

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS
FOR

Spring Creek Ranch

A PLANNED RESIDENTIAL COMMUNITY
(EXPANDABLE)

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS ("Declaration") is made on this 31 day of July, 2004, by Shoreline Properties, LLC, a Utah limited liability company (Declarant"), with reference to the following facts:

A. Declarant is the owner of a certain tract of land located in Utah County, Utah, which property is more particularly described as follows:

See attached Exhibit "A"

For purposes of development and marketing, the above-described property is intended to be known as "Spring Creek Ranch." In this Declaration the term "Property" shall refer to Property as described on Exhibit "A". Said Property shall be developed in phases.

B. The development of the Property shall be hereinafter referred to as the "Project." The Owner of each of the Units shall receive fee title to their individual Lot and the residential Dwelling that is built thereon, together with all rights associated with membership in the SPRING CREEK RANCH HOMEOWNER'S ASSOCIATION, INC. (the "Association").

C. Declarant intends by this document to impose upon the Property mutually beneficial conditions, covenants and restrictions under a general plan of improvement for the benefit of all of said Units and the Owners thereof.

D. Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and the Project, and every part thereof, in accordance with the plan for the improvement, sale, and operation of the Property as a Planned Community in Lehi Utah. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants and encumbrances which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title, or interest in or to any part of the Property or the Project.

ARTICLE 1
DEFINITIONS

Unless otherwise expressly provided, the following words and phrases, when used in this Declaration and in the Project Documents, shall have the following meanings:

- 1.1 *Architectural Committee*: the Architectural Committee created pursuant to Article 4 of this Declaration.
- 1.2 *Articles*: the Articles of Incorporation of the Association as amended from time to time.
- 1.3 *Assessment*: that portion of the cost of maintaining, improving, repairing, operating, and managing the Property which is to be paid by the Unit Owners as determined by the Association under this Declaration. Assessments may be designated as Regular Assessments, Extraordinary Assessments, or Special Assessments, as those terms are more specifically defined in Article 6 of this Declaration.

1.4 *Association*: SPRING CREEK RANCH HOMEOWNER'S ASSOCIATION, INC., a Utah non-profit corporation, formed or to be formed by Declarant, the members of which shall be the Owners of Units in the Project including the Declarant for that portion of units not sold.

1.5 *Board or Board of Directors*: the governing body of the Association.

1.6 *Bylaws*: the Bylaws of the Association as amended from time to time. The initial Bylaws shall be as adopted by the incorporating members of the Board of Directors.

1.7 *Common Area*: all the real property and improvements located within the Property, other than the Lots and Dwellings, including without limitation, all landscaped areas, and private roadways and walkways, all of which shall be managed by the Association for the common use and enjoyment of all Owners. The individual Owners within the Association shall own the Common Area as tenants in common, each with an equal undivided interest therein. The Common Area is designated as such on the Plat Map, as defined below. Common Area shall not include any portion of the Expansion Area until such time and upon such conditions as set forth by Declarant for annexation of the Expansion Area.

1.8 *Common Expenses*: the actual and estimated expenses of maintenance, improvement, repair, operation, insurance, and management of the Common Area as shall be determined by Declarant and modified from time to time; expenses of operating and maintaining the parking areas through the Project, expenses of administration of the Association, and any reasonable reserve for such purposes as determined by the Board, and all sums designated Common Expenses by or pursuant to the Project Documents. Without limiting the generality of the foregoing, Common Expenses shall also include: all commonly metered utility charges for the Property including pressure irrigation water; the costs of trash collection and removal; snow removal other than on primary roads or city owned trailways; compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all maintenance, gardening, security and other services benefiting the Common Area; the costs of fire insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Property and the directors, officers and agents of the Association; and any other costs incurred by the Association pursuant to its authority for any reason whatsoever, for the common benefit of the Owners.

1.9 *Declarant*: Shoreline Properties, LLC, a Utah Limited Liability Company and its successors-in-interest and assigns with respect to the Property, but shall not include members of the public purchasing completed Units nor shall it include Builders who purchase sub-areas or pods for development except as provided in Article 2.5.

1.10 *Declaration*: this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, as it may be amended from time to time.

1.11 *Dwelling*: that portion of any building (including garage and other improvements) which is located on a single Lot and which is designed and intended for use and occupancy as a single family residence.

1.12 *Expansion Area*: that real property identified on Exhibit "B" and known as Phases II, upon which Declarant may elect, in its discretion, to expand the Project pursuant to Article 15.

1.13 *Lot*: shall refer to any residential lot shown upon the approved Preliminary Plat Map or any additions thereto of the Project, created for the construction of a Dwelling. The term "Lot" does not include any portion of the Common Area.

1.14 *Member*: a Person entitled to membership in the Association as provided herein.

1.15 *Mortgage*: includes a recorded mortgage, deed of trust, real estate contract, or other instrument creating a security interest in any Unit.

1.16 *Mortgagee*: includes a mortgagee, beneficiary or holder of a deed of trust, real estate contract vendor, or other holder of a mortgage on any Unit.

1.17 *Mortgagor*: includes a mortgagor, the trustor of a deed of trust, real estate contract vendee or other individual granting a security interest in any Unit.

1.18 *Owner or Owners*: the record holder or holders or entity holding title to or a contract vendee's interest in a Unit in the Project. This shall include any person having a fee simple title to any Unit, but shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a Unit is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner", and the fee owner shall be considered a mortgagee.

1.19 *Person*: any natural person, corporation, partnership, association, trustee, or other legal entity.

1.20 *Plat Map*: the recorded map or maps prepared by or for Declarant showing the surface of the Property and the division thereof into Lots and Common Area, as amended and/or supplemented from time to time. The Property will be developed in multiple phases. Phase I shall consist of 74 lots (72 single family residences with two car garages, one LDS church site and one existing home), to be known as "Spring Creek Ranch, Plat A" as provided herein and identified in the Plat Map. Upon the election of Declarant, subsequent Phases may be added to this Declaration by amendment to this Declaration in accordance with Article 15. One such additional Phase will be multi-family in nature which shall carry with it an amendment to certain sections of the Project Documents relating specifically to the type and style of those units being created but in all other ways adhering to the terms and conditions stated herein.

1.21 *Phase*: a particular parcel of property which is or shall become part of the Project pursuant to the recordation of an appropriate amendment to the Declaration. As indicated in Paragraph A of the Recitals above, the term "Property" as used in this Declaration shall refer only to Phase One, unless and until the option to expand is elected by Declarant and is recorded with respect to future phase according to the terms of this Declaration. Until such time, all phases other than Phase I, if any, shall be deemed unaffected and unencumbered by this Declaration.

1.22 *Project Documents*: this Declaration, the Plat Map, the Articles and Bylaws of the Association.

1.23 *Property or Project (synonymous)*: the real property covered by this Declaration and all easements, rights and appurtenances belonging thereto, and all improvements erected or to be erected thereon.

1.24 *Unit*: all elements of individual ownership of a residential interest in the Project, including ownership of a Lot and Dwelling thereon, nonexclusive use of the Common Area, and all rights of membership in the Association.

ARTICLE 2

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

2.1 Organization of Association. The Association is or shall be incorporated under the name of the SPRING CREEK RANCH HOMEOWNER'S ASSOCIATION, INC., in accordance with the requirements of the Utah Non-Profit Corporation and Co-operative Association Act.

