

WHEN RECORDED RETURN TO:

Highland Woods, L.L.C.
 2889 East 3300 South Care of Soar Realty
 Salt Lake City, Utah 84109

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GARY W. OTT
 RECORDER, SALT LAKE COUNTY, UTAH
 HIGHLAND WOODS LLC
 C/O SOAR REALTY
 2889 E 3300 S
 SLC UT 84109
 BY: ZJM, DEPUTY - WI 20 P.

**DECLARATION OF
 COVENANTS, CONDITIONS AND RESTRICTIONS
 HIGHLAND WOODS P.U.D.**

SALT LAKE COUNTY, UTAH

THIS DECLARATION made this 20TH day of MAY 2005, by Highland Woods, L.L.C., a Utah Limited Liability Corporation, hereinafter referred to as "Declarant":

W I T N E S S E T H:

WHEREAS, Declarant is the owner of the real property in the County of Utah, State of Utah, described as:

Located at 3492 South Highland Dr., SLC, UT Sidwell #16-33-105-029, see Exhibit A attached hereto and by this reference made a part hereof.

WHEREAS, Declarant has deemed it desirable to impose a general plan for the improvement and development of said tract and all of the property described and the adoption and establishment of covenants, conditions and restrictions upon said real property and each and every lot and portion thereof and upon the use, occupancy, and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of said tract; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the value, desirability and attractiveness of said tract and any additional property which may be annexed thereto, pursuant to the provisions of this Declaration, to create a corporation to which should be delegated and assigned the powers of maintaining and administering the Landscape Easement area and administering and enforcing these covenants, conditions and restrictions and collecting and disbursing funds pursuant to the assessments and charges hereinafter created and referred to; and

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that except as is specifically otherwise provided herein all of said lots and property described above and such additions thereto as may hereafter be made pursuant to Article II hereof shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions and easements which are hereby declared to be for the benefit of the whole tract and all of the property described

herein and the owners thereof, their successors and assigns. These covenants, conditions, restrictions, and easements shall run with the said real property and shall be binding on all parties having or acquiring any right, title or interest in the described real property or any part thereof and shall inure to the benefit of each owner thereof and are imposed upon said real property and every part thereof as a servitude in favor of each and every parcel thereof as the dominant tenement or tenements.

ARTICLE I DEFINITIONS

The following terms used in these covenants, conditions, and restrictions (whether or not capitalized) shall be applicable to this Declaration and also to any supplemental declaration recorded pursuant to Article II hereof and are defined as follows:

Section 1. "Association" shall mean and refer to Highland Woods P.U.D. Homeowners Association its successors and assigns. The Association may be organized as a Utah non-profit corporation by the Declarant or upon a vote of two thirds of the holders of membership interests.

Section 2. "Common Areas", "Limited Common Areas", "Public Utility, Drainage Easements", "Homeowner's Association Maintenance", and "Homeowner's Association Access Easements" shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association including easements for right of way, vehicular access, public utility access and use,

Section 3. "Lot" shall mean any parcel of property, including all improvements thereon, which is shown as a separate numbered lot on the recorded Plat of the Subdivision, with the exception of the "Common Areas", "Limited Common Areas", "Public Utility and Drainage Easements", "Homeowner's Association Maintenance", and "Homeowner's Association Access Easements".

Section 4. "Member" shall mean and refer to every natural person, corporation, partnership, trustee or other legal entity (all of which are included, for purposes hereof, in the term person(s) who holds and is subject to membership in the Association.

Section 5. "Owner" shall mean and refer to a record title holder, other than the Declarant, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers and buyers, but excluding those having such interest merely as security for the performances of an obligation.

Section 6. "Declarant" shall mean and refer to Highland Woods, L.L.C., its successors and assigns.

Section 7. "Deed of Trust" shall mean the conveyance to a trustee, and shall

include a mortgage or any other deed for a security interest of or in any lot or other portion of the property to secure the performance of an obligation.

Section 8. "Conveyance" shall mean and refer to conveyance of a fee simple title to any lot.

Section 9. "Properties" shall mean and refer to that certain real property herein before described and such additions thereto as hereafter may be made subject to this Declaration, and excluding any real property that hereafter may be withdrawn from this Subdivision, pursuant to this Declaration.

Section 10. "Subdivision" shall mean the Highland Woods P.U.D., according to the official plat thereof recorded in the office of Salt Lake County, State of Utah, and any subdivision hereafter added pursuant to the terms of this Declaration.

