot, Unit or Parcel within Inverness, or at such earlier time as Declarant determines in its sole discretion.

3.9 Trail System. As provided in the Governing Documents, certain pathways or trails around and/or through the Property (including the Trail System) may be developed and maintained by the Association, or a Municipal Authority, from time to time as part of hiking and/or bicycling trail systems serving the public in addition to Owners and Residents. In such instances, members of the public shall also have the right to use such trails for the purposes for which they are developed and maintained, subject to reasonable, non-discriminatory rules and regulations as the Board may adopt from time to time, and also subject to applicable requirements and regulations of the City and any other governmental body or agency having jurisdiction thereof, and also subject to all of the terms, conditions and restrictions set forth in this Declaration, and specifically subject to all of the terms, conditions and restrictions set forth in or authorized by Section 3.6 of this Declaration. Except in connection with construction activities, emergency repair and maintenance activities, and except as provided in Section 3.6 of this Declaration, no Motor Vehicles shall be operated on any pedestrian pathways, biking or hiking trails (including the Trail System), nor on portions of the Community Areas designated by the Board from time to time as areas where no Motor Vehicles shall be operated.

#### **ARTICLE IV LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS**

4.1 Land Use Classifications. As portions of the Property are readied for development and/or sale to Owners or to Merchant Builders, the Land Use Classifications, restrictions, easements, rights-of-way and other matters, including new or different uses and restrictions therefor and including any number of subclassifications thereof for any special uses, shall be fixed by Declarant and may be disclosed on the Plat which shall be Recorded for that portion of the Property. The Land Use Classifications for Lots, Units or Parcels and Association Land established pursuant to the Governing Documents shall not be changed except as specifically permitted by the Governing Documents. The current contemplated Land Use Classifications are as follows:

- 4.1.1 Residential Use, which may designate specific Lots for development as an Active Adult Lot, a Single Family Lot, or a Townhome Lot;
- 4.1.2 Association Use, which may include Community Areas; and
- 4.1.3 General Public Uses approved by Declarant, or as recorded on the Plat.

Unless otherwise specifically provided in the Governing Documents, the definitions and characteristics of such Land Use Classifications, and specific permitted and prohibited uses in such Land Use Classifications, shall be within the complete discretion of Declarant. This Declaration shall be subject to the zoning, land use, and development laws, ordinances, rules and regulations and policies of the applicable Municipal Authority and subject to the other Governing Documents.

4.2 Covenants Applicable to All Land Use Classifications. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots, Units and

Parcels, the Owners and lessees thereof, and all Residents, regardless of the Land Use Classification of such property.

4.2.1 Architectural Control. No Improvements constructed on any Lot (whether temporary or permanent), alterations, repairs, excavation, grading, landscaping or other work constructed on any Lot which in any way alters the exterior appearance of any portion of such Lot, or the Improvements located thereon, from its natural or improved state existing on the date this Declaration is Recorded shall be made or done without the prior written approval of the ARC pursuant to Article XI and in compliance with the design guidelines set forth in the Area Plan, except as otherwise expressly provided in this Declaration. No changes or deviations in or from the plans and specifications once approved by the ARC shall be made without the prior written approval of the ARC pursuant to Article XI.

4.2.2 Animals. No animal, bird, or fish, other than a reasonable number of generally recognized house or yard pets as determined solely by the Board, shall be maintained on any Lot, Unit or Parcel and then only if they are kept, and raised thereon solely as domestic pets and not for commercial purposes. All pets must be kept within a Lot or within a Dwelling Unit or on a leash at all times. No animal or bird shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be maintained so as to be Visible From Neighboring Property, unless otherwise approved by the Board. Enclosures, kennels, runs and the leash areas must be kept clean and sanitary and must be located not less than five (5) feet from any property line on such Owner's Lot. If a pet defecates on any portion of the Community Areas, the Owner of such pet shall immediately remove all feces left upon the Community Areas by such Owner's pet. If an Owner or Resident fails to abide by the rules and regulations and/or covenants applicable to pets, the Board may bar such pet from use of or travel upon the Community Areas. The Board may subject ingress, egress, use, or travel upon the Community Areas by a Person with a pet to a Special Use Fee, which may be a general fee for all similarly-situated Persons or a specific fee imposed for failure of an Owner or Resident to abide by the rules, regulations, and/or covenants applicable to pets. In addition, any pet which endangers the health of any Owner or Resident of a Lot, Unit or Parcel or which creates a nuisance or an unreasonable disturbance or is not a common household pet, as may be determined in the sole discretion of the Board, must be permanently removed from the Property upon seven (7) days' written notice by the Board. Upon the written request of any Owner or Resident, the Board shall conclusively determine, in its sole and absolute subjective discretion, whether for the purposes of this Section 4.2.2, a particular animal, fish or bird is a generally recognized house or yard pet, whether such a pet is a nuisance or whether the number of animals, fish or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

4.2.3 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete Building, tent, shack, garage or barn, and no temporary Buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Subject to the Governing Documents, temporary Buildings or structures may be used during the construction of any structure on any property.

4.2.4 Landscaping. Unless otherwise approved by the ARC, the initial Owner that purchases from Declarant or from any Merchant Builder a Dwelling Unit on any Single Family Lot shall be responsible to install, within nine (9) months after initial occupancy, landscaping and irrigation on such Lot pursuant to a landscape plan, which must be consistent with the Landscape, Fence and Retaining Wall Guidelines and which must be approved in advance by the ARC. All such landscape plans shall contain requirements for the commencement and completion of all such landscape improvements. The required minimum landscaping for all Lots shall be as set forth in the Governing Documents.

4.2.5 Maintenance of Landscaped Areas.

4.2.5.1 After the landscaped Improvements on any portion of the Property are initially completed, the Association shall care for, maintain and repair all landscaped portions of the Community Areas within Inverness, and the costs and expenses to care for, maintain and repair all landscaped areas that are cared for, maintained and repaired by the Association shall be Community Expenses.

4.2.5.2 The Owner of each Single Family Lot shall be responsible to care for, maintain, and repair all landscaped areas on such Owner's Single Family Lot.

4.2.5.3 All landscaping within a portion of the Project developed as Townhome Lots shall be maintained and cared for by the Association, except that the Owner of each Townhome Lot shall be responsible to care for, maintain and repair all landscaped areas on the Limited Common Areas located on such Owner's Townhome Lot.

4.2.5.4 All landscaping within a portion of the Project developed as Active Adult Lots shall be maintained and cared for by the Association, except that the Owner of each Active Adult Lot shall be responsible to care for, maintain and repair all landscaped areas on the Limited Common Areas located on such Owner's Active Adult Lot.

4.2.5.5 Owners shall not modify the landscaping, green space, sod, plant and flower beds, sprinkling system, or drainage in, on or about the Common Areas without the prior written consent of the Board.

4.2.5.6 Specific guidelines and restrictions on landscaping shall be established by the Board from time to time and shall be set forth in the Landscape, Fence and Retaining Wall Guidelines. All landscaping shall be maintained in a neat and orderly condition. Any weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced immediately or as soon as reasonably practicable, as determined by the Board in its sole discretion. All lawn areas shall be neatly mowed, and trees, shrubs and bushes shall be properly pruned and trimmed, as set forth in the Landscape, Fence and Retaining Wall Guidelines.

4.2.6 Nuisances. No weeds, dead trees or plants, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, Unit or Parcel, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Residents of such other property, as determined by the Board on a reasonable, good faith basis. No other nuisance shall be permitted to exist or operate upon any Lot, Unit or Parcel so as to be offensive or detrimental to any other property in the vicinity thereof or to its Residents, as determined by the Board on a reasonable, good faith basis. Without limiting the generality of any of the foregoing provisions, except as specifically provided in this Section 4.2.6, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property.

4.2.7 Construction Activities. All construction activities and parking in connection with the building of Improvements on any Lot, Unit or Parcel shall be subject to the Governing Documents and approved by the ARC pursuant to Article XI. The Board in its sole discretion shall have the right to determine the existence of any nuisance arising out of construction and any activities related thereto. The Board has the right to impose fines related to violations of the Governing Documents. The Governing Documents may require submittal to the ARC of site-specific construction mitigation plans prior to the commencement of any construction activities.

4.2.8 Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot, Unit or Parcel which shall induce, breed or harbor infectious plant diseases or noxious insects.

4.2.9 Repair of Improvements. No Improvement on any Lot, Unit or Parcel shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner thereof, unless otherwise provided in this Declaration. In the event any Improvement is damaged or destroyed, then, subject to the approvals required by Section 4.2.1 above, such Improvement shall be immediately repaired, rebuilt or demolished by the Owner thereof, unless otherwise provided in this Declaration. If any Improvement should be demolished, then the Owner shall at all times maintain the vacant Lot, Unit or Parcel in a clean and sightly condition, and shall clear and shall continue to clear the Lot, Unit or Parcel of any weeds, debris, garbage, tree prunings or like items.

4.2.10 Antennas, Satellite Dishes, Flag Poles, Flags and Banners. To the full extent permissible under state and federal law, no television, radio, shortwave, microwave, satellite, flag or other antenna, pole, tower or dish shall be placed, constructed or maintained upon any Lot, Unit, Parcel, or other part of the Property unless such antenna, pole, tower or dish is fully and attractively screened or concealed so as not to be Visible From Neighboring Property, which means of screening or concealment shall be subject to the Governing Documents and the regulation and prior approval of the ARC. Notwithstanding the foregoing, the ARC may not prohibit an Owner from displaying a United States flag or Utah State flag from a Dwelling Unit or a Limited Common Area or

on a Lot, if the display complies with the United States Code, Title 4, Chapter 1, The Flag, and Utah Code Annotated §§ 57-24-101 and 57-24-102. The Owner of a Dwelling Unit may install on such Owner's Lot or Limited Common Area one flagpole no greater than 20 feet in height for the purpose of displaying a United States flag or Utah State flag. If an Owner desires to construct on such Owner's Lot or Limited Common Area more than one permanent flagpole with a maximum height of 20 feet as provided in the foregoing sentence, the Owner must obtain prior approval for such flagpole from the ARC. In addition to the display by an Owner of a United States flag or Utah State flag as provided above in this Section 4.2.10, an Owner of a Dwelling Unit may display on such Owner's Lot or Limited Common Area at any time a maximum of three (3) non-commercial flags or banners, with the maximum square footage of each such flag or banner being no greater than 15 square feet in size, provided that the display of such flags or banners complies with all applicable laws and ordinances. If an Owner of a Lot or Dwelling Unit desires to display at any time more than three non-commercial flags or banners having a maximum size of 15 square feet per flag or banner, such Owner must obtain prior written approval from the ARC. Notwithstanding the foregoing restrictions, this Declaration shall impose no limitations on the ability of Declarant to construct flagpoles within the Project and to display flags of such size as Declarant elects from any such flagpoles in connection with Declarant's efforts to market and sell Lots and Dwelling Units within the Project.

4.2.11 Mineral Exploration. No portion of the Property shall be used in any manner to explore for or to remove for sale or for other commercial purposes any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind. No derrick or other structure designed for use in boring for water, oil, or other hydrocarbons or minerals of any kind or nature shall be erected, maintained or permitted on any portion of the Property.

4.2.12 Signs. No signs (including, but not limited to commercial, political, "for sale," "for rent," and similar signs) which are Visible from Neighboring Property shall be erected or maintained on any Lot, Unit or Parcel without the prior written consent of the Board except:

4.2.12.1 The Owner of a Dwelling Unit may display one "For Sale" sign pertaining to such Owner's Dwelling Unit, provided that the following conditions are satisfied:

4.2.12.1.1 The sign may not be larger than 24 inches by 30 inches in size.

4.2.12.1.2 For any Dwelling Unit the sign may be displayed in a window, OR (A) the sign for a Single Family Lot may be displayed on a post of a size not to exceed 4 inches square and not to exceed 6 feet in height, and such sign may be displayed within the Lot provided that the placement of the sign shall not impede pedestrian use of a sidewalk nor obscure the view triangle for any driveway or road intersection, and (B) the sign for an Active Adult Lot or for a Townhome Lot may be displayed on a post of a size not to exceed 4 inches square and not to

exceed 6 feet in height, and such sign may be displayed only in a location within the Common Area for such Active Adult Lot or Townhome Lot that has been approved by the Board, and such location shall not impede pedestrian use of a sidewalk nor obscure the view triangle for any driveway or road intersection. No more than 2 signs per Building for Active Adult Lots or Townhome Lots will be permitted to be displayed simultaneously. The Board must approve in writing the location of all signs displayed for Active Adult Lots and Townhome Lots. The Owner of an Active Adult Lot or a Townhome Lot displaying a sign without the required Board approval will be assessed a fine of \$50 by the Board.

4.2.12.1.3 For any Dwelling Unit the sign may not be: (A) placed within the park strip between the sidewalk and the street, (B) hung from any fence, or (C) placed in any Common Area or Limited Common Area without the written approval of the Board. An Owner displaying a sign in violation of the foregoing restrictions will be assessed a fine of \$50 by the Board.

4.2.12.2 Signs erected and maintained by Declarant (or the Association pursuant to Section 10.1.4) pursuant to this Declaration.

4.2.12.3 Signs required by law.

4.2.12.4 Residence identification signs, provided the size, color, content and location of such signs have been approved in writing by the ARC.

4.2.12.5 Signs of Merchant Builders approved from time to time by the ARC as to number, size, color, design, content, location and type.

4.2.12.6 Such construction job identification signs and subdivision identification signs which are in conformance with the requirements of any Municipal Authority and which have been approved in writing by the ARC as to number, size, color, design, content, and location.

4.2.12.7 Signs identifying the entry way to distinct Neighborhoods or Districts or locations of special interest, provided the size, color, content and location of such signs have been approved in writing by the ARC.

4.2.13 Trash Containers and Collection. No garbage, recycling materials or trash shall be placed or kept on any Lot, Unit or Parcel, except in covered containers of a type, size and style as issued by the municipality in which the Project is located or by the Association or as otherwise approved by the Board. Such containers shall be located inside a garage or shed or behind a semi-private or privacy fence, as approved by the Board, to minimize the visibility of such containers, except when such containers are placed so as to be available for collection within a 24-hour period. Notwithstanding any other provision or restriction to the contrary set forth in this Declaration, the Board, from time to time and in the Board's sole discretion and to the extent that the Board deems such permission to be

visually consistent with the general plan and purpose of the Declaration to enhance the value, desirability and attractiveness of the Project, may grant permission with respect to certain Townhome Lots within the Project where the garage is located on the rearward side of the Dwelling Unit, that a maximum of one such container may be kept or stored, as directed by the Board, immediately adjacent to the garage for such Dwelling Unit within the Limited Common Area that has been allocated for the exclusive use of such Dwelling Unit, even if such container is not placed behind a semi-private or privacy fence. Any such specific permission granted by the Board may subsequently be revoked by the Board in its sole discretion at any time. All rubbish, recycling materials, trash and garbage shall be removed from the Lots, Units and Parcels and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot, Unit or Parcel.

4.2.14 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot, Unit or Parcel or other property so as to be Visible From Neighboring Property.

4.2.15 Outdoor Play Apparatus, Sculptures and Art. No outdoor play apparatus, structures or devices including, without limitation, basketball goals, backboards, swimming pools, tennis courts and swing sets, sculptures, or outdoor art shall be erected, placed or maintained on any Lot, Unit or Parcel without the prior written approval of the Board (including, without limitation, approval as to appearance and location).

4.2.16 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, Unit or Parcel except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a Building, appurtenant structures, or other Improvements; (ii) that which Declarant or the Association may require for the operation and maintenance of the Property; or (iii) that which is used or displayed in connection with any business permitted under this Declaration.

4.2.17 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot, Unit or Parcel shall be further subdivided or separated into smaller Lots, Units or Parcels or interests by any Owner, and no portion less than all of any such Lot, Unit or Parcel, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of Declarant (or the Board following the expiration of the Period of Declarant Control), which approval must be evidenced on the Plat or other instrument creating the subdivision, easement or other interest. This provision shall not apply to transfers of an ownership interest in the whole of any Lot, Unit or Parcel. Further, this provision shall not, in any way, limit Declarant from subdividing or separating into Lots, Units or Parcels the Property, which has not previously been platted or subdivided into Lots or Units. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner or other person against any Lot, Unit or Parcel without the provisions thereof having been first approved in writing by Declarant (or the Board following the expiration of the Period of Declarant Control), and any covenants, conditions, restrictions or easements Recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot, Unit or Parcel, and no

applications for variances or use permits, shall be filed with a Municipal Authority, unless the proposed use of the Lot, Unit or Parcel complies with this Declaration.

4.2.18 Utility Easements. There is hereby created a blanket easement upon, across, over and under each Lot, Unit and Parcel for ingress to, egress from, and for the installation, replacing, repairing and maintaining of, all utility and service lines and systems, including, but not limited to storm drain, water, sewer, gas, telephone, electricity, television cable or communication lines and systems, as such utilities are installed in connection with the initial development of each Lot, Unit or Parcel and the construction of the Improvements thereon and also to the extent deemed necessary thereafter by Declarant or the Board, provided that the location of any such easements shall not unreasonably interfere with the intended use of such Lot, Unit or Parcel by the Owner thereof. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the Property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the Lots, Units and Parcels. Notwithstanding anything to the contrary contained in this Subsection, no sewers, storm drain lines, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Lot, Unit or Parcel except as approved by Declarant (or the Board following the expiration of the Period of Declarant Control).

4.2.19 Landscape, Fences, Gates and Retaining Walls. Except as authorized and permitted in the Governing Documents or as otherwise specifically authorized and approved by Declarant (or by the Board or the ARC following the expiration of the Period of Declarant Control), all landscape Improvements of any nature and all fences, gates, retaining walls and all other types of walls of any nature to be placed, installed or constructed upon any of the Lots or upon any of the Community Areas within Inverness must comply with the Inverness Landscape, Fence and Retaining Wall Guidelines, as adopted, amended, or repealed from time to time by the Board.