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws, together with the general and implied powers of a nonprofit corporation, generally to do any and all things that a corporation organized under the laws of the State of Utah may lawfully do and which are necessary or proper in operating the Association for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Declaration, the Articles and Bylaws.

2.3 Membership. The Owner of a Unit shall automatically, upon becoming the Owner of that Unit, become a Member of the Association, and shall remain a Member thereof until such time their ownership ceases for any reason, at which time their membership in the Association shall automatically cease. Membership shall be held in accordance with the Articles and Bylaws of the Association.

2.4 Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the purchaser of their Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

2.5 Class of Membership, Voting Requirements. The Association may have different classes of voting membership as may be established according to the Articles and Bylaws for the Association. As provided herein, reasonable allowance shall be made for a transition from initial total ownership and control by the Declarant to eventual ownership and control by the individual property owners and residents within the project. The different classes of voting membership shall be a mechanism to accomplish that objective and such other purposes as may be recognized and established under the governing documents of the Association.

The Declarant, reserves the statutory right (either itself or through its appointed agent) to appoint and remove any or all of the members of the Board and any or all of the committees or officers of the Association, and to exercise all powers and responsibilities otherwise assigned by the Declaration to the Association, its officers, or committees, until after the first to occur of the following:

(a) six (6) years from the recording of this Declaration; or

(b) 120 days after three-fourths (75%) of the Units have been conveyed by Declarant, or after all additional land has been added to the Project and all convertible land under Article 15 has been converted, whichever last occurs.

2.6 Membership Meeting. Regular and special meetings of Members of the Association shall be held with the frequency, and time and place, as are in accordance with the provisions of the Bylaws of the Association.

2.7 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

2.8 Use Of Agent. The Board of Directors, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. The term of any such contract shall comply with the restrictions set forth in the Bylaws and the Laws of Utah

ARTICLE 3 RIGHTS IN COMMON AREA

3.1 Common Area. The Common Area shall include all real property and improvements within the Property, other than the Lots and Dwellings,, including without limitation, all landscaped areas, the clubhouse (if any), parking areas, private recreation facilities, private park and trail areas, and the entryways, all of which shall be managed by the Association for the common use and enjoyment of all Owners. The individual Owners within the Property shall own the Common Area as tenants in common, each with an equal undivided interest therein. The Common Area shall be operated, maintained, and insured by the Association for the use and benefit of Owners of Units in the Project, subject to reasonable rules and regulations enacted according to the Bylaws. Each Unit Owner, through membership in the Association, shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the lawful rights of any other Unit Owners. The Declarant hereby reserves in itself and its successors-in-interest and assigns, all easement (and the right to grant further easements) over and onto the Common Area for ingress to and egress from the Project for the purpose of necessary construction, maintenance, or repair work, and for ingress and egress to and from the Expansion Area in connection with the development, use, and occupancy thereof. Each Unit Owner shall also have the rights and easements granted pursuant to this Declaration, the Bylaws, the Articles and any amendments thereto.

3.2 Common Maintenance of Exclusively Owned Areas. As depicted in Exhibit B, each of the individual Dwellings as situated on an individual Lot shall be exclusively owned and maintained by the record title holder thereof. Maintenance of Lots and Dwellings and any other exclusively owned areas shall include regular watering & mowing of all lawns, keeping lawns reasonably free of weeds, planting trees, shrubs, flowers and gardens in accordance with general guidelines established by the Board of Directors, snow removal from sidewalks including the public sidewalk in front of each dwelling as needed and the regular maintenance of the exterior of each home and surrounding fence (if any).

Irrigation water shall be provided through an irrigation system to be initially installed by Declarant. All fencing within the Project (other than around private residences) as initially installed by Declarant, shall be maintained, repaired and eventually replaced by the Association. Fencing put in by a builder or by an Owner shall in every way comply with the standards and specifications set for the Project by the Declarant and Lehi City. Fencing specifications may only be changed by the Declarant while Declarant is in charge of the Association and then only with the approval of Lehi City. After Declarant is no longer in charge of the Association as provided for herein, the fencing specifications may be changed with a 75% vote of the entire Ownership Interest and shall become effective only after approval by Lehi City.

3.3 Partition of Common Area Prohibited. As provided in paragraph 3.1 hereinabove, the Owners shall each own an equal undivided interest in the Common Area as tenants in common. No owner shall bring any action for partition or division of any part of the Common Area, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation, management, use, and enjoyment of the Common Area.

3.4 Extent of Easements. The rights and easements of use and enjoyment of the Common Area created by this Declaration shall be subject to such rules and regulations as may be adopted by the Board of Directors according to the Bylaws. Without limiting the generality of the Board's authority to enact reasonable rules and regulations, such easements shall be subject to the following:

3.4.1 The right of the Board to suspend the rights and easement of any Member, and the persons deriving such rights and easements from any Member, for use and enjoyment of any recreational facilities located within the Common Area, for any period during which the payment of any Assessment against the Member and his Unit remains delinquent; provided, however, that any suspension for either nonpayment of any assessment or breach of any provision in the Project Documents shall not constitute a waiver or discharge of the Member's obligation to pay Assessments as provided in this Declaration;

3.4.2 The right of the Association to consent to or otherwise cause the construction of additional improvements on the Common Area, and to consent to or otherwise cause the alteration or removal of any existing improvements on the Common Area for the benefit of the Members of the Association; and,

3.4.3 The right of the Association, acting through the Board, to consent to or join in the grant or conveyance of easements, licenses or rights of way in, on or over the Common Area for purposes not inconsistent with the intended use of the Property as a planned residential community.

3.5 Damage by Member. Each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence or willful misconduct of the Member, his guests, tenants, or invitees, or any other persons deriving their right and easement of use and enjoyment of the Common Area from the Member, or his or their respective family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the person for whom the Member may be liable as described above. The cost of correcting the damage, to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Unit of the Member liable for the damage and may be enforced as provided hereby for the enforcement of any other Assessment.

ARTICLE 4 ARCHITECTURAL CONTROL

4.1 Architectural Committee. The Architectural Committee shall consist of three (3) members appointed by the Board of Directors. So long as Declarant is in control of the Association, all members shall be appointed by the Declarant. Unless and until the Committee is actually appointed under this provision, the functions of the Committee shall be carried out by the Board.

4.2 Prohibition of Alteration and Improvement. The original architectural design standards for the Project as approved by the Lehi City Council for the Area Plan and for each of the final subdivision maps is depicted on Exhibit "E" and is attached hereto and incorporated by this reference into these CCR's. The architectural design standards also called Minimum Home Design and Construction Standards ("Original Project Design") are intended to be used as the minimum requirements for all homes built within the project and may change from time to time as additional plats are approved by Lehi City. All builders must conform in both spirit and letter to these standards. Subject to the exemption of Declarant hereunder, no alteration of any kind to the original architectural design standards and no exterior painting or staining of any kind, shall be commenced, erected, or maintained upon the Property, until the same has been approved in writing by the Architectural Committee and in accordance with the Lehi City ordinances. These architectural design standards shall also include, but not be limited to minimum landscape design standards and timelines and the handling of on-site construction materials and clean-up.

4.3 Architectural Standards. The City of Lehi has reviewed and approved certain aspects of the design of homes within the Spring Creek Ranch development, including the exterior of the Dwellings. These standards, as approved by Lehi City, are attached to and incorporated into these CCR's for reference and use by the Architectural Committee.

