

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF VILLAS AT STERLING VILLAGE
HOMEOWNERS ASSOCIATION**

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GARY W. OTT
RECORDER, SALT LAKE COUNTY, UTAH
HOBBS & OLSON
466 E 500 S
SLC UT 84111
BY: EPM, DEPUTY - WI 33 P.

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This Declaration of Covenants, Conditions and Restrictions is made this 6 day of October 2006, by DGWW, L.C., a Utah limited liability company, referred to as "Declarant".

****WITNESSETH****

WHEREAS, Declarant and the individuals who have consented to the recordation of this Declaration by their signatures on Exhibit "B" are the owners of certain land situated in Salt Lake County, Utah more particularly described in Exhibit "A" attached hereto as a part hereof, said land being referred to as the "Property," and

WHEREAS, the Declarant wishes to establish and assure a uniform plan for the development of the Property and to enhance and protect the economic and aesthetic value and desirability of the Property and the health, safety and welfare of the residents of the Property;

NOW THEREFORE, the Declarant declares that the Property is hereby subjected to and shall be held, sold, occupied and conveyed subject to this Declaration of Covenants, Conditions and Restrictions.

The Declarant further declares that this Declaration and all amendments and supplements to this Declaration shall run with the land and shall be binding upon the Declarant, the Association, each Owner, their heirs, successors and assigns and all parties claiming under them or under this Declaration and shall inure to the benefit of and be enforceable by the Declarant, the Association, each Owner and all claiming under each Owner.

The Villas at Sterling Village Homeowners Association, Inc., referred to herein, shall be established and operated as a nonprofit corporation in the State of Utah.

Article I - Definitions

The following words and phrases used in this Declaration, when capitalized, shall have the following meanings:

1.01 "Annual Assessments" shall mean and refer to Annual General Assessment(s) and Services Assessment(s) which may be levied by the Association in each of its fiscal years pursuant to Article IV of this Declaration.

1.02 "Annual General Assessment" shall mean and refer to the annual charge shared by all Class "A" members established pursuant to Article IV of this Declaration.

1.03 "Assessable Property" shall mean and refer to all of the Property except such part or parts thereof as may from time to time constitute Exempt Property.

1.04 "Association" shall mean and refer to The Villas at Sterling Village Homeowners

an entity is not registered, or ceases at any time to be in good standing as a non-profit corporation, the term shall refer to the Members of the Association, acting in the capacity of an association as if it were a duly-registered non-profit corporation in the State of Utah.

1.05 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association and any board, group or entity of the successor or assign to the Association serving in a comparable capacity.

1.06 "Class A Members" shall mean and refer to all Owners other than the Class B Member (during the Development Period).

1.07 "Class B Member" shall mean and refer to the Declarant and the Participating Builders, for so long as they are members of the Declarant and/or Owners of Lot(s) within the project.

1.08 "Common Area" shall mean and refer to all real property and the improvements thereon from time to time owned or leased by the Association for the common use and enjoyment of the Members. The Association is responsible for the management and maintenance of all Common Area.

1.09 "Declarant" shall mean and refer to DGWW, L.C., its successors and assigns, as long as it (or one or more of its members, who are the Participating Builders) owns at least one (1) Lot or during the Development Period whichever is later. No successor or assignee of the Declarant shall have any rights or obligations of the Declarant hereunder unless such rights and obligations are specifically set forth in an instrument of succession or assignment designating a party as the Declarant hereunder or which pass by operation of law.

1.10 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions as it may from time to time be amended or supplemented in the manner provided herein.

1.11 "Development Period" shall mean and refer to the period commencing on the date of this Declaration first set forth above and terminating on the earlier of (a) September 1, 2013; or (b) any earlier date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate on that date. If the Declarant is delayed in the improvement and development of the Property due to a sewer, water or building permit moratorium or other cause or event beyond the Declarant's control, then the aforesaid period shall be extended for the length of the delay or two years, whichever is less.

1.12 "Dwelling Unit" shall mean any portion of the Property, as improved, intended for any type of independent ownership for use and occupancy as a residence by one household and shall, unless otherwise specified, include within its meaning (in way of illustration, but not limitation) patio, single family detached, or zero lot line homes, as may be used and defined as herein provided or as provided in subsequent Declarations covering all or part of the Property.

1.13 "Exempt Property" shall mean and refer to all land and structures and Common

Areas owned by the Association for so long as the Association shall be the owner thereof.

1.14 "Federal Housing Administration" ("FHA") shall mean and refer to that governmental agency of the United States of America so entitled and any agency or regulatory authority of the United States of America which succeeds the Federal Housing Administration.

1.15 "Land Development Activity" shall mean and refer to any building, construction, reconstruction or repair of a Dwelling Unit, roadways, curbing, sidewalks, utility services or any other Structure on a Lot or any other portion of the Property by the Declarant and/or by other persons regularly engaged in the building or construction business (including a Participating Builder), if granted approval in writing by the Declarant.

1.16 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property which has been subjected to this Declaration and upon which a Dwelling Unit could be constructed in accordance with Salt Lake County zoning ordinances and in accordance with the applicable laws of Utah in effect from time to time.

1.17 "Member" shall mean the Class A and B Members of the Association.

1.18 "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "Mortgage," as used herein, shall include deeds of trust. "First Mortgagee" as used herein, shall mean a holder of a mortgage with priority over other mortgages. As used in this Declaration, the term "Mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government. As used in this Declaration, the term "holder" or "mortgagee" shall include the parties secured by any deed of trust or any beneficiary thereof.

1.19 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Lots which is part of the Property but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

1.20 "Participating Builder" shall mean and refer to a person or entity identified in writing by the Declarant as a Participating Builder. The initial Participating Builders shall include Gough Construction, Inc, Sage Builders, Inc., Apache Builders, Inc and Utah Lifestyle Homes, Inc..

1.21 "Person" shall mean and refer to any individual, corporation, joint venture, partnership, association, corporation, trust, unincorporated organization or government or any agency or political subdivision thereof or any other separate legal entity.

1.22 "Property" shall mean and refer to those certain lands in Salt Lake County, Utah, more particularly described in Exhibit "A" attached hereto.

1.23 "Resident" shall mean and refer to (i) the Owner(s) of a lot when they reside upon the Lot; (ii) each individual occupying any Dwelling Unit pursuant to a lease agreement with the Owner thereof who, if requested by the Board of Directors, has delivered proof of such lease agreement to the Board of Directors; (iii) members of the immediate family of such individuals or of an Owner who actually resides within the Property and in the same household with each such individual or Owner; and (iv) any person who has a fixed place of habitation at a Dwelling Unit of any such individual or Owner to which, whenever he is absent, he has the intention of returning.

1.24 "Services Assessment" shall mean and refer to the charge or charges imposed upon a section, neighborhood, housing type, or subdivided parcel of the Property for certain services rendered pursuant to Article IV of this Declaration.

1.25 "Special Assessment" shall mean and refer to any special charge established pursuant to Article IV of this Declaration.

1.26 "Structure" shall mean and refer to:

(a) Any thing or object (other than trees, shrubbery, landscaping and hedges less than two feet high) the placement of which upon any Lot may affect the appearance of such Lot, including any building, garage, porch, shed, greenhouse, covered or uncovered patio, swimming pool, fence, curbing, paving, wall, signboard, wishing well, bird bath, statues or any other temporary or permanent improvement on such Lot,

(b) Any excavation, fill, ditch, dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot, and any Lot.

