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RECORDED FOR SARATOGA SPRINGS CITY

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

FOR

SARATOGA CHASE

**A phase development of the Harvest Hills Master Planned Community
A Master Planned Development**

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THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

is made and executed this _____ day of _____, 2007, by J. Ballard Homes, Inc., a Utah corporation, with its principal place of business located in American Fork, State of Utah (hereinafter referred to as "Declarant").

RECITALS

A. Declarant is the record owner of that certain tract of property more particularly described in **Exhibit "A"** of this Declaration.

B. The Declarant intends to sell to various purchasers the fee title to the individual Lots contained in the Project, subject to the following covenants, conditions, restrictions, easements and limitations herein set forth 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.

C. The Project is part of the Master Planned Development known as Harvest Hills Master Planned Community ("Harvest Hills") covered by a Master Development Plan and Master Development Plan Agreement (collectively the "Master Plan") approved by the Town of Saratoga Springs, Utah (the "Town"). Harvest Hills includes or will include several residential subdivisions and condominium developments and also includes open space and common areas and improvements for the benefit of all of the residential developments including the Project. A Master Declaration of Covenants, Conditions and Restrictions for Harvest Hills (hereinafter called the Master Declaration") has or will be recorded and a Master Owners Association has or will be incorporated as a nonprofit corporation (hereinafter called the "Master Association") to own and/or manage the open space and common areas for the benefit of all the developments and residents at Harvest Hills and to own and/or manage common facilities for the benefit of residents of all or several of the developments. Declarant intends that the Property be subject to and benefitted by the Master Declaration and the Project shall be a "Phase of Development" as defined in the Master Declaration.

D. These covenants, conditions, restrictions, easements and limitations 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.

E. It is intended and required that the Association shall be an incorporated homeowners association pursuant to Utah's Revised Nonprofit Corporations Act.

NOW, THEREFORE, for the benefit of the Project and the Owners thereof, the Declarant hereby executes this Declaration of Covenants, Conditions and Restrictions for Saratoga Chase Subdivision, for and on behalf of all of the Owners.

ARTICLE I. DEFINITIONS

Unless the context clearly indicates otherwise, any terms defined in the Master Declaration when used in this Declaration shall have the

meanings so defined in the Master Declaration.

The following words when used in this Declaration (unless the context otherwise requires) shall have the following meanings:

Section 1.01 Articles of Incorporation or Articles

Articles of Incorporation or Articles shall mean and refer to the Articles of Incorporation for Saratoga Chase Homeowners' Association, Inc., on file with the Utah State Department of Commerce, as amended.

Section 1.02 Assessment

Assessment means any charge imposed or levied by the Association on or against an Owner or Lot pursuant to the terms of this Declaration, the Bylaws or applicable law.

Section 1.03 Association

Association means and refers to the Saratoga Chase Homeowners Association. It is intended that the Association will be incorporated under the laws of the state of Utah. Said Association shall administer the affairs of all Lots, within the Property.

Section 1.04 Board of Directors

Board of Directors shall mean and refer to the Board of Directors of Saratoga Chase Homeowners Association, Inc., as it exists at any given time.

Section 1.05 Bylaws

Bylaws mean the Bylaws of the Association and recorded simultaneously with this Declaration, as they may be amended from time to time.

Section 1.06 Common Areas

Common Areas means shall mean the property (including improvements thereon) shown on the subdivision plat for the Project as Common Area that is not Master Association Property, which property shall be owned by the Association for the common use and benefit of the Members, and all other property owned by the Association for the common use and benefit of the Members.

(a) The Common Areas shall be conveyed by Declarant to the Association prior to or simultaneously with the conveyance of the first Lot. If no separate deed is recorded, this

Declaration shall act as the conveying deed.

Section 1.07 Common Expenses

Common Expenses shall mean and refer to all sums which are expended on behalf of all the Owners and all sums which are required by the Board to perform or exercise its functions, duties, or rights under the this Declaration, the management agreement for operation of the Project, and such rules and regulations as the Board may from time to time make and adopt.

Section 1.08 Common Profits

Common Profits shall mean and refer to the balance of income, rents, profits and revenues from the Common Areas remaining after deduction of the Common Expenses.

Section 1.09 Declarant

Declarant shall mean and refer to J. Ballard Homes, Inc., a Utah corporation, and/or any successors to said corporation which, either by the operation of law, or through a voluntary conveyance, transfer, or assignment, comes to stand in the same relation to the Project (or a portion thereof) as did its predecessor. Declarant shall not mean members of the public purchasing Lots for private use.

Section 1.10 Family

Family shall mean and refer to Family as defined by the Saratoga Springs zoning ordinance.

Section 1.11 Improvements

Improvements means every structure or improvement of any kind, including but not limited to landscaping required under the Project Documents and any Living Unit, deck, porch, awning, fence, garage, carport, driveway, storage shelter or other product of construction efforts on or in respect to the Property (but does not include any exterior antenna or satellite dish, authorized in accordance with the Declaration).

Section 1.12 Limited Common Area

Limited Common Areas and Facilities shall mean and refer to those Common Areas and

Facilities designated herein or on the appropriate Plat Map. Limited Common Areas shall be reserved for the use of a certain Lot and Resident to the exclusion of the other Lots and Residents, Limited Common Areas consist of the driveway areas provided adjacent to the Lots indicated on the appropriate Plat Map as Limited Common Areas, as are the entrances and exits of each Lot although not indicated on the appropriate Plat Map. The Board shall have authority to promulgate rules governing the use of Limited Common Areas. Nothing shall be kept or stored on Limited Common Areas in violation of the Board rules.

Section 1.13 Living Unit or Unit

Living Unit or Unit means a residential unit that is designated and intended for use and occupancy as a residency by a single family.

Section 1.14 Lot

Lot means a subdivided parcel, lot or plot of ground (exclusive of the Common Area) as designated on the Plat.

Lot shall also include mechanical equipment, ducts, pipes, and appurtenances located outside the Lots boundaries but designated and designed to serve only the Lot, such as air conditioning compressors and other air conditioning apparatus, fixtures and the like, shall be considered part of the Lot. All pipes, wires, conduits, or other public utility lines or installations serving only the Lot shall be considered part of the Lot.

Section 1.15 Master Association

Master Association shall mean the Harvest Hills Master Owners Association that has been or will be incorporated as referred to in Recital C to this Declaration.

Section 1.16 Master Association Documents

Master Association Documents shall mean the Master Declaration, the Master Association's Articles and Bylaws and all rules and regulations adopted by the Master Association under the

Master Declaration, including, by way of example and not limitation, the Supplemental Design Guidelines and the rules and regulations relating to the use of the Master Association Property.

Section 1.17 Master Association Limited Use Property

Master Association Limited Use Property shall mean any property (including improvements thereon) for the common use and benefit of the Members resulting from the Declarant and/or the Association entering into an agreement or arrangement for common areas and facilities or amenities to be owned and/or managed by the Master Association for the benefit and use of the Members and the members of other Sub-Associations but not for the use and benefit of all members of the Master Association.

Section 1.18 Master Association Property

Master Association Property shall mean the property (including improvements thereon) owned and/or managed by the Master Association for the common use and benefit of all Members of the Master Association.

Section 1.19 Master Association Declaration

Master Association Declaration shall mean the Master Declaration of Covenants Conditions and Restrictions for Harvest Hills referred to in Recital C to this Declaration.

Section 1.20 Member

Member shall mean and refer to every person or entity holding a membership in the Association as provided herein. Each Member of the Association shall also be a Member of the Master Association.

Section 1.21 Mortgage

Mortgage shall mean any mortgage, deed of trust or other security instrument by which a Lot or any part thereof is encumbered.

Section 1.22 Mortgagee

Mortgagee shall mean a holder, insurer or guarantor of a first mortgage on a Unit or the beneficiary, insurer or guarantor of a first deed of trust on a Lot.

Section 1.23 Owner

Owner means the person or persons owning any Lot (including the holder of a vendee's interest under a land sale contract, unless otherwise stated in the contract), but does not include a tenant or holder of a leasehold interest or person holding only a security interest in a Lot (including the holder of a vendor's interest under a land sale contract, unless otherwise stated in the contract).

Section 1.24 Plat, Map or Maps

Plat, Map, or Maps shall mean and refer to the Maps on file with the Utah County Recorder for the Project.

Section 1.25 Project or Property

Project or Property means all of the land described in attached **Exhibit A**.

Section 1.26 Project Documents

Project Documents shall mean and refer to the Declaration of Covenants, Conditions and Restrictions, Bylaws, Articles of Incorporation, the Plat, and Rules and Regulations.

Section 1.27 Resident

Resident shall mean and refer to any person living or staying at the Project. This includes but is not limited to all lessees, tenants, and the family members of Owners, tenants or lessees.

ARTICLE II. PROPERTY SUBJECT TO THIS DECLARATION

Section 2.01 Property Subject

The real property which is, and shall be, transferred, held, sold, conveyed and occupied subject to this Declaration is located in Utah County, Utah, and is described on **Exhibit "A"** attached hereto, all of which real property is

referred to herein as the "Property."

All of the Property shall be owned, conveyed hypothecated, encumbered, used, occupied and improved subject to this Declaration. The easements, covenants, conditions, restrictions and charges, described in this Declaration shall run with the Property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of the Association, and each Owner thereof.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across and through and under the above-described tract and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or any assignee of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (i) to construct a Living Unit on each and every Lot; and (ii) to improve the Common Areas with such facilities, including, but not limited to, roads, recreational facilities, walkways and various landscaped areas, designed for the use and enjoyment of all the Members as Declarant may reasonably determine to be appropriate. If, pursuant to the foregoing reservation, the above-described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire seven (7) years after the date on which this Declaration, or any amendment or supplement hereto, is filed for record in the office of the County Recorder of Utah County, Utah.

Section 2.02 Withdrawal of Property

(a) Prior to the Turnover Period, the Declarant may withdraw any property (excluding, however, any Common Areas conveyed to the Association by the Declarant)

from the Property. Such withdrawn property shall no longer be subject to the covenants and restrictions of this Declaration except for any easements, rights, reservations, exemptions, power or privileges reserved to the Declarant pursuant to this Declaration which burdens the withdrawn property for the benefit of any property which is subject to the Declaration. Such withdrawal shall be made by recording a Supplemental Declaration among the Land Records of the County, withdrawing the effect of the covenants and restrictions of this Declaration from the withdrawn property. Such withdrawn property may be utilized by the Declarant, or any successor, assign or transferee thereof, for any lawful purpose or use.