4.4 Plans and Approval.

4.4.1 Plans and specifications showing the nature, kind, shape, color, size, materials and location of any alteration to the Original Project Design including lot landscaping design changes, shall be submitted to the Board or Architectural Committee for approval as to quality of workmanship and design and harmony of external design, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval of the Board or Architectural Committee shall be required to rebuild in accordance with the plans and specifications for the Original Project Design, or to rebuild in accordance with plans and specifications previously approved by the Board or Architectural Committee. Per Lehi City requirements, all building plans must be reviewed, approved and stamped by the Architectural Committee before they will be accepted by the building department.

4.4.2 The Board or Architectural Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Article and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Board or Architectural Committee. Any application submitted to the Board or Committee pursuant to this Article shall be deemed denied, unless written approval or a request for additional information or materials by the Board or Architectural Committee shall have been transmitted to the applicant within forty-five (45) days after the date of receipt by the Board or Architectural Committee of all required materials.

4.4.3 All Lehi City ordinances, rules, regulations, policies and agreements pertaining to the Project shall at all times, be binding upon the Owners and no plans shall be approved that are in violation thereof. This includes but is not limited to the requirements for the bonus density as approved by Lehi City under this Planned Community.

4.5 Non-Liability of Committee Members. Neither the Architectural Committee nor any member thereof shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of, or in any way connected with the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the Architectural Committee or member. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement or alteration, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Project generally, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

ARTICLE 5
REPAIR, MAINTENANCE AND PRESERVATION

5.1 Repair and Maintenance Rights and Duties of Association.

5.1.1 Subject to the provisions in this Declaration pertaining to eminent domain and destruction of improvements, the Association shall paint, maintain, repair and replace the Common Area as provided for in the Project Document or amendments thereto or associated therewith, or shall contract for such maintenance, repair and replacement to assure that maintenance of such areas are in good condition, reasonable wear and tear excepted. However, the Association shall not be responsible for, or be obligated to perform those items of maintenance, repair or improvement, which are the responsibility of the Owners as provided in Paragraph 5.2 below. However, in the event an Owner fails to maintain his Lot or Dwelling or to provide other maintenance or repair as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, the Board may notify the Owner of the work required and request it be done within thirty (30) days from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien his Unit for the amount thereof. All work, either during the initial construction phase by the builder, or by the owner after occupancy shall be done in strict compliance with the Minimum Home Design and Construction Standards and the Minimum Landscape Design Standards that are attached to and made a part of these CCR's.

5.1.2 The Association shall maintain landscaping along public Right of Ways including along 1630 South within the Project area except that the Association shall not be responsible for Right of Ways that front individual lots as these will be the responsibility of individual Owners as provided herein. The Association shall not be responsible for Parks and Trailways, including along 850 East, that are deeded to or for which easements are granted to Lehi City except as agreed to in writing between the Association and the City. All walls or fencing, other than fencing specific to an individual owners home, that is constructed by the Declarant as part of the project or that happens to fall inside the boundary of the City's Right of Way or trail area, shall be maintained by the Association.

5.1.3 For the purpose of performing any maintenance, repair or replacement as authorized by this Article, or for purposes of making emergency repairs necessary to prevent damage to the Common Area or to other Dwellings, or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have an irrevocable easement over and onto all portion of the Common Area, and shall also have the irrevocable right, after reasonable notice to the Owner, and at reasonable hours, to enter onto any Lot for any life safety issue, utility maintenance issue or issue relating to the overall protection of the Project

5.2 Repair and Maintenance Rights and Duties of Owners. Except for those portions of the Property which the Association is required or elects to maintain and repair, each Unit Owner shall, at their sole cost and expense, maintain and repair all interior and exterior components of their Dwelling both structural and non-structural, keeping the same in good condition, and shall repair all damage to the Common Area for which the Owner is responsible under Paragraph 3.5 above. Additionally, each Owner shall maintain, repair and replace as necessary, all exterior doors and windows (and appurtenant hardware and accessories) to their Dwelling Windows shall not be covered with paper, tin foil, tape or any other surface other than normal window coverings as may be approved by the Architectural Committee.

5.3 Landscape Maintenance Duties of Owners. Owners and their respective builder shall be responsible for planting sod only and maintaining yards to the edge of the public sidewalk. The Master Landscape Plan for the project requires that certain trees be planted by the Owner along the street. No trees, other than those specified shall be planted along the street and then no tree shall be planted in front of or to the side of these master planned trees. Owner shall keep the entire yard (including flower gardens) watered, and reasonably free of weeds and free of debris. Lawns shall be mowed by the Owner at least twice monthly during the growing season or if grass reaches 4 inches in length. Grass and tree clippings shall be cleaned up immediately after cutting and never put into the storm water system which is a violation of State Law. Owners shall comply with rules established by the Board relating to Green Waste disposal areas. The owner shall trim trees and shrubs as needed and shall keep the public sidewalk fronting their home free of snow, toys and debris of any kind. Damaged fences shall be removed or repaired promptly. Vegetable gardens may only be kept in the back yard out of view from the street or behind fenced side yards. Sidewalks shall not be painted or disfigured in any way as this is the property of Lehi City. Damage to public sidewalks caused by owners shall be repaired at the owner's expense.

5.4 Animal Habitat Protection and Conservation. It is understood that Spring Creek Ranch is located in, adjacent to or on areas where animal, bird, fish and plant life are abundant. As such, the Association is duty bound

to protect these natural attributes for the benefit of the residents of Spring Creek Ranch, the Community and others into the future. The Association, in accordance with an agreement with Declarant that shall be attached to these CCR's, shall adopt rules and enforcement policies that (a) prohibit the trespassing into areas of designated wetlands, conservation areas either on or adjacent to the Project site except on designated trails and then only for the limited purpose of quiet enjoyment of all, (b) shall on a quarterly basis provide the Unit Owners with educational information that raises the awareness of the natural surroundings and the importance of its protection, (c) shall create a committee whose purpose is to encourage participation in watch groups of the protected areas and keep same free of debris and (d) the Association shall provide each new resident with a handbook as provided by the Declarant that deals with environmentally friendly practices and rules aimed at protecting the natural environment. As a part of its regular dues, the Association shall collect from each homeowner and pay to Declarant a sum not to exceed \$10 per unit per month for use in the ongoing protection of designated habitat areas, a portion of which shall be paid back to the Association to fund their environmental activities. This provision regarding Animal Habitat Protection and Conservation may not be amended except by the Declarant, so long as Declarant controls the Association (pursuant to Article 2.5) or after Declarant no longer controls the Association, upon the unanimous vote of all Unit Owners and the written consent of the City Council of Lehi City.

ARTICLE 6

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant shall establish and the Association shall, at the time of its initial organization, adopt such operating budgets for the Project as are reasonably necessary to commence such operations in the full execution of all of the Associations responsibilities provided hereunder. The Declarant, for each Unit owned within the Project, hereby covenants, and each Owner of any Unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following Assessments, which shall be established and collected as may be provided herein and/or in the Bylaws of the Association: (a) Regular Assessments including Habitat Conservation as described in 5.3 above (b) Extraordinary Assessments; and (c) Special Assessments.

All Assessments, together with interest, costs, penalties, and actual attorneys' fees, shall be a charge and a continuing lien upon the Unit against which each Assessment is made. Each such Assessment, together with interest, costs, penalties, and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the Assessment fell due. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Unit. Notwithstanding the foregoing, the Declarant shall have no responsibility for any Common Expenses or charges other than for the Units that Declarant still owns after ownership by others has reached a ninety percent (90%) level.