Section 11. "Limited Common Areas" shall mean those areas that the Association has the right to maintain, improve, develop, landscape, install concrete or asphalt, install playground and picnic equipment, sewer, water, or storm drain lines, etc. and thereby administer to benefit the Association. Levies and assessments can be imposed by the Association to maintain, improve, develop, landscape, install concrete or asphalt, install playground and picnic equipment, fencing, lighting, sewer, water, or storm drain lines, etc. for aesthetic or other reasonable purposes of the Limited Common Areas. "Limited Common Area" comprises all of the land within each lot, but outside of the "Private Area" and is subject to all easements of the "Common Areas", "Limited Common Area", "Public Utility and Drainage Easements", "Homeowner's Association Maintenance" and "Homeowner's Association Access Easements".

Section 12. "Private Area" shall mean the footprint of the house on each lot. This is the only area that is not designated as "Common Areas", "Limited Common Area", "Public Utility and Drainage Easements", "Homeowner's Association Maintenance", and "Homeowner's Association Access Easements".

ARTICLE II ANNEXATION OF ADDITIONAL PROPERTY:

Section 1. No other real property may be annexed to and become subject to this Declaration by any methods.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements. The Association shall be accountable for

maintenance of the playgrounds and picnic equipment, the streets and sidewalks, storm drain lines, water lines, fencing, all landscaping and sprinklers outside of the Private area, snow removal, and garbage removal. The Association shall be the primary entity responsible for enforcement of this Declaration and such rules regulating use of the Properties as the Board or the membership may adopt pursuant to Article X in its discretion. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration. The Association shall perform its functions in accordance with this Declaration, the By-Laws, the Articles and the laws of the State of Utah.

Section 2. Membership. Every Owner shall be a Member of the Association. There shall be only one membership per unit. If a unit is owned by more than one person, all co-Owners shall share the privileges of such membership, subject to Board regulation and the restrictions on voting set forth in Section 3 and all such Co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, provided to the Secretary of the Association.

Section 3. Voting Rights. The Association shall have one class of voting membership. Members shall be all those Owners as defined in Section 1. Each membership unit shall be entitled to one vote at a meeting of the Members of the Association. The Declarant shall be entitled to three votes for each lot which it owns at the time of any such meeting. Owner's votes may be cast by a proxy appointed in writing for that meeting.

Section 4. Transfer. The membership held by any Owner of a lot shall not be transferred, pledged or alienated in any way except (i) that it shall automatically be transferred upon the sale of such lot, and then only to the purchaser of such lot, and (ii) that the Owner may transfer, assign or hypothecate the membership together with a Deed of Trust to the trustee or security interest holder of such lot. Any attempt to make a prohibited transfer is void, and will not be reflected upon the books and records of the Association. In the event the owner of any lot should fail or refuse to transfer the membership registered in his name to the purchaser of such lot, the Association shall have the right to record the transfer upon the books of the Association.

Section 5. Appointment of Association President The Declarant shall appoint the Association President, for a term not to exceed three (3) years. In the event of the death or resignation of the President, the Association, with the approval of the Declarant, shall appoint such member's successor.

ARTICLE IV PROPERTY RIGHTS IN THE LIMITED COMMON AREAS

Section 1. Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property subject to the provisions of this Declaration and applicable law. The Declarant may convey to the Association improved or unimproved real estate, or interests in real estate, located within the properties described on the

plat. Such property shall be accepted by the Association and thereafter be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association, or in this Declaration.

Section 2. Management and Control of Limited Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements and all improvements to maintain, improve, develop, landscape, install concrete or asphalt, install playground and picnic equipment, fencing, lighting, sewer, water, or storm drain lines, etc. for aesthetic or other reasonable purposes. The Association shall keep it in good, clean, attractive condition, order and repair pursuant to this Declaration and the By-Laws. The Members are specifically authorized, but not obligated, to retain or employ professional management at competitive rates to assist in carrying out the Association's responsibilities under this Declaration, the cost of which shall be a Common Expense. The following rights are expressly reserved:

- (a) The right of the Association to borrow money for the purpose of improving the Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements and, if approved by a vote of the Owners of two-thirds of the lots, to mortgage said property, provided that the rights of any mortgagee shall be subordinate to this Declaration and to the rights of the Members.
- (b) The right of the Association to dedicate or transfer all or any part of the Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless a written instrument pursuant to approval by two-thirds of the Owners at a meeting for this purpose that has been duly called of members (including proxies) who are entitled to vote has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every Member not less than ten (10) days in advance.
- (c) The right of the Declarant to grant easements over any part of the Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements or any other designated utility easement areas for utility purposes.
- (d) The right of the Declarant (and its sales agents and representatives) to the non-exclusive use of the Common Areas, Limited Common Area, Public and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements and the facilities thereof, for display and exhibit purposes in connection with the sale of any real property, which right Declarant hereby reserves. No

such use by Declarant or its sales agents or representatives shall materially restrict the members in their use of the above areas or facilities thereof.