ARTICLE III. PROPERTY RIGHTS IN LOTS

Section 3.01 Use and Occupancy

Except as otherwise expressly provided in this Declaration or the Bylaws, the Owner of a Lot shall be entitled to the exclusive use and benefit of such Lot and Living Unit. Each Lot shall be bound by, and the Owner shall comply with the Project Documents for the mutual benefit of the Owners.

Section 3.02 Easements Reserved

In addition to the easements shown on the Plat or provided for under this Declaration, the Bylaws or law, the following easements are hereby reserved for the benefit of the Owners and the Association:

(a) Right of Entry.

The Association and any person authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of performing maintenance and determining whether or not the Lot is in compliance with this Declaration and Bylaws. Requests for entry shall be made in advance and at a time convenient to the Owner, except in the case of an emergency, when such right shall be immediate. No such entry shall be

deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot. The right of entry granted by the subsection applies only to Lots upon which the Association has maintenance responsibilities as provided for in the Project Documents

(b) Utility Easements

The Association or any public utility provider shall have an easement over all Lots for the installation, maintenance and development of utilities and drainage facilities. The easement area of each Lot and all Improvements therein shall be maintained continuously by the Owner of the Lot of the Association in accordance with the terms of the Project Documents, except for those improvements for which a public authority or utility provider is responsible.

Section 3.03 Easements Shown on the Plat

Lots shall be subject to the easements shown on the Plat.

ARTICLE IV. PROPERTY AND USE RIGHTS IN COMMON AREA

Section 4.01 Title to Common Area

Title to the Common Area shall be held by the Association.

Section 4.02 Member's Right of Enjoyment

(a) The Project will have permanent open spaces and other common areas and facilities for the benefit of all owners and/or for the benefit of all Members of the Master Association, as designated in the Plat. Every member of the Association shall have a non-exclusive right and easement for the use, benefit and enjoyment, in common with others, in and to the Common Area and to the Master Association Property and such nonexclusive right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the restrictions herein set forth.

(b) Except as otherwise permitted by the provisions of this Declaration, the

Common Area shall be retained in the state of improvement it is in as left by Declarant, and no other Structure or Improvement of any kind shall be erected, placed or maintained thereon.

Structures or improvements designed exclusively for community use, shelters, benches, chairs or other seating facilities, fences and walls, walkways, playground equipment, game facilities, drainage and utility structures, grading and planting, may be erected, placed and maintained thereon for the use, comfort and enjoyment of the members of the Association, or the establishment, retention or preservation of the natural growth or topography of the area, or for aesthetic reasons.

(c) No portion of the Common Area may be used exclusively by any Owner or Owners for personal gardens, storage facilities.

Section 4.03 Nuisance

No noxious or offensive activity shall be carried on upon the Common Area nor shall anything be done thereon which will become an annoyance or nuisance to the Project.

Section 4.04 Restrictions

The right of each member of the Association to use the Common Area shall be subject to the following:

(a) Any rule or regulation now or hereafter set forth in this Declaration and, further, shall be subject to any rule or regulation now or hereafter adopted by the Association for the safety, care, maintenance, good order and cleanliness of the Common Area;

(b) The right of the Association, in accordance with the Project Documents, to borrow money for the purpose of improving the Common Area in a manner designed to promote the enjoyment and welfare of the members, and in aid thereof to mortgage any of the Common Area;

(c) The right of the Association to take such steps as are reasonably necessary to

protect the property of the Association against mortgage default and foreclosure;

(d) The right of the Association to suspend the voting rights and the rights to use of the Common Area for any infraction of any of the Project Documents after notice and opportunity for hearing.

(e) The right of the Association to dedicate or transfer all or any part of the Common Area to any public or municipal agency, authority or utility for purposes consistent with the purpose of this Declaration and subject to such conditions as may be agreed to by the members; and further subject to the written consent of the transferee or any relevant municipality; provided, however, that except no dedication, transfer, mortgage, or determination as to the purposes or as to the conditions thereof, shall be effective unless two-thirds (2/3) of the members of the Association consent to such dedication, transfer, purpose and conditions; and

(f) The right of the Association, acting by and through its Board of Directors, to grant licenses, rights-of-way and easements for access or for the construction, reconstruction, maintenance and repair of any utility lines or appurtenances, whether public or private, to any municipal agency, public utility, or any other person; provided, however, that no such license, right-of-way or easement shall be unreasonably and permanently inconsistent with the rights of the members to the use and enjoyment of the Common Area.

(g) All of the foregoing rights specified in this Section shall inure to the benefit of, and be enforceable by, the Association, its respective successors and assigns, against any member of the Association, or any other person, violating or attempting to violate any of the same, either by action at law for damages or suit in equity to enjoin a breach or violation, or enforce performance of any term, condition, provision, rule or regulation. Further, the Association shall have the right to abate

summarily and remove any such breach or violation by any member at the cost and expense of such member.

Section 4.05 Delegation of Right of Use

Any member of the Association may delegate its rights to the use and enjoyment of the Common Area and Master Association Property to family members who reside permanently with such member and to its tenants, contract-purchasers, invitees and guests, all subject to such reasonable rules and regulations which the Association may adopt and uniformly apply and enforce.

Section 4.06 Compliance with Covenants and Restrictions and Rules and Regulations

Each Owner and Resident shall comply with the covenants and restrictions imposed by this Declaration on the use and enjoyment of the Common Area. Further, each Owner and Resident shall fully and faithfully comply with the rules, regulations and restrictions applicable to use of the Common Area, as such rules, regulations and restrictions are from time to time adopted by the Association for the safety, care, maintenance, good order and cleanliness of the Common Area.

ARTICLE V. ENCROACHMENTS

Section 5.01 Encroachments

No Lot or Living Unit shall encroach upon an adjoining Lot, Living Unit or the Common Area without the express written consent of the Board. If, however, an encroachment occurs due to the settlement or shifting of a Structure or any other reason whatsoever beyond the control of the Board of Directors or any Owner, there shall forthwith arise, without the necessity of any further or additional act or instrument, a good and valid easement for the maintenance of such encroachment, for the benefit of the Owner, its heirs, personal representatives and assigns, to provide for the encroachment and non disturbance of the Structure. Such easement shall remain in full force and effect so long as

the encroachment shall continue.

Section 5.02 Easements

The conveyance or other disposition of a Lot shall be deemed to include and convey, or be subject to, any easements arising under the provisions of this Article without specific or particular reference to such easement.

Section 5.03 Liability

Nothing in this Section shall relieve an Owner of liability in the case of the Owner's willful misconduct or failure to adhere to the Plat.

ARTICLE VI. ARCHITECTURAL CONTROL

Section 6.01 Architectural Review Committee

(a) Unless delegated to a separate body of Lot Owners, the Board of Directors shall serve as the Architectural Review Committee ("ARC").

(b) No Improvement shall be commenced, erected, placed or altered on any Lot until an application and construction plans and specifications, showing the nature, shapes, heights, materials, colors and proposed location of Improvements or changes have been submitted to and approved in writing by the ARC as provided in this article. It is the intent and purpose of this Declaration to assure quality of workmanship and materials, to assure harmony of exterior design with the existing improvements and landscaping and as to location with respect to topography and finished grade elevation.

(c) The initial Architectural Review Committee shall be comprised of the Declarant or any persons or entities appointed by the Declarant as it determines. After the Turnover Meeting described in Article X above, or at an earlier date if Declarant so elects, the Board of Directors shall function as the ARC and their terms as an ARC member shall be for as long as

their Board of Director term. However, the Board of Directors may elect to delegate the ARC functions to a separate committee. In such an event, the committee shall consist of no fewer than three (3) members and no more than five (5) members. The terms of office for each member of the ARC, appointed by the Board, shall be for one (1) year unless lengthened or shortened by the Board of Directors at the time of appointment. The Board may appoint any or all of its members for the ARC and there shall be no requirement for non-Board members to serve on the ARC.

Section 6.02 Architectural Standards and Guidelines

(a) The procedure and specific requirements for review and approval of an application shall be set forth in design guidelines and standards ("Architectural Standards and Guidelines") adopted from time to time by resolution of the Board of Directors at its sole discretion.

(b) The Architectural Standards and Guidelines shall interpret and implement the provisions of this Declaration and the Bylaws for architectural review and guidelines for architectural design of Living Units and other Improvements, including, but not limited to, decks, porches, awnings, carports, garages, and storage structures, color schemes, exterior finishes and materials and similar features which may be used on the Property and landscaping; however, Architectural Standards and Guidelines may not be in derogation of the minimum standards established by this Declaration and the Bylaws.

Section 6.03 Action by Committee

A majority of the members of the ARC shall have the power to act on behalf of the ARC, without the necessity of a meeting and without the necessity of consulting the remaining member or members of the ARC. All decisions rendered by the ARC must be by written instrument setting forth the action taken by the

members consenting thereto.

Section 6.04 Duties

The ARC shall consider and act upon the proposals or plans submitted pursuant to this article.

Section 6.05 ARC Decisions

The ARC shall render its approval or denial decision with respect to the proposal within thirty (30) business days after it has received all material required by it with respect to the application. All decisions shall be in writing. If the ARC fails to render its decision of approval or denial in writing within such thirty (30) business days of receiving all material required by it with respect to the proposal, the application shall be deemed approved.

Section 6.06 ARC Discretion

The ARC may, at its sole discretion, withhold approval of any proposal if the ARC finds the proposal would be inappropriate for the particular Lot or incompatible with the Architectural Standards and Guidelines. Considerations such as sitting, shape, size, color, design, height, solar access or other effects on the enjoyment of other Lots or Common Area, and any other factors which the ARC reasonably believe to be relevant, may be taken into consideration by the ARC in determining whether or not to approve any proposal.

Section 6.07 Waiver, Precedent, Estoppel

Approval or disapproval by the ARC of any matter proposed to it or within its jurisdiction shall not be deemed to constitute precedent, waiver or estoppel impairing its right to withhold approval or grant approval as to any similar matter thereafter proposed or submitted to it.

