

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
RED LEDGES**

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR RED LEDGES**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RED LEDGES is made this ____ day of _____, 2007 by, **RED LEDGES LAND DEVELOPMENT, INC.**, a Florida corporation (hereinafter referred to as “Declarant”), and joined by **RED LEDGES COMMUNITY ASSOCIATION, INC.**, a Utah non-profit corporation (hereinafter referred to as the “Association”).

A. Declarant holds title to that certain real property located in Wasatch County, Utah as defined in this Declaration as the “Property.”

B. Declarant intends to develop the Property (including any Additional Property added thereto) in accordance with this Declaration as a master planned residential community to be known as Red Ledges.

C. Declarant has caused the Association to be formed for the purposes set forth in this Declaration and in the Articles of Incorporation for the Association.

STATEMENT OF DECLARATION

The Property shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, reservations, assessments and other provisions set forth in this Declaration, which shall run with the Property, shall bind all parties having any right, title, or interest in any part of the Property, their successors and assigns, and shall inure to the benefit of each Owner (as hereinafter defined) thereof and which shall read as follows:

**ARTICLE I
DEFINITIONS**

1. ADDITIONAL PROPERTY

“Additional Property” shall mean the real property described on Exhibit “B” attached hereto, which may be subjected to this Declaration by Declarant from time to time in accordance with the terms of this Declaration. Prior to the Turnover Date, Declarant may unilaterally modify Exhibit “B” as Declarant, in its sole and absolute discretion may determine appropriate.

2. ARCHITECTURAL REVIEW COMMITTEE OR ARC

“Architectural Review Committee” or “ARC” shall mean the committee formed to promulgate design and development guidelines and application and review procedures for new construction upon the Property and any modifications to improvements and to review and approve the plans for same.

3. AREA OF COMMON RESPONSIBILITY

“Area of Common Responsibility” shall mean and refer to the Common Area, together with those areas, if any, which by the terms of this Declaration, a resolution of the Board of Directors of the Association, or an agreement with the Club, a Neighborhood Association or a governmental agency, shall

become the responsibility of the Association, including without limitation any parks, trails, gate houses, lakes, canals, reservoirs or other water bodies or public areas located within or adjacent to the Property designated by Declarant as part of the Area of Common Responsibility, in addition to those areas upon a Lot, the maintenance, repair or replacement of which is the responsibility of the Association.

4. ARTICLES

“Articles” shall mean and refer to the Articles of Incorporation of the Association, as the same may be amended from time to time.

5. ASSESSMENT

“Assessment” shall mean and refer to charges levied against Lots to fund Common Expenses, Neighborhood Expenses and any other expenses of the Association and shall include Common Assessments, Neighborhood Assessments and Special Assessments.

6. ASSOCIATION

“Association” shall mean and refer to Red Ledges Community Association, Inc. and its successors or assigns. The Association is the master community association for the entire Community. It is contemplated that separate sub-associations called “Neighborhood Associations” will be created for particular Neighborhoods within the Community.

7. ASSOCIATION DOCUMENTS

“Association Documents” shall mean this Declaration, the Articles of Incorporation, By-Laws and any Rules and Regulations of the Association.

8. BOARD OF DIRECTORS OR BOARD

“Board of Directors” or “Board” shall mean and refer to the governing body of the Association.

9. BUILDER

“Builder” shall mean a Person who acquires one (1) or more Lots for the purpose of constructing a Unit on it for resale or who acquires one (1) or more parcels of land within the Community for further subdivision, development and/or resale in the ordinary course of business.

10. BY-LAWS

“By-Laws” shall mean and refer to the By-Laws of the Association, as the same may be adopted or amended from time to time.

11. CLUB

“Club” shall mean the Declarant or its successors or assigns, doing business as Red Ledges Club, which shall own and operate the Club Property.

12. CLUB PROPERTY

“Club Property” shall mean all of the real and personal property owned by the Club and operated by the Club as Red Ledges Club, including without limitation, the various recreational facilities from time

to time developed on such real property. THE CLUB PROPERTY IS NOT COMMON AREA AND IS NOT SUBJECT TO THE TERMS AND CONDITIONS OF THIS DECLARATION.