Section 2. Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his family his tenants or contract purchasers who reside on the property.

Section 3. Waiver of Use. No Member may exempt himself from personal liability for assessments duly levied by the Association, nor release the lot owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area and the facilities thereon or by abandonment of his lot other than by sale thereof.

Section 4. Title to the Limited Common Area. The Declarant hereby covenants for itself, its successors and assigns, that in the event it designates any portion of the properties as a Limited Common Area, that it will convey fee simple title or rights-of-way to such Limited Common Area in the existing property to the Association, free and clear of all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and easements, conditions and reservations then on record, including those set forth in this Declaration.

Section 5. Nothing in this Declaration shall be construed to obligate Declarant to designate or provide any part of the properties as Common Area.

Section 6. Enforcement. The Association may impose sanctions for violations of this Declaration or of any Association rules, including reasonable monetary finds and suspension of the right to vote. All remedies set forth in this Declaration shall be cumulative and in addition to any remedies available at law or in equity. In any action to enforce the provisions of this Declaration or of Association rules, the prevailing party shall be entitled to recover all costs, including, without limitation, reasonable attorney's fees and court costs incurred in such action.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each member, by acceptance of a real estate contract or deed therefor, covenants and agrees to pay to the Association: (1) regular assessments or charges, and (2) special assessments for capital improvements, and other Association purposes, such assessments to be fixed, established and collected from time to time as hereinafter provided, and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment together with any interest, costs and reasonable attorney's fees, shall also be the personal obligation of the owner of such property at the time when the assessment fell due. In any conveyance, except to a mortgagee holding a first lien on the subject Lot, the grantee of a Lot shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor, and such grantee shall not be a liable for, nor shall the Lot conveyed by subject to a lien for, any unpaid assessments against the

grantor in the excess of the amount set forth. No membership may transferred to a subsequent purchaser until all assessments, interest, penalties and other charges have been paid in full to the Association.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of improvement and maintenance of the Common Area, and Landscape Easement areas, such as by way of example and not limitation, private road maintenance, snow removal, garbage pick-up, fencing, landscaping, landscape maintenance, and other related needs of the Common Areas, Limited Common Area, public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements.

Section 3. Regular Assessments. The Association, by majority vote at a duly called meeting, may establish regular assessments from time to time. The amount and time of payment of regular assessments shall be determined by the Association after giving due consideration to the current maintenance costs and future needs of the Association. Written notice of the amount of an assessment, regular or special, shall be sent to every Owner, and the due date for the payment of same shall be set forth in said notice.

Section 4. Special Assessments. In addition to the regular assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or costs incurred for any other Association purpose, provided that any such assessment shall have the assent of a majority of the Members entitled to vote at a meeting duly called for this purpose. Written notice of such meeting shall be sent to all Members not less than ten (10) calendar days nor more than thirty (30) calendar days in advance of the meeting.

Section 6. Date of Commencement of Regular Assessments and Fixing Thereof. The regular assessments provided for herein shall commence as to all lots on the first day of the month following the purchase of each lot to an individual owner. Monthly or annual assessments will be payable at times designated by the Association.

Section 7. Certificate of Payment. The Association shall, upon the written request of any Lot Owner or (for any non-Owner) upon receipt of a written request together with payment of a reasonable fee not to exceed \$40 in 2005 U.S. dollars, adjusted for inflation, issue to the requesting person or persons, a written statement setting forth the unpaid assessments with respect to the Lot covered by the request. If the requesting party intends to rely thereon, the written request shall set forth the purpose in reasonable detail, and the written statement of indebtedness which is delivered in response thereto shall be conclusive upon the remaining Lot Owners in favor of all persons who reasonably rely thereon in good faith and make a payment in full based thereon. The Association shall provide to such person a certificate of payment in full.

Section 8. Exempt Property. The following property subject to this Declaration

shall be exempt from the assessments created herein:

- (a) All properties dedicated to and accepted by a local government or public authority.
- (b) All unimproved properties owned by the Declarant, until January 1, 2008.