4.2.20 Utility Service. No lines, wires or other devices for communication or for the transmission of electric current or power, including telephone, television and radio signals, and cable information highways, shall be erected, placed or maintained anywhere in or upon any Lot, Unit or Parcel, unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on Buildings or other structures as approved by Declarant (or the Board following the expiration of the Period of Declarant Control), except for:

4.2.20.1 overhead power poles and lines to perimeter areas of the Property as approved by Declarant (or the Board following the expiration of the Period of Declarant Control); and

4.2.20.2 boxes on the ground for electrical or communication connections, junctions, transformers and other apparatus customarily used in connection with such underground lines, wires and other devices as approved by Declarant (or the Board following the expiration of the Period of Declarant Control).

4.2.21 Overhead Encroachments. Except as provided for herein, no tree, shrub or planting of any kind on any Lot, Unit or Parcel shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way, or other area from ground level to a height of eight (8) feet without the prior approval of the Board. Notwithstanding the foregoing, if any part of a healthy tree or shrub shall encroach upon the Community Areas, or upon an adjoining Lot, Unit or Parcel, an easement for such encroachment and for the maintenance of the same shall and does exist, provided such encroachment does not create a hazardous, dangerous, unsafe or unsightly or otherwise objectionable condition, as determined by the Board in its sole discretion. Upon consent of the Owner of the adjoining Lot, Unit or Parcel, an encroaching Owner shall have the right to access the adjoining Lot, Unit or Parcel to the extent reasonably necessary to maintain an encroaching tree or shrub.

4.2.22 Restricted Vehicles. No vehicle classed by manufacturer rating as exceeding one-ton, nor any motorhome, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer, all-terrain vehicle, off road vehicle or other equipment, object or vehicle of any nature that is deemed by the Board, in its sole discretion, to be too large or otherwise visually inconsistent with the general plan and purpose of the Declaration to enhance the value, desirability and attractiveness of the Project (collectively referred to here as a “**Restricted Vehicle**”) may be parked, constructed, reconstructed or repaired on the driveway of any Lot, Unit or Parcel or on any street or Community Area in the Project; provided, however, the provisions of this Section 4.2.22 shall not apply to (i) regular-sized passenger vehicles, mini vans, sports utility vehicles, golf carts and pickup trucks that do not fall within the definition of Restricted Vehicles, which are parked as provided in Section 4.2.23 below and which are used on a regular and recurring basis for basic transportation; (ii) Restricted Vehicles that are parked on a Lot, Unit or Parcel within an enclosed garage or that are parked on a concrete pad or on an all-weather surface area (such as compacted gravel, but not grass or dirt) approved by the ARC located upon a Lot, Unit or Parcel behind an enclosed privacy fence not less than six (6) feet in height; or (iii) Restricted Vehicles parked in a Restricted Vehicle storage area approved by the ARC. In order for an all-weather surface area to be approved by the ARC as an acceptable surface for the parking of any wheeled vehicle, trailer, bicycle, scooter, wagon, wheelbarrow or other similar object with wheels, such all-weather surface area shall not result in gravel, dirt or any other substance or material being left, deposited or tracked by a wheeled vehicle or object onto any streets, sidewalks, driveways, garages, curbs, gutters or any other areas or surfaces of any nature within the Project, when a wheeled vehicle or object is parked or placed on any such all-weather surface area and is then driven, pushed, pulled or otherwise removed from its stationary location on such all-weather surface area.

4.2.23 Vehicles, Parking and Towing.

4.2.23.1 No automobile, motorcycle, motorbike, snowmobile, snow cat, personal watercraft, boat, boat trailer, motorcycle, motorbike, motor scooter, mini-bike, all-terrain vehicle, moped, off-road vehicle, recreational vehicle or other similar equipment or other vehicle of any kind shall be stored, constructed, reconstructed or repaired upon any Lot, Unit, Parcel or street in Inverness, and no inoperable vehicle may be stored or parked on any such Lot, Unit, Parcel or street, so as to be Visible From Neighboring Property or to be

visible from streets; provided, however, that the provisions of this Section 4.2.23 shall not apply to (i) emergency vehicle repairs; (ii) temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the ARC; (iii) the parking of such vehicles during normal business hours in areas designated for parking in a non-Residential Use Land Use Classification; (iv) vehicles parked in garages on Lots, Units or Parcels so long as such vehicles are in good operating condition and appearance and are not under repair; (v) vehicle repair within a garage which is closed except as necessary for ingress and egress.

4.2.23.2 Except as permitted in the Area Plan, on-street parking is expressly prohibited on all private streets within Inverness except in locations as designated by the Board which may be amended from time to time. Vehicles of all Owners and Residents, and of their employees, guests and invitees, are to be kept in garages and residential driveways of the Owner and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a Lot, Unit or Parcel; provided, however, this Section 4.2.23 shall not be construed to permit the parking in the above described areas of any vehicle whose parking on the Property is otherwise prohibited or the parking of any inoperable vehicle. Recreational vehicles shall be parked in covered garages except for limited periods not to exceed forty-eight (48) consecutive hours in Residential driveways or other designated parking areas as determined by the Board and promulgated as part of the Inverness Rules, or as otherwise provided in the Governing Documents. All guest parking areas within Inverness, as identified and designated by Declarant or by the Board by appropriate signage, shall be reserved for the parking of the guests of Owners.

4.2.23.3 The Board has the right, without notice, to have any vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of Section 4.2.23 towed away at the sole cost and expense of the owner of the vehicle. Any expense incurred by the Association in connection with the towing of any vehicle must be paid by the owner of the vehicle to the Association upon demand. If the vehicle is owned by an Owner or Resident, any amounts payable to the Association will be secured by the Assessment Lien against that Owner's or Resident's Lot, Unit or Parcel, and the Association may enforce collection of those amounts in the same manner provided for in this Declaration for the collection of Assessments.

4.2.24 Roofs. To the full extent permissible under the Governing Documents or under state and federal law, no apparatus, structure or object shall be placed on the roof of a Dwelling Unit or other Improvement without the prior written consent of the ARC. Any apparatus, structure or object approved by the ARC for placement on the roof of a Dwelling Unit shall be mounted on the rear of the roof so that such apparatus or object is below the highest ridge on the roof and is not Visible From Neighboring Property and is not visible from any street by a Person standing anywhere on the curb or street in front of

the Dwelling Unit or other Improvement or at the rear or sides of Lots, Units or Parcels backing upon any open space or public right of way. No air conditioning units or evaporative coolers extending from windows or protruding from roofs are permitted, except as installed by Declarant or as approved by the ARC.

4.2.25 Drainage. No Owner or Resident shall interfere with or obstruct the drainage pattern over his or her Lot, Unit or Parcel from or to any other Lot, Unit or Parcel as that pattern may be established by Declarant, a Merchant Builder, or any other developer or as described in Section 3.4 hereof with respect to Drainage Control Features.

4.2.26 Garage Openings. All garages shall be fully enclosed. No carports shall be permitted. No garage door shall be open except when necessary for access to and from the garage, or for cleaning, maintenance or repair.

4.2.27 Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other Resident or occupant of a Lot, Unit or Parcel, any member of the Board or any authorized representative of the Board, shall have the right to enter upon and inspect any Lot, Unit or Parcel and the Improvements thereon, except for the interior portions of any completed Dwelling Unit, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

4.2.28 Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant or by Merchant Builders or their duly authorized agents, of structures, Improvements, flags or signs necessary or convenient to the development or sale of the Property, if those structures, Improvements or signs have been approved by the Board.

4.2.29 Health, Safety and Welfare. In the event any uses, activities and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners and Residents, the Board may make rules restricting or regulating their presence within Inverness as part of the Inverness Rules.

4.2.30 Sales Offices and Model Units. The provisions of this Declaration which, in certain instances, prohibit non-Residential use of Lots, Units and Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model Dwelling Units by persons engaged in the construction of Dwelling Units within Inverness and parking incidental to the visiting of such model Dwelling Units so long as the location of such model Dwelling Units and the opening and closing hours are approved by the Board and so long as the construction, operation and maintenance of such model Dwelling Units otherwise comply with all of the provisions of this Declaration. The Board may also permit areas within Inverness to be used for parking in connection with the showing of model Dwelling Units so long as such parking and parking areas are in compliance with the ordinances of the governing Municipal Authority and with the Governing Documents. Any Dwelling Units constructed as model Dwelling Units shall cease to be used as model Dwelling Units at any time the Owner thereof is not actively engaged in the construction and sale of Dwelling Units within Inverness, and no Dwelling Unit shall be used as a model

Dwelling Unit for the sale of Dwelling Units not located at Inverness. Notwithstanding the foregoing provisions of this Section 4.2.30 or any other provisions within this Declaration, Declarant, in Declarant's sole discretion, shall have the right to maintain one (1) or more sales offices and one (1) or more model Lots or Dwelling Units and parking incidental to the showing of model Lots or Dwelling Units at any time. Such offices and/or models may be one or more of the Lots or Dwelling Units owned by Declarant, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort within Inverness or within any other residential development for so long as Declarant may elect to do so and for so long as Declarant owns the Lots or Dwelling Units within Inverness utilized for model Lots or Dwelling Units and the associated parking of vehicles.

4.2.31 Incidental Uses. Declarant or the Board may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within that Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as Declarant or the Board may wish to impose, in its sole discretion, for the benefit of Inverness as a whole.

4.2.32 Violations of Law. Any activity which violates local, state, or federal laws or regulations is prohibited; however, the Board shall have no obligation to take enforcement action in the event of a violation.

4.2.33 Easement for Development. Declarant hereby reserves an easement throughout the Property for the purpose of completing all Improvements contemplated by this Declaration. Declarant shall be entitled to use all Community Areas, roadways and other facilities located in, on or under the Property in order to make Improvements thereto and to continue with the development of the Property.

4.2.34 Sales and Management Offices. Declarant hereby reserves the right to maintain sales offices, management offices, signs and models in any areas of Inverness owned by Declarant, as provided in Section 4.2.30 of this Declaration, for the purpose of advertising Inverness and any other residential development. Declarant may relocate sales offices, management offices and models to other locations within Inverness (such as the clubhouses) at any time. Further, the Association may maintain administrative and management offices in the clubhouses located within Inverness.

4.2.35 Tanks. Unless otherwise approved by Declarant or the Board, no tanks of any kind (including tanks for the storage of fuel) shall be erected, placed or maintained on any Lot, Unit or Parcel, unless such tanks are buried underground. Nothing herein shall be deemed to prohibit use or storage upon any Lot, Unit or Parcel of an above ground propane or similar fuel tank with a capacity of ten (10) gallons or less used in connection with a normal residential gas barbecue, grill or fireplace or a spa or "hot tub," so long as any such tank either: (a) has a capacity of ten (10) gallons or less; or (b) is appropriately stored, used and/or screened, in accordance with the Governing Documents or as otherwise approved by the ARC, so as not to be Visible From Neighboring Property. Notwithstanding the foregoing, Declarant or a Merchant Builder shall have the right to use

above-ground tanks during the course of construction and related activities in the development of Inverness as otherwise authorized by applicable Municipal Authorities.

4.2.36 Snow and Ice Accumulations. The Association shall cause to be taken reasonable steps to clear ice and snow accumulations from all private roadways within the Project and from the public sidewalks adjacent to the roadways, trails and walking paths within the Common Areas. The Association shall have no duty or responsibility to clear ice and snow accumulations from any Limited Common Areas, driveways, entry walks or from any Lots of any nature. The Board shall have the right to designate certain areas within the Project that are to be reserved for snow storage during the period of time beginning on November 1 and continuing through the subsequent March 1. During such period of time, there shall be no overnight parking within such designated snow storage areas. Each Owner shall be responsible to clear ice and snow accumulations from all locations on such Owner's Lot, including but not limited to from all driveways and sidewalks located on such Lot and from all walkways (and steps) to the Dwelling Unit's entrances and from all walkways and steps to the sides and to the rear of the Dwelling Unit, and also from all decks, patios and landings located on such Lot.

4.2.37 Shared Components of a Building. Owners of Units in the same Building shall each have the right to the use and enjoyment of the Shared Components of a Building, provided that such use does not interfere with the use and enjoyment thereof by any other Owner. To the extent not covered by the insurance required to be maintained by the Association, in the event that any portion of the Shared Components of a Building is damaged or destroyed through the act of an Owner or resident or any of their guests, it shall be the obligation of such Owner to rebuild and repair the Shared Components of a Building without cost to the Association or the adjoining Owner or Owners.

4.2.38 Windows, Window Coverings, Draperies and Blinds. No aluminum foil, newspapers, blankets, sheets, reflective film coatings, or any other similar materials may be used to cover the inside or outside of the windows of any Dwelling Unit or garage. All windows and window panes in the Project shall be harmonious and comparable in size, design and quality, so as not to detract from uniformity in appearance and construction. Window coverings shall be installed within thirty (30) days of occupancy. For windows located on each side of a Dwelling Unit, which side is adjacent to a street, the color of all draperies, window coverings, blinds and window treatments for all such windows shall, at all times, be off-white or alabaster or another color that is neutral and approved by the ARC when viewed from the exterior of the Dwelling Unit, as specified by Declarant (or by the ARC following the expiration of the Period of Declarant Control), and the color, when viewed from the exterior of the Dwelling Unit, of such draperies, window coverings, blinds and window treatments shall not be altered, nor shall such draperies, window coverings, blinds or window treatments be removed, without the written authorization of Declarant (or the ARC after the expiration of the Period of Declarant Control). The restriction pertaining to the color of draperies, window coverings, blinds and window treatments only pertains to the color when viewed from the outside or exterior of the Dwelling Unit and does not pertain to nor impose any restrictions with respect to the color of such draperies, window coverings, blinds and window treatments when viewed from the inside or interior

of such Dwelling Units. The foregoing requirements pertaining to windows, window coverings, blinds and draperies shall apply to all Lots of any type within the Project.

4.2.39 No Garage Alteration. The following restriction and prohibition shall pertain to all Dwelling Units within the Project. No garage may be altered or utilized in such a manner that the number of vehicles which may reasonably be parked therein after the alteration is less than the number of vehicles that could have been reasonably parked in the garage as originally designed and constructed. This restriction and prohibition is intended to prevent an Owner from utilizing the Owner's garage for storage to the degree that precludes the parking within the Owner's garage of the number of vehicles that could have been reasonably parked in such garage as originally designed and constructed. The Association shall have the right to establish and assess fines against Owners of Dwelling Units found to be in violation of this provision.

4.2.40 Smoking Restrictions. Unless otherwise required by law to allow smoking in certain areas, smoking any substance shall not be permitted within any of the Dwelling Units located on a Townhome Lot or on an Active Adult Lot nor within any garages appurtenant to any such Dwelling Units, nor in the Common Areas and Facilities within the Project, nor in any other location within the Project designated and identified by the Board of Directors as a location in which smoking is prohibited. This prohibition on smoking within the Project shall pertain, without limitation, to the use of any type of cigarettes, cigars, pipes, e-cigarettes, vapor devices and any other similar item or apparatus. Any Owners or Residents who violate this smoking prohibition shall be subject to fines that may be assessed by the Board of Directors.

4.2.41 Active Adult Amenities. "**Active Adult Amenities**" shall mean those specific portions of the Community Areas and those specific Improvements and amenities located within the Community Areas that are designated from time to time by Declarant or by the Board as Limited Common Areas which are allocated and reserved for the exclusive use of the Owners and Residents of the Active Adult Lots within a specific Active Adult Neighborhood or for the exclusive use of the Owners and Residents of all the Active Adult Lots within the Project, and which designation is to the exclusion of the Owners and Residents of all other Lots of any type within the Project. Notwithstanding the designation by Declarant and/or by the Board of Active Adult Amenities within the Project, the Owners and Residents of Active Adult Lots shall be entitled to use and enjoy the Improvements and amenities located within all other portions of the Community Areas that are designated from time to time by Declarant or by the Board for the use of the Owners and Residents of all Lots of any type within the Project.

4.3 Covenants Applicable to Property within Residential Use Land Use Classifications. The following covenants, conditions, restrictions and reservations of rights shall apply only to Dwelling Units and the Owners and Residents thereof lying within a Residential Use Land Use Classification:

4.3.1 General. Property classified as a Residential Use Land Use Classification may be used only for the construction and occupancy of Dwelling Units together with common recreational facilities and other Community Areas. All property

within such Land Use Classification shall be used, improved and devoted exclusively to Residential Use.

4.3.2 Business Activities. Property classified for the purposes set forth in Section 4.3.1 shall not be used for any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or Resident may conduct business activities within the Dwelling Unit so long as: (a) the Owner or Resident obtains all necessary licenses and permits; (b) the activity conforms to applicable laws, including all zoning requirements for Inverness; (c) the activity does not involve door-to-door solicitation of Residents of the Project; (d) the activity is consistent with the Residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other Residents of the Property, as may be determined in the sole discretion of the Board; and (e) the Owner or Resident obtains the prior written consent of the Board. This Section 4.3.2 shall not apply to any activity conducted by Declarant or a Merchant Builder approved by Declarant with respect to its development and sale of the Lots, Units or Parcels or its use of any Dwelling Units which it owns within Inverness. Notwithstanding the above, except for the nightly rental of a Dwelling Unit, the leasing of a Dwelling Unit shall not be considered a business and/or trade within the meaning of this Section 4.3.2. For purposes of this Declaration, the nightly rental of a Dwelling Unit shall be considered a business and/or trade within the meaning of this Section 4.3.2. The nightly rental of a Dwelling Unit shall be allowed within the Project, provided that the activity conforms to all applicable laws, including all zoning requirements for Inverness.

4.3.3 Energy Conservation Equipment.

4.3.3.1 To the full extent permissible under state and federal law, no solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed by an Owner on any Building or Dwelling Unit located on a Single Family Lot without the prior written consent of the ARC and the Board. Solar energy collector panels, attendant hardware and other energy conservation equipment must be an integral and harmonious part of the architectural design of a structure, as determined by the Board in its sole discretion.

4.3.3.2 To the full extent permissible under state and federal law, no solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed by an Owner on any Building or Dwelling Unit located on a Townhome Lot or on an Active Adult Lot.