(c) Any change of more than six inches in the grade of any lot.

1.27 "Veterans Administration" ("VA") shall mean and refer to that governmental agency of the United States of America so entitled and any agency or authority of the United States of America which succeeds the Veterans Administration.

Article II - Property Rights of Common Areas

2.01 Rights of Enjoyment of Common Areas. Each Owner shall have a right and nonexclusive easement of enjoyment of and access to the Common Areas which shall be appurtenant to and shall pass with the title to his Lot. Each Owner is bound by the terms of the Governing Documents of the Association which shall include this Declaration, the Bylaws of the Association, and all Rules and Regulations adopted by the Association's Board of Directors. Each Resident shall have a nontransferable right to use and enjoy the Common Areas, which

right shall terminate when such person ceases to have the status of a Resident. Such easements and rights shall be subject to the following:

(a) The right of the Board of Directors to adopt, promulgate, enforce, and from time to time amend, reasonable rules and regulations pertaining to the use of the Common Areas which shall enhance the preservation of such facilities and the safety and convenience of the users thereof. Such rules and regulations may include limitations on the number of guests of Owners and Residents who may use the Common Areas at any one time.

(b) The right of the Board of Directors to establish and charge reasonable admission and any other fees for certain types of extraordinary uses of the Common Areas.

(c) The right of the Board of Directors to suspend the voting rights and the right of any Owner or Resident to use all or any portion of the Common Areas (with the exception of any streets or access ways) as a result of a violation of this Declaration or for an infraction of the Board's rules and regulations.

(d) The right of the Board of Directors to suspend the voting rights and the right of any Owner or Resident to use all or any portion of the Common Areas (with the exception of any streets or access ways) for so long as any Annual General Assessment, Services Assessment or Special Assessment for such Lot remains unpaid and overdue.

(e) The Association may at any time mortgage, dedicate or transfer all or a part of the Common Areas to any public agency, authority, or other entity upon such terms and conditions as shall be agreed upon by such agency, authority, entity or organization and the Board of Directors, including, without limitation, terms and conditions providing for the use of such Common Areas by the public in general and terms and conditions pertaining to the maintenance and repair of such Common Areas and the assessments of Owners and/or Residents for the costs of such maintenance and repair. No such dedication or transfer shall be effective, however, unless approved by 66 2/3% of the vote of the Class A and B Members at a meeting at which a quorum is present and, during the Development Period, by the Class B Member, except for the following which shall not require any Members' consent: (i) granting easements which do not interfere with the intended Common Area use; (ii) dedicating Common Area to a public authority; (iii) conveying Common Area as part of boundary line adjustments with Lots; or (iv) transferring Common Area pursuant to a merger or consolidation with a non-profit entity.

(f) The right of the Board of Directors to regulate parking on Common Areas through the granting of easements, licenses, or promulgation of rules and regulations. In areas where parking is provided on private streets and property owned by the Association, the right but not the obligation, of the Board to assign and reserve parking spaces for the exclusive use of individual Owners. All unassigned and/or visitor parking spaces shall be available on a first-come, first-served basis.

Article III - Association Membership, Voting Rights, Board of Directors

3.01 Organization of the Association. The Association shall be organized and operated

as a nonprofit corporation under the laws of Utah (i) to provide for the acquisition, construction, management, maintenance and care of the Common Areas: (ii) to obtain, manage and maintain services for the Property, or sections thereof including, as necessary, and deemed by the Board of Directors, refuse collection, grass mowing of Common Area or Lot yard areas (if requested), street cleaning, parking area maintenance and management and snow plowing; and (iii) to take other acts or action which would promote the health, safety or welfare of the Owners and Residents. The Association is charged with such further duties and invested with such powers as are prescribed by law and set forth in the Articles of Incorporation of the Association and herein as all of the same may be amended from time to time. The Articles of Incorporation and Bylaws of the Association shall not be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. No part of the net earnings of the Association shall inure (other than by acquiring, constructing, or providing management, maintenance, and care of Common Areas, and other than by a rebate of any excess Annual Assessment, Special Assessment or other dues, fees or assessments) to the benefit of any Member or individual.

3.02 Membership in the Association. The Association shall have the following classes of membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and the Participating Builders. A Person shall automatically become a Class A Member upon his becoming an Owner and shall remain a Class A Member for so long as he is an Owner.

Class B. The Class B Member shall be the Declarant and the Participating Builders, for so long as they own Lots in the Project.

3.03 Voting Rights of Members. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

(a) Each Class A Member shall be entitled to one (1) vote on each matter for each Lot owned by such Class A Member. Any Class A Member who is in violation of this Declaration, as determined by the Board of Directors in accordance with the provisions hereof and regulations established hereunder, shall not be entitled to vote during any period in which such violation continues.

If a Lot shall be owned by more than one Owner, such Owners shall be deemed to constitute a single Class A Member as to such Lot and shall collectively be entitled to a single vote for such Lot (or for each Dwelling Unit located on such Lot) as to each matter properly submitted to the Members.

(b) The Class B Members shall be entitled initially to three (3) votes for each Lot owned. The Class B membership shall terminate and become converted to Class A membership upon the happening of the earliest of the following:

(i) The end of the Development Period, as defined in Section 1.11; or

(ii) Such earlier time as Declarant in its sole discretion, determines.

(c) Any vote of the Members shall be taken without regard to class of membership except in those instances requiring the affirmative vote or approval of each class of membership in accordance with this Declaration and the Articles of Incorporation or Bylaws of the Association.

3.04 Board of Directors. The business and affairs of the Association shall be managed by a Board of Directors elected by the Members without regard to class of membership. As long as the Declarant has the status of a Class B Member, it shall have the right to appoint three (3) Directors. Directors shall be elected by the Members in accordance with Article IV of the Bylaws of the Association. The number of directors shall be determined in accordance with the provisions of the Bylaws of the Association.

3.05 Adoption of Further Rules and Regulations. The Board of Directors may make such rules and regulations consistent with the terms of this Declaration and the Association's Articles of Incorporation and Bylaws as it deems advisable with respect to any meeting of Members, proof of membership in the Association, evidence of right to vote, appointment and duties of inspectors of votes, registration of Members for voting purposes, voting by proxy and other matters concerning the conduct of meetings and voting. If the Board of Directors shall so determine and if permitted under applicable law, voting on elections and other matters, including any matters requiring the approval of the Class A Members as provided in this Declaration, may be conducted by mail or by ballot.

3.06 Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Areas or its facilities, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any Members for loss or damage, by theft or otherwise, of articles which may be stored upon the Common Areas or its facilities. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or its facilities, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Article IV - Covenant for Assessments

4.01 Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association such Annual General Assessments, Services Assessments and Special Assessments as are established and are to be paid and collected as hereinafter provided. The Annual General Assessments, Services Assessments and Special Assessments, together with interest thereon, late fees and costs of collection thereof as hereinafter provided, shall be a charge on the land and

shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest thereon, late charges, and cost of collection thereof, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall pass to successors in title and both parties (seller and purchaser) shall be jointly liable for assessments accrued but unpaid at the time of transfer of title. No Owner may waive or otherwise escape liability for the Assessment provided for herein by non-use of the Common Areas or abandonment of his Lot or any Dwelling Unit thereon.