6.2 Purpose of Assessment. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire Project, for the improvement and maintenance of the Common Area, and for the common good of the Project. The Regular Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those portions of the Common Area, creation of an adequate contingency reserve, major maintenance reserve, and/or sinking fund for maintenance and repairs of all Common Areas, including the private parking areas, if any, located within the Project as shown on the official plat recorded in the office of the Utah County Recorder. Notwithstanding the above, no assessments of any kind, whether Regular, Extraordinary or Special, shall be charged against the homes or lots of those homeowners of record at the time the final plat was approved.

6.3 Regular Assessments. Until the end of the Association's fiscal year immediately following the closing of the sale of the first Unit in the Project, the annual maximum Regular Assessment per Unit shall be such amount as is set forth in the Project budget prepared by Declarant, payable in monthly installments, or such other billing period as the Board determines from time to time. Each Unit's share for the first fiscal year shall also be prorated based on the number of months remaining in that fiscal year. Thereafter, the Board shall determine and fix the amount of the maximum annual Regular Assessment against each Unit at least sixty (60) days in advance of the start of each fiscal year; provided, however, that the maximum annual Regular Assessment may not be increased by more than twenty percent (20%) above the maximum annual Regular Assessment for the immediately preceding fiscal year, without the vote or written assent of a majority of the voting power of the Association. To be included in this regular assessment is the conservation fee, not to exceed \$10 per Unit per month that shall be paid directly to the Declarant

or its assignee for use specifically for protecting and conserving the habitat in and around the Spring Creek Ranch Project area. This conservation fee shall be used in accordance with a plan established by the Declarant or its assignee as may be changed from time to time by the Declarant. This fee and the responsibilities of the Association with regard to paragraph 5.3 of these CCR's shall be more specifically outlined in an agreement between the Association and the Declarant and may only be modified with the written consent of the Declarant or its assigns.

6.4 Extraordinary Assessments. In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, all Extraordinary 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 a capital improvement upon the Common Area, including fixtures and personal property related thereto, or of any exterior or structural component of any Dwelling, or to defray any unanticipated or underestimated expense not covered by the Regular Assessment (and, where necessary, for taxes assessed against the Common Area); provided, however, and except as provided in the last sentence of this subsection 6.4, that the aggregate Extraordinary Assessments for any fiscal year shall not exceed ten percent (10%) of the budgeted gross expenses of the Association (excluding reserves) for that fiscal year, without the vote or written assent of over sixty percent (60%) of the voting power of the Association. Notwithstanding any language in this Declaration to the contrary, a one-time extraordinary assessment of One Hundred Dollars (\$100) shall be assessed at the time of closing of the purchase of a Unit by the first Owner thereof, to establish a reserve fund for the Association.

6.5 Special Assessment. In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or frequency) against any individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit or yard into compliance with the provisions of this Declaration and the Bylaws, including actual attorney's fees and costs. No special assessments shall be charged against the homes or lots of those homeowners of record at the time the final plat was approved. This exclusion shall apply for as long as they live at their residence.

6.6 Allocation of Assessments, Limited Exemption of Declarant. Except for the initial exemption provided to Declarant as provided in this Section 6.6, all Units shall be assessed according to the percentages set forth on Exhibit "F". As each phase is completed, the proportionate interest and assessment shall be modified to reflect the addition of such phases and additional Units. Notwithstanding the foregoing, Declarant's obligation to pay any Assessment for Units owned by Declarant in any phase of the Project shall not begin until such time Declarant no longer has control of the Association or until such time as 75 % of the Units in the particular phase of the Project have been sold and closed, whichever is later. Notwithstanding the above, no assessments shall be charged against the homes or lots of those homeowners of record at the time the final plat was approved.

6.7 Commencement of Assessment: Due Dates. Except as provided in Section 6.6 above, the Regular Assessments provided for herein shall commence as to all Units in the Project on the first day of the month following closing of the sale of the first Unit in the Project. Due dates of Assessment shall be the first day of each calendar month or such other billing period as the Board may determine from time to time. No notice of such Assessment shall be required other than an annual notice setting forth the amount or the periodic Assessment.

6.8 Transfer of Unit by Sale or Foreclosure. The sale or transfer of any Unit shall not affect any Assessment lien, or relieve the Unit from any liability therefore, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer. Notwithstanding the foregoing, the sale or transfer of any Unit pursuant to foreclosure or by deed in lieu of foreclosure of a recorded first mortgage given in good faith and for value shall extinguish the lien of all such Assessments as to payments which became due prior to such sale or transfer (except for Assessment liens arising prior to recording of the mortgage). Sale or transfer pursuant to mortgage foreclosure shall not, however, affect the personal liability of the Owner for unpaid Assessments. Any Assessments for which the liens are extinguished pursuant to this Paragraph shall be deemed to be Common Expenses collectible from all of the Units including the Unit for which the lien was extinguished. In a voluntary conveyance of a Unit, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid Assessments by the Association against the grantor up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. However, any such grantee shall be entitled to a statement from the Board, setting forth the amount of the unpaid Assessments due the Association, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment becoming due after the date of any statement.

6.9 Enforcement of Assessment Obligation: Priorities: Discipline. All charges, fees and/or assessments due hereunder shall be paid and received by the tenth (10th) day of the month. If any part of any Assessment is not paid and received by the Association or its designated agent within ten (10) days after the due date, an automatic late charge of Twenty Dollars (\$20.00) shall be assessed and additional Twenty Dollar (\$20.00) sums shall be assessed for each month or fraction thereof from the due date until the Assessment and all late charges are paid. Each unpaid Assessment shall constitute a lien on each respective Unit prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any institutional first mortgage of record made in good faith and for value. Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized by this Declaration or by law to make the sale of said Owner's Unit, after failure of the Owner to pay such Assessment, in accordance with the provisions of Utah law applicable to the exercise of powers of sale in deeds of trust, or by judicial foreclosure as a mortgage, or in any other manner permitted by law. The Association, acting on behalf of the Unit Owners, shall have the power to bid for the Unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

6.10 The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may impose reasonable monetary penalties including actual attorney's fees and costs, and may temporarily suspend the Association membership rights of a Unit Owner who is in default in payment of any Assessment, after notice and hearing according to the Bylaws.

6.11 Payment of Taxes Assessed Against Common Area or Personal Property of Association. If at any time taxes are assessed against the Common Area, then it is anticipated that each unit's individual interest in the Common Area will be taxed as a portion of such unit, and that the Common Areas will not be taxed as a parcel. Pursuant to and consistent with paragraph 3.1 hereinabove, taxes assessed against the Common Area, or the personal property of the Association, shall be paid by the Owners through assessments from and collection by the Association rather than directly from the Owners. Taxes assessed against the personal property of the Association shall be paid by the owners through assessments from and collection by the Association. Such assessments shall be included in the Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Units in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above), with such payment due thirty (30) days prior to the due date of the tax installment. This section should be eliminated or modified to reflect the change in Utah law stating that the common areas in a project are not to be separately assessed but reflected in the value of the individual Units. See U.C.A § 57-8-27 (as amended 2003).