4.4 Covenants Applicable to Active Adult Lots and Townhome Lots. The following covenants, conditions, restrictions and reservations of rights shall apply only to the Dwelling Units and the Owners and Residents thereof within a Neighborhood designated for development as Active Adult Lots or Townhome Lots. All Active Adult Lots and Townhome Lots and the Common Areas within the Neighborhoods identified on any Plat pertaining to such Lots shall be maintained by the Owners and the Association as follows:

4.4.1 Area of Common Responsibility. The Association shall maintain, repair and replace, as needed from time to time, all roofs, foundations, footings, columns, girders, beams and exterior walls and surfaces of all Buildings, the Common Areas, and certain Improvements constructed or installed thereon and in, on or about the Units, private streets within such portion of the Project, open parking spaces, street lighting, common sidewalks, storm drain inlets, storm water lines, detention basins for storm water drainage, drainage swales, the landscaped portions of the Community Areas identified on the Plat or as otherwise specified in Section 4.2.5 above, curbs and gutters, pavement and central utility systems for power, light and water. The Association shall be responsible for maintenance and clean out of sewer laterals of the main sewer line. The Association shall be responsible for the maintenance and repair of the master water metering equipment. The foregoing items are referred to as the “**Area of Common Responsibility.**”

4.4.2 Area of Personal Responsibility. Each Owner shall maintain, repair, and replace all interior spaces and improvements constituting a part of such Owner’s Unit. The following items are expressly included in the Area of Personal Responsibility: all interior walls and spaces of any Unit and its appurtenant garage, all individual utility services such as power, light, gas, hot and cold water, heating, refrigeration and air conditioning systems, fixtures, windows, doors, patios, balconies and decks, window wells, garage doors and garage door systems. If an item is not included in the foregoing description of Area of Common Responsibility and it is located within a Unit, then it shall be the responsibility of the Owner, unless otherwise determined in writing by the Board (“**Area of Personal Responsibility**”).

4.4.3 Changes to Areas of Personal or Common Responsibility. The Board may, in its sole discretion, add items to or subtract items from the Areas of Personal or Common Responsibility within a particular Neighborhood upon at least thirty (30) days’ prior written notice to the Owners within such Neighborhood.

4.4.4 Windows, Window Coverings, Draperies and Blinds. All of the provisions of Section 4.2.38 of this Declaration shall pertain to all Dwelling Units located on Active Adult Lots and Townhome Lots within the Project.

4.4.5 Garbage Removal. As provided in Section 4.2.13 of this Declaration, each Owner shall be responsible to remove all garbage, debris and refuse from such Owner’s Lot, Unit or Parcel and deposit it in an approved trash container.

4.4.6 Utilities. The Association shall arrange for the provision by appropriate utility providers of any utility services not separately metered and billed to the individual Owners by the provider. The costs for all such utility services arranged by the Association shall be a Community Expense.

4.5 Alterations to the Common Areas. Anything to the contrary notwithstanding and until the expiration of the Period of Declarant Control, Declarant may make changes to the Common Areas without the consent of either the Association or the Board; provided, however, no Owner or resident may make any structural alterations, modifications, changes or improvements to the Common Areas, including but not limited to any additions, extensions, enclosures, fencing,

decks, patios, walkways, structures or sheds not shown on the approved plans and specifications, without the prior consent of the Board.

4.6 Variations. Subject to the provisions of the Governing Documents, the Board may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in Article IV of this Declaration or in the other Governing Documents, if the Board determines in its discretion (a) either (i) that a restriction would create an unreasonable hardship or burden on an Owner which hardship is not self-imposed by such Owner, or (ii) that a change of circumstances since the date this Declaration is Recorded has rendered such restriction obsolete; and (b) that the activity permitted under the variance will not have any substantial adverse effect on the Owners and Residents of Inverness and is consistent with the high quality of life intended for Owners and Residents of Inverness.

## ARTICLE V ORGANIZATION OF ASSOCIATION

5.1 Formation of Association. The Association shall be a Utah nonprofit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

5.2 Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of at least four (4) and no more than nine (9) directors and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws, as the same may be amended from time to time. The initial Board shall be composed of four (4) directors appointed by Declarant, which initial Board shall be controlled by Declarant until the expiration of the Period of Declarant Control. At the first meeting of the Owners after the expiration of the Period of Declarant Control, five (5) members of the Board shall be elected by the Owners. Three (3) members of the Board initially elected by the Owners shall be elected for two-year terms, and two (2) members of the Board initially elected by the Owners shall be elected for a one-year term. Thereafter, all members of the Board shall be elected for two-year terms. Following the expiration of the Period of Declarant Control, the Board, in its sole discretion may alter the number of directors or members of the Board, provided that the minimum number of members of the Board shall be five (5) and the maximum number of the Board shall be nine (9). The Board may also appoint various committees and may appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the Manager. The Board's responsibilities shall include, but shall not be limited to, the following:

- 5.2.1 administration;
- 5.2.2 preparing and administering an operational Budget;
- 5.2.3 establishing and administering an adequate Reserve Fund;
- 5.2.4 scheduling and conducting the annual meeting and other meetings of the Members;

- 5.2.5 collecting and enforcing the Assessments;
- 5.2.6 accounting functions and maintaining records;
- 5.2.7 promulgation and enforcement of the Inverness Rules;
- 5.2.8 maintenance of the Community Areas; and
- 5.2.9 all the other duties imposed upon the Board pursuant to the Governing Documents, including the enforcement thereof.

5.3 Inverness Rules and Inverness Landscape, Fence and Retaining Wall Guidelines.

5.3.1 Inverness Rules. By a majority vote, the Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the “**Inverness Rules.**” The Inverness Rules may restrict and govern the use of any area of Inverness by any Member or Resident, by the family of such Member, or by any invitee, licensee or tenant of such Member; provided, however, that the Inverness Rules shall not discriminate among Members and shall be consistent with the rest of the Governing Documents.

5.3.2 Active Adult Amenities Rules. By a majority vote, the Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the “**Active Adult Amenities Rules.**” The Active Adult Amenities Rules may restrict and govern the use of all or any portion of Active Adult Amenities by the Owners of the Active Adult Lots within the Project or by any invitee, licensee or tenant of any such Owner; provided, however, that the Active Adult Amenities Rules shall not discriminate among Owners of Active Adult Lots and shall be consistent with the rest of the Government Documents. There is hereby established an Active Adult Amenities Committee for Inverness (the “**AAAC**”), which shall be responsible to carry out all of the responsibilities and duties assigned to the AAAC pursuant to this Declaration. The AAAC shall be composed of three (3) individuals Declarant designates in its sole discretion, who must be Members of the Association, and each such individual must be an Owner of an Active Adult Lot. All of the members of the AAAC shall be appointed, removed and replaced by Declarant in its sole discretion, until the expiration of the Period of Declarant Control, and at that time the Board shall succeed to Declarant’s right to appoint, remove or replace the members of the AAAC. The AAAC may, from time to time and subject to the provisions of this Declaration, prepare and submit to the Board for consideration proposals for the adoption, amendment and repeal of the Active Adult Amenities Rules. The AAAC, from time to time, may submit recommendations to the Board for enforcement efforts as a result of violations of the Active Adult Amenities Rules. However, the Board shall have the exclusive right to enforce the Active Adult Amenities Rules and to levee and assess fines to Owners of Lots within the Project as a result of violations of the Active Adult Amenities Rules.

5.3.3 Inverness Landscape, Fence and Retaining Wall Guidelines. By a majority vote, the Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules, regulations and guidelines to be known as the

**“Inverness Landscape, Fence and Retaining Wall Guidelines”** pertaining to (a) the design, construction and/or installation of landscape Improvements of any nature, including the planting of grass, plants, trees and any other type or form of vegetation and the location of any such landscape Improvements within any of the Lots, Community Areas or any other portions of the Project, (b) the design, construction and/or installation of fences and/or gates of any type within any of the Lots, Community Areas or any other portions of the Project, and (c) the design, construction and/or installation of retaining walls and any other types of walls of any size within any of the Lots, Community Areas or other portions of the Project. The Inverness Landscape, Fence and Retaining Wall Guidelines may restrict and govern the design, construction and/or installation of landscape Improvements, fences, gates, retaining walls and any other type of walls within any area of Inverness; provided, however, that the Inverness Landscape, Fence and Retaining Wall Guidelines shall be consistent with the rest of the Governing Documents.

5.3.4 Declarant’s Right to Develop the Property. Notwithstanding any provision in this Declaration to the contrary, no rule, regulation or action of the Association, Board or Manager shall unreasonably impede Declarant’s right to develop the Property.

5.3.5 Binding Nature of the Governing Documents. ALL OWNERS ARE GIVEN NOTICE THAT THE USE OF THEIR LOT, UNIT OR PARCEL AND THE COMMUNITY AREAS IS LIMITED BY THE GOVERNING DOCUMENTS, AS AMENDED, EXPANDED, AND OTHERWISE MODIFIED FROM TIME TO TIME. EACH OWNER, BY ACCEPTANCE OF A DEED, ACKNOWLEDGES AND AGREES THAT THE USE AND ENJOYMENT AND MARKETABILITY OF HIS OR HER LOT, UNIT OR PARCEL CAN BE AFFECTED BY THIS PROVISION AND THAT THE GOVERNING DOCUMENTS MAY CHANGE FROM TIME TO TIME. ALL PURCHASERS OF LOTS, UNITS OR PARCELS ARE ON NOTICE THAT DECLARANT AND/OR THE BOARD MAY ADOPT CHANGES TO THE GOVERNING DOCUMENTS FROM TIME TO TIME. COPIES OF THE GOVERNING DOCUMENTS MAY BE OBTAINED FROM THE ASSOCIATION.

5.4 Personal Liability. No member of the Board of the Association, no member of any committee of the Association, no officer of the Association and no Manager or other employee of the Association shall be personally liable to any Member or to any other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the ARC, the Manager, any representative or employee of the Association, or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 5.4 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

5.5 Professional Management. The Association shall carry out through the Manager those of its functions which are properly subject to delegation. The Manager so engaged shall be an independent contractor and not an agent or employee of the Association, shall be responsible for managing Inverness 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 Association, be authorized to perform any of the functions or acts required or permitted to be performed by the Association itself. Any

such management agreement may be terminated by Declarant without cause at any time during the Period of Declarant Control. In addition, any such management agreement may be terminated by the Association without cause upon giving reasonable notice at any time after the expiration of the Period of Declarant Control.

5.6 Implied Rights. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents or by law, all rights and powers of the Association may be exercised by the Board without a vote of the Members. The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Community Areas, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty of the Board to institute litigation on behalf of or in the name of the Association or its Members. In exercising the Association's rights and powers, making decisions on behalf of the Association, and conducting the Association's affairs, members of the Board shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the Articles and Bylaws. All final decisions of the Board shall be nonappealable.

5.7 Financial Crimes Enforcement Network ("FinCEN") Reporting. As of January 2024, following adoption of the federal Corporate Transparency Act, beneficial owners of entities including homeowners' associations are required to file certain identifying information with FinCEN, a bureau of the U.S. Department of the Treasury. This includes all current and subsequently elected and appointed Board members of the Association. In order to be eligible to serve on the Board, individuals who are current Board members or those elected or appointed to fill a vacant position, shall obtain a FinCEN Identifier by registering with FinCEN online at <https://fincenid.fincen.gov/landing>. The issued FinCEN Identifier shall be promptly provided to the current Board along with all other necessary identifying information to allow the Board to update its Beneficial Ownership Information Report ("**BOI Report**"). If for any reason, the FinCEN Identifier is not timely provided or the Board is unable to register and update its BOI Report within the deadlines established by FinCEN, then such individual shall not be eligible to serve on the Board and will be removed if currently serving on the Board.

## ARTICLE VI MEMBERSHIPS AND VOTING

6.1 Owners of Lots, Units and Parcels. Every Person who is the Owner of Assessable Property (whether a Lot, Unit or a Parcel) shall be subject to Assessments and shall be a Member of the Association (provided, however, Declarant as a Class B Member shall be and shall remain a Member of the Association at all times with voting rights, notwithstanding its temporary exemption status from required Assessments payments). Each such Owner as a Class A Member shall have the following number of Memberships:

6.1.1 One Class A Membership for each Lot or Unit owned by the Member.

6.1.2 In the case of the Owner of a Parcel designated for development as Residential Use, one Membership for each Lot or Unit. If a Plat or other instrument

creating Lots or Units is Recorded covering all or part of the area within such Parcel, the Parcel shall be reduced in size by the area so platted, and the number of Memberships held by the Owner, as the Owner of the portion of the Parcel so platted, shall be the number of Lots or Units on the Recorded Plat. All Memberships attributable to the Parcel shall cease when the land area ceases to be a Parcel because all of the area in the Parcel has been platted or otherwise dedicated to the public and because no unplatted area remains within the Parcel.

6.1.3 No Memberships shall be allocated to Community Areas, Exempt Property (except as otherwise provided regarding Declarant), or other General Public Uses.

6.1.4 Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot, Unit or Parcel to which the Membership is attributable. As provided in this Section 6.1. there shall be only one Membership for each Lot or for each Unit, which Memberships shall be shared by any joint Owners of, or Owners of undivided interests in a Lot, Unit or Parcel.

6.2 Declarant. Declarant shall be a Member of the Association for so long as Declarant holds a Class B Membership pursuant to Section 6.3 below or for so long as Declarant owns any Lots, Units or Parcels within Inverness.

6.3 Voting.

6.3.1 The Class A Memberships shall be all of the Memberships held by all of the Owners within Inverness, other than the Class B Memberships held by Declarant. Each Owner shall be entitled to one (1) vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof. Notwithstanding the forgoing, no vote shall be cast or counted for any Class A Membership not subject to Assessment.

6.3.2 The Class B Memberships shall be held only by Declarant and any successor of Declarant who takes title to any Lot, Unit or Parcel from Declarant for the purpose of development and sale and who is designated to be the owner of a Class B Membership in a Recorded instrument executed by Declarant. Declarant shall initially be entitled to ten (10) votes for each Lot or Unit owned by Declarant. The Class B Memberships shall cease and shall be converted to Class A Memberships, on the basis of the number of Lots, Units and Parcels then owned by Declarant, on the happening of the first to occur of the following events (herein referred to as the “**Event**” or “**Events**”):

6.3.2.1 Sixty (60) days after the date on which Declarant has sold all of the Lots, Units and/or the Parcels owned and developed by Declarant within Inverness and on any of the Additional Land that may be subjected to this Declaration and become part of Inverness, pursuant to Article XIX hereof; or

6.3.2.2 Twenty-five (25) years from the date the Declaration was Recorded; or

6.3.2.3 When, in its discretion, Declarant so determines. If and when Declarant elects to relinquish control of the Association, Declarant shall send written notice of such relinquishment to the Class A Members of the Association, and Declarant, after giving such written notice to the Class A Members, shall Record an instrument voluntarily surrendering all rights to control the activities of the Association, pursuant to Section 57-8a-502 of the Utah Code, as such Section may subsequently be amended or replaced. The effective date of such Event shall be the date Declarant Records such instrument.

6.3.3 From and after the happening of such Events, whichever occurs first, (i) the Class B Member shall be deemed to be a Class A Member entitled to one vote for each Lot, Unit and/or Parcel owned; (ii) the Board shall call an annual or special meeting, as applicable, in the manner described in the Bylaws to (A) advise the Owners of the termination of the Class B Member status, and (B) elect a new Board in accordance with Section 5.2 above. The **“Period of Declarant Control”** under this Declaration shall commence upon the Recording of this Declaration and shall terminate upon the happening of the first to occur of the Events described in Sections 6.3.2.1, 6.3.2.2 and 6.3.2.3.

6.3.4 During the Period of Declarant Control, Declarant, as holder of the right to vote the Class B Memberships owned by Declarant, shall have the sole right to appoint all of the Directors as provided in this Declaration.

6.3.5 Except as otherwise expressly provided in this Declaration or in any of the other Governing Documents, any issue put to a vote by ballot without a meeting or at a duly called meeting of the Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting.

6.3.6 Declarant shall have the right to delegate certain of its rights and responsibilities under this Declaration (including, but not limited to, management of the Association) to the Owners without terminating the Period of Declarant Control. If and when Declarant elects to delegate rights and responsibilities to the Owners, Declarant shall send written notice of such delegation to the Board. Notwithstanding anything herein to the contrary, the termination of the Period of Declarant Control shall only occur upon the happening of the first to occur of the Events.

6.4 Neighborhoods. Every Lot, Unit and Parcel shall be located within a Neighborhood (as designated by Declarant or by the Board following the expiration of the Period of Declarant Control). Each Supplemental Declaration Recorded to subject any portion of the Additional Land to this Declaration shall initially assign the portion of the Additional Land described therein to a specific Neighborhood by name, which Neighborhood may be then existing or newly created. Declarant (or the Board following the expiration of the Period of Declarant Control) may unilaterally amend this Declaration or any amendment to this Declaration to redesignate Neighborhood boundaries, provided that all of the Lots within a specified Neighborhood shall be

the same type of Lot, meaning either all Active Adult Lots, or all Single Family Lots, or all Townhome Lots.

6.5 Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Governing Documents, as the same may be amended from time to time. In any situation in which a Member is entitled personally to exercise the vote appurtenant to such Member's Lot or Unit and there is more than one Owner of a particular Lot or Unit, the vote for such Lot or Unit shall be exercised as such co-Owners determine among themselves and as they then advise the Board. Absent such advice, the Lot's or Unit's vote shall be suspended, if more than one Person seeks to exercise it.

6.6 Transfer of Membership. The rights and obligations of the Owner of a Membership in the Association shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way, except upon the transfer of ownership to an Owner's Lot, Unit or Parcel and then only to the transferee of ownership to such Lot, Unit or Parcel. A transfer of ownership to a Lot, Unit or Parcel may be effected by Deed, intestate succession, testamentary disposition, foreclosure of a Mortgage or such other legal process as is now in effect or as may hereafter be established under or pursuant to the laws of the State of Utah. Any transfer of ownership to a Lot, Unit or Parcel shall automatically operate to transfer the Membership(s) appurtenant to said Lot, Unit or Parcel to the new Owner thereof.