4.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to carry out the business and responsibilities of the Association including, but not limited to (i) the acquisition, construction, management, maintenance and care, repair or replacement of the Common Areas and the providing of services; (ii) obtaining, managing and maintaining services for the Property, or sections thereof including, as necessary, refuse collection; (iii) promoting the recreation, health, safety and welfare of the Members; (iv) providing for grass cutting and lawn maintenance of all Common Areas, maintenance of all recreational areas and facilities, and maintenance of all private streets located on the Property; and (v) the collection and payment of all assessments due from the Lots.

4.03 Establishment of Annual General Assessment and Services Assessment.

(a) The Association shall levy in each of its fiscal years an Annual General Assessment and a Services Assessment if applicable, (hereinafter collectively referred to as the "Annual Assessments") against each Lot which is owned or occupied by a person who is not the Declarant or a Participating Builder and which is not Exempt Property. The amounts of such Annual Assessments shall be established by the Board of Directors, subject to the limitations imposed by Section 4.04, at least thirty (30) days in advance of each Annual Assessment Period. The first Annual Assessments on each Lot imposed pursuant to this section 4.03(a) shall be adjusted according to the number of months remaining in the Annual Assessment Period from the date of conveyance.

(b) The Declarant agrees to satisfy any operating budget deficit or shortage that the Association may incur or experience from the date of organization of the Association until the date the Class B membership terminates. Any cumulative budget surplus shall be credited against any deficit.

(c) The Association shall levy against all Participating Builders at the time of recordation of this document, a one-time assessment equal to One Hundred Dollars (\$100.00) for each Lot owned by the Participating Builders. In addition to the foregoing, Participating Builders shall have the obligation to pay Annual General Assessments and Services Assessments on any Lots which are owned by said Participating Builders upon which there is located a model or a Dwelling Unit which has been issued a certificate of occupancy.

(d) The amount of the Annual General Assessment shall be determined by the Board of Directors according to its estimate of the cost of providing services or rights of use which are common to all of the Lots subject to the provisions of Section 4.04.

(e) A Services Assessment may be levied by the Board of Directors against certain sections or neighborhoods of the Property or against any particular housing type (i.e., detached type Dwelling Units), for special services which the Association provides such areas. The amount of the Services Assessment shall be determined by the Board of Directors according to the estimated cost of providing services or rights of use to the Lots in such section, which services or rights are not enjoyed by all of the Members of the Association. The amount of a Services Assessment shall be the same to each Lot in any section but need not be uniform with the Services Assessment imposed upon Lots in other sections.

4.04 Special Assessments. In addition to the Annual General Assessment and Services Assessment authorized above, the Board of Directors may levy in any fiscal year of the Association, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Areas including fixtures and personal property related thereto, or for any other purpose for which the Association is responsible.

4.05 Date of Commencement of Assessments. The Annual General Assessment and Services Assessment, if any, provided for in this Article IV shall commence for each Lot subjected to this Declaration on the first day of the month following the issuance of a certificate of occupancy for the Dwelling on a Lot. The first Annual Assessment and Service Assessment (if any) shall be adjusted according to the number of months remaining in the calendar year.

4.06 Repair and Replacement Reserve. As a part of any Annual Assessment the Board of Directors shall include an amount to be used to establish a replacement and repair reserve. Such contributions shall be paid monthly or at such time as regular assessments are due and shall be in an amount to be designated from time to time by the Board of Directors. All of the funds shall be deposited in an account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America or certificates of deposit in a federally insured lending institution. Such funds also may, in the discretion of the Board of Directors, be invested in Money Market Funds which, although they themselves are not guaranteed by the United States Government, invest solely in United States Government securities (or in State bonds which are backed in principal by the State). The replacement reserve may be expended only for the purpose of the replacement and repair of the Common Area. The Board of Directors shall specifically ensure that the Reserve Fund is adequately funded at all times to cover the cost of all necessary maintenance, repair or replacement of all of the private roads under its control within the Association. These funds shall be specifically earmarked for that purpose. In order to ensure that adequate funds are reserved for this purpose, the Board shall commission periodic inspections of all of the Association's private roads at least every three (3) years and adjust the funds held in the Reserve Fund to cover any needed or anticipated maintenance, repairs or replacement of the Association's roads.

4.07 Initial Working Fund. The Board of Directors shall collect a working capital contribution against the initial Owner of a Lot (other than the Declarant or a Participating Builder) at the time of closing on the Lot. Such contribution shall be equal to two (2) months of

the then applicable Annual General Assessments and shall be utilized for commencing business of the Association and providing the necessary working fund for it.

4.08 Notice and Due Dates. Written notice specifying (i) the amount of each Annual General Assessment, Services Assessment and Special Assessment, and (ii) the number and amounts of the installments by which each such Assessment is to be paid, shall be given to the Owners of each Lot subject thereto. Each installment of an Annual General Assessment, Services Assessment or Special Assessment shall be due on the first day of each assessment period as defined by the Board of Directors.

4.09 Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within ten (10) days after the due date shall be delinquent and the Association may exercise any or all of the following remedies: (a) upon notice to the Owner declare the entire remaining balance of any Annual General Assessment or Special Assessment due and payable in full; (b) charge interest and a late fee (as determined by the Board) for assessments which are not received by the tenth (10th) day of the assessment period; (c) bring an action at law or in equity against the Owners of the Lot to collect the same; and (d) foreclose the lien against the Lot. Such lien may be enforced by the Association in the same manner and to the same extent and subject to the same procedures as in the case of a foreclosure of a real property mortgage under the laws of Utah.

The Owners personally obligated to pay the delinquent Assessment shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred by the Association in connection with the collection of such Assessment.

4.10 Certificate of Payment. The Association shall, upon written request by owner, and for a reasonable charge, furnish a certificate signed by an officer of the Association or a designated agent of the Association setting forth whether the Annual General Assessments, Services Assessments and Special Assessments, if any, on a specified Lot have been paid. The Association shall furnish said Certificate within ten (10) days of receipt of the written request. A properly executed certificate of the Association as to the status of Assessments on a Lot shall be binding upon the Association as of the date of its issuance.

4.11 Subordination of the Lien to Mortgages. The lien of the Annual General Assessments, Services Assessments and Special Assessments provided for herein shall be subordinate only to the lien of any First Mortgage or First Deed of Trust. The sale or transfer of any Lot shall not affect the lien of such Assessments. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof for the benefit of any First Mortgagee shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability as to any assessments thereafter becoming due or from the lien thereof. Notwithstanding the foregoing no sale or transfer of any Lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof for the benefit of any First Mortgagee shall be deemed to extinguish any mortgage or lien which the Association has itself placed upon any property owned by the Association.

Article V - Architectural Review and Architectural Committee

5.01 Composition and Appointment. An Architectural Review and Covenants Committee (the "Architectural Committee") may be appointed by the Board of Directors. Such Committee shall initially consist of three (3) members, but may thereafter be increased or decreased in size by the Board of Directors, from time to time. Members of the Architectural Committee shall serve for a term of one (1) year, or until their successors are elected and qualified. Any vacancy in the membership of the Architectural Committee shall be filled by the Board of Directors to serve for the remaining portion of the term of the originally appointed member. If any vacancy shall occur, the remaining members of the Architectural Committee may continue to act until the vacancy has been filled. Except for members who have been designated by the Declarant, any member may be removed with or without cause by the Board of Directors. In the event that the Board of Directors shall fail to designate an Architectural Review and Covenants Committee, the Board of Directors shall serve as the Architectural Committee.