ARTICLE VI NONPAYMENT OF ASSESSMENTS

Section 1. Delinquency. Any assessment provided for in this Declaration, which is not paid when due, shall be delinquent. With respect to each assessment, not paid within fifteen (15) days after its due date, the Association may, at its election require the owner to pay a "late charge" as liquidated and agreed damages in a sum to be determined by the Association, but not to exceed twenty percent (20%) of each delinquent assessment. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment together with the late charge shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum, and the Association may, at its option, bring an action at law against any person obligated to pay the same, or, upon compliance with the notice provisions set forth in Section 2 hereof, to foreclose the lien (provided for the Section 1 of Article V hereof) against the Lot, and there shall be added to the amount of such assessment any late charges, interest and all costs of collecting the same, until paid, including a reasonable attorney's fee, whether incurred by filing suit or not. Each owner vests in the Association or its assigns, the right and power to bring all actions at law or in equity or lien foreclosure against all proper parties for the collection of such delinquent assessments.

Section 2. Notice of Lien. No action shall be brought to foreclose said assessment lien or to proceed under the power of sale herein provided less than thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, return receipt requested, addressed to the Owner of said lot. Such notice shall be effectively given if so mailed in care of the address of such lot, unless the Owner has notified the Association, by the same method, of another address.

Section 3. Foreclosure Sale. Any such foreclosure and subsequent sale provided for above is to be conducted in accordance with the laws of the State of Utah relating to liens, mortgages, and deeds of trust. The Association, through its duly authorized agents, shall have the power to bid on the lot at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same.

Section 4. Curing of Default. Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the Case may be, an appropriate release of such notice, upon payment by the defaulting owner of a reasonable fee, to cover the costs of preparing and filing or recording such release, together with payment of such other costs, interest or fees as shall have

been incurred.

Section 5. Cumulative Remedies. The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 6. Assessment Liens. The Association shall have a lien against each Lot to secure payment of delinquent assessments, as well as interest, late charges and cost of collections (including attorney's fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, (b) the lien or charge of any Deed of Trust of record which is recorded and has a priority over other liens and mortgages, made in good faith and for value, and (c) any other lien which has superior rights under Utah law. Such lien, when delinquent, may be enforced as provided herein or by law. The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien of any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of a superior Deed of Trust shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A purchaser of a unit who obtains title pursuant to foreclosure of the superior Deed of Trust shall not be personally liable for assessments on such unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be collectible from Owners of all Lots subject to assessment including such acquirer, its successors and assigns.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. Approval by Association. No building, fence, wall, or any other structure shall be commenced, erected, or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made, nor shall any excavating or material alteration by removal of shrubs or trees or landscaping on any lot within the properties be done unless a written application is submitted for approval of such improvement or improvements, together with a reasonable processing fee as determined by the Association. The application shall include all information reasonably requested by the Association, plus the following (if applicable):

- (a) An overall view of the proposed improvement or improvements.
- (b) The location of said improvement or improvements on the lot upon which it or they will be placed or constructed and the location of the proposed improvement or improvements relative to other improvement son said lot.
- (c) Floor plans of each floor level.
- (d) The basic structural system of the improvement or improvements and the materials to be used in the construction thereof.

- (e) Elevations.
- (f) Provision for temporary and permanent parking of vehicles in connection with use of the facility.
- (g) Design and layout of proposed sewage lines to sewer system.
- (h) Proposed time schedule for construction.
- (i) A survey acceptable to the Architectural Committee locating lot corners and the proposed building position.
- (j) Any additional demands or requirements for culinary or irrigation water.

Section 2. The Association shall not give its consent to the proposed improvement unless, in the opinion of the Association, the design, plans and specifications for the improvement satisfactorily demonstrate the affects of the improvement upon the other lots and the Limited Common Area; that the quality of the improvement would be consistent with community standards within the Subdivision; and that the design, contour, materials, shapes, colors, and general character of the improvement shall be in harmony with existing structures on the lot and on neighboring lots, and in harmony with the surrounding landscape, and the improvements shall be designed and located upon the lot so as to minimize the disruption to the natural land forms. If construction has not begun within one year of final approval, approval will expire and will be considered void.

Section 3. The Association shall have the right to disapprove any application in the event said application and the plans and specifications submitted therewith are not of sufficient detail, or are not in accordance with the provisions herein set forth, or if the design or construction of the proposed improvement is not in harmony with neighboring improvements and the general surroundings, or if the design and the plans for construction do not include sufficient safeguards for preservation of the environment. The decision of the Association committee shall be final, binding and conclusive on all of the parties affected. At no time will the Association unreasonably restrict or refuse any proposed improvement.