## ARTICLE VII COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

7.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot, Unit and Parcel hereafter established within Inverness, hereby covenants and agrees, and each Owner by acceptance of a Deed or other conveyance of a Lot, Unit or Parcel (whether or not it shall be so expressed in such Deed or conveyance) is deemed to covenant and agree, to pay to the Association Assessments as provided in this Declaration. Notwithstanding the foregoing sentence and notwithstanding any other provisions in this Declaration to the contrary, Exempt Property shall not be subject to Assessments assessed by the Association. All Assessments shall be established and collected as hereinafter provided. No diminution or abatement of Assessments nor any decrease, offset or deduction shall be claimed or allowed by reason of any alleged failure of the Association or the Board to take some action or to perform some function required to be taken or performed by the Association or the Board under this Declaration or any of the Governing Documents, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association or the Board to comply with any law, ordinance, or with any order or directive of any Municipal Authority or other governmental authority. The obligation to pay Assessments shall be deemed to be a separate and independent covenant on the part of each Owner. The Assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the Lot, Unit or Parcel and shall be a continuing servitude and lien upon the Lot, Unit or Parcel against which each such Assessment is made, except that Exempt Property shall not be subject to the Assessments. The Assessments, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of the Lot, Unit or Parcel at the time when the Assessments fell due. The personal obligation for delinquent Assessments shall not pass to the

successors in title of the Owner, unless expressly assumed by them. However, the lien upon the applicable Lot, Unit or Parcel for any unpaid Assessments existing at the time of any transfer shall continue, notwithstanding such transfer, until the Assessments have been paid in full.

7.2 Property Assessable Upon Recording of Deed. ALL OWNERS ARE GIVEN NOTICE THAT THEIR LOT(S), UNIT(S) AND/OR PARCEL(S) SHALL BE SUBJECT TO FULL ASSESSMENT IN ACCORDANCE WITH THE TERMS OF THIS DECLARATION UPON ACCEPTANCE OF A DEED, REGARDLESS OF WHETHER OR NOT SUCH LOT(S), UNIT(S) AND/OR PARCEL(S) HAVE BEEN IMPROVED, EXCEPT AS OTHERWISE PROVIDED IN THIS DECLARATION. At the time a Deed is Recorded conveying a Lot, Unit or Parcel to an Owner, such Lot or Unit shall thereupon be subject to the Assessments, and the Board shall levy such Assessments upon the Owner of the Lot, Unit or Parcel within thirty (30) days after the Recording of such Deed. If applicable, the Assessments shall be prorated for the remaining portion of the assessment year. In any dispute, question or controversy regarding whether property is Assessable Property or Exempt Property, the Board shall have the exclusive power and authority to decide such dispute, question or controversy, and any decision regarding the foregoing shall be conclusive and binding on all interested parties. All final decisions of the Board regarding the foregoing shall be nonappealable.

7.3 Assessments. Assessments shall be computed and assessed against all Lots, Units and Parcels (other than Exempt Property) as follows:

7.3.1 Purpose of Assessments. The Assessments provided for herein are assessed and collected by the Board for the purpose of obtaining from the Owners the funds necessary to enable the Association to pay the Expenses incurred by the Association in the performance of the responsibilities and duties of the Association as set forth in the Governing Documents.

7.3.2 Creation of Assessments.

7.3.2.1 The Community Areas Assessments shall pay for the Community Expenses as may be from time to time specifically authorized by the Board.

7.3.2.2 The Active Adult Lots Assessments shall pay for the Active Adult Lots Expenses as may be from time to time specifically authorized by the Board. The Single Family Lots Expenses and the Townhome Lots Expenses shall not be included in any Active Adult Lots Assessment.

7.3.2.3 The Single Family Lots Assessments shall pay for the Single Family Lots Expenses as may be from time to time specifically authorized by the Board. The Active Adult Lots Expenses and the Townhome Lots Expenses shall not be included in any Single Family Lots Assessment.

7.3.2.4 The Townhome Lots Assessments shall pay for the Townhome Lots Expenses as may be from time to time specifically authorized by the Board. The Active Adult Lots Expenses and the Single Family Lots Expenses shall not be included in any Townhome Lots Assessment.

7.3.3 Budget. At least annually the Board shall prepare and adopt a budget for the Association (the “**Budget**”):

7.3.3.1 Itemization. The Budget shall set forth an itemization of the anticipated Expenses for the 12-month calendar year, commencing with the following January 1. The Budget shall include (A) a sub-budget for the Community Expenses, which sub-budget shall be subject to the disapproval of the Owners of all Lots; (B) a sub-budget for the Active Adult Lots Expenses, which sub-budget shall be subject to the disapproval of the Owners of Active Adult Lots (but not the Owners of the Single Family Lots and the Townhome Lots);(C) a sub-budget for the Single Family Lots Expenses, which sub-budget shall be subject to the disapproval of the Owners of Single Family Lots (but not the Owners of the Active Adult Lots and the Townhome Lots); and (D) a sub-budget for the Townhome Lots Expenses, which sub-budget shall be subject to the disapproval of the Owners of Townhome Lots (but not the Owners of the Active Adult Lots and the Single Family Lots).

7.3.3.2 Basis. The Budget shall be based upon advance estimates of cash requirements by the Board to provide for the payment of all estimated Expenses, including separate sub-budget estimates for the Community Expenses, the Active Adult Lots Expenses, the Single Family Lots Expenses and the Townhome Lots Expenses, which estimates shall be based upon the beneficial uses to be available to and derived by: (A) the Owners of all of the Lots, (B) only the Owners of Active Adult Lots, (C) only the Owners of Single Family Lots, and (D) only the Owners of Townhome Lots, as determined by the Board, which determination of beneficial uses to be available to and derived by the Owners of the various categories of Lots shall be binding upon all of the Owners of all of the Lots and which determination of beneficial uses to be available to and derived by the Owners of the various categories of Lots shall not be subject to challenge or appeal, and which estimates shall include but are not limited to expenses of management, grounds maintenance, taxes and special assessments, premiums for all insurance which the Board is required or permitted to maintain, common lighting and heating, water charges, repairs and maintenance of specified areas, and replacement of those elements of the specified areas that must be replaced on a periodic basis, wages for Association employees, legal and accounting assessments, any deficit remaining from a previous period, the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration (collectively referred to herein as “**Expenses**”).

7.3.4 Disapproval of the Budget.

7.3.4.1 The Board shall present the adopted Budget to the Members at a meeting of the Members called for the purpose of the presentation of the Budget, which may be the annual meeting of the Members or a special meeting

of the Members called for that purpose. Each category of the Budget shall be deemed approved and effective unless, within forty-five (45) days after the date of the meeting at which the Board presented the Budget to the Members, there is a vote of disapproval by at least fifty-one percent (51%) of all the allocated voting interests of the Members entitled to vote on such category of the Budget, which vote is taken at a special meeting called for that purpose by the Members pursuant to the terms of this Declaration, the Articles or the Bylaws.

7.3.4.2 The portion of the Budget applicable to the Community Expenses shall be subject to the disapproval of all Owners in accordance with the provisions of Section 7.3.4.1 above. The portion of the Budget applicable only to the Active Adult Lots Expenses shall be subject to the disapproval of the Owners of all Active Adult Lots in accordance with the provisions of Section 7.3.4.1 above. The portion of the Budget applicable only to the Single Family Lots Expenses shall be subject to the disapproval of the Owners of all Single Family Lots in accordance with the provisions of Section 7.3.4.1 above. The portion of the Budget applicable only to the Townhome Lots Expenses shall be subject to the disapproval of the Owners of all Townhome Lots in accordance with the provisions of Section 7.3.4.1 above.

7.3.4.3 Notwithstanding the foregoing, if the Members disapprove all or a portion of the Budget, or if the Board fails to adopt all or a portion of the Budget for any category of the Expenses, for the succeeding year, then and until such time as a new Budget for any category of the Expenses, shall have been adopted by the Board, the Budget last adopted by the Board (and not disapproved by the applicable Members) shall continue as the Budget for any category of the Expenses until the Board adopts another Budget for such category of Expenses, which Budget is not disapproved by a Majority of the Members affected thereby.

7.3.4.4 Notwithstanding anything in this Section 7.3 to the contrary, Members shall have no right to disapprove a Budget during the Period of Declarant Control.

7.3.5 Uniform Rate of Assessments. The annual Assessments within each category of the Assessments shall be allocated equally to the Owners who are responsible for the payment of such category of Assessments, as applicable, and may be collected on an annual, semi-annual, quarterly or monthly basis, as determined by the Board. The dates and manner of payment shall be determined by the Board. The Board has the sole authority and discretion to determine how and when the Assessments are to be paid.

7.3.6 Personal Obligation of Owner. Owners are personally liable to pay all Assessments. Provided, however, no Mortgagee (but not the seller under an executory contract of sale such as a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Lot pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to the acquisition of title. For purposes of this Section, the term "**Owner**" shall mean and refer jointly and severally to:

(i) the Owner of both the legal and equitable interest in any Lot, (ii) the owner of record in the Official Records, and (iii) both the buyer and seller under any executory sales contract or other similar instrument.

7.3.7 Acceleration. The Board may, at its option and in its sole discretion, elect to accelerate the entire annual Assessments for delinquent Owners. If, however, the annual Assessments are accelerated and an Owner subsequently files bankruptcy or the Board otherwise decides acceleration is not in its best interest, the Board, at its option and in its sole discretion, may elect to decelerate the obligation.

7.3.8 Statement of Assessments Due. Upon written request, the Board shall furnish to any Owner a statement of any Assessments due, if any, on such Owner's Lot. The Association may require the advance payment of a processing charge not to exceed \$25.00 for the issuance of such certificate.

7.3.9 Termination of Delinquent Owner's Rights. Provided that the Board complies with the requirements of Section 57-8a-309 of the Utah Code, as such section may be amended, supplemented or replaced from time to time, the Board may terminate an Owner's right to receive a utility service for which the Owner pays as an Expense through such Owner's Assessments and also an Owner's right of access to and use of any recreational facilities within Inverness, if an Owner is delinquent in the payment of any Assessments payable by such Owner.

7.3.10 Suspension of Right to Vote for Non-Payment. At the discretion of the Board, the right of an Owner to vote on issues concerning the Association may be suspended if the Owner is delinquent in the payment of any Assessments and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least fourteen (14) days.

7.3.11 Failure to Assess. The omission or failure of the Board to fix the Assessments amounts or rates or to deliver or mail to each Owner an Assessments notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay any Assessments. In such event, each Owner shall continue to pay annual Assessments on the same basis as for the last year for which Assessments were made until new annual Assessments are made, at which time any shortfalls in collections may be assessed retroactively by the Board.

7.3.12 Reserve Fund. The Board shall cause the Association to establish and maintain a Reserve Fund to cover the cost of repairing, replacing or restoring Improvements within the Community Areas that have a useful life of three (3) years or more and a remaining useful life of less than thirty (30) years, if the cost of repairing, replacing or restoring such Improvements cannot reasonably be funded from the Budget or other funds of the Association. (The "**Reserve Fund**"). Pursuant to Section 57-8a-211 of the Utah Code, the Board shall cause a Reserve Fund analysis to be conducted on a periodic basis. After the initial Reserve Fund analysis is conducted, the Board shall review and, if necessary, update a previously conducted Reserve Fund analysis on a periodic basis. The Board may conduct a Reserve Fund analysis itself or may engage a reliable person or

organization, as determined by the Board, to conduct the Reserve Fund analysis. The Board may not use money in the Reserve Fund: (a) for daily maintenance expenses, unless a Majority of the Members vote to approve the use of the Reserve Fund money for that purpose; or (b) for any purpose other than the purpose for which the Reserve Fund was established. The Board shall maintain the Reserve Fund separately from other funds of the Association. The foregoing may not be construed to limit the Board from prudently investing money in the Reserve Fund, subject to any investment constraints imposed by the Articles or the Bylaws. The Association shall annually provide Members a summary of the most recent Reserve Fund analysis or update and shall provide a copy of the complete Reserve Fund analysis or update to any Member who requests a copy of the same. In formulating the Budget each year, the Board shall include a Reserve Fund line item in an amount the Board determines, based on the Reserve Fund analysis to be prudent. Within forty-five (45) days after the day on which the Association adopts its annual Budget, the Members may veto the Reserve Fund line item by a fifty-one percent (51%) vote of the allocated voting interests of the Members in a special meeting called by the Members for the purpose of voting whether to veto a Reserve Fund line item. If the Members veto a Reserve Fund line item as provided in the foregoing sentence, and if a Reserve Fund line item exists in the previously approved Budget of the Association that was not vetoed, the Association shall fund the Reserve Fund in accordance with the prior Reserve Fund line item that was not vetoed.

7.4 Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special assessments (“**Special Assessments**”) applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of the Improvement upon Association Land or other Community Areas, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that, except as provided in Section 7.4.1, any such special assessment shall have the ascent of a majority of the votes of the Members who are voting in person or by proxy at a meeting duly called for such purpose or by written approval of such Members. The provisions of this Section 7.4 are not intended to preclude or limit the assessment, collection or use of Assessments, other than Special Assessments. Special Assessments may be collected as specified by the Board, unless otherwise determined by the majority vote of the Members of the Association approving the Special Assessment.

7.4.1 Board Based Assessment. So long as the total Special Assessment does not exceed ten percent (10%) of the total of all budgeted Expenses in any one fiscal year (the “**Special Assessment Limit**”), the Board may impose the Special Assessment upon the Owners of all of the Lots within the Project, or upon all of the Owners of Active Adult Lots, or of Single Family Lots, or of Townhome Lots, as determined by the Board, without the approval of the Members to be assessed a Special Assessment.

7.4.2 Association Approval. Any Special Assessment which would exceed the Special Assessment Limit shall be effective only if approved by a Majority of the Members to be assessed a Special Assessment. The Board in its discretion may allow any Special Assessment to be paid in installments.

7.5 Individual Assessments. “**Individual Assessments**” shall be levied by the Board against a Lot and its Owner to reimburse the Association for:

- (a) fines levied and costs incurred in enforcing the Governing Documents;
- (b) costs associated with the maintenance, repair or replacement of matters for which the Owner is responsible;
- (c) any other charge, fee, dues, expense, or cost designated as an Individual Assessment in the Governing Documents; and
- (d) attorneys’ fees, interest, and other charges relating thereto as provided in this Declaration.

7.6 Reinvestment Fees. Subject to the terms and conditions of Section 7.6.2 below, the Board shall have the right to establish from time to time (but shall not be required to establish) a Reinvestment Fee assessment in accordance with this Section 7.6. If established by the Board, the following terms and conditions shall govern Reinvestment Fees.

7.6.1 Upon the occurrence of any sale, transfer or conveyance (as applicable, a “**Transfer**”) of any Lot or Unit, the party receiving title to the Lot or Unit (the “**Transferee**”) shall pay to the Association a “**Reinvestment Fee**” in an amount to be established by the Board from time to time, provided that in no event shall the Reinvestment Fee exceed the lesser of (a) one-half percent (0.5%) of the value of the applicable Lot or Unit, or (b) the maximum rate permitted by applicable law.

7.6.2 Notwithstanding anything to the contrary contained in this Section 7.6, the Association shall not levy or collect a Reinvestment Fee for any of the Transfers described below:

7.6.2.1 Any Transfer to (A) the United States or any agency or instrumentality thereof, or (B) the State of Utah or any county, city, municipality, district or other political subdivision of the State of Utah.

7.6.2.2 Any Transfer to the Association or its successors.

7.6.2.3 Any Transfer, whether outright or in trust, that is for the benefit of the Transferor or the Transferor’s relatives, but only if the consideration for the Transfer is no greater than ten percent (10%) of the value of the Lot transferred.

7.6.2.4 Any Transfer that is an involuntary Transfer.

7.6.2.5 A Transfer that results from a court order.

7.6.2.6 A bona fide Transfer to a family member of the Owner that sells the Lot or Unit, which family member is within three (3) degrees of

consanguinity who, before the Transfer provides to the Association adequate proof on consanguinity.

7.6.2.7 Any Transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution.

7.6.2.8 Any Transfer made by a Person owning a Lot or Unit or portion thereof to a legal entity or trust owned or controlled by the Transferor.

7.6.2.9 Any Transfer made solely for the purpose of confirming, correcting, modifying or supplementing a Transfer previously recorded, making minor boundary adjustments, removing title defects or encumbrances affecting the title to such Lot or Unit, or granting easements, rights of way or licenses, and any exchange of Lots or Units between Declarant and any original purchaser from Declarant of the one or more Lots or Units being Transferred to Declarant in such exchange.

7.6.2.10 Any lease of any Lot or Unit or portion thereof for a period of less than thirty (30) years.

7.6.2.11 Any Transfer to secure a debt or other obligation or to release any Lot or Unit that is encumbered as security for a debt or other obligation.

7.6.2.12 Any Transfer in connection with (A) the foreclosure of a deed of trust or mortgage, or (B) a deed given in lieu of foreclosure.

7.6.2.13 Any Transfer of any Lot, Unit or Parcel made by Declarant to the initial purchaser of such Lot, Unit or Parcel.

7.7 Collection of Assessments. All Assessments must be paid in a timely manner and shall be collected as follows:

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

7.7.2 Delinquent Assessments. Any Assessments that are not paid when due are delinquent (“**Delinquent Assessments**”) and shall constitute a lien against the Lot or Unit affected, which lien shall attach automatically, regardless of whether a notice of lien is recorded.

7.7.3 Late Assessments and Interest. Any Assessments that remain unpaid for a period of more than ten (10) days shall incur a late charge of \$25.00 or five percent (5%) of the delinquent amount, whichever is greater. Interest at the rate of one and one-half percent (1.5%) per month shall accrue on all delinquent amounts. The Board may, in its sole discretion, change the amount of the late fee and/or the interest rate that accrues on delinquent amounts and/or waive delinquent amounts and accrued interest, but the Board is not required to do so.

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

7.7.5 Notice of Lien. If any Assessment in a notice of lien evidencing the unpaid amounts, accrued interest, late charges, attorneys' fees, the cost of a foreclosure or abstractor's report, and any other additional charges permitted by law should be Recorded, then the lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. It may be executed by the Association's attorney, manager, a member of the Board or any other designated agent.

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

7.7.7 Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of the Assessment as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, deeds of trust or encumbrances may be foreclosed.

7.7.8 No Waiver. No Owner may waive or otherwise exempt himself or herself or itself from liability for the Assessments provided for herein by the non-use of Community Areas or by the abandonment of such Owner's Lot or Unit.

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

7.7.10 Application of Payments. All payments shall be applied as follows: Delinquent Assessments and current Assessments.