5.02 Powers and Duties.

(a) The Architectural Committee shall serve as an architectural review board and shall regulate the external design, appearance and location of the Lots and Structures thereon so as to enforce the architectural provisions of this Declaration, enforce the requirements of the recorded subdivision plats, deeds of subdivision, and to preserve and enhance values and to maintain a harmonious relationship among Structures and the Property. The Architectural Committee shall comply with the terms, provisions and requirements of the Conservancy Governing Documents and the rules and regulations of the Conservancy Covenant Committee.

(b) The Architectural Committee shall serve in such other capacities as may be determined, from time to time, by the Board of Directors in enforcing the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association. Any decision or determination of the Architectural Committee may be appealed by a Member affected thereby to the Board of Directors.

5.03 Submission of Plans to Architectural Committee for Approval. Except for such Structures as may be constructed by the Declarant or Structures constructed by a Participating Builder which have first been approved by the Declarant, no Structure of any kind whatsoever shall be commenced, erected, placed, moved onto or permitted on any Lot, nor shall any existing Structure upon any Lot be removed or altered in any way which materially changes the exterior appearance thereof (including change of exterior color) until plans and specifications therefore shall have been submitted to and approved in writing by the Architectural Committee. Such plans and specifications shall be in such form and shall contain such information as the Architectural Committee may reasonably require, but shall in all cases include:

(a) A site plan showing the location of all proposed and existing Structures on the Lot and all existing Structures on adjoining Lots,

(b) Exterior elevations for the proposed Structures,

(c) Specifications of materials, color scheme and other details affecting the exterior appearance of the proposed buildings, and

(d) Description of the plans or provisions for landscaping or grading.

The provisions of this Section 5.03 shall not apply to Land Development Activity as defined in Section 1.16. Any plans and specifications of any Participating Builder which have been approved by the Declarant shall not be subject to any review or approval by the Architectural Committee following the termination of the Class B membership or the Development Period.

5.04 Powers and Duties. Any approval or disapproval of a requested action by the Architectural Committee shall be in writing. In denying any application, the Architectural Committee shall specify the reasons for such denial. The Architectural Committee may approve an application subject to such conditions and qualifications as the Board deems appropriate to enforce the architectural provisions of this Declaration.

5.05 Failure of the Architectural Committee to Act. If the Architectural Committee shall fail to act upon any request submitted to it within forty five (45) days after a complete submission thereof in a form acceptable to the Architectural Committee, such request shall be submitted to the Board of Directors for approval. If the Board of Directors shall fail to act within thirty (30) days after submission to the Board of Directors, then such request shall be deemed to have been approved as submitted, and no further action shall be required. Submission of incomplete plans shall not be considered by the Architectural Committee or the Board of Directors.

5.06 Rules, Regulations and Policy Statements. The Architectural Committee shall enforce the design guidelines, if any, published by the Board of Directors. The Architectural Committee may recommend, from time to time, subject to the approval and adoption of the Board of Directors, reasonable rules and regulations pertaining to its authorized duties and activities under this Declaration and may from time to time issue statements of policy with respect to architectural standards and such other matters as it is authorized to act on. The Architectural Committee shall adopt rules of procedure, subject to the prior approval and adoption of the Board of Directors, which rules of procedure shall include provisions substantially to the following effect:

(a) The Architectural Committee shall hold regular meetings as necessary. Meetings of the committee may be called by the Chairman and by a majority of the members of said committee.

(b) A majority of the members of the Architectural Committee present at any meeting shall constitute a quorum.

(c) The Architectural Committee shall maintain minutes of its meetings and a record of the votes taken thereat.

(d) All meetings of the Architectural Committee shall be open to the Members of the Association and any vote of the Architectural Committee shall be taken at an open meeting. Nothing contained herein, however, shall prevent the Architectural Committee from meeting in closed session or executive session in accordance with State and Federal laws or regulations.

(e) A copy of all minutes, rules, regulations and policy statements of the Architectural Committee shall be filed with the records of the Association and shall be maintained by the Association as a permanent public record. The Association shall make copies thereof available to any interested Member at a reasonable cost or shall make such minutes, rules, regulations and policy statements available to any Member for copying.

5.07 Expenses of the Architectural Committee. The Architectural Committee may charge reasonable fees for the processing of any requests, plans and specifications including consultation with a professional. The Association shall pay all ordinary and necessary expenses of the Architectural Committee; provided, however no member of the Architectural Committee shall be paid any salary or receive any other form of compensation, at the expense of the Association except upon authorization by the Board and upon approval by (i) 66 2/3% of the votes cast by the Class A and B Members who are voting in person or by proxy at a meeting duly called for such purpose at which a quorum of 15 percent is present, and (ii) the Class B Member, if one shall then exist, voting in person or by proxy at such meeting.

5.08 Right of Entry. The Association and the Architectural Committee through their authorized officers, employees and agents shall have the right to enter upon any Lot at all reasonable times for the purpose of ascertaining whether such Lot or the construction, erection, placement, remodeling or alteration of any Structure thereon is in compliance with the provisions of this Article and Article VI and or in accordance with approved plans, without the Association or the Architectural Committee or such officer, employee or agent being deemed to have committed a trespass or wrongful act solely by reason of such action or actions.

5.09 Land Development. Notwithstanding any other provisions of this Declaration, any Land Development Activity (as defined in Section 1.16) shall not require the approval of or be subject to review by the Architectural Committee. This provision shall not be construed in any manner as a limitation upon the right of the Declarant to review and approve any plan or modification thereof of any Participating Builder.

5.10 Design Restrictions: In order to promote a harmonious community development and protect the character of the neighborhood, the following guidelines, together with any guidelines hereafter established by the Architectural Control Committee, are applicable to the Property.

(a) Purpose and Intent. The intent of these Architectural Guidelines is to encourage a blending of styles within the Property with the natural surroundings and prevailing architecture of the created environment of the project. These standards allow design latitude and flexibility, while ensuring that the value of the property will be enhanced through the control of

site planning, architecture and landscape elements. These Architectural Guidelines may be supplemented by the Architectural Control Committee from time to time by Rule.

The Architectural Guidelines serve as an evaluative aid to owners, builders, project developers, design professionals, City staff, the Planning Commission, City Council and the Architectural Control Committee in the design review of individual, private and public developments within the Project. South Jordan Zoning Regulations will apply for any area of design not addressed in these guidelines.

(b) Permitted Structures. The only building(s) or structure(s) permitted to be erected, placed or permitted to be located on any Lot within the subdivision shall include (I) a detached single family dwelling with a minimum livable square footage of 2,400 square feet, of which at least 1,200 shall be on the main floor, located at or above ground level. This dwelling shall be located within the building envelope for each Lot. All construction must be of new materials. All structures shall be constructed in accordance with the zoning and building ordinances of South Jordan, Utah, in effect from time to time.

(c) Building Height & Roof Lines. Building height and roof lines shall be regulated by the Architectural Control Committee to assist in preserving view corridors where reasonably possible. The discretion of the Architectural Control Committee shall control. All roofs shall have a minimum 6/12 pitch, unless otherwise approved by the Architectural Control Committee.