ARTICLE 7 EASEMENTS AND UTILITIES

7.1 Access, Use and Maintenance Easements. Declarant expressly reserves for the benefit of the Owners, reciprocal, non-exclusive easements for access, ingress and egress over all of the Common Area (exclusive of any Restricted Common Area) and for the use and enjoyment of all recreational facilities thereon, including private streets (if any) or driveways in the Common Areas currently existing in the Property, or subsequently added to it, which easements shall be deemed granted by Declarant to the Owners and to the Association for so long as Declarant owns any interest in the Property. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by Declarant, its successors, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Unit in the Project. Declarant also expressly reserves for the benefit of the Board of Trustees and all agents, officers and employees of the Association, nonexclusive easements over the Common Area (including any areas designated by the Project Documents as Restricted Common Area) and all Lots and Dwelling Exteriors as necessary to maintain and repair the Common Area, including utilities to the Dwelling and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Area shall be appurtenant to, binding upon and shall pass with the title to, every Unit conveyed, as more fully described in Paragraph 5.1 above.

7.2 Encroachments and Utility Easements. Each Unit within the Property is hereby declared to have an easement over all adjoining Units and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction or shifting of any building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations

of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments over adjoining Units or Common Area shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist. Declarant expressly reserves for the benefit of itself and its successors-in-interest and assigns, including the Association, easements over and under the entire Property (together with the right to grant and transfer the same) for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, telephone, cable television, and other utility lines, services and access during any and all emergencies, as may be deemed appropriate to service and protect the Project. All work done in utility easements shall be in accordance with Lehi City Ordinances and Design Standards.

7.3 Owners' Rights and Duties With Respect to Utilities. The rights and duties of the Owners of Units within the Project with respect to utilities shall be as follows:

7.3.1 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or other utility or service connections are located or installed within the Project, which connections, or any portion thereof, lie in or upon or beneath Lots or Dwellings owned by other than the Owner of a Dwelling served by said connections, the Owners of any Dwellings served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter upon the Dwelling or to have the utility companies enter upon the Dwellings in or upon or below which said connections, or any portion thereof lie, to repair, replace and generally maintain said connections as and when necessary in accordance with the rules established from time to time by the Association.

7.3.2 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air conditioning conduits, ducts, flues or other utility or service connections are located or installed within the Project, which connections serve more than one Dwelling, the Owner of each Dwelling served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his Dwelling.

7.3.3 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

7.3.4 No Owner may excavate or tamper in any way with any aspect of the Common Area, including all utilities and in particular the pressure irrigation system which is considered part of the Common Area without the written consent of the Board or Association Manager as may be allowed by this Declaration.

7.3.5 In addition, the Declarant on behalf of the Association and the Association solely after Declarant is no longer a part of the Association shall be billed and pay for all utilities used by the Owners collectively as an Association in the Common Areas including but not limited to electricity, gas, sewer, garbage removal, culinary water and water used in the entire pressure irrigation system per Lehi City requirements. This includes utilities used to light the project, to water the project, to maintain the project and all utility costs for maintenance and upkeep of the gardens, and all other parts of the Common Area.

ARTICLE 8 RESIDENCE AND USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Unit therein is subject to the following:

8.1 Use of Individual Dwellings. No Dwelling shall be occupied and used except for single-family residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein except for home occupations that are in strict compliance with applicable codes and ordinances of Lehi City or other governmental agencies, and which have received appropriate approvals for such home occupations. An Owner shall have the right to rent their Unit to a tenant or tenants under such terms and

conditions as may be deemed appropriate by the Owner; provided that any tenant shall occupy the Unit subject to all terms and conditions of the Project Documents. In no event shall any Unit be rented without the advance written notice to Declarant and / or their successor in interest or designated property manager. Each renter shall be required to sign for a copy of the CCR's, House Rules, Bylaws and Environmental Policies prior to taking occupancy

8.2 Nuisances. No noxious, illegal, or offensive activities as determined by the Board Directors or the laws of Lehi City or the State of Utah shall be carried on in any Dwelling, or in any part of the Property, nor anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Dwelling including, but not limited to, noise created by an Owner's pets, or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be canceled or to cause a refusal to renew the same, or which will impair the structural integrity of any building or create additional cost for maintenance of the Common Areas or create risks for other homeowners or the Association.

8.3 Signs. No Signs advertising Units for rent or signs promoting a business or the sale of goods may be displayed on the Property or in the windows of Units or on any portion of the Property, unless first approved by the Board, and unless such signs comply with any and all local ordinances and any provisions of this Declaration, the Bylaws, Rules and amendments thereto. The Association Board shall establish a standard for signage in the front yards of Units for sale including size, location and other rules. Notwithstanding the preceding sentence, as it is in the interest of all Owners to sell out the project as soon as possible, until all Units in all phases of the Project have been sold, the Declarant or its assignee shall have the right to advertise Units for sale in a tasteful manner, provided Declarant complies with the requirements of Lehi City and applicable governmental statutes with respect to such advertising. In no instance may signs be placed in the Common Area without the express written consent of the Board.

8.4 Animals. No animals or birds of any kind shall be raised, bred, or kept in any Dwelling, or on any portion of the Property; except that no more than two (2) usual and ordinary household pets such as dogs, cats, or birds, may be kept, provided that they are not kept, bred or maintained for any commercial or illegal purposes and they are kept under reasonable control at all times and do not infringe on the goals of the Declarant and the Association with regard to environmental protection and habitat restoration. Any dog shall be kept on a leash at all times when the dog is in the Common Area. Owners shall prevent their pets from soiling any portions of the Common Area and in the event a pet does soil a portion of the Common Area, the Owner or person in control of such pet shall immediately clean up after the pet. The Board may enact reasonable rules respecting the keeping of animals within the Project, including noise restrictions, and may designate certain areas in which animals may not be taken or kept, or they may require that specific animals such as dogs with aggressive tendencies, not be allowed on any part of the Property. It is intended that all permitted pets shall be small household pets, to be kept indoors and not left outdoors overnight except in a fenced back yard and then only if the animals do not in any way become a nuisance to the other Owners within the Project. The Owners of cats or dogs found roaming the project without a leash or that harm the areas wildlife while unleashed will be subject to significant fines to be established by the Board and other remedies as may available to the Board

8.5 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Property or Lots and shall not be allowed to accumulate thereon. All garbage or trash receptacles, including recyclable containers, shall be stored in the garage or behind a side yard fence, except on trash collection days. Trash, garbage and other waste shall not be kept except in sanitary containers and shall be kept in the garage or behind a side yard fence, except on trash collection days. No equipment or storage piles may be kept outside of the Dwelling.

8.6 Radio and Television Antennas. No externally visible antenna systems (or internally located electronic or radio equipment which interferes with any other Owner's quiet enjoyment of his Unit) shall be permitted in the Project without the express written consent of the Board. "Mini-satellite" dishes shall be permitted to be placed on the Dwelling in an inconspicuous manner without approval of the Board.

8.7 Clothes Line. No exterior clothes lines shall be erected or maintained on the Property and there shall be no outside laundering or drying of clothes including front yards, front and back porches and verandas of each Unit.

8.8 Power Equipment and Car Maintenance. No power equipment or car maintenance of any nature shall be permitted on the Property except behind a privacy fence separating the front and back yards of a Unit and then only

if the entire back yard is fenced. Car washing or polishing may be done in the Unit owners driveway or front yard and then only if in accordance with Lehi City ordinances.