7.7.11 Attorney in Fact. To the extent not prohibited by the Utah Community Association Act as set forth in Title 57, Chapter 8a of the Utah Code, as amended, supplemented or replaced from time to time, each Owner by accepting a deed to a Lot or Unit hereby irrevocably appoints the Association as the Owner's attorney in fact to collect rent from any Person renting the Owner's Lot and/or Unit, if the Owner is delinquent. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current, and the Owner shall credit the renter, against rent due, for the amount of money paid to the Association.

7.8 Establishment of Assessment Period. The period for which the Assessment is to be levied ("**Assessment Period**") shall be the calendar year, except that the first Assessment Period shall commence upon the Recording of this Declaration and terminate on December 31 of such

year. The Board in its sole discretion from time to time may change the Assessment Period by Recording an instrument specifying the new Assessment Period.

7.9 Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules setting forth procedures for the purpose of making the Assessments provided herein and for the billing and collection of the Assessments, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to a Member shall not relieve any Member of his or her liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to the commencement of such foreclosure or enforcement, at the address of the Member on the records of the Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after the delinquency of such payment. The Association shall be under no duty to refund any payments received by it, even though the ownership of a Membership changes during an Assessment Period. Successor Owners of Lots, Units or Parcels shall be given credit for prepayments, on a prorated basis, made by prior Owners. The amount of the Assessments against Members who become such during an Assessment Period shall be prorated.

7.10 Property Exempt from the Assessments. All Exempt Property shall be exempt from Assessments, but shall nevertheless be subject to all other provisions of this Declaration, including but not limited to, the use restrictions and architectural controls. In the event any change of ownership or use of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the annual Assessments (prorated as of the date it became Assessable Property) and the associated Assessment Lien.

7.11 Declarant's Duty to Fund Deficits. During any fiscal year in which Declarant or a Declarant related developer entity owns one or more Lots, Units or Parcels which (under Section 1.38 of the definition of Exempt Property) are Exempt Properties due to such Person's ownership thereof, and which would not constitute Exempt Properties under any other part of such definition, Declarant shall be obligated to fund to or for the account of the Association, at such time or times as such funding is reasonably required by the Association during such fiscal year, an aggregate amount for such fiscal year equaling the lesser of (i) the total amount which Declarant and/or such Declarant related developer entity would have owed to the Association on account of any Assessments which, if such Exempt Properties had been Assessable Properties, would have been levied against such Exempt Properties for such fiscal year; or (ii) any excess, for such fiscal year, of the Expenses over the aggregate Assessments levied against all Assessable Properties in Inverness. Notwithstanding the foregoing, Declarant shall have no obligation to fund to or for the account of the Association any amounts under this Section 7.11 after the expiration of the Period of Declarant Control.

**ARTICLE VIII**  
**ENFORCEMENT OF PAYMENT OF ASSESSMENTS AND MAINTENANCE**  
**CHARGES AND ENFORCEMENT OF ASSESSMENT LIEN**

8.1 Association as Enforcing Body. Except as otherwise set forth in this Declaration, the Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Declaration.

8.2 Association's Enforcement Remedies. If any Member fails to pay the Assessments when due, the Association may enforce the payment of the Assessments and/or Assessment Lien by taking one or more of the following actions, concurrently or separately (and by exercising any of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise any other remedy):

8.2.1 Bring an action at law and recover judgment against the Member personally obligated to pay the Assessments;

8.2.2 Foreclose the Assessment Lien against the Lot, Unit or Parcel in accordance with the then prevailing Utah law relating to the foreclosure of realty mortgages or deeds of trust (including the right to recover any deficiency), the method recognized under Utah law for the enforcement of a mechanic's lien which has been established in accordance with Chapter 1, Title 38, Utah Code Annotated, as amended from time to time, or any other means permitted by law, and the Lot, Unit or Parcel may be redeemed after foreclosure sale, if provided by law. In order to facilitate the foreclosure of any such lien in the manner provided at law for the foreclosure of deeds of trust, Declarant hereby designates Cottonwood Title Insurance Agency, Inc., a Utah corporation, as trustee ("Trustee"), and Declarant hereby conveys and warrants pursuant to Sections 57-1-20 and 57-8a-302 of the Utah Code to Trustee, with power of sale, the Lots, Units or Parcels and all of the Improvements to the Lots, Units or Parcels within Inverness for the purpose of securing payment of all of the Assessments under the terms of this Declaration. Each Owner, by accepting a deed to a Lot, Unit or Parcel, also hereby conveys and warrants to Trustee, with power of sale, each Lot, Unit and/or Parcel acquired by such Owner and all of the Improvements thereon for the purpose of securing payment of all of the Assessments under the terms of this Declaration and such Owner's performance of such Owner's obligations set forth herein. The Board may, at any time, designate one or more successor trustees, in the place of Trustee, in accordance with the provisions of Utah law for the substitution of trustees under deeds of trust. Such Trustee, and any successors, shall not have any other right, title or interest in the Property beyond those rights and interests necessary and appropriate to foreclose any liens against Lots, Units or Parcels arising pursuant hereto. In any such foreclosure, the Owner of the Lot, Unit or Parcel being foreclosed 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 Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots, Units or Parcels purchased at such sale.

8.2.3 Notwithstanding the subordination of an Assessment Lien as described in Section 8.3, the delinquent Member shall remain personally liable for the Assessments and related costs after such Member's Membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

8.3 Priority of Lien. The Assessment Lien provided for herein shall be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided and except as provided in Section 16.5, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot, Unit or Parcel. The sale or transfer of any Lot, Unit or Parcel shall not affect the Assessment Lien, except as provided in Section 16.5.

8.4 Attorneys' Fees and Costs. In any action taken pursuant to Section 8.2, the Member shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Assessments together with the Association's collection costs and attorneys' fees.

## ARTICLE IX USE OF FUNDS; BORROWING POWER; OTHER ASSOCIATION DUTIES

9.1 Purposes for Which Association's Funds May Be Used. The Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of Inverness and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of all land, properties, Improvements, facilities, services, projects, programs, studies and systems, within Inverness, which may be necessary, desirable or beneficial to the general common interests of Inverness, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: maintenance of landscaping on Community Areas and public right-of-way and drainage areas within Inverness; insurance; communications; utilities; public services; indemnification of officers and directors of the Association and any committees created by the Association; and compliance with any Governing Document. The Association also may expend its funds as otherwise permitted under the laws of the State of Utah.

9.2 Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate as determined by the Board without a vote of the Members.

9.3 Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

## ARTICLE X MAINTENANCE

10.1 Community Areas and Public Right-of-Way. The Association, or its duly delegated representative, shall maintain and otherwise manage all Community Areas, including, but not limited to, the landscaping, walkways, parking areas, drives, recreational facilities and the roofs, interiors and exteriors of the Buildings and structures located upon said properties and Shared Components of a Building; provided, however, the Association shall not be responsible for providing or maintaining the landscaping or structures on any Community Areas which are part of Lots, Units or Parcels (i) unless such landscaping or structures are available for use by all Owners and Residents of all the Lots and Units or for use by all Owner and Residents of a specific category of Lots or Units or are within easements intended for the general benefit of Inverness, or (ii) unless specified in Section 4.2.5 above, or (iii) unless the Association assumes in writing the responsibility as set forth in a Recorded instrument as hereinafter provided.

The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property. In this regard the Association may, subject to any applicable provisions on Special Assessments, in the discretion of the Board:

10.1.1 reconstruct, repair, replace or refinish any Improvement or portion thereof upon Association Land;

10.1.2 maintain (including snow removal therefrom), construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of the Community Areas used as a road, street, walk, driveway or parking area;

10.1.3 replace injured and diseased trees and other vegetation in any Community Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

10.1.4 place and maintain upon any Community Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and

10.1.5 do all such other and further acts which the Board deems necessary to preserve and protect the Community Areas and the beauty thereof, in accordance with the general purposes specified in this Declaration.

10.1.6 The Board shall be the sole judge as to the appropriate maintenance of all Community Areas and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

10.1.7 In the event any Plat, this Declaration or any of the other Governing Documents permits the Board to determine whether or not Owners of certain Lots, Units or Parcels will be responsible for maintenance of certain Community Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Residents of Inverness for the Association to be responsible for such maintenance, considering cost, uniformity of appearance, location and

other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article X, and in order to promote uniformity and harmony of appearance, the Board may also cause the Association to contract to provide maintenance services to Owners of Lots, Units and Parcels having such responsibilities in exchange for the payment of such fees as the Association, or the Owner may agree upon.

10.2 Maintenance and Use of Lots, Units and Parcels. Except as provided in Section 10.1 above, each Dwelling Unit, Improvement, Lot, Unit and Parcel shall be properly maintained by the Owner so as not to detract from the appearance of Inverness and so as not to affect adversely the value or use of any other Dwelling Unit, Improvement, Lot, Unit or Parcel. In the event any portion of any Lot, Unit or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots, Units and Parcels or other areas of Inverness which are substantially affected thereby or related thereto, or in the event any portion of a Lot, Unit or Parcel is being used in a manner which violates this Declaration applicable thereto, or in the event the Owner of any Lot, Unit or Parcel is failing to perform any of its obligations under the Governing Documents, the Board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to: (i) enter the Lot, Unit or Parcel and cause such action to be taken, and the cost thereof shall be added to and become a part of the Assessment (including interest at the rate of eighteen percent (18%) per annum) to which the offending Owner and the Owner's Lot, Unit or Parcel is subject and shall be secured by the Assessment Lien; (ii) record a notice of violation; (iii) impose a fine commensurate with the severity of the violation; and/or (iv) bring an action at law and recover judgment of specific performance and/or damages against the Owner and including costs and attorneys' fees. In any action taken pursuant to this Section 10.2, the Owner shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Association's collection costs and attorneys' fees.

## ARTICLE XI ARCHITECTURAL DESIGN REVIEW COMMITTEE

11.1 Membership. There is hereby established an Architectural Design Review Committee for Inverness ("ARC"), which shall be responsible to carry out all of the other responsibilities assigned to the ARC. The ARC shall be composed of three (3) individuals or entities Declarant determines in its sole discretion, who need not be Members of the Association. All of the members of the ARC shall be appointed, removed, and replaced by Declarant in its sole discretion, until the expiration of the Period of Declarant Control, and at that time the Board shall succeed to Declarant's right to appoint, remove, or replace the members of the ARC.

11.2 Purpose. The ARC shall review, study and either approve, reject or request resubmittal of proposed developments and Improvements to all Lots, all in compliance with the Governing Documents and as further set forth in the rules and regulations of the ARC adopted and established from time to time by the ARC.

11.2.1 The ARC shall exercise its best judgment to see that all Improvements constructed on all Lots conform and harmonize with any existing structures as to external design, quality and type of construction, materials, color, location on all Lots, height, grade and finished ground elevation, and all aesthetic consideration set forth in the Governing Documents.

11.2.2 The ARC shall exercise its best judgment to see that each Merchant Builder undertakes its development of a Lot, including but not limited to, the roadways and major infrastructure, in compliance with the Governing Documents.

11.2.3 Except for Improvements made by Declarant, no Improvement on a Lot shall be erected, placed or altered on any Lot nor shall any construction be commenced until plans for such Improvement shall have been approved by the ARC.

11.2.4 The actions of the ARC in the exercise of its discretion by its approval or disapproval of plans and other information submitted to it, or with respect to any other matter before it, shall be conclusive and binding on all interested parties.

### 11.3 Organization and Operation of the ARC.

11.3.1 Except for two of the initial members of the ARC appointed by Declarant (whose term shall be two (2) years), the term of office of each member of the ARC, subject to Section 11.1 hereof, shall be one (1) year, commencing January 1 of each year, and continuing until his successor shall have been appointed. Should an ARC member die, retire, become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in Section 11.1 hereof. Declarant may remove any member of the ARC at any time for any cause without notice.

11.3.2 So long as Declarant appoints the ARC, Declarant shall appoint the chairman. At such time as the ARC is appointed by the Board, the chairman shall be elected annually from among the members of the ARC by majority vote of said members.

11.3.3 The chairman shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the ARC prior to any meeting. The notice shall set forth the time and place of the meeting, and notice may be waived by any member. In the absence of a chairman, the party responsible for appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, a temporary successor.

11.3.4 The affirmative vote of a majority of the members of the ARC shall govern its actions and be the act of the ARC. A quorum shall consist of all three members.

11.3.5 The ARC may avail itself of technical and professional advice and consultants as it deems appropriate.

11.4 Community Expenses. Except as provided below, all expenses of the ARC shall be paid by the Association. The ARC shall have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the ARC from time to time,

and such fees shall be collected by the ARC and remitted to the Association to help defray the expenses of the ARC's operation.

11.5 Limitation of Liability. The ARC shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the ARC, nor any individual ARC member, shall be liable to any person for any official act of the ARC in connection with submitted plans and specifications, except to the extent the ARC or any individual ARC member acted with gross negligence or was guilty of willful misconduct. Approval by the ARC does not necessarily assure approval by the appropriate Municipal Authority. Notwithstanding that the ARC has approved plans and specifications, neither the ARC nor any of its members shall be responsible or liable to any Owner, developer, or contract holder with respect to any loss, liability, claim, or expense which may arise by reason of such approval of the construction of any Improvements. Neither the Board, the ARC, or any agent thereof, nor Declarant or any of its shareholders, employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Governing Documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events the ARC shall be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the ARC's decision. The Association, however, shall not be obligated to indemnify each member of the ARC to the extent any such member of the ARC shall be adjudged to be liable for gross negligence or willful misconduct in the performance of his duty as a member of the ARC, unless and then only to the extent that the court in which such action or suit may be 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 indemnification for such expense as such court shall deem proper.

11.6 Certificate of Compliance. Upon payment of a reasonable fee established from time to time by the Board, and upon written request of any Owner or his agent, an existing or prospective Mortgagee, or a prospective grantee, the ARC shall issue an acknowledged certificate setting forth generally, to the best of the ARC's knowledge, that the Owner is not in violation of any of the terms and conditions of the Governing Documents. Unless such request shall be complied with within thirty (30) days after receipt of the request, it shall be conclusively presumed that the Owner and the Owner's Improvements are in conformance with all the terms and conditions of the Governing Documents subject to the control of the ARC.

## **ARTICLE XII RIGHTS AND POWERS OF ASSOCIATION**

12.1 Association's Rights and Powers as set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and Bylaws, in the other Governing Documents and in the Utah Revised Nonprofit Corporation Act, Utah Code Ann. § 16-6a-101, et seq. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Declarant, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Declaration and the other Governing Documents and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. After

incorporation of the Association, a copy of the Articles and Bylaws of the Association shall be available for inspection at the office of the Association during reasonable business hours by prior appointment.

12.2 Association's Rights of Enforcement. The Association, as the agent and representative of the Owners and Members, shall have the right to enforce, by any proceeding at law or in equity, the Covenants set forth in this Declaration and in the other Governing Documents and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, Deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Declaration or any of the other Governing Documents, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant. In the event suit is brought or arbitration is instituted or an attorney is retained by the Association to enforce the terms of this Declaration or any other Governing Document and the Association prevails, the Association shall be entitled to recover, in addition to any other remedy, reimbursement for attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith, including but not limited to the Association's administrative costs and fees. Said attorneys' fees, costs and expenses shall be the personal liability of the breaching Owner and shall also be secured by the Assessment Lien against said Owner's Lot, Unit or Parcel. If the Association should fail to act within a reasonable time, any Owner shall have the right to enforce the Covenants set forth in this Declaration and in the other Governing Documents.

12.3 Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more Board members or officers of the Association or members of any committee are employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other Board members acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such Board member, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he or she is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by Declarant, its affiliated companies or any competitor thereof and may vote to authorize any such contract, transaction or approval with like force and effect as if he or she were not so interested.

#### 12.4 Pre-Litigation Requirements.

12.4.1 Disclaimer. Every Owner is capable of obtaining an inspection and is permitted to perform, or pay someone else to perform, any inspection on any Lot or Unit that the Owner is purchasing or any aspect of Inverness, all prior to purchasing a Lot or Unit. Moreover, if any warranty has been provided, it identifies the only items that are warranted by Declarant. Having had the ability to inspect a Lot or Unit prior to purchasing a Lot or Unit, having received a written warranty (if any warranty is provided), and having paid market price for a Lot or Unit in the condition the Lot or Unit, Inverness and the Community Areas are in at the time of purchase, Owner acknowledges and agrees that it would be inequitable to later seek to have Declarant and/or its respective contractors and

subcontractors performing work in Inverness to change, upgrade, or perform any additional work to Inverness outside of any express warranty obligation. Moreover, the Owners and the Association acknowledge and agree that litigation is an undesirable method of resolving Disputes (as defined below) because litigation can be slow, expensive, uncertain, and can often negatively impact the sale value and ability to obtain financing for the purchase of Lots or Units for years, unfairly prejudicing those Owners who must or want to sell their Lots or Units during any period when litigation is pending. For this reason, the Owners (by purchasing a Lot or Unit) and the Association acknowledge and agree that before any Dispute is pursued through litigation, the “Pre-Litigation Requirements” set forth below shall be satisfied. In addition, the Association and each Owner (by purchasing a Lot or a Unit) acknowledge and agree that each Owner takes ownership and possession of the Lot or Units, and Community Areas AS IS, with no warranties of any kind (except as set forth in a written warranty, this Declaration or as otherwise required as a matter of law). To the fullest extent permitted by applicable law, Declarant specifically disclaims any warranties of merchantability, fitness for a particular use, or of habitability.

12.4.2 Notice of Claim and Opportunity to Cure (Applicable to All Owners and the Association). All claims and disputes of any kind that any Owner or the Association may have involving Declarant or any its agents, employees, executing officers, managers, affiliates or owners, or any engineer or contractor involved in the design or construction of any Improvement of any nature within Inverness, which arises from or is in any way related to a Unit, a Building, the Community Areas, or any other component of Inverness (a “**Dispute**”), shall first be identified in a written notice of claim that sets forth with specificity the facts and the legal basis upon which the claim or dispute is asserted (a “**Notice of Claim**”), which Notice of Claim shall be delivered to Declarant, and Declarant shall have one hundred-fifty (150) days to cure or resolve the claim or defect or to try to get the builder or the appropriate subcontractor to cure or resolve the claim or defect, prior to the initiating of any formal court action. If the Dispute is not resolved within the 150-day right to cure period, then with respect to any claims, actions or Disputes that the Association (but not an individual Owner) desires to pursue, the “Pre-Litigation Requirements” set forth below must be satisfied in full before initiating formal court action. If additional, different or modified claims, damages, calculations, supporting information, or descriptions are added, provided to, or asserted against Declarant that were not included in any previously submitted Notice of Claim, the right to cure period provided for in this Section shall immediately apply again, and any pending action or proceedings shall be stayed during the 150-day period.