(d) Dwelling. Elevations should be consistent with the intended architectural style of the residence and carried around all four elevations of the structure,

(e) Facades. Facades shall be stucco, brick or stone, or such other material as approved by the Architectural Control Committee. An area which is at least double the perimeter of the foundation, including the garage, multiplied by two square feet, must be covered with brick or stone.

(f) Roof Materials. Three-tab asphalt shingles shall not be allowed. Colors shall be subdued earth tones to complement the natural beauty of the area selected from or in harmony with approved samples, or in such other color as may be allowed by the Architectural Control Committee.

(g) Sheet Metal. Flashing, vents and pipes must be colored or painted to match the material to which they are attached or from which they project. No reflective exterior surfaces or materials shall be used.

(h) Colors. Base building colors shall be in subdued earth tones to complement the natural surroundings and conform to or be in harmony with approved samples. White is prohibited. Pastels or high gloss finishes may not be used. Complementary accent colors can be used on window trim, shutters and doors.

(i) Prohibited Structures. Dome structures, re-located homes, manufactured

homes, and earth or berm homes of any type are not allowed. Log or wood-sided homes may be allowed upon approval of the Architectural Control Committee as to compatibility with the project. The discretion of the Committee shall control.

(j) Temporary or Other Structures. No trailer, bus, basement, outhouse, tent, shack, garage or accessory building shall be used at any time as a resident either temporarily or permanently. No old or second-hand structures shall be moved onto any of said Lots nor shall any such structures be erected or placed on said property at any time. It is the Developer's intention that all dwellings and other buildings erected within the subdivision be new construction, of good quality, workmanship and materials.

(k) Driveways and Parking. There shall be area on the driveway (excluding sidewalk areas) to park not less than two vehicles per Lot. Each driveway on the Lot shall be constructed out of asphalt, cement, brick, concrete or interlocking pavers. Cinders, sand, gravel, asphalt or dirt shall not be permitted for driveway material in the front and side yards areas of each Lot.

(l) Fences and Sight Obstructions. No structure, fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangle area formed by the street property lines and a line connecting them at points forty (40) feet from the intersection of the street, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at such height to prevent obstruction of such sight lines. No fence, wall, hedge, shrub or other structure shall be placed along any front property line. No fence, wall, hedge, tree, plant, shrub or foliage shall be planted, kept or maintained in such manner as, in the opinion of the Architectural Control Committee, shall create a serious potential hazard or an aesthetically unpleasant appearance to the other residents of the area.

(m) Fences, walls and other barriers shall be concrete block, earth tone in color. No sight-obscuring fences over twenty-four (24) inches in height shall be constructed in the front yard areas. Individual homeowners may construct walls in the rear and along the side private area lines. Walls must harmonize with color and style of the Project and may not exceed eight (8) feet on the highest side. All walls shall be colored according to an approved color scheme. No white vinyl fencing shall be allowed.

(n) Light used to illuminate garages, patios, parking areas or for any other purposes, shall be so arranged as to reflect light away from adjacent residences and away from the vision of passing motorists. Low level outdoor illumination may be used for particular landscape features (trees, rock formations, etc.).

(o) Antennas for radio, television or device for the reception or transmission of radio, microwaves or other similar signals are restricted to the attic or interior of the residence. It is mandatory that all homes be pre-wired for cable reception. Satellite dish antennas shall be

allowed provided they are located in such areas as may be designated by the Architectural Control Committee. In no event shall satellite dish antennas exceed twenty (20) inches in diameter or width.

(p) Mailboxes. Cluster mailboxes shall be installed by Developer and are the only allowed mail receptacles.

(q) External Apparatus. No Lot owner shall cause or permit anything (including, without limitation, awnings, canopies or shutters) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the outside of windows or doors, without the prior written consent of the Architectural Control Committee.

(r) Landscaping. Landscaping shall be completed in accordance with the Landscape plan submitted to and approved by the Architectural Control Committee prior to construction of the home, and may include, but shall not be limited to, the preparation for the planting of lawn, retaining walls, grass or other appropriate ground cover and appropriate shrubbery. Xeriscape and native landscape designs are encouraged.

Landscaping must be completed in front yards and in side yards prior to occupancy of the home, unless precluded due to the Winter season. In such event, a completion bond must be posted, in an amount determined by the Architectural Control Committee, to insure completion of landscaping on or before Memorial Day of the next Spring.

Each owner shall be responsible for the maintenance of his Lot. In the event that any owner fails to perform this maintenance in a manner so as not to detract from the appearance of the property or affect adversely the value of use of any Lot, the Board of the Association shall have the right to have maintenance performed on the Lot and the cost of said maintenance shall be added to and become part of the assessment to which such Lot is subject.

(s) Slope and Drainage Control. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow of drainage channels. The slope control areas of each Lot and all improvements in them shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Lot owners are responsible to see that no nuisance or damage is created by drainage location or flow to any adjacent property.

(t) Easements. Easements for installation and maintenance of utilities, drainage facilities and ingress and egress are reserved as shown upon the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with installation and maintenance of utilities, or which may change the direction of flow or drainage channels in the easement or which may impede ingress and egress. The easement area of each Lot and all improvements in it shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(u) Lateral and Subjacent Support and Drainage. An Owner's activities which affect the lateral or subjacent support, or both, of adjacent landowners shall be responsible for damages proximately caused by such activities. Owners shall be responsible for all damage proximately caused by drainage from their Lot(s) to adjacent landowners.

(v) Signs, Commercial Activity. Except for one "For Rent" or "For Sale" sign of not more than two (2) square feet shown in the front window only, no advertising signs, billboards, objects of unsightly appearance or nuisances shall be erected, placed or permitted to remain on any Lot or any portion of the properties. The foregoing restrictions shall not apply to signs and billboards, if any, of the Declarant or its agents during the construction and sales period or by the Association in furtherance of its powers and purposes set forth hereinafter and in its Articles of Incorporation, Bylaws and Rules and Regulations, as the same may be amended from time to time.

5.11. Construction and Contractor Provisions. In order to promote a harmonious community development and protect the character of the neighborhood, the following guidelines, which are applicable to the properties:

(a) Completion of Construction. The construction of any building or structure on any portion of the Property shall be continuously and diligently pursued from and after the commencement of such construction, and in any event shall be substantially completed within twelve (12) months after such commencement.

(b) Building Materials Storage. No Lot, part or portion of the Property shall be used or maintained as storage for building materials except during a construction phase. Once a dwelling is occupied or made available for sale all building materials shall be removed or stored inside a dwelling, or accessory building out of public sight.

(c) Damages. Any damage inflicted on existing improvements such as curbs, gutters, streets, concrete sidewalks and such, by the owner and/or their agents of any particular Lot in the subdivision must be repaired within thirty (30) days after such damage is discovered, and the expense of such repair shall be borne by the Participating Builder, unless such damage occurs after the completion of construction, in which case the expense of such repair shall be borne by the Owner.

(d) Maintenance of Lot During Construction. Participating Builders and their subcontractors must provide on site dumpsters during construction and are required to clean up the site daily to maintain a clean work site during construction. Dirt or mud from the construction site or elsewhere, dispersed, directly or indirectly, on the public streets within the project must be cleaned up within twenty-four (24) hours by the contractor or subcontractor as owner/builder. The Architectural Control Committee may levy up to a Five Hundred Dollars (\$500) fine against a violator of (d) immediately above and/or the owner of the Lot for each day of a continuing violation. The fine shall be charged on the land and shall be a continuing lien on the Lot.