Section 4. Lot Changes by Declarant. Declarant reserves the right to change at any time the bounds and area of any lot owned by it provided such change does not adversely affect the access to any lot which has previously been conveyed to a third party, and that such change has been approved and is in accordance with the various county, state, and/or federal regulations controlling this Subdivision.

Section 5. Non-Waiver. The approval of the Association of any plans, drawings, or specifications for any work done or proposed, or in connection with any other matter, requiring the approval of the Association under these restrictions, shall not be deemed to constitute a

waiver of any right to withhold approval as to any similar plan, drawing, specification or matter whenever subsequently or additionally submitted for approval. Upon approval or disapproval of the plans by the Association, one set of plans shall be returned to the lot owner and one set shall be retained by the Association. If the Association fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. In order to obtain such approval, the owner must submit for consideration of the Association such details and information with relation to the contemplated action as the Association shall reasonably request to enable it to make its decision based upon the standards set forth herein.

Section 6. Professional Assistance. If at any time the Association shall determine that it would be in the best interest of the members and owners of Highland Woods P.U.D. for such owner to employ professional assistance, to design any improvement involved in the proposed work, the Association shall inform such owner in writing of its determination, whereupon all plans and specifications shall be prepared by qualified professionals approved by the Association such approval shall not unreasonably be withheld. If there is a charge for the professional assistance, the submitting party shall pay the charge.

Section 7. Exterior Maintenance. Each member shall maintain the exterior of his home in a manner consistent with this Declaration and the basic community standards within the Subdivision.

Section 8. Architectural Rules. The Association may, from time to time and in its sole discretion adopt, amend, and repeal by unanimous vote, rules and regulations to be known as "Architectural Rules" which, among other things interpret or implement the provisions of Section 1 to be applied to all improvements occurring or commencing after such adoption, amendment, or repeal. A copy of the Architectural Rules as they may from time to time be adopted, amended or repealed, certified by any member of the Association, shall be available from the Association.

Section 9. Building and Landscaping Time Restrictions. The exterior construction of all structures shall be completed within a period of eighteen (18) months following commencement of construction, such construction or the landscaping of the front setback area of the lot to begin when the home is being completed

All Members of the Association possessing vacant lots shall be responsible for keeping such lots clean in appearance and free from all refuse and potential fire hazards. No vacant lot shall be used for storage of any kind except during the construction period.

In the event that a Member has not constructed a residence during the first twenty-four (24) months of ownership, then said owner of the lot shall landscape the entire frontage of said lot to a depth of at least thirty (30) feet.

Section 10. Liability. Neither the Association nor any member thereof shall be liable to any owner or third persons for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development or manner of development of any property within the subdivision.

Section 11. Variances. A petition may be filed for a variance by any owner, The Association may, in its reasonable discretion, by vote of a majority of the members of the Association, allow reasonable variances as to any of the covenants and restrictions contained in this instrument, on such terms and conditions as it shall require.

ARTICLE VIII **DUTIES AND POWERS OF THE ASSOCIATION**

Section 1. Duties and Powers. In addition to the duties and powers enumerated in the Articles of Incorporation and By-laws, or elsewhere provided for therein, and without limiting the generality thereof, the Association shall:

- (a) Own and/or maintain and otherwise administer and manage all of the Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements and to maintain, improve, develop, landscape, install concrete or asphalt, install playground and picnic equipment, fencing, lighting, sewer, water, or storm drain lines, etc. and all other property acquired by the Association.
- (b) Pay any real and personal property taxes and other charges assessed against the Limited Common Area.
- (c) Have the authority to obtain, for the benefit of all of the Limited Common Area, all water, gas, electrical, and refuse collection services.
- (d) Grant easements where necessary to utilities and sewer facilities over the Common Areas to serve the Limited Common Area and the lots.
- (e) Maintain such policy or policies of insurance as the Board of Trustees of the Association deems necessary or desirable in furthering the purposes of and protecting the interest of the Association and its members. Commercial general liability insurance on the Limited Common Area shall be maintained.
- (f) Have the authority to employ a manager or other persons and to contract with independent Contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.

(g) Have the power to establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Trustee of the Association.