Section 6.08 Appeal

Any Owner adversely impacted by action of the ARC may appeal such action to the Board of Directors. If, however, the ARC's duties are being carried out by the Board of Directors, then

no such right to appeal shall exist.

All appeals and hearings shall be conducted in accordance with procedures set forth by the Board by resolution.

Section 6.09 Effective Period of Consent

The ARC's approval of any proposal shall automatically be revoked within three (3) months after issuance unless construction or other work relating to the proposal has been commenced or the Owner has applied for and received an extension of time from the ARC.

Section 6.10 Determination and Notice of Noncompliance

(a) **Inspection.** The ARC may inspect from time to time, all work performed and determine whether it is in substantial compliance with the approval granted.

(b) **Notice of Noncompliance.** If the ARC finds that the work was not performed in substantial conformation with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC shall notify the Owner in writing of the noncompliance. The notice of noncompliance shall specify the particulars of noncompliance and shall require the owner to remedy the noncompliance by a specific date.

Section 6.11 Noncompliance

Any Owner who receives a notice of noncompliance may appeal the notice in accordance with the appeals procedures set forth by the Board.

Section 6.12 Liability

Neither the Board of Directors, ARC nor any member thereof shall be liable to any Owner, occupant, builder or other person for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member thereof, provided only that the member has in accordance with the actual knowledge possessed by him or her, acted in

good faith. The ARC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or other governmental regulations, all of which are the responsibility of the Owner.

Section 6.13 Estoppel Certificate

(a) Within fifteen (15) business days after written request is delivered to the ARC by an Owner, and upon payment to the ARC of a reasonable fee fixed by the ARC to cover costs, the ARC shall provide such Owner with a certificate executed by the chairman, or other authorized member of the ARC certifying with respect to any Lot owned by the Owner, that as of the date thereof either:

(i) All improvements made or done upon or within such Lot by the Owner that are subject to the requirements of this article comply with the Declaration and the Bylaws; or

(ii) Such improvements do not comply, in which event; the certificate shall also identify the non-complying improvements and set forth with particularity the nature of such noncompliance.

(b) The Owner, Owner's heirs, devisees, successors and assigns shall be entitled to rely on the certificate with respect to the matters set forth. The certificate shall be conclusive as between and among Declarant, the ARC, the Association and all Owners and such persons deriving any interest through any of them.

Section 6.14 Fees

Except for the Declarant, there shall be an application fee in an amount to be determined by the ARC for any new construction upon a Lot. There shall also be an application fee to be determined by the ARC for all other improvements other than the construction of new Living Unit. In addition to any fees set forth herein, the ARC may charge a reasonable application fee and charge applicants additional

costs incurred or expected to be incurred by the ARC to retain architects, attorneys, engineers, landscape architects and other consultants to advise the ARC concerning any aspect of the application or compliance with any appropriate architectural criteria or standards. Such fee shall schedule shall be adopted by Board resolution and shall be collectible as assessments pursuant to this Declaration and the Bylaws.

Section 6.15 Application of Master Declaration Architectural Control Provisions

The architectural control provisions of the Master Declaration shall apply to all Lots in the Project and unless the Master Association shall have delegated to the ARC the authority to approve construction or modification of Buildings and Improvements, all such Buildings and Improvement must also be approved by the ARC as provided in the Master Association Documents. The Board may, at its discretion, waive the application of the Architectural Control provisions of this Declaration, in which event; the Master Association shall be solely responsible for architectural control in the Project.

ARTICLE VII. ASSESSMENTS

Section 7.01 Covenant for Assessment:

(a) Each Owner, by acceptance of a deed hereafter conveying any such Lot to it, whether or not so expressed in the deed or other conveyance, shall be deemed to have covenanted and agreed to pay the Association the following types of assessments:

- 1) Annual assessments (the "Annual Assessment") as provided in Section 8.02 below;
- 2) Special assessments ("Special Assessments") as provided in Section 8.05 below;
- 3) Emergency assessments ("Emergency

Assessments") as provided in Section 8.06 below;

4) Individual assessments ("Individual Assessments") as provided in Section 8.07 below;

5) Master Association assessments ("Master Association Assessments") as provided in 8.08 below.

(b) Assessments shall be established and collected as provided in this article.

(c) No Owner may exempt itself from liability for Assessments by abandonment of any Lot owned by such Owner.

Section 7.02 Annual Budget and Assessment:

(a) Annual Budget. The Board shall prepare, or cause the preparation of, an annual budget for the Association, which shall provide, without limitation, for the maintenance of the landscaping and exteriors of Residences and for the administration, management and operation of the Association. If Board fails to adopt an annual budget, the last adopted budget shall continue in effect.

(b) Determination of Annual Assessment:

1) The Board of the Association shall fix the amount of the annual assessment ("Annual Assessment") against each Lot for each assessment period at least thirty (30) days in advance of the beginning of the period. Written notice of the Annual Assessments shall be sent to all members of the Association at least thirty (30) days in advance of the beginning any assessment period.

2) The omission by the Board, before the expiration of any assessment period, to fix

the amount of the Annual Assessment for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this article or a release of any member from the obligation to pay the Annual Assessment, or any installment thereof, for that or any subsequent assessment period. In the event of such omission, the Annual Assessment fixed for the preceding period shall continue until a new assessment is fixed.

Section 7.03 Apportionment of Assessments

Assessments shall be apportioned as follows:

- (a) **Annual, Special and Emergency Assessments.** All Lots shall pay their pro rata share of the Annual Assessment, Special Assessments and Emergency Assessments commencing upon the date the Lots are made subject to this Declaration. The pro rata share shall be based upon the total amount of each such assessment divided by the total number of Lots.
- (b) **Individual Assessments.** Individual Assessments shall be apportioned exclusively against the Lots benefited or to which the expenses are attributable as provided in Section 6.7.
- (c) **Payment of Assessments.** Upon resolution of the Board, installments of Annual Assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis. Any member may prepay one or more installments of any Assessment levied by the Association, without premium or penalty.

Section 7.04 Personal Obligation and Costs of Collection:

- (a) Assessments imposed under this Declaration, together with interest at a rate to be established by resolution of the Board, not to exceed the maximum permitted by law, and costs and reasonable attorneys' fees incurred or

expended by the Association in the collection thereof, shall also be the personal obligation of the Owner holding title to any Lot at the time when the assessment became due.

- (b) The personal obligation for any delinquent Assessment, together with interest, costs and attorneys' fees shall not pass to the Owner's successor or successors in title unless expressly assumed by such successor or successors or if title is acquired by quit-claim deed.

Section 7.05 Special Assessments

In addition to the Annual Assessments authorized in this Article, the Association may levy in any assessment year, a special assessment ("Special Assessment"), applicable for that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the exterior of the living units or Limited Common Areas and Common Areas; provided that such assessment shall first be approved by a majority of the votes of members of the Association, in accordance with the Bylaw procedures for member approval.

Section 7.06 Emergency Assessment:

- (a) If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board shall, as soon as practicable, determine the approximate amount of the inadequacy and adopt a resolution which establishes a supplemental budget and levies the additional assessment ("Emergency Assessment"). The resolution shall specify the reason for the Emergency Assessment.

- (b) Any Emergency Assessment in the aggregate in any fiscal year would exceed an amount equal to ten percent (10%) of the budgeted expenses of the Association for the fiscal year may be levied only if approved by a

majority of the Owners in accordance with Bylaw procedures for member approval.

(c) Emergency Assessments shall be apportioned as provided in Section 6.3 above.

Section 7.07 Individual Assessments:

(a) Any expenses benefiting or attributable to fewer than all of the Lots may be assessed exclusively against the Lots affected or benefited ("Individual Assessment"). Individual Assessments shall include, but are not limited to:

1) Assessments levied against any Lot to reimburse the Association for costs incurred in bringing the Lot or its Owner into compliance with the provisions of this Declaration or rules and regulations of the Association and for fines or other charges imposed pursuant to this Declaration for violation of this Declaration, the Bylaws or any rules and regulations of the Association.

2) Any reasonable services provided to an unimproved or vacant Lot by the Association due to an Owner's failure to maintain the same in order to protect the health, safety and welfare of adjoining Lot owners and the Association in general.

Section 7.08 Master Association Assessment

Declarant and each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Master Association all Common Assessments, Special Assessments and Limited Use Assessments, if applicable, as provided in the Master Declaration and the Master Association Documents. Such assessments will be determined and assessed by the Master Association and shall be paid directly to the Master Association.

Section 7.09 Collection of Assessments by Association and/or Master Association

Upon the approval of a majority of the voting power of the Association residing in Members voted at a meeting of the Members called for such purpose, the Association may, for the convenience of the Members and with the agreement of the Master Association, pay the Master Association assessments for the Lots in the Project and include such assessments in the regular assessments of the Association. Such an agreement shall not affect Master Association's lien against any Lot or the Master Association's ability to enforce or collect its Assessments as provided hereunder, if they are not remitted to the Master Association in a timely manner. The Association may also enter into an agreement with the Master Association to collect Regular, Special, Emergency and/or Individual Assessments of the Association as agent for of the Association in the same manner as its Master Association assessments and to remit them to the Association on a timely basis. Such an agreement shall not affect the Association's lien against any Lot or the Association's ability to enforce or collect its Assessments as provided hereunder, if they are not remitted to the Association in a timely manner.

Section 7.10 Nonpayment of Assessments

Any assessment or portion thereof not paid within thirty (30) days after the due date (which shall be established by resolution of the Board):

(a) Shall be delinquent and shall bear interest from the date of delinquency at the rate, established by resolution of the Board, not to exceed the maximum rate permitted by law; and/or

(b) Shall be subject to a late charge in an amount to be determined by the Board by resolution; and

(c) If paid by installments, the Board may accelerate (including interest as provided for above) the remaining balance for the fiscal year and declare the remaining

payments for the fiscal year due and payable.

Section 7.11 Lien for Assessments

All Assessments imposed shall be a charge and continuing lien upon each of the Lots against which the assessment is made in accordance with the terms and provisions of this Article and shall be construed as a real covenant running with the land.

Section 7.12 Subordination of Lien to Mortgages:

(a) The lien of the Assessments provided for in this Article shall be subordinate to the lien of any first mortgagees or deeds of trust now or hereafter placed upon the Lot subject to assessment, except as provided in subsection (b) of this Section.