Article VI - General Restrictions on the Use of Lots and Improvements to be Made Thereon

6.01 Zoning Regulations. The Property shall not be used for any purpose other than as permitted in the Salt Lake County and South Jordan City zoning ordinances or the laws, rules, or regulations of any governmental authority in force and effect on the date of recording of this Declaration as the same may be hereafter from time to time amended. No building shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a single family dwelling. This restriction shall not apply to any use for which a special exception under local government zoning ordinances or other governing regulations, as the same may be hereafter from time to time amended, is finally granted provided such use is approved in writing by the Architectural Committee.

6.02 Structures. The architectural character of all Structures, or alterations, additions, or improvements thereof (other than interior alterations not affecting the external appearance of a Structure) when visually related to each other and the surrounding natural environment shall be, in the opinion of the Architectural Committee, harmonious in terms of type, size, scale, form, color and material. The repair, replacement, repainting, resurfacing or restoration of any Structure originally approved by the Architectural Committee or the Declarant shall not be subject to the review or approval of the Architectural Committee provided that, following any such repair, replacement, repainting, resurfacing or restoration of any such Structure, the external appearance of such Structure shall be substantially identical with the appearance of said Structure as originally approved. Except as otherwise herein provided, no Structure shall be painted, stuccoed or surfaced with any material unless and until approved in writing in accordance with objective, performance-oriented guidelines established by the Architectural Committee. Screens or parapets shall be used to organize and aesthetically shield mechanical equipment and appurtenances from public view.

6.03 Screens and Fences. Except for any fence installed by the Declarant, a Participating Builder, or the Association, no fence or screen shall be installed on a Lot except in accordance with the guidelines established by the Architectural Committee and with the prior written approval of the Architectural Committee. Any fencing which may be installed by the Declarant in the Common Area shall be maintained by the Association.

6.04 Signs and Lighting. The location, color, nature, size, design and construction of all signs or outdoor lights shall be approved in writing by the Architectural Committee prior to the installation thereof

6.05 Vehicles and Parking. No commercial truck, commercial bus, taxicabs or other commercial vehicle of any kind, boats, trailers, campers, recreational vehicles and motor homes shall be parked in any visible location on the Property without the prior written approval of the Architectural Committee. Commercial vehicles shall be deemed to include cars and vans in styles normally used for private purposes but painted with or carrying commercial advertising, logos, or business names exceeding five (5) square feet per side or containing visible commercial materials, cargo, tools or equipment on the exterior of the vehicle or that extend beyond the length or width of the vehicle. No oversized/commercial vehicle (a vehicle wider than and/or

longer than a standard parking space, 19 feet maximum, any vehicle that has more than two (2) axles, or those vehicles greater than 6,000 pounds) may park on the premises. No disabled vehicle or vehicle on which current registration plates or other required permits such as inspection stickers are not displayed shall be parked on any Lot or on Common Area. The repair or extraordinary maintenance of vehicles shall not be carried out in a manner that is visible from any Lot or on the Common Areas. The Association may enforce the provisions of this Section by towing any non complying vehicle at the vehicle owner's sole risk and expense. This provision shall not preclude commercial vehicles located on the property temporarily (less than 24 hours) to provide services to the Association or a resident.

6.06 Animals. The maintenance, keeping, boarding or raising of animals, livestock, or poultry regardless of number, is prohibited on any Lot or upon the Common Area, except for (i) the keeping of service and companion animals and reasonable number of orderly domestic pets (e.g. fish, nonpoisonous reptiles, dogs, cats, or caged birds), not to exceed two pets which can regularly leave the Lot, subject to the rules and regulations adopted by the Board of Directors. Such pets or animals shall not be kept or maintained for commercial purposes or for breeding. Any pet or animal causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon fourteen days written notice from the Board of Directors. Animals shall not be permitted upon the Common Area except for orderly domestic pets accompanied by someone who can control the animal and unless carried, leashed, or under other positive control. Animal droppings shall be immediately cleaned up by the Owner responsible for the animal being on the Property. If an animal's owner fails to clean up after his or her pet or fails to comply with leash laws or the requirements of the Villas at Sterling Village Governing Documents, the Association's Declaration, Bylaws, or Rules and Regulations, the animal in question may be permanently removed from the Property upon fourteen days written notice from the Board of Directors and charges may be levied against the responsible party as allowed by law. Any Owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Owner and Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Property. All animals shall be registered and inoculated as required by law. The appropriate governmental authorities shall have an easement and right of access across the Property to enforce local animal control laws and ordinances.

6.07 Garages. No garage shall be utilized for other than the purpose of parking and storage of vehicles and other types of items normally stored in garages in first-class residential neighborhoods. No garage may be converted into or used for living space.

6.08 Air and Water Pollution. No use of any Lot will be permitted which emits pollutants into the atmosphere, or discharges liquid or solid wastes or other harmful matter into any waterway in excess of environmental standards applicable thereto to be established by the Architectural Committee, and approved by the Board of Directors which standards shall at a minimum meet the requirements of Federal and State law and any regulations thereunder applicable to the Property. No waste or any substance or materials of any kind shall be discharged into any private or public sewer serving the Property, or any part thereof, in violation of any regulations of any private or public body having jurisdiction. No person shall dump

garbage, trash or other refuse into any waterway on the Property.

6.09 Leases. No Owner of a Lot or Dwelling Unit shall lease to another any such Lot or part thereof or any such Dwelling Unit unless such lease shall be in writing for an initial term of not less than six (6) months and shall expressly provide that the terms of such lease shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation, Bylaws and rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under such lease. The Board shall be provided with copies of leases on request. The Board of Directors shall have the authority to impose reasonable rules and regulations respecting the leasing of Dwelling Units within the Property.

6.10 Landscaping. The land area not occupied by Structures, hard-surfacing, vehicular driveways or pedestrian paths, shall be kept planted with grass, trees or shrubs or other ground covering or landscaping in conformance with the standards set by the Architectural Committee and approved by the Board of Directors. Such standards will take into consideration the need for providing effective site development to:

- (a) enhance the site and building,
- (b) screen undesirable areas or views,
- (c) establish acceptable relationships between buildings and adjacent properties, and
- (d) control drainage and erosion.

As required by the Architectural Committee, existing trees shall be retained, buffer areas maintained and the natural contour of the land respected. The Architectural Committee reserves the right to require special treatment of slopes, construction of walls and wells, and use of stone fills to preserve trees that cannot otherwise be saved. Notwithstanding the foregoing, any clearing, grading or other development work performed pursuant to any final site development plan by the Declarant and approved by all appropriate governmental authorities for Declarant or for any Participating Builder shall not be subject to the review or approval of the Architectural Committee.

6.11 Maintenance of Premises and Improvements. Each Owner or Resident shall at all times keep his premises, buildings, improvements and appurtenances in a safe, clean, neat and sanitary condition. Appropriate maintenance shall include, but not be limited to, the seeding, watering and mowing of all lawns, the pruning and cutting of all trees and shrubbery and the painting (or other appropriate external care) of all buildings and other improvements all in a manner and with such frequency as is consistent with good property management with the exception of those Lots on which the Association may provide maintenance of landscaping. All Owners of Lots on which storm water management or storm drainage easements exist must keep such area free of debris, landscaping or fences so as not to impede drainage. The Owner or Resident shall comply with all laws, ordinances and regulations pertaining to health, safety and

pollution, and shall provide for storage and removal of trash and rubbish from his premises in a manner to be approved by the Architectural Committee.