ARTICLE IX EASEMENTS

Section 1. The rights and duties of the owners of lots within the properties with respect to sanitary sewer and water, electricity, solar heating systems, gas, telephone, cable television lines and drainage facilities shall be governed by the following:

(a) Wherever, upon appropriate approval, sanitary sewer connections and/or water connections or electricity, gas or telephone and cable television lines, solar heating systems, or drainage facilities are installed within the properties, which connections, lines or facilities, or any portion hereof lie in or upon lots owned by Association or other than the owner of a lot served by said connections, the Association and the owners of any lot served by said connections, lines or facilities shall have the right, and are hereby granted an easement to the full extent necessary thereof, to enter upon the lots or to have utility companies or service companies enter upon the lots within the properties in or upon which said connections, lines or facilities, or any portion thereof, lie, to repair, replace and generally maintain said connections as and when the same may be necessary as set forth below.

(b) Wherever, upon appropriate approval, sanitary sewer connections and/or water connections or electricity, gas or telephone or cable television lines, solar heating systems or drainage facilities are installed within the properties, which connections serve more than one lot, the owner of each lot served by said connections shall be entitled to the full use and enjoyment of such portions of said connections as service the lot.

Section 2. Easements over the lots and Common Areas, Limited Common Area, Public Utility and Drainage Easements, Homeowner's Association Maintenance, and Homeowner's Association Access Easements for the installation and maintenance of electric, telephone, cable television, water, gas, and sanitary sewer lines, drainage facilities, solar heating systems, and street entrance ways as shown on the recorded tract map of the properties, or other documents of record, are hereby reserved by Declarant, together with the right to grant and transfer the same for the use and benefit of the members of the Association.

Section 3. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded Plat. Notwithstanding the preceding sentence, owners are advised that easement dimensions change on specific lots as noted on the recorded Plat. Within these easements, no structure, including bridges, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a

public authority or utility company is responsible.

ARTICLE X USE RESTRICTIONS

The general objectives and intent of these covenants, restrictions and conditions is to create and maintain a residential district characterized by the following; spacious homes, parks, open spaces and/or playgrounds; well kept lawns, trees and other plantings; minimum vehicular traffic; and, quiet residential conditions favorable to family living.

Section 1. Zoning Regulations. The lands within the properties shall not be occupied or used by or for any building or purpose or any manner which is contrary to the planning and zoning ordinances and regulations applicable thereto validly enforced from time to time.

Section 2. Land Use and Building Type.

(a) No lot shall be used except for single family residential purposes. No buildings shall be erected, altered, placed or permitted to remain on any lot other than one detached single family dwelling not to exceed two and a half stories (as defined by applicable ordinance) above grade in height.

(b) Each exterior shall be similar in design to the others in the Subdivision. The Committee in its sole discretion will approve or disapprove designs.

(c) No fences shall be allowed in the front yards or in side yards from the average front line of the dwelling forward. In side yards of corner lots which face the street, a ten (10) foot lane must be left open from the fence to the sidewalk. Hedges and landscaping will be permitted if it does not interfere with driving visibility. No chain link fences or wood fences will be allowed. Allowed fencing will be vinyl fencing, block or brick. Fence gates accessing the rear yards must not be locked to provide access for landscape maintenance and the Homeowner's Association Access Easements.

Section 3. Building Location. No building shall be constructed outside of the buildable areas shown on the recorded Highland Woods P.U.D. plat.

Section 4. Height Requirements. No single family dwelling shall be erected to a height greater than thirty-five (35) feet to the center line of the roof.

Section 5. Recontouring. No lot shall be recontoured excluding grading for purposes of basement construction, without prior written approval of the Architectural Committee.

Section 6. Nuisances. No noxious or offensive activity shall be carried on upon

any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 7. Temporary Structures. No structure of a temporary character, trailer, mobile home, basement, tent, shack, garage, barn or other outbuilding; shall be used on any lot at any time as a residence either temporarily, meaning two or more days or permanently. No temporary structure, house trailer, mobile home, or non-permanent outbuilding shall ever be placed or erected on any lot except with the approval of the Architectural Committee and only then during construction. No dwelling house on any lot shall be occupied in any manner prior to its completion without a written approval from the appropriate governmental inspection agency. No old or secondhand structures shall be moved onto any of said lots, unless granted by a variance. The intention hereof is that all dwellings and other buildings to be erected on said lots, or within said subdivision, shall be new construction of good quality workmanship and materials.

All out-storage sheds or outbuildings shall be approved through the Architectural Committee and shall be constructed in the same architectural style, color and materials as the main dwelling. They shall adhere to the required setbacks and shall not be larger than 8% of the total lot area.