12.4.3 Pre-Litigation Requirements (Applicable Only to the Association). Notwithstanding any other provision to the contrary in this Declaration, the Association shall not file, commence or maintain any lawsuits, actions or legal proceedings against Declarant, the individual managers, owners, members or officers of Declarant, Declarant’s contractors, engineers or architects, or any other person or entity involved in the design or construction of any dwelling structures within Inverness, unless and until the Notice of Claim requirements set forth above have been satisfied, and all of the following “**Pre-Litigation Requirements**” have been satisfied:

12.4.3.1 The Association has obtained a legal opinion from an attorney licensed to practice law in Utah having at least ten years of experience, with the legal opinion providing in substance the following: (a) a description of the factual allegations and legal claims to be asserted in the action; (b) an analysis of the facts and legal claims explaining why it would be in the best interests of the Association to file and pursue such action, taking into account the anticipated costs and expenses of litigation, the likelihood of success on the merits of the claims, and the likelihood of recovery if a favorable judgment is obtained by the Association; and (c) providing a budget of the estimated amounts of legal fees, costs, expert witness fees and other expenses likely to be incurred in connection with such action (the “**Litigation Budget**”);

12.4.3.2 A copy of the opinion letter described in Subsection 12.4.3.1 above has been provided to all Owners, and, after the Owners have had a reasonable period of time to review the opinion letter, the decision for the Association to file the subject action has been approved by the Owners (excluding Declarant) who collectively hold at least sixty-seven percent (67%) of the voting rights of all of the Owners within Inverness; and

12.4.3.3 The Association has collected funds from the Owners, by Special Assessment or otherwise, equal to at least fifty percent (50%) of the Litigation Budget as set forth in the opinion letter obtained pursuant to Subsection 12.4.3.1 above.

If any claims or actions of the Association are filed without satisfying all of the requirements of Subsections 12.4.3.1, 12.4.3.2, and 12.4.3.3 above, such claims/action shall be dismissed without prejudice and shall not be re-filed unless and until all such requirements have been satisfied. In any action to enforce the requirements of this Section 12.4, the prevailing party shall be entitled to an award of reasonable attorneys’ fees and costs.

The purposes of these requirements include, but are not limited to, the following: (a) to minimize the risks to the Association of pursuing litigation involving claims that lack merit; (b) to minimize the risks of becoming involved in litigation that is unlikely to be successful or, even if successful, will not result in meaningful recovery sufficient to justify the costs and expenses of litigation; and (c) to avoid becoming involved in litigation without sufficient support from the Members financially and otherwise.

For purposes of clarity, this Section 12.4 and the requirements set forth herein shall not apply to any actions or legal proceedings (a) filed by the Association to recover payment of any Assessments or other amounts required to be paid by Owners to the Association under this Declaration, or (b) filed by individual Owners relating solely to their own Lot or Units. Individual Owners, however, shall not be allowed to file or pursue any actions or claims on behalf of other Owners or for the Association.

**ARTICLE XIII  
INSURANCE AND FIDELITY BONDS**

13.1 Hazard Insurance.

13.1.1 The Association shall at all times maintain in force insurance satisfying the insurance requirements set forth in Sections 57-8a-401 through 57-8a-407 of the Utah Code, as such Sections may be amended, supplemented or replaced from time to time, which may include the following coverages: A “master” or “blanket” type policy of property insurance shall be maintained, if reasonably available, covering all Townhome Units (including any fixture, improvement, or betterment installed at any time to an attached Unit or to a Limited Common Area appurtenant to a Unit, whether installed in the original construction or in any remodel or later alteration); all insurable Improvements, if any, on the Association Land and where appropriate on the Community Areas; fixtures, building service equipment, personal property and supplies comprising a part of the Community Areas or owned by the Association; but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a “master” or “blanket” type policy of property insurance are intended to denote single entity insurance coverage. If blanket all-risk insurance is not reasonably available, then at a minimum, such “master” or “blanket” policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to Inverness in construction, location, and use, including (without limitation) all perils normally covered by the standard “all risk” endorsement, where such endorsement is available. Such “master” or “blanket” policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Community Areas covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a guaranteed replacement cost endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an agreed amount endorsement (which waives the requirement for co-insurance); or (2) a replacement cost endorsement (under which the insurer agrees to pay up to one-hundred percent of the property’s insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an agreed amount endorsement (which waives the requirement for co-insurance). The maximum deductible amount for such policy shall be determined by the Board.

13.1.2 The Association shall have no obligation to provide any insurance for any structure or building located on a Active Adult Lot or a Single Family Lot. The obligation to obtain and maintain in effect such insurance shall be the responsibility of the Owner of a Active Adult Lot or Single Family Lot.

13.2 Flood Insurance. If any part of the Community Areas is or comes to be situated in a “special flood hazard area” as designated on a “flood insurance rate map,” a “master” or “blanket” policy of flood insurance shall be maintained, if reasonably available, covering the Improvements located on the Community Areas, and any machinery and equipment related thereto

(hereinafter “**Insurable Property**”) in an amount deemed appropriate, but not less than the lesser of (1) the maximum limit of coverage available under the National Flood Insurance Administration Program for all Insurable Property within any portion of the Community Areas located within a designated flood hazard area; or (2) one hundred percent (100%) of the insurable value of all such facilities. The maximum deductible amount for such policy shall be determined by the Board.

### 13.3 Policy Requirements.

13.3.1 The name of the insured under each policy required to be maintained by the foregoing sections (Section 13.1 and Section 13.2) shall be the Association for the use and benefit of the individual Owners. Notwithstanding the requirement of the immediately foregoing sentence, each such policy may be issued in the name of an authorized representative of the Association, including any Insurance Trustee (as hereinafter defined) with whom the Association has entered into an agreement (referred to herein as an “**Insurance Trust Agreement**,” or any successor to such Insurance Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Association (or Insurance Trustee), as a trustee for each Owner and each such Owner’s First Mortgagee. Each Owner and each such Owner’s First Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and First Mortgagee upon request.

13.3.2 Each policy required to be maintained by the foregoing sections (Section 13.1 and Section 13.2), shall contain the standard mortgage clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which Inverness is located.

13.3.3 Each policy required to be maintained by the foregoing sections (Section 13.1 and Section 13.2), shall provide, if available, for the following: recognition of any Insurance Trust Agreement; a waiver of the right of subrogation against Owners individually; a provision that the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively, and a provision that the policy is primary in the event the Owner has other insurance covering the same loss.

13.4 Fidelity Bonds or Insurance. The Association shall at all times maintain in force and pay the premiums for “blanket” fidelity bonds or insurance, including but not limited to, directors’ and officers’ insurance for the benefit of all members of the Board, officers and members of committees and subcommittees appointed by the Board or otherwise established pursuant to the provisions of this Declaration, for all officers, agents, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide “blanket” fidelity bonds or insurance, 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 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 coverage.

13.5 Liability Insurance. The Association shall maintain in force, and pay the premium for a policy providing commercial general liability insurance coverage covering all of the Community Areas, public ways in Inverness, if any, all other areas of Inverness that are under the Association's supervision. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to Inverness in construction, location, and use. Nevertheless, such coverage shall be for at least Two Million Dollars (\$2,000,000) 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 Community Areas, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policy shall provide that it may not be cancelled or substantially modified by any party without at least thirty (30) days' prior written notice to the Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

13.6 Annual Review of Policies and Coverage. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Community Areas and Improvements thereon which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Declaration and the requirements of any applicable laws. In the event any of the insurance coverage provided for in this Article XIII is not available at a reasonable cost or is not reasonably necessary to provide the Association with adequate insurance protection, as determined by the Board, the Board shall have the right to obtain different insurance coverage or insurance coverage which does not meet all of the requirements of this Article XIII so long as, at all times, the Board maintains insurance coverage on a basis which is consistent with the types and amounts of insurance coverage obtained for projects similar to Inverness.

#### **ARTICLE XIV DAMAGE OR DESTRUCTION**

14.1 Association as Attorney in Fact. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with personal property owned by the Association on behalf of the Owners and the Improvements on the Community Areas upon damage or destruction as provided in this Article or a complete or partial taking as provided in Article XV below. Acceptance by any grantee of a Deed or other instrument of conveyance from Declarant or from any Owner shall constitute, appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, Deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact. All proceeds from the insurance required hereunder shall be payable to the Association except as otherwise provided in this Declaration.

14.2 Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any part of the personal property owned by the Association and Improvements on the Community Areas, the Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part thereof so damaged or destroyed. "Repair and reconstruction" as used in this Article XIV shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

14.3 Repair and Reconstruction. As soon as practical after obtaining estimates, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

14.4 Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction of such affected personal property and Improvements on the Community Areas. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Association may, pursuant to Section 7.4 above, levy, assess, and collect in advance from all Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

14.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for in Section 14.4 above constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be retained by the Association to pay for future Community Expenses.

14.6 Notice to First Mortgagees. The Association shall give timely written notice to any holder of any First Mortgage on a Lot, Unit or Parcel who requests such notice in writing in the event of substantial damage to or destruction of a material part of the personal property owned by the Association and/or Improvements on the Community Areas.

## ARTICLE XV CONDEMNATION

15.1 Rights of Owners. Whenever all or any part of the Community Areas shall be taken or conveyed in lieu of and under threat of condemnation, each Owner shall be entitled to notice of the taking, but the Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

15.2 Partial Condemnation Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Community Areas on which Improvements have been constructed, then, unless within sixty (60) days after such taking Declarant and Owners representing at least sixty-seven percent (67%) of the votes of the Members in the Association shall otherwise agree, the Association shall restore or replace such Improvements so taken on the remaining land included in the Community Areas to the extent lands are available therefor, in accordance with plans approved by the Board. If such Improvements are to be repaired or restored, the provisions in Article XIV above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Community Areas, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be retained by the Association to pay for future Community Expenses.

## ARTICLE XVI MORTGAGEE REQUIREMENTS

16.1 Notice of Action. Upon written request made to the Association by a Mortgagee, or an insurer or governmental guarantor of a Mortgage, which written request shall identify the name and address of such Mortgagee, insurer or governmental guarantor and the Lot, Unit or Parcel number or the address of the Dwelling Unit, any such Mortgagee (each an “**Eligible Mortgagee**”), insurer or governmental guarantor shall be entitled to timely written notice of:

16.1.1 Any condemnation loss or any casualty loss which affects a material portion of Inverness or any Lot, Unit or Parcel on which there is a Mortgage held, insured or guaranteed by such Eligible Mortgagee, insurer or governmental guarantor;

16.1.2 Any delinquency in the payment of Assessments owed by an Owner, whose Lot, Unit or Parcel is subject to a Mortgage held, insured or guaranteed by such Eligible Mortgagee, insurer or governmental guarantor, which default remains uncured for a period of sixty (60) days;

16.1.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond or insurance maintained by the Association; and

16.1.4 Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 16.2 below or elsewhere herein.

16.2 Matters Requiring Prior Eligible Mortgagee Approval. Except as provided elsewhere in this Declaration, the prior written consent of Owners entitled to vote at least sixty-seven percent (67%) of the votes of the Members in the Association (unless pursuant to a specific provision of this Declaration the consent of Owners entitled to vote a greater percentage of the votes in the Association is required, in which case such specific provisions shall control) and of Eligible Mortgagees holding Mortgages on Lots, Units or Parcels having at least fifty-one percent (51%) of the votes of the Lots, Units or Parcels subject to Mortgages held by Eligible Mortgagees shall be required to:

16.2.1 Dissolve the Association after substantial destruction or condemnation occurs. Dissolution of the Association for any other reason shall require the affirmative vote or authorization of Eligible Mortgagees holding Mortgages on Lots, Units or Parcels having at least sixty-seven percent (67%) of the votes of the Lots, Units or Parcels subject to Mortgages held by Eligible Mortgagees.

16.2.2 Amend this Article XVI.

16.3 Mortgagee Approval. Any Mortgagee, insurer or governmental guarantor who receives a written request from the Association to approve additions or amendments to the Governing Documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the written request was delivered by certified or registered mail, with a "return receipt" requested.

16.4 Availability of Documents and Financial Statements. The Association shall maintain and have current copies of the Governing Documents and other rules concerning Inverness as well as its own books, records, and financial statements available for inspection by Owners or by holders, insurers, and guarantors of Mortgages that are secured by Lots, Units or Parcels. Generally, these documents shall be available during normal business hours by prior appointment.

16.5 Subordination of Lien. The lien or claim against a Lot, Unit or Parcel for unpaid Assessments levied by the Association pursuant to this Declaration shall be subordinate to the First Mortgage affecting such Lot, Unit or Parcel, and the First Mortgagee thereunder which comes into possession of or which obtains title to the Lot, Unit or Parcel shall take the same free of such lien or claim for unpaid Assessments, but only to the extent of Assessments 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, 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, the purchaser at the mortgage foreclosure or deed of trust sale, or any grantee taking by deed in lieu of foreclosure, of the Lot, Unit or Parcel affected or previously affected by the First Mortgage concerned.

16.6 Payment of Taxes. In the event any taxes or other charges which may or have become a lien on the Community Areas are not timely paid, or in the event the required hazard-insurance described in Section 13.1 lapses, is not maintained, or the premiums therefor are not paid when due, any First Mortgagee or any combination of First Mortgagees may jointly or singly, pay such taxes or premiums or obtain such insurance. Any First Mortgagee which expends funds for any of such purposes shall be entitled to immediate reimbursement therefor from the Association.

16.7 Priority. No provision of this Declaration or the other Governing Documents 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 Lots, Units or Parcels or the Community Areas.

**ARTICLE XVII**  
**TERM: AMENDMENTS: TERMINATION**

17.1 Term; Method of Termination. This Declaration shall be effective upon the date of the Recording hereof and, as amended from time to time, shall continue in full force and effect for a term of fifty (50) years from the date this Declaration is Recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting fifty-one percent (51%) of the total votes of all of the Members cast at an election held for such purpose (or otherwise approved for such purpose in writing) within six (6) months prior to the expiration of the initial effective period hereof or any ten (10)-year extension. This Declaration may be terminated at any time, if Members casting at least sixty-seven (67%) of the votes of all of the Members shall be cast in favor of termination at an election held for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Declaration shall be effective unless and until written consent to such termination has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from Eligible Mortgagees of fifty-one percent (51%) of the Lots, Units and Parcels upon which there are such Eligible Mortgagees. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a "certificate of termination," duly signed by the President or Vice President attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles as provided by applicable law.

17.2 Amendments.

17.2.1 Except as provided elsewhere in this Declaration, the affirmative vote of at least a Majority of the Owners shall be required and shall be sufficient to amend this Declaration. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Association. In such instrument the Association shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained.

17.2.2 Until the expiration of the Period of Declarant Control, Declarant may unilaterally amend this Declaration or the Plat for any purpose that Declarant deems to be in the best interest of the Project. Any such amendment hereunder shall be effected by the Recording by Declarant of a Certificate of Amendment duly signed by Declarant.

17.3 Declarant's Control. It is the desire and intent of Declarant to retain control of the Association and its activities throughout the Period of Declarant Control. If any amendment requested pursuant to the provisions of this Article XVII deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control.

**ARTICLE XVIII  
DECLARANT'S RIGHTS**

18.1 Transfer of Declarant's Rights. Any or all of the special rights and obligations of Declarant may be assigned and transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective, unless it is in a written instrument signed by Declarant and duly Recorded. Without limiting the generality of the foregoing, Declarant may by such Recorded instrument establish that Declarant and such Person or Persons be co-Declarants under this Declaration, in which event such Persons shall be deemed collectively Declarant for all purposes under this Declaration, and any ownership of portions of the Property by any such Persons shall be considered owned by Declarant. So long as Declarant continues to have rights under this Article XVIII, no person or entity shall Record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of Inverness without Declarant's review and written consent thereto, and any attempted Recording without compliance herewith shall result in such declaration of covenants, conditions and restrictions or similar instrument being void and of no force and effect, unless subsequently approved by a Recorded consent signed by Declarant.

18.2 Sales Material. So long as Declarant continues to have rights under this Article XVIII, all sales, promotional, and advertising materials, and all forms for deeds, contracts for sale, and other closing documents for the platting, development and sale of property in Inverness by any Merchant Builder shall be subject to the prior approval of Declarant, which approval may be withheld at Declarant's sole and exclusive discretion. Declarant shall deliver notice to any Merchant Builder of Declarant's approval or disapproval of all such materials and documents within thirty (30) days of receipt of such materials and documents and, if disapproved, the specific changes requested. If Declarant fails to so notify any Merchant Builder within such thirty (30)-day period, Declarant shall be deemed to have disapproved such materials and documents. Upon disapproval, the foregoing procedure shall be repeated until approval is obtained or deemed to be obtained.

18.3 Modifications. Declarant reserves for itself and its assigns the right to vary the timing, mix, type, use, style, and numbers of Lots, Units and Parcels, and other such details of construction or modifications in adding phases to this Declaration. If additional Land Use Classifications, are subsequently permitted by the Governing Documents, Declarant shall have the right to add such Land Use Classifications to this Declaration. Notwithstanding any other provision of this Declaration to the contrary, Declarant, without obtaining the consent of any other Owner or Person, shall have the right to make changes or modifications to its development plan with respect to any property owned by Declarant in any way which Declarant desires including, but not limited to, changing the density of all or any portion of the Property owned by Declarant or changing the nature or extent of the uses to which such Property may be devoted.

18.4 Amendment. This Article XVIII may not be amended without the express written consent of Declarant; provided, however, the rights contained in this Article XVIII shall terminate upon the expiration of the Period of Declarant Control.