(b) The sale or transfer of any Lot pursuant to mortgage or deed of trust foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. Such sale or transfer shall not relieve the Lot from liability for any Assessments thereafter becoming due, or from the lien of any future assessment.

Section 7.13 Enforcement of Lien

The Association may establish and enforce the lien for any Assessment, including Annual, Special, Individual or otherwise, pursuant to the provisions of this Declaration. The lien is imposed upon the Lot against which the Assessment is made. The lien may be established and enforced for damages, interest, costs of collection, late charges permitted by law, and attorneys' fees provided for in this Declaration or by law or awarded by a court for breach of any provisions of the Project Documents. The lien may be foreclosed in the same manner as either deeds of trust, mortgages, or in any other manner permitted by Utah law. The collection remedies stated herein are cumulative and the use of one does not preclude the use of other remedies.

Section 7.14 Suspension of Voting Rights

The Board shall have the right to suspend any Owner's right to vote during any period of time that the Owner carries a past due assessment balance.

ARTICLE VIII. RESTRICTIONS ON USE

Section 8.01 Use of Units - Residential Use

Each of the Units in the Project is limited to residential use only. Each Unit and Owner is subject to the uses and restrictions imposed by such restrictions (including any parking restrictions).

Section 8.02 No Obstruction of Common Areas

There shall be no obstructions of the Common Areas by the Owners, Residents, and their tenants, guests or invitees without the prior written consent of the Board. The Board may by Rules and Regulations prohibit or limit the use of the Common Areas as may be reasonably necessary for protecting the interests of all the Owners or protecting the Lots or the Common Areas.

Nothing shall be kept or stored on any part of the Common Areas without the prior written consent of the Board, except as specifically provided herein. Nothing shall be altered on, constructed in or removed from the Common Areas except upon the prior written consent of the Board.

Section 8.03 Cancellation of Insurance

Nothing shall be done or kept in any Lot or in the Common Areas or any part thereof which would result in the cancellation of the insurance on the Project or any part thereof or increase of the rate of the insurance on the Project or any part thereof or increase of the rate of the insurance on the Project or any part thereof over what the Board, but for such activity, would pay, without the prior written consent of the Board.

Nothing shall be done or kept in any Unit or in the Common Areas or any part thereof which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or any invitee of any Owner, and each Owner shall indemnify and hold the Board and the Owners harmless against all loss resulting from any such damage or waste caused by him or his invitees.

No noxious, destructive or offensive activity shall be carried on in any Unit or in the Common Areas or any part thereof, nor shall anything be done therein which may be or may become an annoyance or nuisance to any other Owner or to any person at any time lawfully residing in the Project.

Section 8.04 Rules and Regulations

No Owner or Resident shall violate the Rules and Regulations for the use of the Units and of the Common Areas as adopted from time to time by the Board. An Owner shall be responsible to advise their guests and invitees about the rules and shall be responsible for their guests and invitees compliance with the rules and regulations.

Section 8.05 Structural Alterations

No improvements, alterations, repairs, excavation or other work which in any way alters the exterior appearance of the Property or the improvements located thereon shall be made without the prior approval of the Board of Directors. No building, fence, wall, or other structure shall be erected, maintained, improved, altered, made or done (including choice of exterior color scheme and building materials) without the prior written approval of the Board of Directors.

Section 8.06 Window Coverings

The Board, by rule, may require that certain colors and types of window covering be used.

Under no circumstances shall any cardboard or tinfoil be used as window coverings in the Project.

Section 8.07 Signs

No signs shall be erected or maintained in the Common Areas without the prior written consent of the Board.

Section 8.08 Pets

Pets shall be regulated by rules and regulations promulgated by the Board of Directors.

If a pet owner violates any of pet rules and regulations, the Board shall have the express authority to issue citations or levy assessments, and collect these by judgment, lien or foreclosure. In extreme cases, the Board may require that the Owner or Resident to remove their pet from the premises.

Section 8.09 Storage and Parking of Vehicles

No truck larger than 1-ton, trailer, or recreational vehicle, including but not limited to campers, boats, motor homes, off-road vehicles, motorcycles and similar equipment not used on a regular basis (hereinafter collectively referred to as the "Recreational Vehicles") shall be permitted to be parked overnight or for any period of time longer than twenty-four (24) hours, upon any portion of the Common Area or Limited Common Area.

Visitors may only park their motor vehicles temporarily in accordance with the Rules and Regulations promulgated by the Board.

No Owners or occupants shall repair or restore any motor vehicle of any kind upon any Unit or Common Area, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

Motor Vehicles parked in unauthorized areas, or in violation of the parking rules and regulations established by the Board, may, at owner's expense, be towed away. The Board shall be

required to follow all municipal ordinances and codes regarding towing enforcement prior to towing a vehicle.

All parking spaces shall be used for the purpose of parking operable and licensed motor vehicles and shall not be used as storage facilities.

Section 8.10 Leasehold Restrictions

The leasing of a Unit by any Owner shall be subject to the following restrictions so long as the property shall be owned in accordance with the terms and conditions of this Declaration:

(a) Units may be rented only to single families as defined by Saratoga Springs Zoning ordinance.

(b) All leases and lessees shall be subject to the provisions of the Project Documents. Any owner who leases his/her Unit shall be responsible for assuring the Residents' compliance with the Project Documents.

(c) The leasing and renting of Units by Owners shall be in accordance with this Section. "Leasing or renting" of a Unit means the granting of a right to use or occupy a Unit for a specific term or an indefinite term (with rent stated on a periodic basis), in exchange for the payment of rent (money, property or other goods or services of value); but shall not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

(d) Approved Lease Agreement. All Owners shall use and provide the Board with a copy of the Association's Approved Lease Agreement. All lease agreements shall contain terms subjecting the resident to the terms, conditions, and restrictions of the Project Documents, as amended.

(e) Violations of Rental Restrictions. If an Owner fails to submit the required application when requested, fails to use the Approved Lease Agreement and rents or leases any Units, the Board may assess fines

against the Owner and the Owner's Unit in an amount to be determined by Board resolution. In addition, regardless of whether any fines have been imposed, the Board may proceed with any other available legal or equitable remedies, including but not limited to, an action to terminate the rental or lease agreement and removal of any tenant or lessee.

(f) Failure to Take Legal Action.

Failure by an Owner to take legal action against his Resident who is in violation of Project Documents within ten (10) days after delivery of written demand to so do from the Board, shall entitle the Association to take any and all such action for and in behalf of said Owner and as his or her agent, including but not limited to the institution of legal proceedings on behalf of such Owner against his or her Resident for eviction, injunctive relief or damages. Neither the Association nor any agent retained by the Association to manage the Project shall be liable to the Owner or Resident for any legal action commenced under this Section that is made in good faith. Any expenses incurred by the Association, including reasonable attorneys' fees and costs of suit, shall be repaid to it by such Owner.

(g) Recovery of Costs and Attorney Fees; Owner Liable. The Association shall be entitled to recover from the offending Owner its costs and attorney's fees incurred for enforcement of this Section, regardless of whether any lawsuit or other action is commenced. Additionally, the Owner shall be liable for all fines, assessments, or other penalties levied due to violations of their tenant. The Owner shall be personally liable for any violations caused by their tenant. Any assessments, fines, attorney's fees, costs or penalties levied under this Section shall be Individual Assessments and shall be collectable as such.

(h) Requesting Unpaid Assessments from Tenant. In the event that a unit is leased or rented, and the absentee owner fails to pay their regular, special or any other assessment, the

Board may demand that the tenant pay his or her rental payment to the Association until such time as the delinquent assessment is cured.

(i) **Owner Obligation to Inform Tenant and Association.**

1) The Owner shall provide the tenant or lessee with a copy of the Project Documents then in effect and shall take a receipt for delivery of the Project Documents. In the event the Project Documents are amended, revised, changed, or supplemented by the Association, the Owner shall provide the tenant or lessee with a copy of the amendments, revisions, changes, or supplements within ten (10) calendar days of adoption by the Association, its Board of Directors, or its membership.

2) Owner shall provide the Association a copy of the receipt and Approved Lease Agreement within ten (10) days of the Board's written request.

(j) **Termination of Lease or Rental Agreement for Violations.** In addition to any other remedies available to the Association, the Board may require the Owner to terminate a lease or rental agreement if the Board determines that any lessee or tenant has violated any provision of the Project Documents or any amendments thereto.

Notwithstanding anything contained herein to the contrary, the Association shall have legal and equitable standing as a third party beneficiary to enforce the provisions of the Project Documents against a tenant, including without limitation, the right to file a civil action to terminate the lease agreement. In addition to any other remedy herein, the Association shall have right to levy fines against the Owner for any violations of this Section.

(k) **Voidable Transactions.** Any transaction which does not comply with this Section shall be voidable at the option of the Board.

(l) **Management Company.** All Owners who rent their Lots or Living Units shall use the same management company. The Board by resolution shall appoint a management company.

Section 8.11 Aerials, Antennas and Satellite Dishes

It is the intent that this policy not be inconsistent, incongruent or in conflict with applicable local, state and federal legislation. Aerials, antennas and satellite dishes shall be prohibited within the Project, except (a) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (b) antennas or satellite dishes designed to receive video programming services via multipoint distribution services which are one meter or less in diameter or diagonal measurement (hereafter referred to as "Permitted Devices") shall be subject to the following:

(a) located in the attic, garage, or other interior spaces of the residential unit, so as not to be visible from outside the unit;

(b) attached to or mounted behind the area appurtenant to the residential unit on the rear wall of the building containing the residential unit so as to extend no higher than the plane commencing the next story of the building or the eaves of the building at a point directly above the position where attached or mounted to the wall.

Notwithstanding the foregoing, should an Owner determine that a Permitted Device cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, then the Owner may install the device in the least conspicuous alternative location on the Lot where an acceptable quality signal can be obtained.

The Board may adopt rules establishing a preferred hierarchy of alternative locations and require screening of all Permitted Devices, so long as such rules do not unreasonably increase the cost of installation, maintenance, or use of the Permitted Device. Anything to the contrary notwithstanding, no Permitted Device may be located in the common area without the express prior written consent of the Board. Permitted Devices may only be installed in, on or within property which a party owns or is subject to his exclusive use.

Section 8.12 Timeshares

Timeshares and time-sharing of Units within the Project is prohibited, and under no circumstances shall any condominium be owned or used for time sharing, including but not limited to a "Timeshare Interest" as that term is defined in Utah Code Ann. § 57-19-2(17), as amended.