6.12 Enforcement of Maintenance. The Architectural Committee, or its agent, during normal business hours, shall have the right (after 10 days' notice, by regular or certified mail or posted on door with a witness, to the Owner or Resident of any Lot involved, setting forth the maintenance action to be taken, and if at the end of such time reasonable steps to accomplish such action have not been taken by the Owner or Resident) to do any and all maintenance work reasonably necessary in the written opinion of the Architectural Committee, to keep such Lot, whether unimproved, improved or vacant, in neat and good order, such cost and expense to be paid to the Association upon demand and collected in accordance with Article IV of this Declaration. The Architectural Committee, or its agent, shall further have the right (upon like notice and conditions) to trim or prune, at the expense of the Owner or Resident, any hedge, tree or any other planting that, in the written opinion of the Architectural Committee, by reasons of its location on the Lot, or the height to or the manner in which it is permitted to grow, is detrimental to the adjoining Lots contrary to the rules and regulations of the Architectural Committee or is unattractive in appearance.

6.13 Maintenance During Construction. During construction, it shall be the responsibility of each Owner to insure that construction sites are kept free of unsightly accumulation of rubbish and scrap materials, and that construction materials, trailers, shacks and equipment are kept in a neat and orderly manner. No burning of any trash and no accumulation or storage of litter or trash of any kind shall be permitted on any Lot.

6.14 Land Development Activity. The foregoing provisions of Article VI shall not be applicable to Land Development Activity. Without limiting the generality of the foregoing exclusion, the Declarant and Participating Builders shall have the right to carry on the following activities in connection with Land Development and construction and sale of Dwelling Units:

(a) to construct, install, operate and/or maintain on the Property one or more construction or management control offices in Dwelling Units, field office trailers or other temporary facilities; and

(b) to construct, install, operate and/or maintain one or more model homes (or Dwelling Units) and sales offices on the Property. Such models and offices may be owned or leased by the Declarant or by any Person designated by the Declarant. Land Development and sales activity shall in all events be subject to the local zoning ordinances, and all other applicable laws, rules and regulations of governmental authorities.

6.15 Flags. Subject to the Federal Freedom to Display the American Flag Act of 2005, the Board of Directors is authorized and reserves the right to regulate the type of flags which may be displayed on the property, including the right to require the removal of flags that the Board of Directors deems inappropriate in its sole discretion. The Board of Directors is also authorized to regulate, restrict or prohibit the erection and placement of flag poles on the Property and reserves the right to do so in its sole discretion.

Article VII - Easements

7.01 Blanket Easement. An easement is hereby retained in favor of the Association over the Lots and any Common Area for the installation of landscaping or construction of signage, a common cable television system, a common sprinkler, or any other item installed for the common enjoyment and/or benefit of the Owners (including, without limitation, electricity, gas and telephone equipment). An easement is further granted for the purpose of the repair and maintenance of any of the foregoing items so constructed. Any entry upon any Lot or any area owned or to be owned by the Association to effectuate the foregoing purposes shall not be deemed trespass. Each Owner covenants not to damage or destroy any portion of an item so constructed and shall hold the Association harmless from the cost of repairing or replacing any portion damaged or destroyed by such owner, his family, his guests or invitees.

7.02 Association Easement. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Common Area for any lawful purpose which the Board determines, in its sole discretion, to be in the best interests of the Association. Further, the rights reserved unto the Declarant as set forth in Section 7.01 shall pass to the Board of Directors of the Association upon the expiration of the Development Period. The Association, the managing agent and any other Persons authorized by the Board of Directors, are hereby granted the right of access over and through any portion of the Property (excluding any dwelling), in the exercise and discharge of their respective powers and responsibilities, including without limitation to make inspections, correct any condition originating in a Lot or in the Common Area threatening another Lot or the Common Area, correct drainage, perform installations or upkeep of utilities, landscaping or other improvements located on the Property for which the Association is responsible for Upkeep, or correct any condition which violates the Association Documents. Each Owner shall be liable to the Association for the cost of all upkeep performed by the Association and rendered necessary by any act, neglect, carelessness or failure to comply with the Association Documents for which such Owner is responsible.

Article VIII - Party Fences

8.01 Prohibition. Party fences are prohibited. No fence (or any other form of barrier) may be erected on the property line between two Lots, except pursuant to written permission therefore, granted by the Architectural Review Committee in accordance with the provisions of Article VI. In the event any Lots have fences separating the Lots, in the absence of written approval from the Architectural Review Committee any such fence shall be constructed completely on the Lot owned by the person entitled to construct a fence thereon. All fences must be constructed no less than one (1) foot from the property line in order to allow the maintenance of the fence without encroaching on the neighboring Lot. For the purposes of this provision, the term fence includes any form of barrier, including vegetative barriers.

Article IX - Insurance and Casualty Losses

9.01 Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. The Board shall also obtain a public liability policy covering the Common Areas, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and if reasonably available, directors' and officers' liability insurance, and fidelity bond coverage.

Cost of insurance coverage obtained for the Common Areas shall be included in the Annual General Assessment, as defined in Article IV, Section 4.01.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for the respective benefited parties.

Article X - Condemnation

10.01 Condemnation. Whenever all or any part of the Common Areas shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on its behalf or on the written direction of all Owners subject to the taking, if any,) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five percent (75%) of the Class A and C Members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association.

Article XI - Amendment

11.01 General Amendments. Subject to the other limitations set forth in this Declaration, this Declaration may be amended by an instrument approved by not less than sixty-seven percent (67%) of the vote of the Owners who are present, in person or by proxy, at a duly convened meeting. The amendment instrument shall be recorded with the Salt Lake County Recorder. Unless a later date is specified in any such instrument, any amendment to this Declaration shall become effective on the date of recording.

11.02 Declarant Amendments. Notwithstanding anything to the contrary herein contained, the Declarant reserves the right to amend this Declaration during the Development Period without the consent of any Owners, or any other persons claiming an interest in the

Property or the Association if such amendment is necessary to (i) bring this Declaration into compliance with any rule, regulation or requirement of the Federal Housing Administration, The Federal National Mortgage Association, The Federal Home Loan Mortgage Corporation, or local governments; (ii) make corrective changes; (iii) reflect the relocation of boundary lines between the Common Area and any Lots or among any Lots, provided however that an approved resubdivision of the affected property is properly recorded.

Article XII - General Provisions

12.01 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years unless amended or terminated as provided in this Article.

12.02 Enforcement. The Association, or any Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. The provisions of this Section shall be in addition to and not in limitation of any rights or remedies provided in other Sections of this Declaration.

12.03 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions hereof which provisions shall remain in full force and effect.

12.04 Construction. The Board of Directors shall have the right to construe the provisions of this Declaration, and, in the absence of an adjudication by a court of competent jurisdiction to the contrary, such construction shall be final and binding as to all persons and entities benefited or bound by the provisions of this Declaration.

12.05 Invalidity. The determination by a court of competent jurisdiction that any provision of this Declaration is invalid for any reason shall not affect the validity of any other provision hereof.