8.9 Recreational and Commercial Vehicles. No boats, trailers, recreational vehicles, trucks, vending or commercial vehicles shall be parked or stored in or upon any of the public streets or in the Common Areas except in compliance with rules and regulations as may be created by the Association. Except as otherwise provided by the rules and regulations adopted by the Board, any boats, trailers, recreational vehicles, trucks or commercial vehicles belonging to Owners or other residents of the Property must fit within and be stored and kept within the Owner's garage or behind a fence separating the front and back yards. In no instance shall bicycles, mountain bikes, motorcycles, motorized scooters, off-road vehicle such as all terrain vehicles (3 or 4 wheelers), snowmobiles or other motorized vehicles encroach on or in the posted environmentally sensitive areas. Such vehicles are not allowed on trails within the Project. Only vehicles that are licensed may be operated on the streets within the Project and then only in strict compliance with speed and safety regulations. The Association reserves the right to prosecute complaints against those who create ongoing safety or environmental concerns.

8.10 Window Covers. Curtains and drapes (with a white lining), shutters, or blinds of a neutral color, may be installed as window covers, subject to the Boards' absolute discretion. (this is a condo-specific restriction needs to be modified) No window shall be covered with aluminum foil, paper, tape or similar material. No window tinting or mullions shall be allowed without the prior written approval of the Architectural Committee. (is this part of the Original Design approval restrictions).

8.11 Sculptures / Flags. No outdoor sculptures or fountains or the like shall be permitted in the front yards of any Dwelling or Lot. Fountains and outdoor sculptures shall be permitted in the back yards with written approval of the Architectural Committee. Flags and flagpoles shall be uniformly placed and consistent in size and shape and shall not interfere with on site utilities.

8.12 Fences. The original fencing established and installed by Declarant as part of the original Project design shall be preserved and maintained by the Association. This includes the pre-cast concrete & tubular fence plus the columns and split rail fencing (project fencing) which shall not be painted, damaged or changed in any way by the owner. Damage by Owners to project fencing shall be fixed at Owner's expense. Owners may not attach any other fence directly to the project fencing. All new and/or additional fencing around a home perimeter must be approved by the Architectural Committee as provided herein and then only in compliance with rules and specifications established by Declarant and the Minimum Landscape Design Standards that are part of these CCR's. Perimeter fencing along 850 East 1630 South and along trails shall be in strict accordance with a design approved by the Planning Commission and the Lehi City Council that is intended to maintain the open feel of the project. Owners, and not the Association, shall repair any damage to their fencing within 60 days. The Board though the Architecturally Committee shall be responsible for approving all fencing outside of the original design standards.

8.13 No Patio/Deck Storage. No observable outdoor storage of any kind shall be permitted on patios, front yards, porches etc, except for patio furniture and portable barbecue grills in good condition which may be maintained on backyard patios. Said patio furniture shall conform with standards set by the Architectural Committee. A single storage shed with size, color and other specifications approved by the Board may be constructed in the back yard of each home in accordance with established rules.

8.14 Additional Use Restrictions.

8.14.1 Watering Days. The Common Area Maintenance Plan shall provide for an irrigation system for the Project with restricted watering days in accordance with the Common Area Maintenance Plan to be established by the Declarant and administered thereafter by the Association. Owners and the Association shall comply with rules and ordinances established for conservation by Lehi City.

8.14.2 Mail Boxes. Delivery of all mail shall be to grouped boxes as provided to the project and approved by the United States Postal Service. No individual mail boxes shall be allowed. Said mail boxes shall be maintained by the Association or by the U.S.P.S. as provided by law. The location of said "gang" boxes shall be shown on each Final Plat as approved by Lehi City along with specifications for designs of buildings that contain them.

8.14.3 No Warranty of Enforceability. Declarant has no reason to believe that any of the restrictive covenants contained in this Article 8 or elsewhere in this Declaration are or may be invalid or

unenforceable for any reason, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, and the Unit Owner shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold Declarant harmless therefrom.

8.14.4 Other Enforcement. Lehi City, at its sole discretion may enforce certain portions of the restrictive covenants contained in this Article 8 or elsewhere in this Declaration.

8.14.5 Declarant's Right to Sell Units. Notwithstanding anything contained herein to the contrary, until the Declarant has completed and sold all of the Units, neither the Unit Owners who have purchased Units from Declarant or other builders, Unit Owners of re-sold units, nor the Association or its Board or Committees shall interfere with the completion of the Units and Common Areas and the sales of the remaining Units, including but not limited to, the maintenance of a sales office, the showing of the Units (either speculation or model) and the display of signs.

8.14.6 Trespassing onto, Dumping in or Damage to Protected Areas and No Hunting. Under no circumstances shall any Unit Owner or any tenant, relative, agent or invitee of same go onto Common Areas that are posted as Protected or Environmentally Sensitive. This includes the entire Spring Creek Corridor, the Southerly Conservation Area below Spring Creek, any Designated Wetland Areas or other areas that can be damaged or harmful that fall within the common area or adjacent to it. Under no circumstances shall any Unit Owner or any tenant, relative, agent or invitee of same dump rubbish or yard clippings, branches or refuse of any kind in any of the designated environmentally sensitive areas. Such actions are in violation of the Clean Water Act and will be reported. The responsible party shall be responsible for all costs of remediation. No hunting or fishing of any kind or for any reason is allowed on the property or in any of the environmentally sensitive areas within the site, along or in the Spring Creek corridor or in areas that are part of the original Area Plan or in areas adjacent to the Project.

8.14.7 Agricultural Protection Areas and No Trespassing. Under no circumstances shall any Unit Owner, or any tenant, relative, agent or invitee trespass on surrounding property that is privately owned. Spring Creek Ranch is located in the vicinity of an established Agricultural Protection Area in which normal agricultural uses and activities have been afforded the highest priority use status. It can be anticipated that such agricultural uses and activities may now or in the future be conducted on property included in the Agricultural Protection Area. The use and enjoyment of this property is expressly conditioned on acceptance of any annoyance or inconvenience which may result from such normal agricultural uses and activities.

ARTICLE 9 INSURANCE

9.1 **Duty to Obtain Insurance: Types.** The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as may be considered desirable by the Board, but not less than One Million Dollars (\$1,000,000.00) in combined single limit coverage (taking into consideration the requirements of mortgagees), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Area and any other property under its jurisdiction. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Area and all Dwellings owned by the Association. Such insurance shall be maintained for the benefit of the Association, the Owners, and the mortgagees, as their interests may appear as named insured; subject, however, to loss payment requirements as set forth herein. The Board of Trustees shall purchase such other insurance as necessary, including, but not limited to, errors and omissions, directors', officers' and agents' liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall be deemed desirable for the Project.

9.2 **Waiver of Claim Against Association.** As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Trustees and Declarant, except to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of, or breach of any agreement by, any of said persons.

9.3 Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide fire and casualty insurance on his Lot, Dwelling and all personal property and improvements. Nothing hereby shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to persons or property occurring inside his individual Dwelling or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.4 Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be canceled, terminated or expire by their terms, without twenty (20) days prior written notice to the Board, Declarant, Owners and their respective first mortgagees; (provided that Declarant, such Owners or mortgagees have filed written requests with the carrier for such notice) and every other person in interest who complies with the notice requirements of the insurer.

9.5 Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Trustees shall be a Common Expense to be included in the Regular Assessments levied by the Association and collected from the Owners.

9.6 Trustee for Policies. The Association, acting through its Board of Trustees, is hereby appointed and shall be deemed trustee of the interests of all named insured under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 9.1 above shall be paid to the Board of Trustees of the Association. The Board shall have full power to receive the proceeds with the same to be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article 10 of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in this Declaration.