13. COMMON AREA

“Common Area” or “Common Areas” shall mean all of the real property owned by the Association, plus all property designated as Common Areas in any future Supplemental Declaration or any portion of a plat or replat of the Property dedicated to or for the Association, together with any improvements thereon and any personal property owned by the Association, and which are intended for the common use and enjoyment of all Members of the Association. Common Area shall also include the Exclusive Common Area unless the context otherwise requires.

14. COMMON ASSESSMENTS

“Common Assessments” shall mean those Assessments for which all Members of the Association are responsible to pay to defray Common Expenses.

15. COMMON EXPENSES

“Common Expenses” shall mean the actual and estimated costs and expenses incurred or to be incurred by the Association for the general benefit of all Owners, including any reasonable reserves for periodic construction, maintenance, repair or replacement of Common Area, which the Board of Directors may find necessary or appropriate. In the event the Association enters into a bulk rate telecommunications agreement for the Community, the cost of such telecommunications service would be included as a Common Expense.

16. COMMUNITY

“Community” shall mean the master planned residential community to be known as Red Ledges.

17. COMMUNITY-WIDE STANDARDS

“Community-Wide Standards” shall mean the standards of conduct, maintenance or other activity generally prevailing throughout the Community. Such standards may be more specifically determined by the Board of Directors and the Architectural Review Committee.

18. DECLARANT

“Declarant” shall mean and refer to Red Ledges Land Development, Inc., or one of its successors or assigns provided such successor or assign is designated as the Declarant by the immediately preceding Declarant in a recorded instrument executed in accordance with the terms of this Declaration. The Declarant may assign all or part of its rights hereunder by a Supplemental Declaration.

19. DECLARATION

“Declaration” shall mean this document, as the same may be amended or supplemented from time to time.

20. DESIGN GUIDELINES

“Design Guidelines” shall mean the architectural, design, landscape and construction guidelines and application and review procedures adopted pursuant to Article VII of this Declaration, as they may be amended or supplemented from time to time.

21. EXCLUSIVE COMMON AREA

“Exclusive Common Area” shall mean and refer to certain portions of the Common Area, including any improvements and fixtures thereon, the use of which has been granted exclusively or primarily to one or more, but less than all, Units for the common use and enjoyment of Owners of such Units. Such Exclusive Common Area shall be designated by Supplemental Declaration, a Neighborhood Declaration or otherwise. All costs associated with the maintenance, repair, replacement and insurance of exclusive Common Area shall be assessed only against the Owners of the Units benefited by such Exclusive Common Area.

22. INSTITUTIONAL MORTGAGEE

“Institutional Mortgagee” shall mean: (a) any generally recognized lending institution having a first mortgage lien upon a Lot or (b) such other lenders as the Board of Directors shall hereafter approve in writing which have acquired a first mortgage lien upon a Lot.

23. LOT

(a) “Lot” shall be an inclusive term referring to a portion of the Property, whether developed or undeveloped, intended for development, use, and occupancy as a residence and shall, unless otherwise specified, include within its meaning by way of illustration, but not limitation, condominium units, villas, town homes, cottages, and single-family homes, as well as vacant land intended for development as such, all as may be developed, used and defined as herein provided or as provided in a Supplemental Declaration covering all or a portion of the Property. The term shall include all portions of the Lot owned as well as any structure thereon. In the case of a structure which contains multiple Units, each Unit shall be deemed to constitute a separate Lot.

(b) In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Lots designated for residential use for such parcel on the site plan approved by Declarant until such time as a subdivision plat has been recorded in the public records of Wasatch County, Utah, on all or a portion thereof. After a subdivision plat has been recorded on all or a portion thereof, the portion designated on that plat shall constitute a separate Lot or Lots as determined by paragraph (a) above and the number of Lots on the remaining land, if any, shall continue to be determined in accordance with this paragraph (b).

24. MASTER PLAN

“Master Plan” shall mean and refer to the plan for the development of the Property, as the same may be amended or supplemented from time to time.

25. MEMBER

“Member” shall mean and refer to a Person entitled to membership in the Association. All Owners shall be Members of the Association; provided, however, that there shall be no more than one Member for each Lot. In addition, Declarant shall also be Member of the Association as described more fully in Article IX, Section 1 hereof and the By-Laws of the Association.