12.06 Headings. The headings of the Articles and Sections of this Declaration are for convenience only and shall not affect the meaning or construction of the contents of this Declaration.

12.07 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular, the plural, and vice versa.

12.08 Termination. Termination of the Association shall be according to the provisions of the Articles of Incorporation.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument on the 6 day of October, 2006.

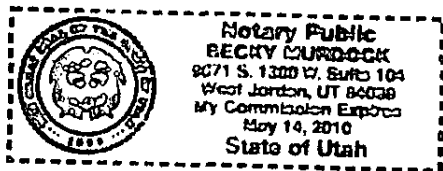
DGWW, L.C., a Utah limited liability company

By: CW Management Company,
Its Manager

By: Chris K. McCandless
Name: CHRIS MC CANDLESS
Title: PRESIDENT

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

The foregoing Declaration of Covenants, Conditions and Restrictions of Villas at Sterling Village Homeowners Association was acknowledged before me this 6 day of October, 2006, by Christopher K. McCandless, known by me to be the President of CW Management Corporation, which is the manager of DGWW, L.C. a Utah limited liability company and that this Declaration was signed by him, on behalf of the limited liability company by authority of its operating agreement.



Becky Murdock
NOTARY PUBLIC

Exhibit "A"

Property Description

PARCEL 1:

Lots 1, 2, 3, 4, 9, 10, 11, 12, 25, 26, 27, 28, 45, 46, 48, 49, 50, 51, 52, 53, 54, 55, 77, 78, 79 and 80, as contained within VILLAS AT STERLING VILLAGE PUD SUBDIVISION, Amending a Portion of Parcel 3 of Sterling Village Parcel Plat, according to the official plat thereof on file in the office of the Salt Lake County Recorder. Together with the easement interest in said project's common areas as established in the Declaration of Covenants, Conditions and Restrictions recorded September 15, 2005, as Entry No. 9490902, in Book 9188, at Page 4923, records of Salt Lake County, Utah.

PARCEL 2:

TOGETHER WITH the appurtenant non-exclusive easements for access as set forth in Declaration of Reciprocal Easements and Covenants, as recorded May 15, 1997, as Entry No. 6845684, in Book 7867, at Page 2134, and in that certain Easement Agreement recorded February 2, 2006, as Entry No. 9289511, in Book 9090, at Page 5152, records of Salt Lake County, Utah.

27-24-102-012, 27-24-102-013, 27-24-102-014, 27-24-102-015, 27-24-102-020, 27-24-102-021, 27-24-102-022, 27-24-102-023, 27-24-128-001, 27-24-128-002, 27-24-128-003, 27-24-128-004, 27-24-129-003, 27-24-129-004, 27-24-129-006, 27-24-129-005, 27-24-129-002, 27-24-129-001, 27-24-106-005, 27-24-106-006, 27-24-106-011, 27-24-106-012, 27-24-105-004, 27-24-105-003, 27-24-105-002, 27-24-105-001

EXHIBIT "B"
DECLARATION OF C, C & R3
VILLAS AT STERLING VILLAGE

CONSENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF VILLAS AT STERLING VILLAGE HOMEOWNERS ASSOCIATION

The undersigned, being all of the owners of record of the lots in VILLAS AT STERLING VILLAGE P.U.D. SUBDIVISION, hereby expressly consent to and agree to the recordation of the Declaration of Covenants, Conditions and Restrictions of Villas at Sterling Village Homeowners Association, executed by DGWW, L.C. on October 6, 2006.

The undersigned expressly agree that the covenants, restrictions and encumbrances contained in that declaration can and should be imposed upon the lots in the VILLAS AT STERLING VILLAGE P.U.D. SUBDIVISION, as binding covenants upon the property, and or as equitable servitudes.

DATED: October 10, 2006.

Apache Builders, Inc.

By: [Signature]
Its: [Signature]

Gough Homes, LLC

By: [Signature]
Its: Managing Member

Doug Jessop Construction, Inc.d/b/a

Sage Builders

By: [Signature]
Its: [Signature]

Utah Lifestyle Homes, Inc.

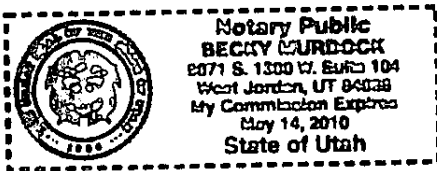
By: [Signature]
Its: Pres.

[Signature]
Corey D. Lewis

[Signature]
Talia R. Lewis

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

The foregoing Consent to Declaration of Covenants, Conditions and Restrictions of Villas at Sterling Village Homeowners Association was acknowledged before me this 6 day of October, 2006, by Gary DeRose, known by me or established to be the President of Apache Builders, Inc., who executed this document on behalf of Apache Builders, Inc.

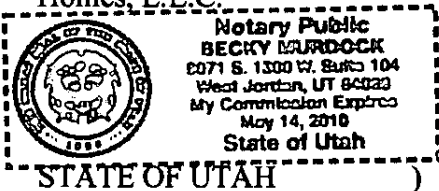


[Signature]
NOTARY PUBLIC

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

The foregoing Consent to Declaration of Covenants, Conditions and Restrictions of Villas at

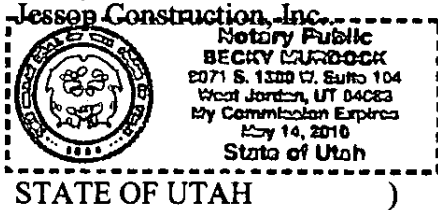
Sterling Village Homeowners Association was acknowledged before me this 6 day of October, 2006, by Tim Gough, known by me or established to be the Managing Member of Gough Homes, L.L.C., who executed this document on behalf of Gough Homes, L.L.C.



Becky Murdock
NOTARY PUBLIC

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

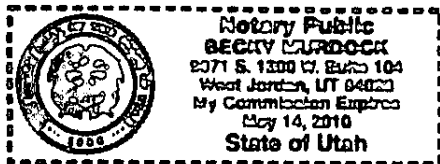
The foregoing Consent to Declaration of Covenants, Conditions and Restrictions of Villas at Sterling Village Homeowners Association was acknowledged before me this 9 day of October, 2006, by Mike Williamson, known by me or established to be the Vice President of Doug Jessop Construction, Inc. who executed this document on behalf of Doug Jessop Construction, Inc.



Becky Murdock
NOTARY PUBLIC

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

The foregoing Consent to Declaration of Covenants, Conditions and Restrictions of Villas at Sterling Village Homeowners Association was acknowledged before me this 6 day of October, 2006, by Jim Whitmore, known by me or established to be the President of Utah Lifestyle Homes, Inc., who executed this document on behalf of Utah Lifestyle Homes, Inc.

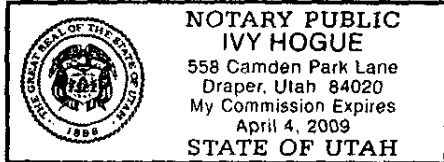


Becky Murdock
NOTARY PUBLIC

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

The foregoing Consent to Declaration of Covenants, Conditions and Restrictions of Villas at

Sterling Village Homeowners Association was acknowledged before me this 12 day of October, 2006, by Corey D. Lewis and Talia R. Lewis.



Ivy Hogue
NOTARY PUBLIC