**ARTICLE XIX  
ADDITIONAL LAND**

19.1 Right to Expand and State of Title to New Lots, Units and Parcels. There is hereby granted unto Declarant, and Declarant hereby reserves, the absolute right and option to expand Inverness at any time (within the limits herein prescribed) and from time to time by adding to Inverness any parcel or parcels of Additional Land owned or acquired by Declarant, which are located in the vicinity of Inverness. Notwithstanding any provision of this Declaration which might be construed to the contrary, such right and option may be exercised without obtaining the vote or consent of any other person (including any Owner or Mortgagee) and shall be limited only as specifically provided in this Declaration. Any specifically described Additional Land shall be deemed added to Inverness at such time as a Supplemental Declaration containing the information required by Section 19.3 below has been Recorded with respect to any such parcel or parcels of Additional Land. After the date such Supplemental Declaration is Recorded, title to each Unit and Parcel thereby created within such parcel or parcels of Additional Land and its appurtenant right and easement of use and enjoyment in and to the Community Areas shall be vested in and held by Declarant, and none of the other Owners or the Association shall have any claim or title to or interest in such Lot, Unit and Parcel or its appurtenant right and easement of use and enjoyment to the Community Areas.

19.2 Rights and Statements Respecting Additional Land. Declarant hereby furnishes the following information and statement respecting any Additional Land and Declarant's right and option concerning expansion of Inverness by the addition thereto of any Additional Land. Subject to the conditions set forth in the Governing Documents, there are no limitations or requirements relative to the size, location or configuration of any given parcel or parcels of Additional Land which may be added to Inverness. Future Improvements on any Additional Land added to Inverness shall be subject to compliance with this Declaration and the other Governing Documents.

19.3 Procedure for Expansion. Each Supplemental Declaration by which an addition to Inverness of any parcel of Additional Land is accomplished shall be executed by Declarant, shall be in recordable form, must be Recorded, and shall contain the following information for any parcel of Additional Land which is being added:

19.3.1 Data sufficient to identify this Declaration with respect to the specific parcel or parcels of Additional Land being added.

19.3.2 The legal description of the specific parcel or parcels of Additional Land being added.

19.3.3 A statement that such Additional Land shall thereafter be held, transferred, sold, conveyed, occupied, improved and developed subject to the covenants, restrictions, easements, charges, and liens set forth in this Declaration.

19.3.4 Such other matters as may be necessary, desirable, or appropriate and as are not inconsistent with any limitation imposed by this Declaration.

Upon the date any Supplemental Declaration contemplated above is Recorded, it shall automatically supplement this Declaration and any Supplemental Declarations previously Recorded. At any point in time, this Declaration for Inverness shall consist of this Declaration, as amended and expanded by all Supplemental Declarations theretofore Recorded pursuant to the terms hereof.

19.4 Allocation of Assessments and Voting Rights Following Expansion. Each Lot, Unit or Parcel created that is or shall become Assessable Property shall be apportioned a share of the Community Expenses attributable to Inverness, as provided in Article VII. Each Owner of a Lot, Unit or Parcel that is or shall become Assessable Property shall be entitled to Memberships and votes in the Association to the extent provided for in Article VI. Assessments and voting rights shall commence as of the date Declarant Records a Supplemental Declaration.

19.5 No Obligation to Expand. This Declaration is not intended, and shall not be construed so as, to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (i) the addition to Inverness of any parcel or parcels of Additional Land; (ii) the creation or construction of any Dwelling Unit or other Improvements by Declarant; (iii) the carrying out in any particular way or within any particular time of any development or addition which may be undertaken by Declarant; or (iv) the taking of any particular action with respect to any parcel or parcels of Additional Land.

## ARTICLE XX MISCELLANEOUS

20.1 Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and all property benefited or bound by the Covenants and provisions hereof.

20.2 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

20.3 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

20.4 Rules and Regulations. In addition to the right to adopt Inverness Rules on the matters expressly mentioned elsewhere in this Declaration, the Association (through its Board) shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration and the other Governing Documents.

20.5 Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth on a Plat or other Recorded instrument, Declarant makes no warranties or representations whatsoever that the plans

presently envisioned for the complete development of Inverness can or will be carried out, or that any Additional Land now owned or hereafter acquired by Declarant is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or if that land is once used for a particular use, such use will continue in effect. Not as a limitation of the generality of the foregoing, Declarant expressly reserves the right at any time and from time to time to amend the Governing Documents.

20.6 References to the Covenants in Deeds. Deeds or any instruments affecting any Lot, Unit or Parcel or any part of Inverness may contain the Covenants herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee-Owner of all Lots, Units and Parcels within Inverness and upon all other Persons claiming an interest in any Lot, Unit or Parcel through any instrument and upon such Persons' executors, administrators, successors and assigns.

20.7 List of Owners and Eligible Members. The Board shall maintain up-to-date records showing: (i) the name of each Person who is an Owner, the address of such Person, and the Lot, Unit or Parcel which is owned by him or her; and (ii) the name of each Person who is an Eligible Mortgagee, and the address of such Person and the Lot, Unit or Parcel which is encumbered by the Mortgage held by such Eligible Mortgagee. In the event of any transfer of a fee or undivided fee interest in a Lot, Unit or Parcel, the transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer has been Recorded. The Board may for all purposes act and rely on the information concerning Owners and Lot, Unit or Parcel ownership which is thus acquired by it or, at its option, the Board may act and rely on current ownership information respecting any Lot, Unit or Parcel or Lots, Units or Parcels which is obtained from the Office of the County Recorder of Utah County, Utah. The address of an Owner shall be deemed to be the address of the Lot, Unit or Parcel owned by such Person, unless the Board is otherwise advised. The list of Owners shall be made available by the Board to any Owner for noncommercial purposes upon such Owner's written request and such Owner's payment of any copying charges and such Owner's execution of a privacy and nondisclosure statement prepared by the Board.

20.8 General Obligations. Each Owner shall enjoy and be subject to all rights and duties assigned to Owners pursuant to this Declaration. With respect to unsold Lots, Units and Parcels, Declarant shall enjoy the same rights and assumes the same duties with respect to each unsold Unit and Parcel, unless otherwise expressly provided herein.

20.9 Rights of Action. Subject to the provisions of this Declaration, the Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with the provisions of this Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association.

20.10 Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assigns of Declarant's rights and powers hereunder.

20.11 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the

neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

20.12 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

20.13 Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to such Person at the address given by that Person to the Association for the purpose of service of such notice or to the address of the Lot, Unit or Parcel of such Person, if no address has been given. Such address may be changed from time to time by notice in writing received by the Association. Notice to the Board shall also be delivered or mailed to Declarant or such other address as the Board may designate after the expiration of the Period of Declarant Control.

20.14 Number of Days. In computing the number of days for purposes of any provision of this Declaration or the Articles or Bylaws, all days shall be counted including Saturdays, Sundays, and legal holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday, or legal holiday.

20.15 Notice of Violation. The Association shall have the right to Record a written notice of a violation by any Owner or Resident of any restriction or provision of this Declaration. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (a) the name of the Owner or Resident; (b) the legal description of the Lot, Unit or Parcel against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Owner or Resident to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Resident, and to any subsequent purchaser of the Lot, Unit or Parcel, that there is such a violation. If, after the Recordation of such notice of violation, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Lot, Unit or Parcel against which the notice of violation was recorded, the Recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or, if such be the case, that it did not exist. Notwithstanding the foregoing, failure by the Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

20.16 Use of Inverness Term. No Person shall use the term "Inverness" or any derivative thereof in any printed or promotional material without the prior written consent of Declarant.



**EXHIBIT A  
TO  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR INVERNESS**

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The Property referenced in the foregoing instrument is located in the City of Lehi, Utah County, State of Utah, and is more particularly described as:

A portion of Sections 21, 22, 27, 28, 29, 32 and 33 of Township 4 South, Range 1 East, Salt Lake Base and Meridian, described by survey as follows:

Beginning at a point located N89°52'57"E along the Section Line 49.96 feet and North 49.77 feet from the Northwest Corner of Section 27, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence N89°51'23"W 1562.01 feet; thence S0°01'55"E 1759.85 feet; thence S76°05'04"W 1180.91 feet; thence S0°01'36"E 665.73 feet; thence N89°50'24"W 863.82 feet; thence South 3642.93 feet to the northerly right-of-way line of SR-92; thence along said right-of-way line the following twelve (12) courses: N81°39'47"W 810.94 feet; thence along the arc of a 9520.00 foot radius curve to the left 967.46 feet through a central angle of 5°49'21" (chord: N84°34'28"W 967.04 feet); thence N0°04'53"W 50.05 feet; thence northwesterly along the arc of a 9570.00 foot radius non-tangent curve to the left (radius bears: S2°30'03"W) 24.77 feet through a central angle of 0°08'54" (chord: N87°34'24"W 24.77 feet); thence S0°04'53"E 50.05 feet; thence northwesterly along the arc of a 9520.00 foot radius non-tangent curve to the left (radius bears: S2°22'18"W) 42.75 feet through a central angle of 0°15'26" (chord: N87°45'25"W 42.75 feet); thence N87°53'08"W 626.36 feet; thence S82°17'02"W 408.22 feet; thence S81°45'11"W 256.74 feet; thence S79°17'40"W 151.11 feet; thence S83°06'31"W 292.19 feet; thence N89°59'58"W 243.99 feet to the easterly right-of-way line of 500 West Street according to the official plat thereof; thence along said right-of-way line the following ten (10) courses: N0°05'57"W 325.72 feet; thence along the arc of a 69.50 foot radius curve to the right 109.17 feet through a central angle of 90°00'00" (chord: N44°54'03"E 98.29 feet); thence N0°05'57"W 70.00 feet; thence S89°54'03"W 49.50 feet; thence along the arc of a 31.00 foot radius curve to the right 48.69 feet through a central angle of 90°00'00" (chord: N45°05'57"W 43.84 feet); thence N0°05'57"W 402.21 feet; thence along the arc of a 585.00 foot radius curve to the right 103.39 feet through a central angle of 10°07'34" (chord: N4°57'50"E 103.25 feet); thence along the arc of a 31.00 foot radius curve to the right 52.34 feet through a central angle of 96°43'51" (chord: N58°23'32"E 46.34 feet); thence S73°14'32"E 1.57 feet; thence N16°45'28"E 80.00 feet to the south line of PLAT "A", ASD NORTHEAST SCHOOL subdivision; thence along the boundary of said subdivision the following thirteen (13) courses: S73°14'32"E 286.36 feet; thence along the arc of a 960.00 foot radius curve to the left 273.02 feet through a central angle of 16°17'40" (chord: S81°23'22"E 272.10 feet); thence S89°32'12"E 1355.56 feet; thence along the arc of a 31.00 foot radius curve to the left 48.69 feet through a central angle of

90°00'00" (chord: N45°27'48"E 43.84 feet); thence N0°27'48"E 750.07 feet; thence along the arc of a 31.00 foot radius curve to the left 48.69 feet through a central angle of 90°00'00" (chord: N44°32'12"W 43.84 feet); thence N89°32'12"W 356.39 feet; thence along the arc of a 1035.00 foot radius curve to the right 507.70 feet through a central angle of 28°06'20" (chord: N75°29'02"W 502.63 feet); thence N61°25'52"W 147.92 feet; thence northeasterly along the arc of a 947.00 foot radius non-tangent curve to the left (radius bears: N59°19'38"W) 34.93 feet through a central angle of 2°06'48" (chord: N29°36'58"E 34.93 feet); thence N30°09'35"E 74.52 feet; thence northeasterly along the arc of a 952.00 foot radius non-tangent curve to the left (radius bears: N65°55'42"W) 170.44 feet through a central angle of 10°15'28" (chord: N18°56'34"E 170.21 feet); thence S89°53'58"W 423.26 feet to the east line of PHASE 1, CANYON HILLS subdivision; thence N0°03'21"W along the east line of PHASE 1, 3 AND 8, CANYON HILLS subdivision 1356.75 feet to the northeast corner of PHASE 8, CANYON HILLS subdivision; thence along that real property described in Deed Entry No. 18109:1996 in the official records of the Utah County Recorder the following two (2) courses: N0°03'09"W 1304.41 feet (monumented with a found rebar and cap set in concrete); thence N89°50'54"E 1332.52 feet to the west line of Section 28, T4S, R1E, SLB&M; thence N0°10'43"E along the Section Line 1325.48 feet to the Northwest Corner of said Section 28; thence N0°13'47"E along the Section Line 2640.10 feet to the West 1/4 Corner of Section 21, T4S, R1E, SLB&M; thence N0°13'28"E along the Section Line 1346.52 feet to the south line of that Record of Survey prepared by Stantec Engineering on file in the office of the Utah County Surveyor as Survey No. 12-154; thence N89°59'41"E along said survey line 3420.94 feet to a found rebar and cap set in concrete monument; thence S0°00'19"E along said survey line and in part along the west line of MAPLE HOLLOW 10, 11, & 13 AT SUNCREST subdivision 715.98 feet; thence along the southerly line of MAPLE HOLLOW 10, 11, & 13 AT SUNCREST subdivision the following two (2) courses: N89°59'41"E 2900.00 feet; thence N73°56'41"E 899.58 feet to a found rebar and cap set in concrete monument, said point being the northwest corner of the Alpine Joint Venture LTD property as defined by that Record of Survey prepared by Wilding Engineering on file in the office of the Utah County Surveyor as Survey No. 16-134 (said point being monumented with a found rebar and cap set in concrete); thence along said survey line the following three (3) courses: S19°19'38"E 3047.04 feet to a found brass cap stamped "M17" set in concrete; thence N61°40'44"E 697.56 feet; thence N65°46'11"E 502.33 feet to the East Line of the Southwest Quarter of the Southeast Quarter of Section 22, T4S, R1E, SLB&M; thence S0°10'29"W along said East Line (40 Acre Line) 1181.60 feet to the Northeast Corner of the Northwest Quarter of the Northeast Quarter of Section 27, T4S, R1E, SLB&M; thence S0°06'11"W along the East Line of said Northwest Quarter (40 Acre Line) 1328.11 feet to the north line of PHASE 7, DRY CREEK HIGHLANDS subdivision; thence along the boundary of PHASE 7, 8 & 6, DRY CREEK HIGHLANDS subdivisions the following two (2) courses: S89°49'52"W 1322.57 feet; thence S0°02'55"W 828.20 feet to the north line of that real property described in Deed Entry No. 21542:2004 in the official records of the Utah County Recorder; thence along said real property the following two (2)

courses: N89°59'48"W 421.32 feet; thence S45°00'12"W 307.69 feet; thence N36°48'06"W 1807.67 feet; thence S77°12'44"W 895.54 feet; thence N0°02'25"W 1170.16 feet to the point of beginning.

Contains: ±1290.82 Acres.

LESS AND EXCEPTING FROM THE FOREGOING LEGAL DESCRIPTION OF THE PROPERTY THE FOLLOWING DESCRIBED SIX (6) PARCELS OF LAND:

**1. LESS AND EXCEPTING THE TEXAS INSTRUMENTS WELL HOUSE PARCEL, DESCRIBED AS FOLLOWS:**

A parcel of land, situated in the Northwest quarter of Section 33, Township 4 South, Range 1 East, Salt Lake Base and Meridian. The boundaries of said parcel are described as follows:

Beginning at a point which is North 89°58'12" West 2087.22 feet along the section line and South 508.13 feet from the North quarter corner of said Section 33 and running thence South 258.84 feet to the Northerly line of a 50-foot wide UDOT public utility easement to the beginning of a non-tangential curve to the left with a radius of 9570.00 feet; thence along the arc of said curve 185.77 feet through a central angle of 01°06'44" with a chord bearing North 84°47'56" West 185.77 feet; thence North 242.00 feet; thence East 185.00 feet to the point of beginning.

Contains: ±1.06 Acres

**2. LESS AND EXCEPTING THE GARDNER-PLUMB PARCEL, DESCRIBED AS FOLLOWS:**

Located in Sections 28, 29, 32 and 33 of Township 4 South, Range 1 East, Salt Lake Base and Meridian, described as follows:

Beginning at a point on the east line of Traverse Terrace Drive, Center Street, and 3950 North Street Road Dedication Plat, said point being located N00°04'17"W along the Section Line 906.43 feet and East 69.42 feet from the Southeast Corner of Section 29, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence S89°32'12"E 416.94 feet; thence along the arc of a curve to the left 231.75 feet with a radius of 350.00 feet through a central angle of 37°56'15" chord: N71°29'40"E 227.54 feet; thence N52°31'33"E 83.81 feet; thence along the arc of a curve to the right 229.03 feet with a radius of 350.00 feet through a central angle of 37°29'35", chord: N71°16'20"E 224.97 feet; thence S89°58'53"E 810.37 feet; thence South 1691.76 feet; thence N89°59'48"W 1222.31 feet; thence N00°00'12"E 85.00 feet; thence N89°59'48"W 185.00 feet; thence S00°00'12"W 242.00 feet; thence N86°04'30"W 305.26 feet; thence S00°27'48"W 51.15 feet the northerly right-of-way line of SR-92; thence along said right-of-way line the following five (5) courses: along the arc of a non-tangent curve to the left 52.86 feet with a radius of 9520.00 feet through a central angle of 00°19'05", chord:

N87°19'36"W 52.86 feet; thence N00°04'53"W 50.05 feet; thence N87°34'24"W 24.77 feet; thence S00°04'53"E 50.05 feet; thence along the arc of a non-tangent curve to the left 26.44 feet with a radius of 9520.00 feet through a central angle of 00°09'33", chord: N87°42'28"W 26.44 feet; thence N00°27'48"E 52.87 feet; thence N87°58'14"W 644.17 feet; thence S82°03'40"W 427.60 feet; thence S87°23'39"W 234.14 feet; thence N87°27'39"W 683.60 feet to the easterly right-of-way line of 500 West Street according to the official plat thereof; thence along said right-of-way line the following eight (8) courses: thence N00°05'57"W 158.42 feet; thence along the arc of a curve to the right 109.17 feet with a radius of 69.50 feet through a central angle of 90°00'00", chord: N44°54'03"E 98.29 feet; thence N00°05'57"W 70.00 feet; thence S89°54'03"W 49.50 feet; thence along the arc of a curve to the right 48.69 feet with a radius of 31.00 feet through a central angle of 90°00'00", chord: N45°05'57"W 43.84 feet; thence N00°05'57"W 402.21 feet; thence along the arc of a curve to the right 103.39 feet with a radius of 585.00 feet through a central angle of 10°07'34", chord: N04°57'50"E 103.25 feet; thence along the arc of a curve to the right 52.34 feet with a radius of 31.00 feet through a central angle of 96°43'51", chord: N58°23'33"E 46.34 feet; thence S73°14'32"E 287.93 feet, the previous course being in part along the south line of Traverse Terrace Drive, Center Street, and 3950 North Street Road Dedication Plat; thence continuing along the boundary of said road dedication plat the following three (3) courses: along the arc of a curve to the left 295.77 feet with a radius of 1040.00 feet through a central angle of 16°17'40", chord: S81°23'22"E 294.77 feet; thence S89°32'12"E 1466.56 feet; thence N00°27'48"E 927.07 feet to the point of beginning.