Section 8. Overnight Parking and Storage of Vehicles. The storage of any automobiles, trucks, buses, tractors, trailers, camping vehicles, boats, boat trailers, snowmobiles, mobile homes, two and three wheeled motor vehicles, horse trailers or other wheeled vehicles shall be forbidden for longer than a continuous two week period unless such vehicles are kept from the view of the general public, Common Areas and/or vehicular traffic. No overnight parking on any of the streets or parking areas are allowed to facilitate garbage and snow removal.

Section 9. Animals and Pets. Dogs, cats, or other household pets shall be contained or other wise controlled at all times and shall not be kept for breeding or any commercial purpose whatsoever. No animals will be allowed to be boarded, raised or sold on an ongoing nature of any kind. The intent of the animal rights of this property is to have domestic pets only. No farm animals such as chicken geese, cows, goats, pigs or livestock will be allowed.

Section 10. Signs. No sign of any kind shall be displayed to the public view on any lot except legal notices and one sign of not more than three (3) square feet advertising the property for sale, or signs used by a builder to advertise the property during the construction and sale.

Section 11. Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. Such trash, rubbish, garbage or other waste shall not be kept except in sanitary containers. No rubbish, trash, papers, junk or debris shall be burned upon any lot except that trash may be burned inside homes that are properly equipped with inside incinerator units.

Section 12. Sight Distance at Intersections. If the Association deems that

additional landscaping or improvements to a lot interfere with sight distance at intersections, it has the power to cause their removal.

Section 13. No Business Uses. The lands within the property shall be used exclusively for single family residential living purposes and shall never be occupied or used for any commercial or business purpose other than traditional home business, no sign of which is audible or visible or otherwise readily apparent to external observers, conducted within the home and except that the Declarant or its duly authorized agent may use any lot owned by Declarant as a sales office, sales model, or property office.

Section 14. No Re-Subdivision. No lot with the exception of Lot 3 shall be re-subdivided, and only one single family residence shall be constructed or allowed to remain per lot.

Section 15. Underground Utility Lines. All permanent water, gas, electrical, telephone and television cables, other electronic pipes and lines and all other utility lines within the limits of the property must be buried underground and may not be exposed above the surface of the ground.

Section 16. Maintenance of Property. All homes shall be kept and maintained by the owner thereof in a clean, safe, attractive condition and good repair.

Section 17. No Hazardous Activities. No activity shall be conducted on any lot and no improvements constructed on any lot which are or might be unsafe or hazardous to any person or party. Without limiting the generality of the foregoing, no firearms shall be discharged upon any lot, and no open fires shall be lighted or permitted on any lot except in a contained barbecue unit while attended and in use for cooking purposes or within safe and well designated interior fireplaces.

Section 18. Dwelling Construction and Fence Restrictions.

(a) Dwelling style, design, alterations or addition will conform to standards determined by the Declarant or assignees.

(b) Exterior construction materials will be stone, brick, or other natural masonry material, wood or stucco, as approved by the Declarant or assignees. No reflective finish other than glass shall be used on exterior surfaces other than surfaces of hardware fixtures, including but without limitation, the exterior surfaces of any other the following: roofs, all projections above roofs, retaining walls, doors, trim, fences, pipes, and equipment. The only aluminum allowed will be on the fascia or soffits of the homes.

(c) Any light used to illuminate garages, patios, parking areas or for any other purpose shall be so arranged as to reflect light away from adjacent residences and away from the vision of passing motorists.

(d) Fences or walls shall be of vinyl, block or brick. No fences or walls of chain link, wood, or wire mesh shall be allowed.

(e) Roofs shall be pitched. All roofing materials must be of architectural grade asphalt shingles or better, i.e. shake, tile, etc., as determined by the Declarant or assignees. The following roof shapes will not be permitted: joined shed, domed and geodesic domes.

Section 19. Off-Road Vehicles. No automobiles, trucks, motorcycles, trail bikes, snowmobiles, four-wheel drive vehicles or vehicles of any kind shall be operated on any of the Declarant's property wherever the same may be situated or any place on the subdivision other than the public roadways.

Section 20. Private Area; Uses, Restrictions. The Association or its duly authorized agents shall have the right, after written notice and reasonable opportunity (not fewer than seven (7) days) to cure, at any time, and from time to time without any liability to the Owner for trespass or otherwise to enter upon any private area for the purpose (1) of removing any improvement constructed, reconstructed, refinished, altered, or maintained upon such private area in violation of these covenants, (2) of restoring or otherwise reinstating such private areas, and (3) of otherwise enforcing without any limitation, all of the restrictions set forth in this Declaration. No improvement, excavation or other work which in any way alters any private area from its natural or improved state existing on the date such private area was first sold shall be made or done except upon strict compliance with this Declaration.