9.7 Actions as Directors. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners shall have the exclusive right to bind such parties in respect to all matters affecting insurance earned by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance.

9.8 Required Waivers. All policies of physical damage insurance shall provide, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- a. Subrogation of claims against the Owners and tenants of the Owners;
- b. Any defense based upon co-insurance;
- c. Any right of set-off, counterclaim apportionment, pro-ration or contribution by reason of other insurance not carried by the Association;
- d. Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured, and
- e. Any right of the insurer to repair, rebuild or replace, and, if the improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured.

ARTICLE 10
DESTRUCTION OF IMPROVEMENTS

10.1 **Damage to Common Area.** Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Area, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is inadequate to complete the restoration and repair, the Board shall levy all Extraordinary Assessment for the deficiency and proceed with such restoration and repair.

10.2 **Damage to Dwellings.** Except as otherwise provided in this Declaration, in the event of any destruction of any Dwelling or Dwellings, it shall be the duty of the Owners of the Dwelling or Dwellings to restore and repair the same to its/their former condition, as promptly as practical in accordance with timelines established by the Board and under the supervision of the Board. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Property shall be made available for such purpose, unless otherwise provided herein. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than the estimated cost of restoration and repair, the Owners of the Dwelling or Dwellings shall be responsible for the deficiency.

ARTICLE 11
DECLARANT'S RIGHTS AND RESERVATIONS

11.1 Declarant is undertaking the work of construction of the Project and the creation of the Planned Community on the Property. The completion of that work and the sale or other disposition of the Units is essential to the establishment and welfare of the Property as a residential community. In order that said work may be completed and said Property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

11.1.1 Prevent Declarant, its contractors, or subcontractors from doing on the Property, whatever is reasonably necessary or advisable in connection with the completion of the work; or

11.1.2 Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Property, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Property as a residential community and disposing of the same in parcels by sale or other disposition; or

11.1.3 Prevent Declarant from maintaining such sign or signs on any of the Property as may be necessary for the sale or disposition thereof; or

11.1.4 Prevent Declarant, its successors in interest and assigns, from entering into exclusive long term contracts on behalf of the Association, with cable television or other such service providers on behalf of the owners, the cost of same to be considered a common area expense.

11.1.5 Prevent Declarant, its successors in interest, and assigns, from selling to a third party the rights to build upon the real property the first or subsequent Phases of the Project. Declarant, its successors in interest and assigns, shall however, be obligated, if an election is made to develop subsequent Phases of the Project, to develop the Phases consistent with the requirements of this Declaration. So long as Declarant owns one or more of the Units established and described in this Declaration and except as otherwise specifically provided herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

11.1.6 Prevent Declarant, its successors in interest, and assigns, from pursuing its goals related to the protection of existing habitat, wetlands, wildlife within and around the Spring Creek Ranch Project area.

In the event Declarant shall convey all of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then and in such event, the original Declarant shall be relieved of the performance of any further duty or obligation or liability hereunder, and such succeeding partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

ARTICLE 12
RIGHTS OF MORTGAGEES

12.1 In order to induce various lenders and lending agencies to participate in the financing of Units within the Project, this Article 12 is included in this Declaration. To the extent these added provisions, pertaining to the rights of such lenders and lending agencies conflict with any other provisions of this Declaration or any other of the Project Documents, these added restrictions shall control. For purposes of this Article 12, the terms "Eligible Holder" and "Eligible Insurer Guarantor" refer to an Institutional First Mortgage Holder, Insurer or Guarantor of any Institutional First Mortgage on a Unit, who has provided a written request to the Association, to be notified of any proposed amendment or action described in Paragraph 12.5 or Paragraph 12.6 below.

12.2 Notwithstanding any other provision of the Project Documents no amendment or violation of the Project Documents shall operate to defeat or render invalid the rights of any Institutional First Mortgagee of a Unit made in good faith and for value, provided that after the foreclosure of any such mortgage, such Unit shall remain subject to the Project Documents.

12.3 Each Institutional First Mortgagee of a mortgage encumbering any Unit, which obtains title to such Unit pursuant to judicial foreclosure or the powers provided in such mortgage, shall take title to such Unit free and clear of any claims for unpaid Assessments or charges against such Unit which accrued after the time such mortgagee recorded its mortgage, and prior to the time such mortgagee acquires title to such Unit.

12.4 Institutional First Mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours; (2) require from the Association the submission of annual financial reports and other financial data; (3) receive written notice of all meetings of the Owners; and (4) designate, in writing, a representative to attend all such meetings. (typically the associations books will not be annually audited due to the expense)

12.5 Each Owner hereby authorizes the Institutional First Mortgagee of a first mortgage on his Unit to furnish information to the Board concerning the status of the first mortgage and the loan which it secures.

12.6 Unit Owners shall have the right to amend the Project Documents except as it relates to the conservation fee and Association duties related thereto, according to their terms, subject to the rights of Eligible Holders to participate in the amendment process as provided in this Paragraph. Amendments of a material nature shall be agreed to by (i) the Declarant (so long as there are two classes of voting power); and (ii) Unit Owners representing at least sixty-seven percent (67 %) of the total votes in the Association (excluding votes residing in Declarant, so long as two classes of voting power exist). Additionally, approval must be obtained from Eligible Holders (who have requested notice pursuant to section 12.4 above) representing at least fifty-one percent (51 %) of the votes of the Units that are subject to mortgages held by Eligible Holders. A change to any of the following would be considered as material:

12.6.1 Voting rights;

12.6.2 Assessments, assessment liens, or subordination of assessment liens;

12.6.3 Reserves for maintenance, repair and replacement of Common Area;

12.6.4 Responsibility for maintenance and repairs;

12.6.5 Reallocation of interests in the Common Area, or rights to its use;

12.6.6 Boundaries of any Unit;

- 12.6.7 Convertibility of Units into Common Area or vice-versa;
- 12.6.8 Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
- 12.6.9 Insurance or fidelity bonds,
- 12.6.10 A decision by the Association to establish self management when professional management had been previously required by an Eligible Holder;
- 12.6.11 Restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the Project Documents;
- 12.6.12 Any action to terminate the legal status of the Project after substantial destruction or condemnation (when Unit Owners are considering termination of the legal status of the Project for reasons other than substantial destruction or condemnation, approval must be obtained from Eligible Holders representing at least sixty-seven percent (67%) of the votes of Units that are subject to mortgages held by Eligible Holders); or
- 12.6.13 Any provisions that expressly benefit mortgage holders, insurers or guarantors.

If the Association determines that an addition or amendment to the Project Documents is a material change, the approval of Eligible Holders shall be implied by the failure of an Eligible Holder to submit a response to a written proposal for an amendment within thirty (30) days after the proposal is made.

12.7 Each Eligible Holder and each Eligible Insurer or Guarantor is entitled to timely written notice of the following, provided the Eligible Holder or Eligible Insurer or Guarantor has previously requested such notice from the Board, in writing:

- 12.7.1 Any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its mortgage;
- 12.7.2 Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage;
- 12.7.3 A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- 12.7.4 Any proposed action that requires the consent of a specified percentage of Eligible Holders.

In addition to the foregoing, the Board shall have the power and authority, without the vote of the Association, to enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of any generally recognized Institutional lending institution so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first mortgages encumbering Units. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their residential Units, if such agencies or lending institutions approve the Property as a qualifying Project under their respective policies, rules and regulations, as adopted from time to time.