Contains: ±100.05 Acres

**3. LESS AND EXCEPTING THE PROPOSED INVERNESS PLAT 4, LOT 159 PARCEL, DESCRIBED AS FOLLOWS:**

Located in the Southwest Quarter of Section 28, Township 4 South, Range 1 East, Salt Lake Base and Meridian, described as follows:

Beginning at a point located N00°04'17"W along the section line 1012.87 feet and East 700.34 feet from the Southwest Corner of Section 28, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence N37°28'17"W 7.06 feet; thence along the arc of a curve to the right 18.77 feet with a radius of 25.00 feet through a central angle of 43°01'06", chord: N15°57'44"W 18.33 feet; thence N11°56'02"E 111.00 feet; thence along the arc of a non-tangent curve to the left 7.87 feet with a radius of 32.09 feet through a central angle of 14°03'28", chord: N04°54'17"E 7.85 feet; thence along the arc of a non-tangent curve to the right 71.72 feet with a radius of 405.00 feet through a central angle of 10°08'49", chord: N05°56'27"E 71.63 feet; thence along the arc of a non-tangent curve to the right 68.02 feet with a radius of 405.00 feet through a central angle of 09°37'21", chord: N14°48'51"E 67.94 feet; thence N19°37'31"E 19.64 feet; thence along the arc of a curve to the right 164.45 feet with a radius of 405.00 feet through a central angle of 23°15'52", chord: N31°15'27"E 163.32 feet; thence N42°53'23"E 28.69 feet;

thence along the arc of a curve to the left 238.99 feet with a radius of 1670.00 feet through a central angle of  $08^{\circ}11'58''$ , chord:  $N38^{\circ}47'24''E$  238.79 feet; thence  $N34^{\circ}41'25''E$  62.76 feet; thence along the arc of a curve to the left 9.80 feet with a radius of 66.00 feet through a central angle of  $08^{\circ}30'37''$ , chord:  $N30^{\circ}26'06''E$  9.79 feet; thence  $N26^{\circ}10'48''E$  15.89 feet; thence along the arc of a non-tangent curve to the left 149.94 feet with a radius of 364.00 feet through a central angle of  $23^{\circ}36'04''$ , chord:  $S78^{\circ}08'24''E$  148.88 feet; thence  $S89^{\circ}56'26''E$  598.94 feet; thence South 599.56 feet; thence  $N89^{\circ}58'53''W$  657.46 feet; thence along the arc of a non-tangent curve to the left 162.58 feet with a radius of 64.00 feet through a central angle of  $145^{\circ}32'41''$ , chord:  $N72^{\circ}45'10''W$  122.26 feet; thence along the arc of a curve to the right 11.63 feet with a radius of 12.00 feet through a central angle of  $55^{\circ}32'38''$ , chord:  $S62^{\circ}14'48''W$  11.18 feet; thence  $N89^{\circ}58'53''W$  26.24 feet; thence along the arc of a curve to the left 249.32 feet with a radius of 381.00 feet through a central angle of  $37^{\circ}29'35''$ , chord:  $S71^{\circ}16'20''W$  244.89 feet; thence  $S52^{\circ}31'33''W$  62.46 feet to the point of beginning.

Contains:  $\pm 13.24$  Acres.

**4. LESS AND EXCEPTING THE HIGHLAND BOULEVARD CHURCH PARCEL, DESCRIBED AS FOLLOWS:**

Located in the Northeast Quarter of Section 27 of Township 4 South, Range 1 East, Salt Lake Base and Meridian, described as follows:

Beginning at a point located  $N89^{\circ}52'57''E$  along the Section Line 3532.96 feet and South 884.13 feet from the Northwest Corner of Section 27, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence East 28.14 feet; thence North 81.10 feet; thence  $N71^{\circ}24'24''E$  9.26 feet; thence along the arc of a curve to the right 50.17 feet with a radius of 170.00 feet through a central angle of  $16^{\circ}54'28''$ , chord:  $N79^{\circ}51'38''E$  49.98 feet; thence South 92.95 feet; thence  $N89^{\circ}41'19''E$  343.51 feet; thence  $S00^{\circ}07'18''W$  387.64 feet; thence along the arc of a non-tangent curve to the right 69.32 feet with a radius of 86.00 feet through a central angle of  $46^{\circ}10'55''$ , chord:  $S82^{\circ}56'50''W$  67.46 feet; thence  $N73^{\circ}57'43''W$  99.07 feet; thence along the arc of a curve to the left 48.23 feet with a radius of 170.00 feet through a central angle of  $16^{\circ}15'21''$ , chord:  $N82^{\circ}05'24''W$  48.07 feet; thence  $S89^{\circ}46'56''W$  217.71 feet; thence  $N00^{\circ}12'39''W$  361.01 feet to the point of beginning.

Contains:  $\pm 3.77$  acres.

**5. LESS AND EXCEPTING THE SKYE PLAT 2.1, LOT 101 PARCEL, DESCRIBED AS FOLLOWS:**

All of Skye Plat 2.1, Lot 101 as recorded in the office of the Utah County Recorder.

Contains:  $\pm 22.48$  Acres.

6. **LESS AND EXCEPTING THE SKYE PLAT 2.1B, LOT 1 PARCEL,  
DESCRIBED AS FOLLOWS:**

All of Skye Plat 2.1B, Lot 1 as recorded in the office of the Utah County Recorder.

Contains: ±3.97 Acres.

Property Contains: ±1,146.25 Acres

**EXHIBIT B  
TO  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR INVERNESS**

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**BYLAWS  
OF  
INVERNESS OWNERS ASSOCIATION  
  
A UTAH NONPROFIT CORPORATION**

Pursuant to the provisions of the Utah Revised Nonprofit Corporation Act (the “**Act**”), the following are the Bylaws of the Association, which Association is obligated to operate, manage and regulate the Project. Unless otherwise defined below, the capitalized terms set forth in these Bylaws shall have the same meanings ascribed to them in the Declaration of Covenants, Conditions and Restrictions for Inverness, as supplemented and amended from time to time (the “**Declaration**”).

**ARTICLE 1  
PLAN OF LOT OWNERSHIP AND INCORPORATION**

1.1 Submission. These Bylaws are referred to and incorporated by reference in the Declaration. The Project is located in the City of Lehi, Utah County, State of Utah. These Bylaws shall govern the administration of the Project and the Association.

1.2 Organizational Form. If the Association is incorporated, then these Bylaws shall also function as the bylaws of the corporation.

1.3 Bylaws Applicability. All present and future Owners, Residents, occupants, tenants, renters, lessees, and their guests, licensees, invitees, servants, agents or employees, and any other person or persons who shall be permitted entrance to the Project shall be subject to and shall abide by these Bylaws.

**ARTICLE 2  
ASSOCIATION**

2.1 Composition. The Association is a mandatory association consisting of all Owners of Lots within Inverness.

2.2 Voting. Other than the Lots, Units and Parcels owned by Declarant during the period of time that Declarant is a Class B Member of the Association, each Lot or Unit shall have one (1) vote. Multiple Owners must elect a representative to cast their vote. A vote cast, without objection, by an apparent representative of multiple Owners shall be binding upon the parties. Organizational Owners may vote by means of an authorized agent.

2.3 Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors from time to time and stated in the notice of meeting.

2.4 Annual Meeting. Unless otherwise designated by the Board of Directors, the annual meeting of the Association shall be held at 7:00 p.m. on the first Tuesday of June of each year, or at such other suitable date as may be designated by the Board of Directors from time to time. When such day is a legal holiday, the meeting shall occur on the first business day thereafter. The place of meeting shall be the principal office of the Association unless otherwise specified in the notice of meeting.

2.5 Special Meetings. The President of the Association, or a Majority of the members of the Board of Directors, may call a special meeting of the Association, or if the President of the Association is so directed by resolution of the Board of Directors or upon receipt of a petition signed and presented to the Secretary of the Board of Directors by at least twenty-five percent (25%) of the Members of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2.6 Quorum. The presence in person or by proxy of three (3) of the Owners entitled to cast a vote shall constitute a quorum for the transaction of business at any Owners meeting.

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

(b) Quorum at Rescheduled Meeting. Those Owners present at the rescheduled meeting and entitled to vote shall constitute a quorum at the rescheduled meeting, regardless of the number of Owners present at the rescheduled meeting.

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

2.7 Notice of Meeting. It shall be the duty of the Secretary to hand deliver or mail, by regular U.S. mail postage prepaid, a notice of each annual or special meeting of the Owners not less than ten (10) days in advance of such meeting. Each such notice shall state the purpose of such meeting as well as the time and place where it is to be held, to each Owner of record, at the address of his respective Lot or such other address as each Owner may have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice in a fair and reasonable manner.

2.8 Voting Requirements. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association, if, and only

if, he shall be in full compliance with all of the terms, covenants, and conditions of the Governing Documents, and shall have fully paid all Assessments and/or Additional Charges due.

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

2.10 Action Without Meeting of Members. Any action that may be taken at any annual, regular or special meeting of the Owners as members of the Association may be taken without a meeting and without prior notice, if one or more written consents, setting forth the action taken, are signed by members having not less than the minimum voting power that would be necessary to authorize or take the action at a meeting at which all members entitled to vote on the action were present and voted, as authorized pursuant to Section 16-6a-707 of the Utah Code, as such Section may be subsequently amended or replaced.

2.11 Action by Written Ballot. Any action that may be taken at any annual, regular or special meeting of the Owners as members of the Association may be taken without a meeting, if the Association delivers a written ballot to every member entitled to vote on the matter pursuant to the provisions and procedures set forth in Section 16-6a-709 of the Utah Code, as such Section may be subsequently amended or replaced.

### **ARTICLE 3 BOARD OF DIRECTORS**

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

3.2 Composition of Board of Directors. The Board of Directors shall be composed of at least four (4) but no more than nine (9) members. Following the expiration of the Period of Declarant Control, the Board of Directors shall be composed of at least five (5) but not more than nine (9) members. Only individual Owners or officers or agents of organizational Owners shall be eligible for Board of Directors membership.

3.3 Election and Terms of Office of the Board of Directors. The election and terms of the Board of Directors shall be carried out in accordance with the provisions of the Declaration. The initial Board shall be composed of four (4) directors appointed by Declarant, which initial Board shall be controlled by Declarant until the expiration of the Period of Declarant Control. At the first meeting after the expiration of the Period of Declarant Control, five (5) members of the

Board of Directors shall be elected by the Owners. Three (3) members of the Board of Directors shall be elected for two-year terms and two (2) members of the Board of Directors shall be elected for a one-year term. Thereafter, all members of the Board of Directors shall be elected for two-year terms. At the expiration of the member's term, a successor shall be elected.

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

3.5 Regular Meetings. Regular meetings of the Board of Directors shall be held from time to time and at such time and place as shall be determined by a Majority of the members of the Board of Directors.

3.6 Special Meetings. Special meetings of the Board of Directors may be called by the President, Vice-President or a Majority of the members on at least forty-eight (48) hours prior notice to each member. Such notice shall be given personally, by regular U.S. mail postage prepaid, by telephone, or as otherwise authorized by Section 7.1 of these Bylaws, and such notice shall state the time, place and purpose of the meeting. Any meeting attended by all members of the Board of Directors shall be valid for any and all purposes.

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

3.8 Board of Director's Quorum. At all meetings of the Board of Directors, a Majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the Majority of all the Board of Directors members present at a meeting at which a quorum is present shall be deemed to be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the Majority of those present may adjourn the meeting from time to time but for no longer than two (2) days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

3.10 Removal of Board of Directors Member. A member may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum of the Association is present, by an affirmative vote of a Majority

of the members of the Association. Any member whose removal has been proposed by the Owners shall be given at least thirty (30) days' notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Board of Directors member who fails on three successive occasions to attend Board of Directors meetings (whether regular or special), or who has failed to attend at least twenty-five percent (25%) of all Board of Directors meetings (whether regular or special) held during any twelve (12) month period shall automatically forfeit his seat. In such cases, the remaining Board of Directors members shall elect a replacement to sit on the Board of Directors until the next meeting of the Association.

3.11 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a Minute Book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

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

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

3.14 Action Without a Formal Meeting. Any action 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 members of the Board of Directors.

3.15 Financial Crimes Enforcement Network (“FinCEN”) Reporting. As of January 2024, following adoption of the federal Corporate Transparency Act, beneficial owners of entities including homeowners' associations are required to file certain identifying information with FinCEN, a bureau of the U.S. Department of the Treasury. This includes all current and subsequently elected and appointed Board members of the Association. In order to be eligible to serve on the Board, individuals who are current Board members or those elected or appointed to fill a vacant position, shall obtain a FinCEN Identifier by registering with FinCEN online at <https://fincenid.fincen.gov/landing>. The issued FinCEN Identifier shall be promptly provided to the current Board along with all other necessary identifying information to allow the Board to update its Beneficial Ownership Information Report (“**BOI Report**”). If for any reason, the FinCEN Identifier is not timely provided or the Board is unable to register and update its BOI Report within the deadlines established by FinCEN, then such individual shall not be eligible to serve on the Board and will be removed if currently serving on the Board.

3.16 FinCEN Reporting Deadlines. It shall be the Board's obligation to timely update its BOI Report following any changes in Board membership. In accordance with FinCEN regulations, changes in Board membership, specifically the current beneficial ownership information for any new Board members, shall be reported within 30 days. If a newly elected or appointed Board member fails to timely provide its FinCEN Identifier or the necessary identifying information for

the Board to update its BOI Report, that individual shall no longer be eligible to serve on the Board. Similarly, in reporting for existing Board members, a noncompliant Board member shall be removed from the Board if they fail to timely provide a FinCEN Identifier and the necessary information to update the Association's BOI Report.

#### **ARTICLE 4 OFFICERS**

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

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

4.3 Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the Board of Directors, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purposes. Provided, however, if a member of the Board of Directors is removed as an officer, he shall continue to be a member of the Board of Directors.

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

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

4.6 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notices for all meetings of the Association and the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors. The Secretary shall compile and keep current at the principal office of the Association, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by

Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Board of Directors including resolutions.

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

## ARTICLE 5 FISCAL YEAR

The fiscal year of the Association shall be the calendar year consisting of the twelve (12) month period commencing on January 1 of each year terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Board of Directors should it be deemed advisable or in the best interests of the Association.

## ARTICLE 6 AMENDMENT TO BYLAWS

### 6.1 Amendment.

(a) By the Board. The Board may amend the Bylaws at any time to add, change, or delete a provision, unless:

(i) this Section or the Articles of Incorporation or Bylaws:

(A) reserve the power exclusively to the Members in whole or part; or

(B) otherwise prohibit the Board from amending the Bylaws to add, change, or delete a provision; or

(ii) it would result in a change of the rights, privileges, preferences, restrictions, or conditions of a membership class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions, or conditions of another class.

(b) By the Members.

(i) Unless otherwise provided by the Bylaws, the Members may amend the Bylaws even though the Bylaws may also be amended by the Board.

(ii) Amendments to the Bylaws by Members shall be made in accordance with Sections 16-6a-1003 and 16-6a-1004 of the Utah Code Annotated as if each reference in Sections 16-6a-1003 and 16-6a-1004, as amended or supplemented, to the Article of Incorporation was a reference to the Bylaws.

6.2 Recording. An amendment to these Bylaws shall become effective immediately upon recordation in the Office of the Recorder of Utah County, Utah.

## ARTICLE 7 NOTICE

7.1 Fair and Reasonable Notice. Notice given in accordance with the provisions of the Act shall be considered fair and reasonable notice. The Association may give notice by text message, e-mail, the Association website, or other electronic notice; provided, however, an Owner may by making a written demand to the Association require written notice. If such written demand is made, then all notices, demands, bills, statements, or other communications provided for or required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by regular U.S. Mail postage prepaid, a) if to an Owner, at the address of his Lot and at such other address as the Owner may have designated by notice in writing to the Secretary; or b) if to the Board of Directors or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

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

## ARTICLE 8 COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

8.1 Compliance. These Bylaws are set forth in compliance with the requirements of the Declaration.

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

8.3 Severability. If any provision of these Bylaws or any section, sentence, clause, phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby and, to this end, the provisions hereof are declared to be severable.

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

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

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

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

8.8 Attorneys' Fees, Assessments and Costs. If an Owner or Resident, or their families, guests or invitees shall, at any time, violate the terms, covenants or conditions of these Bylaws, and the Board of Directors shall be required to take action to enforce the same, regardless of whether a lawsuit is commenced, the Owner or Resident shall reimburse the Board of Directors for all costs and expenses, including but not limited to reasonable attorneys' fees. To secure payment of any unpaid costs or Assessments, the Board of Directors shall have the right and power to file a lien against the Lot or Unit owned or occupied, and may proceed to collect the same by judgment or foreclosure. In the event of a breach or anticipated breach by an Owner or Resident, or by their family, guests or invitees, of any of the terms, covenants, or conditions of these Bylaws, the Board of Directors shall have, in addition to any other remedies provided by law equity, the right to injunctive relief and damages.

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

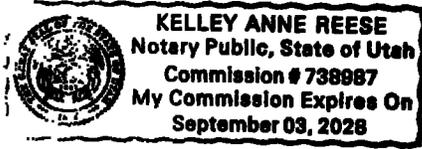
Dated this 19 day of December, 2024.

INVERNESS OWNERS ASSOCIATION,  
a Utah nonprofit corporation

By:   
Name: JOHN P. VChurch  
Title: President

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE )

The foregoing copy of the Bylaws of Inverness Owners Association was acknowledged before me this 19 day of December, 2024, by John R Upchurch, in such person's capacity as the president of Inverness Owners Association, a Utah nonprofit corporation.



KAR  
NOTARY PUBLIC