Section 8.13 Smoking

(a) Smoking within a Unit or on the Common Areas of the Project is a noxious and offensive activity creating a nuisance. Accordingly, smoking in a Unit or on the Common Areas of the Project is strictly prohibited.

(b) Owners shall be fined for smoking violations according to the fine schedule adopted by the Board related to smoking violations

(c) All Owners who rent or lease their Unit shall prohibit smoking in their rental or lease agreements and shall inform their tenants of the Association's no smoking rule.

Section 8.14 Utility Service

All lines, wires, or other devices for the communication or transmission of electric current of power, including telephone, television and radio signals, shall be contained in conduits or cables installed and maintained underground

or concealed in, under, or on buildings or other structures approved by the Board.

Section 8.15 Temporary Structures, etc

No structure of a temporary character, or trailer, camper, tent, shack, garage, or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently, unless first expressly approved in writing by the Board.

Section 8.16 Repair of Buildings

No improvement upon any Lot shall be permitted to fall into disrepair, and each such improvement shall be at all times be kept in good condition and repair and adequately painted or otherwise finished.

Section 8.17 Subdivision of Lots

No Lot shall be further subdivided or separated into smaller Lots or parcels by any Owner, and no portion less than all of any such Lot, shall be conveyed or transferred by any Owner without the prior written approval of the Board. No Lot may be converted into a condominium or cooperative or other similar type of entity without the prior written approval of the Board. No further covenants, conditions restrictions or easements shall be recorded against any Lot without the written consent of the Board being evidenced on the recorded instrument containing such restrictions and without such approval such restrictions shall be null and void. No applications for rezoning, variances, or use permits shall be filed without the written approval of the Board and then only if such proposed use in compliance with this Declaration.

Section 8.18 Drilling Operations

No oil drilling oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon any Lot nor shall oil wells, tunnels, mineral excavations or shafts be permitted. No derrick or other structure designed for use in drilling for oil or natural gas or water shall be erected, maintained or permitted upon any Lot.

Section 8.19 Rubbish and Unsightly**Debris, Garbage, etc**

Notwithstanding any other provision in this Declaration, no Owner shall allow his or her Lot to become so physically encumbered with rubbish, unsightly debris, garbage, equipment, or other things or materials so as to constitute an eyesore as reasonably determined by the Board or the Association.

Section 8.20 Clothes Drying Facilities

Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Property.

ARTICLE IX. ASSOCIATION**Section 9.01 Organization**

(a) The Association has been organized as a nonprofit corporation under the nonprofit corporation laws of the State of Utah (Utah Code Annotated Title 16-6a).

(b) The Articles of Incorporation of the Association provide for its perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. All of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association. Such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws (as the same may be amended from time to time) as if they had been drafted to constitute the governing documents of the unincorporated association.

(c) The affairs of the Association shall be governed by a Board of Directors as

provided in the Bylaws.

Section 9.02 Membership

Each Owner during the entire period of Owner's ownership of one or more Lots within the Project shall be a member of the Association. The membership shall commence, exist and continue by simply virtue of the ownership, shall expire automatically upon termination of ownership and need not be confirmed or evidenced by any certificate or acceptance of membership.

Section 9.03 Voting Rights

Voting rights within the Association shall be allocated as follows:

(a) **Class A.** Class A Members shall be all Owners other than the Declarant until the Class B membership ceases. Class A Members shall be entitled to one vote for each Unit in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any Unit.

(b) **Class B.** The Class B Member shall be the Declarant. The Class B Member shall be entitled to four (4) votes for each Unit in which it holds the interest required for Membership in the Association. The Class B Membership shall automatically cease and be converted to a Class A membership on the first to occur of the following events:

(i) When the total number of votes held by all Class A Members equals the total number of votes held by the Class B Member; or

(ii) The expiration of seven (7) years after the date on which this Declaration is filed for record in the office of the County Recorder of Utah County, Utah.

(c) **Method of Voting.** The method of voting shall be as provided in the Bylaws.

Section 9.04 Powers, Duties and

Obligations

The Association shall have such powers and duties as may be granted to it or imposed by the Project Documents and any applicable statute, as such statute may be amended to expand the scope of association powers.

Section 9.05 Master Association

The Association shall represent the Owners in the Master Association and shall vote the Owners' votes in the Master Association as determined by the Board. The Association may enter into agreements or arrangements with the Master Association and other associations to provide for the management and operation of any Common Areas and facilities or amenities for the benefit and use of the Members and the members of other associations.

Section 9.06 Adoption of Bylaws

The Association has adopted Bylaws which are being recorded simultaneously with this Declaration.

ARTICLE X. MASTER ASSOCIATION**Section 10.01 Membership in Master Association**

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, shall also be a member of the Master Association. Such membership shall be subject to the terms and provisions of the Master Declaration and the Master Association Documents. Membership in the Master Association shall be appurtenant to and may not be separated from the ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership in the Master Association. Membership in the Master Association shall be subject to the same provisions and limitations as to delegation and transfer as apply to Membership in the Association.

Section 10.02 Voting Rights in Master**Association**

The voting rights of Owners in the Master Association shall be controlled and voted by the Association as determined by the Board. The Association shall have one vote in the Master Association for each Lot in the Project.

Section 10.03 Easement of Enjoyment of Master Association Property and Master Association Limited Use Property

Every Member shall have a right and easement of enjoyment in and to any Master Association Property and any Master Association Limited Use Property. Such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the provisions of the Master Declaration and the Master Association Documents.

ARTICLE XI. DECLARANT RIGHTS**Section 11.01 Administrative Control of Association**

Declarant shall assume full administrative control of the Association through an appointed interim Board of Directors, which shall serve until the Turnover Meeting.

The Turnover Meeting shall be held at the Declarant's option and sole discretion but shall not be held later than three (3) years from the date ninety-five percent (95%) of the total number of Lots to be developed upon the Property are occupied.

Declarant may elect to relinquish control of the Association at an earlier time by written notice to Owners and the Turnover Meeting shall be held within ninety (90) days of such notice.

Section 11.02 Other Rights

In addition to any other rights under the Project Documents, as long as Declarant owns at least one (1) Lot within the Property Declarant:

(a) Sales Office and Model. Shall have the right to maintain a sales office and

model on one or more of the Lots which Declarant owns. Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week.

(b) **"For Sale Signs."** May maintain a reasonable number of "For Sale" signs, the size of which may be determined by Declarant, at reasonable locations on the Property, including without limitation, the Common Property.

(c) **Approval of Amendments.** For so long as the Declarant owns at least one Lot within the Property, Declarant shall have the right to approve all amendments to the Project Documents proposed by the members.

Section 11.03 Easements Reserved to Declarant

(a) The reservation to Declarant, its successors and assigns, of non-exclusive easements and rights of way over those strips or parcels of land designated or to be designated on the Plat as "Drainage and Utility Easement," "Sewer Easement," "Drainage and Sewage Easement," and "Open Space," or otherwise designated as an easement area over any road or Common Area on the Property, and over those strips of land running along the front, rear, side and other Lot lines of each Lot shown on the Plat.

(b) An easement for the installation, construction, maintenance, reconstruction and repair of public and private utilities to serve the Property and the Lots therein, including but not limited to the mains, conduits, lines, meters and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone, cable television, and other public or private services or utilities deemed by Declarant necessary or advisable to provide service to any Lot, or in the area or on the area in which the same is located, together with the right and

(c) Easement granting the privilege of entering upon the Common Areas for such purposes and making openings and excavations thereon, which openings and excavations shall be restored in a reasonable period of time, and for such alterations of the contour of the land as may be necessary or desirable to affect such purposes.

(d) The reservation to Declarant and its successors and assigns, of a non-exclusive easement and right-of-way in, through, over and across the Common Area for the purpose of the storage of building supplies and materials, and for all other purposes reasonably related to the completion of construction and development of the project and the provision of utility services, and related services and facilities.

(e) The Declarant further reserves unto itself, and its successors and assigns, the right to grant easements, rights-of-way and licenses to any person, individual, corporate body or municipality, to install and maintain pipelines, underground or above-ground lines, with the appurtenances necessary thereto for public utilities, or quasi-public utilities or to grant such other licenses or permits as the Declarant may deem necessary for the improvement of the Community in, over, through, upon and across any and all of the roads, streets, avenues, alleys, and open space and in, over, through, upon and across each and every Lot in any easement area set forth in this Declaration or as shown on the Plat.

(f) The Declarant further reserves unto itself and its successors and assigns, the right to dedicate all of said roads, streets, alleys, rights of way or easements, including easements in the areas designated as "open space" and storm water management reservation, to public use all as shown on the Plat. No road, street, avenue, alley, right of way or easement shall be laid out or constructed through or across any Lot or Lots in the Community except as set forth in this Declaration, or as laid down and shown on the Plat, without the prior written approval of the

Architectural Review Committee.

(g) Declarant further reserves unto itself and its successors and assigns, the right at or after the time of grading of any street or any part thereof for any purpose, to enter upon any abutting Lot and grade a portion of such Unit adjacent to such street, provided such grading does not materially interfere with the use or occupancy of any Structure built on such Unit, but Declarant shall not be under any obligation or duty to do such grading or to maintain any slope.

(h) Declarant further reserves unto itself, for itself and any Builder and their successors and assigns, the right, notwithstanding any other provision of the Declaration, to use any and all portions of the Property other than those Lots conveyed to Owners, including any Common Area which may have previously been conveyed to the Association, for all purposes necessary or appropriate to the full and final completion of construction of the Community.

The Declarant will take reasonable steps, and will ensure that any Builder takes reasonable steps, to avoid unduly interfering with the beneficial use of the Lots by Owners.

ARTICLE XII. ASSOCIATION AND OWNER MAINTENANCE OBLIGATIONS

Section 12.01 Common Area

The Association shall improve, develop, supervise, manage, operate, examine, insure, inspect, care for, repair, replace, restore and maintain the Common Area and Limited Common Area and the exterior of the Living Units, excepting Party Walls.

Section 12.02 Lots

(a) **Owner's Responsibility.** All maintenance of the Lots and interior of all Living Units and improvements shall be the sole

responsibility of the Owner thereof, who shall maintain such Lot in accordance with the Project Documents of the Association.