Section 21. Landscaping.

(a) No trees shall be removed except as is absolutely necessary for the ingress and egress and construction of the dwelling and other structures on the lot without the prior written approval of the Association.

(b) Trees, lawns, shrubbery and other plantings provided on each lot shall be properly nurtured and maintained at the Association's expense.

Section 22. Rules regarding Fires. No exterior fires whatsoever, except enclosed barbecue fires shall be allowed.

Section 23. Antennas. No antenna, including satellite dishes of any sort, either installed or maintained will be allowed on the front wall or front roof on any home or in any of the setback areas of the lot. Large satellite dishes, over 24 inches, must be approved by the Committee.

Section 24. Rules and Regulations. No owner shall violate the rules and regulations for the use of the lots as adopted from time to time by the Association. No such rules

and regulations shall be established which violated the intention or provisions of this Declaration or which shall unreasonably restrict the use of any lot by the owner hereof.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. The Association shall have the right to enforce, by any proceeding at law or in equity, including injunctive proceedings, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Proper notice under this Section shall be defined to require written notice of any action authorized under this Section to be sent to the affected Member by certified mail at the Member's Lot address (or any other address of the Owner) not less than ten (10) calendar days prior to taking any such action. Failure by the association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Costs of such enforcement, including reasonable attorney's fees, shall be borne by the party in violation.

Section 2. Term. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of fifty (50) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive period of twenty (20) years unless an instrument signed by a majority of the owners of the lots has been recorded, agreeing to change said covenants.

Section 3. Severability. Invalidation of any one of these covenants by judgment shall in no way affect any of the other provisions which shall remain in full force and effect.

Section 4. Amendments. At any time while any provision, covenant, condition or restriction contained in this Declaration or amendment thereto is in force and effect, it may be amended or repealed by the recording of a written instrument specifying the amendment or repeal, executed by owners representing a majority of the membership entitled to vote. It is intended by this paragraph that the Declarant having three (3) votes per lot owned, as per Article III, Section 3 above, shall have sufficient votes, by itself, to amend this Declaration until such time as 75% or more of the lots within the properties are owned by other lot owner members.

Section 5. Consent to Future Zoning. Each lot owner hereby acknowledges receipt of a copy of this Declaration and of Declarant's master plan showing the proposed single family dwellings and acknowledges that Declarant intends to request residential lots for a use of Declarant's land located in the vicinity of the subdivision and as is generally shown on the master plan. Each lot owner, his successors and assigns hereby consents to and covenants not to object to any application made by Declarant permitting the use of any of Declarant's land for residential lots.

Section 6. Withdrawal of Properties. The Homeowners Association shall have the authority to withdraw any Limited Common Area lot or lots from the operation of this Declaration prior to the sale of said lot or lots so that said Limited Common Area or lots shall not be subject to any of the provisions of this Declaration.

Section 5. Limited Liability. Neither Declarant, the Association, nor any Member, Agent, Representative, Officer or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter pertaining or contemplated by this Declaration, provided, however, that this limited liability shall not apply if the loss, expense or liability involved resulted from the will full misconduct or gross negligence of such person. No covenant, condition or restriction herein contained nor the enforcement of any lien provisions herein shall defeat or render invalid the lien of any deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure of trustee's sale, or otherwise.

Section 9. Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural and the masculine shall include the feminine.

Section 10. Nuisance. The result of every act or omission whereby any provision, condition, restriction, covenant, easement or reservation contained in this Declaration is violated in whole or in part is hereby declared to be and constitutes a nuisance and every remedy allowed by law or equity against a nuisance either public or private, shall be applicable against every such result and may be exercised by the Association or any other lot owner in the subdivision. Such remedy shall be deemed cumulative and not exclusive.

IN WITNESS WHEREOF, Declarant has executed this instrument the day and year first herein above written.

HIGHLAND WOODS, L.L.C.

By: Kevin D. Oakes
Its: Member

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

On the 20 day of May 2005, before me, the undersigned, a Notary

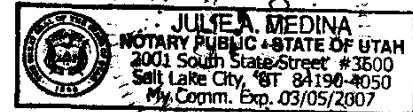
Public in and for the said County and State, personally appeared Kevin D. Oakes, known to me to be the President of Oakes Development Corporation, a Member of Highland Woods, L.L.C., that executed the within instrument, and Kevin D. Oakes acknowledged to me that such corporation/limited liability company executed the same.

— 3-5-07

Julie A. Medina

Notary Public

My Commission Expires:



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