26. NEIGHBORHOOD

“Neighborhood” shall mean and refer to any grouping of Lots which are designated as a Neighborhood by Declarant on the Master Plan or in a Supplemental Declaration, in which the Owners thereof may have common interests other than those common to all Owners, such as a common theme, entrance feature, development name and/or common area and facilities which are not available for use by all Owners. A Neighborhood may be governed by a separate Neighborhood Association, in addition to governance by the Association.

27. NEIGHBORHOOD ASSESSMENTS

“Neighborhood Assessments” shall mean assessments levied by either the Association or a Neighborhood Association against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Article X, Section 5 of this Declaration.

28. NEIGHBORHOOD ASSOCIATION

“Neighborhood Association” shall mean any neighborhood association or committee, condominium association or such other entity, its successors and assigns, which shall be responsible for administering any Neighborhood. A Neighborhood may, but shall not be required to, have a Neighborhood Association.

29. NEIGHBORHOOD DECLARATION

“Neighborhood Declaration” shall mean the protective covenants, conditions, restrictions and other provisions (if any) imposed by a recorded instrument upon one or more Neighborhoods. A Neighborhood may, but shall not be required to, have a Neighborhood Declaration.

30. NEIGHBORHOOD DOCUMENTS

“Neighborhood Documents” shall mean a Neighborhood Declaration together with the articles of incorporation, by-laws and any rules and regulations of any applicable Neighborhood Association.

31. NEIGHBORHOOD EXPENSES

“Neighborhood Expenses” shall mean and include those actual and estimated expenses incurred or to be incurred by the Association primarily for the benefit of the Owners of Lots within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for periodic construction, maintenance, repairs, and replacements, all as may be specifically authorized from time to time by the Board of Directors of the Association or the applicable Neighborhood Association and as more particularly authorized herein.

32. OWNER

“Owner” shall mean and refer to the record owner of fee simple title to a Lot (including Declarant and Builders, but specifically excluding any party holding an interest merely as security for the performance of an obligation). The term Owner may also include any other Person who owns any portion of the Property other than the Association.

33. PERSON

“Person” means any individual, corporation or other legal entity.

34. PROPERTY

“Property” shall mean and refer to the real property legally described on Exhibit “A” attached hereto, together with such additional property as is hereafter subjected to this Declaration by a Supplemental Declaration. Notwithstanding anything contained herein to the contrary, the term Property shall not be construed to include any portion of the Club Property.

35. RULES AND REGULATIONS

“Rules and Regulations” shall mean Board-adopted rules and regulations which establish administrative procedures for internal Association governance and operating procedures for use of the Common Area and property included within the Area of Common Responsibility.

36. SPECIAL ASSESSMENT

“Special Assessment” shall mean and refer to assessments levied in accordance with Article X, Section 6 hereof.

37. SUPPLEMENTAL DECLARATION

“Supplemental Declaration” shall mean a supplement to this Declaration executed by or consented to by Declarant in accordance with Article II, Section 2 hereof.

38. TURNOVER DATE

“Turnover Date” shall mean the date on which the Class “B” Membership ceases to exist and is converted to a Class “A” Membership, as further described in Article IX, Section 4 hereof.

39. UNIT

“Unit” shall mean and refer to any structure constructed on a Lot which is intended for use and occupancy as a residence, including without limitation, a condominium unit, villa, town home, cottage and single-family home.

**ARTICLE II
GENERAL PLAN FOR DEVELOPMENT**

1. PLAN FOR DEVELOPMENT

(a) In General. Declarant plans to develop the Property as a multi-phased residential community with various recreational amenities, common areas and limited retail areas in accordance with the Master Plan and subject to any required governmental approvals. Declarant reserves the right to modify the Master Plan in its sole discretion from time to time and the consent of the Association, any Owner and any mortgagee of any Owner shall not be required in connection therewith.

(b) Declaration; Association. This Declaration is not a declaration of condominium. No portion of the Property is submitted by this Declaration to the condominium form of ownership. However, portions of the Property may be submitted to the condominium form of ownership by a Supplemental Declaration or a Neighborhood Declaration. Declarant has caused the Association to be formed to perform certain administrative and operational functions regarding the Property as set forth more fully in the Association Documents.