(b) Maintenance by Association.

The Board of Directors, after notice and opportunity for hearing, may assume the maintenance responsibility over a Lot if, in the opinion of the Board of Directors, the Owner is unwilling or unable to adequately provide such maintenance. Should the Board exercise its right under this provision, it shall not be liable for trespass or nuisance and shall have the right to levy an Individual Assessment to recover its maintenance costs.

Section 12.03 Party Walls

Each wall which is built as a part of the original construction of the Lots upon the Properties and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party wall and liability for property damage due to negligence or willful acts or omission shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use. However, if one Owner is negligent or willfully damages a party wall, that Owner shall bear the whole cost of repairing the wall. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use with prejudice, however, to the right of any such Owners to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

ARTICLE XIII. COMPLIANCE AND ENFORCEMENT

Section 13.01 Compliance

Each Owner or Resident of a Living Unit shall

comply with the provisions of this Declaration, the Bylaws and the rules and regulations adopted pursuant thereto and any applicable statute. Failure to comply therewith shall be grounds for an action or suit maintainable by the Association or an aggrieved Owner.

Section 13.02 Remedies

Violation of any provisions of the Project Documents, or of any decision of the Association made pursuant to such documents, shall give the Board of Directors acting on behalf of the Association, the right, in addition to any other rights set forth in the Project Documents, or under law, to do, any or all of the following after giving notice and an opportunity to be heard:

(a) To enter the Lot which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist contrary to the intent and meaning of such provisions, and the Board of Directors shall not thereby be deemed guilty of any manner of trespass, provided that judicial proceedings shall be instituted before any items of construction may be altered or demolished. Costs and attorney's fees shall be an Individual Assessment;

(b) To enjoin, abate, or remedy such thing or condition by appropriate legal proceeding;

(c) To levy reasonable fines pursuant to a schedule of fines adopted by resolution of the Board of Directors;

(d) To terminate the right to receive utility services paid for out of assessments, if any, or, except for the right to an assigned parking space, to terminate the right of access to and use of recreational and service facilities of the Association, until the correction of the violation has occurred; or

(e) The right of the Association to suspend the voting rights and the rights to use of the Common Area after notice and a hearing for any period not to exceed sixty (60) days for any infraction of any of the Project Documents; or

(f) Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration, the Bylaws and any rules or regulations adopted pursuant thereto. Costs and attorney's fees shall be an Individual Assessment.

Section 13.03 Action by Owners

Subject to any limitation imposed under the Project Documents or Utah law, an aggrieved Owner may bring an action against such other Owner or the Association to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

Section 13.04 Injunctive Relief

Nothing in this Section shall prevent an Owner, the Association, or other interested party from resort to a court of competent jurisdiction in those instances where injunctive relief may be appropriate.

Section 13.05 Hearing

The Board shall, by resolution, promulgate procedures for hearings. When a hearing is requested or required, the hearing shall be conducted in accordance with the Board's resolution on hearings.

ARTICLE XIV. INSURANCE

Section 14.01 Types of Insurance Maintained by the Association

Commencing not later than the date a Lot is conveyed to a Person other than Declarant, the Association shall have the authority to and shall obtain and maintain, to the extent reasonably available, the insurance specified below:

(a) The Board of Directors may adopt General Insurance Rules, Policies and Procedures intended as a guide for Owners and

residents in order to maintain the insurability of the project, keep the insurance premium reasonable, and enforce the maintenance responsibilities of the individual owners. The Association shall obtain the following insurance coverages ("The Association Master Policy"):

- (i) **Public Liability.** Public liability for the Common Areas, Limited Common Areas, and Facilities;
- (ii) **Common Area.** Property, fire and extended hazard for all Common Areas and Limited Common Areas;
- (iii) **Buildings and Units.** Special form property, fire and extended hazard for all Buildings that contain more than one Unit, including any improvement which is a permanent part of a Building such as cabinets, floor and wall coverings, built-in appliances, and attached fixtures;
- (iv) **D&O.** Directors and officers in not less than \$1,000,000; and
- (v) **Fidelity Bond.** Fidelity bond, in an amount not less than the reserves and operating capital of the association.

Section 14.02 Insurance Company.

The Association shall use a responsible insurance company or companies duly qualified and licensed in the State of Utah.

Section 14.03 Minimum Amount of Insurance Coverage.

The limits of each liability insurance policy purchased for the Association shall be in an amount not less than \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate for bodily injury, death, and property damage. This amount may be increased by resolution of the Board of Directors.

Section 14.04 Premium as a Common Expense.

The premium for the Association's insurance;

including but not limited to: general liability, property coverage, directors and officers, and fidelity bond coverage is to be a Common Expense.

Section 14.05 Insurance by Owner.

Each Owner shall obtain and maintain the following types of insurance coverages:

- (a) **Public Liability Insurance.** Each Owner will obtain public liability insurance for his Lot and shall provide the Association with a Certificate of Insurance upon request;
- (b) **Building Coverage (inside the unit)** Each Owner shall have a minimum amount of \$10,000 for Building coverage added to his individual owner's policy;
- (i) **Loss Assessment.** Each Owner shall have a minimum amount of \$20,000 for loss assessment coverage added to his Living Unit;
- (c) **Premium.** The insurance premium on the Owner's policy shall be paid by the Owner.
- (d) **Maintenance of Coverage.** The Owner shall obtain and keep in full force and effect at all times the required insurance coverage provided by companies duly authorized to do business in Utah.
- (e) **Not a Limitation.** The provisions of this subsection shall not be construed to limit the power or authority of the Owner to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder, in such amounts and in such forms as he may deem appropriate.
- (f) **Default.** If an Owner fails to maintain the required insurance or fails to provide a Certificate of Insurance within three (3) days of a request, and fails to remedy a default within ten (10) days of written notice, the

Association may but is not obligated to, without further notice, purchase the required insurance and treat the cost as an Individual Assessment.

(g) **Contents.** The Association Master Policy DOES NOT cover the contents of the Living Unit or the personal property of the Unit or Resident such as automobiles, furniture, furnishings, appliances, paintings, pictures, wall hangings, clothing, personal belongings and effects, and other contents, or personal liability.

Section 14.06 Loss of Rents.

The Association Master Policy DOES NOT cover loss of rents or rental income.

Section 14.07 Insurance of Contents and Lost Rents.

Providing insurance to cover contents and lost rents or rental income is the responsibility of the individual Owner or Resident.

Section 14.08 Payment of Deductible.

It is presumed that the claimant is responsible to pay the deductible; provided, however, the deductible on a claim made against the Association Master Policy shall be paid for by the party (i) who would be liable for the loss, damage, claim, or repair in the absence of insurance or (ii) from whose Lot the causal event originates. In the event of multiple responsible parties, the loss shall be allocated in relation to the amount each party(s) responsibility bears to the total. If a loss is caused by an act of God or nature or by an element, risk or peril beyond the control of the parties, then the Owner shall be responsible for the deductible. Each Owner is encouraged to purchase insurance to cover the cost of the deductible as stated above. The association deductible will be \$10,000 or less. 60 days written notice will be given to Owners in the event the board of directors elects to increase the deductible in an amount greater than \$10,000. Owners shall be responsible for the Association deductible despite inadequate insurance personally carried.

Section 14.09 Damages.

Each Owner is responsible for the maintenance of his Unit and for the repair of any damage he causes to another Lot, Living Unit, Limited Common Area, or the Common Area and Facilities.

Section 14.10 Right to Adjust Claims.

The Association has the right, power and authority to adjust claims.

Section 14.11 Use of Insurance Proceeds and Repairs.

Repair of damage shall be completed within a reasonable time and insurance proceeds shall be used to repair the covered damage.

Section 14.12 Damage and Destruction of Common Area

(a) Immediately after any damage or destruction by fire or other casualty to all or any part of the insurable improvements on the Common Area, the Board of Directors, or its agent, shall proceed with the filing and adjustment of all claims arising under the fire and extended coverage insurance maintained by the Association and obtain reliable estimates of the cost of repair or reconstruction of the damaged or destroyed improvements. Repair or reconstruction means repairing or restoring the improvements to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to insurable improvements on the Common Area shall be repaired or reconstructed unless at least seventy-five percent (75%) of the members present at a meeting of the membership held within ninety (90) days after the casualty shall decide not to repair or reconstruct.

(c) If, in accordance with subsection (b) of this section, the improvements are not to be repaired or reconstructed and no alternative improvements are authorized by the

members, then and in that event the damaged Common Area shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a "neat" and attractive condition. In such event, any excess insurance proceeds shall be paid over to the Association for the benefit of the Property, which proceeds may be used and/or distributed as determined by the Board of Directors, in its discretion, or as otherwise provided in the Articles of Incorporation and/or the Bylaws of the Association.

Section 14.13 Repair and Reconstruction of Common Area

If any improvements on the Common Area are damaged or destroyed, and the proceeds of insurance received by the Association are not sufficient to pay in full the cost of the repair and reconstruction of the improvements, the Board of Directors shall, without the necessity of a vote of the members, levy a Special Assessment against all Owners in order to cover the deficiency. If the proceeds of insurance exceed the cost of repair, such excess shall be retained by the Association and used for such purposes as the Board of Directors shall determine.

Section 14.14 Obligation of Lot Owner to Repair and Restore

(a) In the event of any damage or destruction of the improvements on a Lot, the insurance proceeds from any insurance policy on an improved Lot, unless retained by a Mortgagee of a Lot, shall be applied first to the repair, restoration or replacement of the damaged or destroyed improvements. Any such repair, restoration or replacement shall be done in accordance with the plans and specifications for such improvements originally approved by the ARC; unless the Owner desires to construct improvements differing from those so approved, in which event the Owner shall submit plans and specifications for the improvements to the ARC and obtain its approval prior to commencing the repair, restoration or replacement.

(b) If any Owner of an improved Lot fails to maintain the insurance required by this Article, the Association may, but shall not be obligated to, obtain such insurance and pay any premiums required in connection with obtaining such insurance. Such Owner shall be personally liable to the Association for any costs incurred by the Association in obtaining such insurance, to the same extent as such Owner is liable for assessments levied against its Lot, and, upon the failure of the Owner to pay such costs within ten (10) days after such Owner's receipt of a written demand therefor from the Association, the Association may establish a lien therefor upon the Owner's Lot in accordance with and subject to the provisions of this Declaration applicable to an assessment lien.