ARTICLE 13 DURATION AND AMENDMENT

13.1 Duration. This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Declaration as set forth in Paragraph 13.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect.

13.2 **Amendment.** Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by Members at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members of the Association representing not less than TWO THIRDS (2/3) of the total voting power of the Association (including the combined voting power of all classes – if any). Notwithstanding the foregoing, the following special voting provisions shall apply:

13.2.1 Amendments of a material nature shall be enacted in compliance with the provisions of Article 12 of this Declaration. In addition any changes to the CCR's shall be approved by Lehi City prior to becoming a part of the CCR's and said approval shall be in writing.

13.2.2 The specified percentage of the voting power necessary to amend a specified provision of this Declaration shall be not less than the percentage of affirmative votes, or number of votes prescribed for action to be taken under that provision;

13.2.3 A certificate, signed and sworn to by two (2) officers of the Association, that the record Owners of the required number of Units have either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact.

The Association shall maintain in its files the record of all such votes of written consents for a period of at least four (4) years. Such a certificate reflecting any amendment which requires the written consent of any of the record holders of Institutional First Mortgages shall be signed and sworn to by such first mortgagees.

ARTICLE 14 GENERAL PROVISIONS

14.1 **Enforcement.** The Association, through the Board, Lehi City Corporation or any Owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Declaration, and in such action the prevailing party shall be entitled to recover costs and reasonable attorneys' fees in addition to any other relief as ordered by the Court. Any such action by the Board shall be taken on behalf of three (3) or more Unit Owners, as their respective interests may appear, with respect to any cause or action relating to the Common Area or more than one Unit. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

14.2 **Invalidity of Any Provision.** Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

14.3 **Conflict of Project Documents.** If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order; Plat Map; Articles; Bylaws; and rules and regulations of the Association. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of Institutional First Mortgagees shall have priority over any inconsistent provision in that document or in any other Project Document.

ARTICLE 15 ANNEXATION

15.1 At the discretion of the Declarant, any time within ten (10) years from the recording of this Declaration, Declarant may elect to expand the Project. Upon such election, all or part of any Phase may be annexed to the Property and shall thereafter automatically become subject to this Declaration and be subject to the jurisdiction of the Association, without the assent of the Association or its Members, on condition that a Supplemental Declaration shall be recorded in the office of the Utah County Recorder. The Supplemental Declaration shall incorporate this Declaration by reference and may contain such complementary additions and modifications of the Covenants, Conditions and Restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the Expansion Area, and as are not inconsistent with the scheme of this Declaration.

15.2 As provided previously herein, this Declaration governs only Phase I of the Spring Creek Ranch. Subsequent portions of the Planned Community shall each also be governed by these Covenants, Conditions, and Restrictions and the Home Owners' Association.

15.3 Lehi City, at its sole discretion may enforce certain portions of this Declaration.

15.4 All changes to this Declaration shall be approved by the Lehi City Council and other bodies as may be required by the policies and procedures of Lehi City.

The undersigned, being the Declarant herein, has executed this Declaration on the 9TH day of AUGUST 2004.

DECLARANT: Shoreline Properties, LLC

By: David N. Klock

David N. Klock
Its: Manager

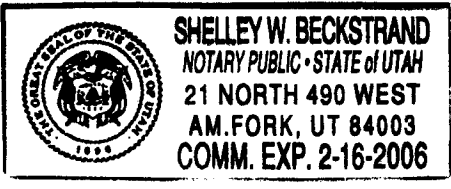
STATE OF UTAH)
).ss
COUNTY OF UTAH)

On this 9 th day of August 2004, before me, the undersigned, a Notary Public in and for the State of Utah, duly commissioned and sworn, personally appeared David N. Klock to me known to be a **Member** and duly appointed **Manager** of Shoreline Properties, LLC, a Utah Limited Liability Company, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument by authority of its Operating Agreement.

WITNESS my hand and official seal hereto affixed the day and year first above written.

[Signature]

NOTARY PUBLIC



Seal

Spring Creek Ranch – Overall Property Descriptions

July 30, 2004

NORTH PARCEL

Beginning at a point in a fence line on the northerly line of a county road, said point being located South 00°01'20" East along section line 462.89 feet and East 2155.98 feet from the West quarter corner of Section 21, Township 5 South, Range 1 East, Salt Lake Base and Meridian; thence North 01°09'36" West along a fence line 483.51 feet; thence North 08°14'40" East along a fence line 26.48 feet; thence North 82°36'28" East along a fence line 90.76 feet; thence South 88°51'07" East along a fence line 411.55 feet; thence North 00°40'36" East 394.31 feet to the south property line of Kent G. Buckwalter as described in Deed recorded in Book 1433, at Page 335; thence North 40°42'46" East along said south property line 1004.97 feet; thence South 89°42'13" East along said south property line 829.87 feet to the westerly line of a county road; thence South 31°12'17" West along said westerly line 351.81 feet; thence South 29°59'15" West along said westerly line 330.90 feet; thence South 13°21'16" West along said westerly line 850.76 feet; thence North 88°35'11" West 225.42 feet; thence South 00°48'00" West 121.04 feet; thence South 89°20'21" East 199.10 feet to said westerly line of a county road; thence South 13°13'00" West along said westerly line 148.21 feet to the northerly line of said county road; thence North 89°19'50" West along said northerly line 887.44 feet; thence South 00°08'21" East 7.08 feet to a fence line on the north line of a county road; thence North 88°55'28" West along said fence line on the north line of said county road 492.23 feet to the point of beginning.

Area = 42.6439 acres

SOUTH PARCEL

Beginning at a point in a fence line on the southerly line of a county road, said point being located South 00°01'20" East along section line 508.38 feet and East 2420.60 feet from the West quarter corner of Section 21, Township 5 South, Range 1 East, Salt Lake Base and Meridian; thence South 89°01'58" East along a fence line 239.54 feet; thence South 89°02'13" East along a fence line 288.11 feet; thence South 88°56'08" East along a fence line 475.35 feet; thence South 89°44'34" East along a fence line and extension thereof 146.77 feet; thence North 12°00'00" East 37.56 feet; thence South 89°00'00" East 330.04 feet; thence South 01°18'12" West 0.53 feet; thence South 88°53'56" East 345.93 feet to a fence line; thence South 01°04'55" West along a fence line 811.35 feet; thence South 01°18'22" West along a fence line 208.17 feet; thence South 00°48'52" West along a fence line 175.08 feet; thence South 01°12'38" West along a fence line 899.79 feet; thence South 88°55'04" West 293.69 feet; thence North 88°42'56" West 0.85 feet; thence South 01°09'04" West 609.70 feet; thence South 00°59'00" West 591.34 feet to the Southeast corner of the line described in that certain Stipulation for Settlement, recorded Feb. 8, 2000, as Entry No. 10530:2000 of Official Records; thence North 61°30'32" West along said line 1250.29 feet to the intersection with the extension of the subject parcels westerly boundary; thence North 01°18'12" East along said westerly boundary 575.57 feet; thence South 88°20'33" West 173.11 feet; thence South 88°35'21" West 237.54 feet to a fence line; thence North 00°46'07" East along a fence line 764.08 feet; thence North 00°28'07" East along a fence line 1369.96 feet to the point of beginning.

Area = 110.8002 acres