ARTICLE XV. AMENDMENT AND DURATION

Section 15.01 Amendments

(a) How Proposed. Amendments to the Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding thirty percent (30%) or more of the voting rights. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for approval or consent to the amendment.

(b) Approval Required. Except as otherwise provided in this Declaration, this Declaration may be amended by approval of Owners holding sixty-seven percent (67%) of the voting rights of the Association.

(c) Execution and Recordation. An amendment shall not be effective until the amendment is certified by the president and secretary of the Association as being adopted in accordance with this Declaration is acknowledged and is recorded in the Recorder's Office of Utah County, Utah.

(d) Notwithstanding anything in

this Declaration, so long as the Class B membership exists, the written consent of the Declarant is required to amend this Declaration or the Map.

ARTICLE XVI. MISCELLANEOUS PROVISIONS

Invalidity; Number; Captions

The invalidity of any part of this Declaration shall not impair or affect in any manner the validity, enforceability, or effect of the balance of this Declaration. As used herein, the singular shall include the plural and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

Section 16.01 Joint Owners

In any case in which two or more persons share the ownership of any Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Board of Directors, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter in accordance with the Bylaws.

IN WITNESS WHEREOF, the Declarant, has caused this Declaration to be executed by its duly authorized officers on the 27th day of JUN, 2007.

Section 16.02 Lessees and Other Invitees

Lessees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration, the Bylaws and rules and regulations adopted by the Association restricting or regulating the Owner's use, improvement or enjoyment of such Owner's Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.

Section 16.03 Nonwaiver

Failure by the Association or any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Section 16.04 Waiver, Precedent and Estoppel

No restriction, condition, obligation or provision contained in this Declaration or rules and regulations adopted pursuant hereto shall be deemed to have been abrogated or waived by the Association or any Owner by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur and any failure to enforce the same shall not be deemed to constitute precedent or estoppel impairing the right of the Association or Owner as to any similar matter.

Section 16.05 Notice of Sale, Mortgage, Rental, or Lease

Immediately upon the sale, mortgage, rental, or lease of any Lot, the Owner shall promptly inform the secretary or manager of the name and address of said grantee, vendee, mortgagee, lessee, or tenants.

J. BALLARD HOMES, INC.

EXHIBIT A

(LEGAL DESCRIPTION)

BEGINNING AT A POINT THAT IS S00°11'25"W 2294.32 FEET FROM THE NORTH QUARTER CORNER AND RUNNING THENCE EAST 452.35 FEET; THENCE S0°11'25"W 616.53 FEET TO A POINT ON A 324 FOOT RADIUS CURVE TO THE RIGHT A DISTANCE OF 78.30 (LONG CHORD BEARS S82°45'43"W 78.11 FEET); THENCE S89°41'07W 374.91 FEET; THENCE N00°11'25"E A DISTANCE OF 628.43 FEET TO THE POINT OF BEGINNING.

Containing 6.51 acres.

EXHIBIT B

BYLAWS OF SARATOGA CHASE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I. BYLAW APPLICABILITY

Section 1.01 Property Submission

The Property is located in Utah County, Utah, has been submitted to the provisions of a Declaration recorded in the Office of the County Recorder of Utah County, Utah, simultaneously herewith, and shall hereafter be referred to as the "Project." The Property is located in Harvest Hills Master Planned Community and is subject to the Master Declaration.

Section 1.02 Bylaws Applicability

The Provisions of these Bylaws are applicable to the Project as the same may be expanded as provided in the Declaration and the use, occupancy, sale, lease or other transfer thereof. All Owners of any fee or leasehold interest, all occupants or users of the Project, and the agents and servants of any of them are subject to the provisions of the Project Documents.

Section 1.03 Personal Application

All present and future Owners, tenants, future tenants, their guests, licensees, servants, agents, employees and any other person or persons who shall be permitted to use the facilities of the Project, shall be subject to the Project Documents. Acquisition, rental or occupancy of any of the Lots in the Project shall constitute an acknowledgment that such Owner, tenant or occupant has accepted and ratified these Bylaws, the provisions of the Project Documents and will comply with them.

Section 1.04 Office

The office of the Association and of the Board of Directors shall be located at the Project or at such other place as may be designated from time to time by the Board of Directors (hereinafter sometimes called the "Board").

ARTICLE II. ASSOCIATION

Section 2.01 Composition

All of the Lot Owners acting as a group in accordance with the Utah Revised Nonprofit

Corporations Act, as amended (the "Act"), and the Project Documents shall constitute the Association. Except as to those matters which the Act specifically requires to be performed by the vote of the Lot Owners, the administration of the Project shall be performed by the Board.

Section 2.02 Voting

Each Lot Owner shall have one vote. Since a Lot Owner may be more than one person, if only one of such persons is present at a meeting of the Association that person shall be entitled to cast the vote appertaining to that Lot. But if more than one of such persons is present, the vote appertaining to that Lot shall be cast only in accordance with the agreement of a majority of them, and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Lot without protest being made forthwith by any of the others to the person presiding over the meeting.

Since a person need not be a natural person, the word "person" shall be deemed for the purposes of this Section to include, without limitation, any natural person having authority to execute deeds on behalf of any person, excluding natural persons, which are, either alone or in conjunction with another person or persons, a Lot Owner.

Except where a greater number is required by the Act or the Project Documents, a majority of the votes of Lot Owners present in person or represented by proxy in good standing and entitled to vote is required to adopt decisions at any meeting of the Association.

Section 2.03 Place of Meeting

Meetings of the Association shall be held at the principal office of the Project or at such other suitable place as may be designated by the Board and stated in the notice of the meeting.

Section 2.04 Annual Meeting

Annual meetings for any other purpose than the election of the Board of Directors may be held at any time on call of the President of the Board, by a majority of the Board or by Lot Owners

representing twenty percent (20%) of the Lot Owners. Notice of such meeting shall be given in accordance with the provisions of Section 6.2.

Thereafter, the annual meetings of the Association shall be held on the third Tuesday in May of each succeeding year, unless such date shall occur on a Sunday or holiday, in which event the meeting shall be held on the next succeeding Tuesday which is not a holiday. The Board in its discretion may designate another date for the annual meeting. At such annual meetings the Board shall be elected by ballot of the Owners in accordance with the requirements of these Bylaws. The Association may transact such other business as may properly come before them at such meetings.

Section 2.05 Special Meetings

It shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board or, after all of the Board has been elected by Lot Owners, upon a petition signed and presented to the Secretary by Owners having not less than twenty percent (20%) of the votes of all Owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.06 Notice of Meetings

It shall be the duty of the Secretary to mail, by United States mail, postage prepaid, a notice of (a) each annual meeting of the Owners, at least twenty (20) days in advance of such meeting and (b) each special meeting of the Owners at least ten (10) days in advance of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at the address of their respective Lots and at such other address as each Owner may have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 2.07 Voting Requirements

An Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association if, and only if, he shall have fully paid all due installments of assessments made or levied against him and his Lot by the Board as hereinafter provided, together with all interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his Lot, at least three (3) days prior to the date fixed for such annual or special meeting.

Section 2.08 Proxies

The votes appertaining to any Lot may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Lot Owner, or, in cases where the Lot Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the person presiding over the meeting, by the Lot Owner or by any of such persons, that it be revoked. Any proxy shall be void if it is not dated, if it purports to be revocable without notice as aforesaid. The proxy of any person shall be void if not signed by a person having authority, at the time of the execution thereof, to execute deeds on behalf of that person. Any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of that proxy, and must be filed with the Secretary not less than three (3) days before the meeting.

Section 2.09 Absentee Ballots

(a) A Member who is incapacitated, or who will be absent, on the date set for balloting may cast an absentee ballot at the place or time of balloting, or by mail, in the manner required by the Election Committee, but in no event shall the vote be cast more than fourteen (14) days prior to the voting date.

(b) Ballot boxes containing absentee votes shall be opened and the ballots tabulated at the same time and place and under the same conditions as the regular ballots.

Section 2.10 Mail-in Ballots

(a) Any action that may be taken by the Unit Owners, except election of Board members, may be taken by written consent in accordance with the procedure established in the Utah Revised Nonprofit Corporation Act Section 16-6a-709, as amended.

(b) A combination of mail-in ballots and "in person" ballots may be used.

Section 2.11 Written Consent in Lieu of Vote

Any action that may be taken by the Owners, except election of Board members, may be taken by written consent in accordance with the procedure established in the Utah Revised Nonprofit Corporation Act Section 16-6a-707, as amended.

Section 2.12 Quorum

Except as may otherwise be provided in the Project Documents or by statute, more than thirty percent (30%) of the Owners shall constitute a quorum for the adoption of decisions. If, however, such quorum shall not be present or represented at any meeting; the Owners entitled to vote thereat, present in person, represented by proxy or absentee ballot, shall have power to adjourn the meeting and reschedule for a time no earlier than 48 hours, and no later than thirty (30) days after the time set for the original meeting. No notice of such rescheduled meeting shall be required except an announcement thereof at the original meeting. A quorum for the transaction of business at the rescheduled meeting shall be the Owners in person or represented by proxy or absentee ballot.

Section 2.13 Order of Business

The order of business at all meetings of the

Association shall be as follows: (a) roll call; (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of special committees, if any; (f) election of inspectors of election, if applicable; (g) election of Board Members, if applicable; (h) unfinished business; and (i) new business. In its sole discretion, the Board of Directors may change the order of business.

Section 2.14 Title to Lot

Title to Lots may be taken in the name of a natural person or in the names of two or more natural persons, or in the name of a corporation, partnership, association or other entity capable of holding title to real property, or any combination thereof.

Section 2.15 Conduct of Meeting

The President shall, or in his absence the Vice-President shall, preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat.

ARTICLE III. BOARD OF DIRECTORS

Section 3.01 Powers and Duties

The affairs and business of the Association shall be managed by the Board which shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things as are not by the Act or by these Bylaws directed to be exercised and done by the Association.

The Board shall have the power from time to time to adopt any Rules and Regulations deemed necessary for the enjoyment of the Project provided such Rules and Regulations shall not be in conflict with the Act, the Declaration or these Bylaws. The Board shall delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of

the Managing Agent, if any, which might arise between meetings of the Board. Subject to any limitations or provisions contained in the Declaration, the Board shall be responsible for the following:

- (a) Preparation of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;
- (b) Making assessments against Owners to defray the cost and expenses of the Project, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payment of the annual assessment for Common Expenses. Unless otherwise determined by the Board, the annual assessment against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month.
- (c) Providing for the operation, care, upkeep, replacement, maintenance and surveillance of all of the Common Areas and services of the Project.
- (d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas, and providing services for the Property, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the common property of the Owners.
- (e) Collecting the assessments against the Owners, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to carry out the administration of the Property.

(f) Making and amending Rules and Regulations respecting the use of the Property.

(g) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of, the Property and repairs to, and restoration of, the Property, in accordance with the Declaration and other provisions of these Bylaws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Project Documents for the use of the Property adopted by it, and bringing any proceedings which may be instituted on behalf of the Owners.

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Project and not billed to Owners of individual Lots.

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Property, and the administration of the Association, specifying any maintenance and repair expenses of the Common Areas and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Board for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices, and the same, upon resolution of the Association, shall be audited by an outside auditor employed by

the Board who shall not be a resident of the Project, or an Owner therein. The cost of such audit shall be a Common Expense. A copy of the annual audit report shall be supplied to any first mortgagee of any Lot in the Project who requests the same in writing from the Secretary.

(m) To do such other things and acts not inconsistent with the Act or the Project Documents.

Section 3.02 Manager

The Board may employ a Manager at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3.1.

The Board may delegate to the Manager all of the powers granted to the Board by these Bylaws; provided that any actions by the Manager with respect to the powers set forth in paragraphs (b), (f), (g) and (l), of Section 3.1 shall require the written consent of the Board.

Section 3.03 Number of Board Members

The Board shall be composed of three (3) to nine (9) persons, who need not be Owners. The Board by resolution shall determine the number of Board members. If the Board decides to increase the number of Directors, they shall fill the new seats as if they were vacancies and the Members shall vote to fill those seats at the next Annual Meeting.

Section 3.04 Selection and Term of Office of the Board

Unless appointed under the provisions of Section 3.10, Board members shall be elected as follows:

(a) Board members shall be elected by a majority vote of the Members present in person or by proxy at the annual meeting. Cumulative voting shall not be permitted.

(b) All Board members shall hold office until the members shall have elected their

respective successors.

(c) Board members' terms shall be staggered. The initial term of each member (1, 2, or 3 years) shall be decided by vote of the newly elected Board members at their first meeting. Upon the natural expiration of a Board member's term, a successor shall be elected for a two (2) year term. There shall be no limit on the number of terms an Owner may serve as a Board member.

Section 3.05 Organization Meeting

The first meeting of the members of the Board following the annual meeting of the Association shall be held within ten (10) days after the annual meeting at such place as shall be fixed by the Board at the meeting at which such Boardpersons were elected, and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting provided that majority of the whole Board shall be present thereat.

Section 3.06 Regular Meetings

Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least six (6) such meetings shall be held during each fiscal year after the first annual meeting of the Association. Notice of regular meetings of the Board shall be given to each member, personally, by mail or by telephone, at least three (3) business days prior to the day named for such meeting.

Section 3.07 Special Meetings

The President on three (3) business days' notice to each member may call special meetings of the Board. Such notice shall be given personally, by mail or by telephone, and such notice shall state the time, place and purpose of the meeting. The President or Secretary shall call special meetings of the Board in like manner and on like notice on the written request of at least two (2) Board members.

Section 3.08 Waiver of Notice

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

Section 3.09 Board's Quorum

At all meetings of the Board, a majority of the Board shall constitute a quorum for the transaction of business, and the acts of the majority of the Board present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business, which might have been transacted at the meeting as originally called, may be transacted without further notice.

Section 3.10 Vacancies

In the event a Board seat which was filled by Declarant becomes vacant, Declarant shall have the right to select a replacement member to sit on the Board for the balance of the term associated with the vacated seat.

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

Section 3.11 Removal of Board Member

(a) A Board member may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum is present, by an affirmative vote of the majority of the votes represented and voting. Any Board member whose removal has been proposed by the Owners shall be given at least thirty (30) days written notice of the calling of the meeting and the purpose thereof and shall be given a reasonable opportunity to be heard at the meeting.

(b) Any Board member who fails on three successive occasions to attend Board meetings (whether regular or special) or who has failed to attend at least 25% of all Board meetings (whether regular or special) held during any twelve month period shall automatically forfeit his membership on the Board.

(c) Any Board member who allows his installments of assessments made or levied against him and his Lot by the Board to exceed four hundred dollars (\$400.00), including default interest, costs, attorney's fees, penalties and other expenses, if any, properly chargeable to him and against his Lot, and fails to cure the default within ten (10) days after written notice shall automatically forfeit his membership on the Board.

Section 3.12 Compensation

Board members shall not be compensated for their work. However, they may seek reimbursement for actual costs incurred associated with their service.

Section 3.13 Conduct of Meetings

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

Section 3.14 Report of Board

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

Section 3.15 Fidelity Bonds

The Board shall require that all officers, agents (including professional Manager and its employees) and employees of the Association handling or responsible for funds furnish adequate fidelity bonds. The premiums on such bonds shall constitute a Common Expense. The Board shall provide a fidelity insurance coverage as required by the Declaration.

Section 3.16 Dispensing with Vote

Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all the members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 3.17 Liability of the Board

The members of the Board shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the Board members from and against all contractual liability to others arising out of contracts made by the Board on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Project Documents.

ARTICLE IV. OFFICERS**Section 4.01 Designation**

The principal officers of the Association shall be a President, Vice President, Secretary, and a Treasurer, all of whom shall be elected by the Board.

The Board may appoint assistant secretaries and

such other officers as in its judgment may be necessary. With the exception of the President, no officer need be a member of the Board. The same person may hold two or more offices, except that the President shall not hold any other office.

Section 4.02 Election of Officers

The officers of the Association shall be elected annually by the Board at the organization meeting of each Board and shall hold office at the pleasure of the Board. The Board at a regular meeting or special meeting called for such purpose shall fill any vacancy in an office.

Nevertheless, the Board members may serve as the officers of the Association, with such positions therein determined amongst them.

Section 4.03 Removal of Officers

The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4.04 President

The President shall be the chief executive officer; he shall preside at meetings of the Association and the Board and shall be an ex officio member of all committees; he shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board are carried into effect.

Section 4.05 Vice President

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

basis.

Section 4.06 Secretary

The Secretary shall attend all sessions of the Board and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He or she shall give, or cause to be given, notice of all meetings of the Association, the Board and committees and shall perform such other duties as may be prescribed by the Board.

The Secretary shall compile and keep current at the principal office of the Project, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Board including resolutions.

Section 4.07 Treasurer

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

Section 4.08 Agreement, Contracts, Deeds, Checks, etc.

All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$500.00 shall be executed by any two officers of the Board or by such other person or persons as may be designated by the Board. All such instruments for expenditures or obligations of less than \$500.00 may be executed by any one officer of the Board or by such other person as may be designated by the Board

ARTICLE V. FISCAL YEAR

Section 5.01 Fiscal Year

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

ARTICLE VI. AMENDMENT TO BYLAWS

Section 6.01 Amendments

Except as otherwise provided in this Section, these Bylaws may be modified or amended either (i) by an affirmative vote of at least fifty-one percent (51%) of the Percent Interests in the Project at any regular or special meeting at which a quorum is present, provided that Notice of the proposed amendment shall have been given to each Owner simultaneously with the notice of such meeting, or (ii) pursuant to a written instrument duly executed by at least fifty-one percent (51%) of the Lot Owners.

Notwithstanding anything in this Declaration, so long as the Class B membership exists, the written consent of the Declarant is required to amend these Bylaws.

Section 6.02 Recording

A modification or amendment of these Bylaws shall become effective only if such modification or amendment is recorded in the office of the County Recorder of Utah County, Utah.

Section 6.03 Conflicts

No modification or amendment of these Bylaws may be adopted which shall be inconsistent with the provisions of the Declaration. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official Bylaws of the Association and all Owners shall be bound to abide by such modification or amendment.

ARTICLE VII. NOTICE**Section 7.01 Manner of Notice**

All notices, demands, bills, statements or other communications provided for or required under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. Mail, first class postage prepaid, (i) if to an Owner, at the address of his Lot and at such other address as the Owner may have designated by notice in writing to the Secretary, or (ii) if to the Board or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section. The Association may, by resolution, collect and give notice by electronic mail or other electronic means.

Section 7.02 Waiver of Notice

Whenever any notice is required to be given under the provisions of the statutes, the Declaration or of these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Act.

ARTICLE VIII. COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS**Section 8.01 Compliance**

These Bylaws are set forth in compliance with the requirements of the Act.

Section 8.02 Conflict

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

Section 8.03 Severability

These Bylaws are set forth to comply with the requirements of the State of Utah. In case any of the Bylaws are in conflict with the provisions of any of its statutes, the provisions of the states will apply. If any provisions of these Bylaws or any section, sentence, clause, phrase, or word, or the application thereof in any circumstance are held invalid, the validity of the remainder of these Bylaws shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

Section 8.04 Waiver

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

Section 8.05 Captions

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

Russell E. Larson
By: Russell E. Larson
Its: Managing Member

STATE OF UTAH)
:ss.
County of Utah)

On this 27th day of July, 2007, personally appeared before me Russell E. Larson
who being by me duly sworn, did say that he is the agent of Declarant, authorized to execute this
Declaration.



Brandi Gonzales
NOTARY PUBLIC

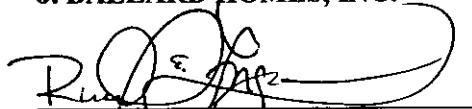
Section 8.06 Gender, etc.

Whenever in these Bylaws the context so requires, the singular number shall include the

plural and the converse; and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, the Declarant, has caused these Bylaws to be executed by its duly authorized officers on the ____ day of ____, 2007.

J. BALLARD HOMES, INC.


 By: Russell E. LARSON
 Its: VICE PRESIDENT

STATE OF UTAH)
 :ss.
 County of Utah)

On this 27th day of July, 2007, personally appeared before me Russell E. LARSON, who being by me duly sworn, did say that he is the agent of Declarant, authorized to execute these Bylaws.


 NOTARY PUBLIC