(c) Neighborhoods. Declarant intends that Lots may, but need not be, grouped together in residential Neighborhoods. Neighborhoods may, but are not required, to be administered by Neighborhood Associations unless they contain Units that are subject to the condominium form of ownership.

2. SUPPLEMENTAL DECLARATIONS

(a) In General. Declarant shall have the right, alone and in its sole discretion, to execute and record in Wasatch County, Utah, Supplemental Declarations from time to time containing provisions which (a) assign a specific use to a portion of the Property; (b) designate a Neighborhood and any specific uses or provisions with respect to the Neighborhood; (c) impose additional restrictions or delete restrictions on a portion of the Property; (d) assign some or all of Declarant's rights and obligations hereunder; (e) subject some or all of the Additional Property to the effect of this Declaration; or (f) do anything else permitted by this Declaration.

(b) Fractional Interests. The Declarant reserves the right to offer fractional interests in Units. In such event, Declarant will execute and record in Wasatch County, Utah, a Supplemental Declaration providing for the rights and obligations of fractional interest owners, including without limitation, provisions governing the voting rights of fractional interest owners as well as provisions relating to the administration of a fractional interest program.

3. NEIGHBORHOOD DECLARATION

Declarant, or another Person with Declarant's prior written consent, may record instruments subjecting a Neighborhood to a Neighborhood Declaration, upon which event the Lots in the Neighborhood shall then be subject to both this Declaration and such Neighborhood Declaration. Such Neighborhood Declaration may also create a Neighborhood Association and such Neighborhood Association may have the same, additional, or different rights, powers, duties or privileges with respect to such Neighborhood as the Association. In such event, the Lots in a Neighborhood will be subject to the jurisdiction of both the Association and the Neighborhood Association and the Owners of Lots within the Neighborhood will be members of the Association as well as members of the Neighborhood Association. The Neighborhood Declaration will provide the terms and conditions of membership in the Neighborhood Association, which may be the same as or substantially different from the terms and conditions of membership in the Association as provided in this Declaration. When in conflict, the Association Documents shall prevail over Neighborhood Documents.

4. ANNEXATION OF ADDITIONAL PROPERTY

(a) Prior to the Turnover Date. Prior to the Turnover Date, Declarant shall have the unilateral right, privilege, and option, in its sole discretion, to subject any Additional Property to the provisions of this Declaration and to the administration of the Association by filing a Supplemental Declaration in Wasatch County, Utah. Such Supplemental Declaration shall not require the consent of any of the Owners, any mortgagee of any Owner or the Association, but shall require the consent of the owner of such Additional Property, if the owner of such Additional Property is other than Declarant. Any such annexation shall be effective upon the filing of record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the right, in its sole discretion, to transfer to any other Person the right, privilege, and option to annex Additional Property which is reserved herein to Declarant, provided that such transfer is memorialized in a Supplemental Declaration.

(b) Following the Turnover Date. Following the Turnover Date, Declarant shall have the unilateral right, privilege and option, until all of the Additional Property has been subjected to this Declaration, to subject to the provisions of this Declaration and the jurisdiction of the Association from

time to time and at any time all or any portion of the Additional Property. Such annexation shall be accomplished by filing in the public records of Wasatch County, Utah, a Supplemental Declaration annexing such Additional Property. Such Supplemental Declaration shall not require the consent of any of the Owners, any mortgagee of the Owners or the Association, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing of record of such Supplemental Declaration unless otherwise provided therein.

Following the Turnover Date, the Association may not subject any property to the provisions of this Declaration and the jurisdiction of the Association without: (a) the affirmative votes of a majority of the Class "A" Members of the Association either in writing or present, in person or by proxy, at a meeting duly called for such purpose, (b) the consent of the owner of such property, (c) the consent of the Club, and (d) the consent of Declarant so long as Declarant owns any portion of the Property or the Additional Property.

5. AMENDMENT OF ARTICLE

This Article shall not be amended without the prior written consent of Declarant, so long as Declarant owns any portion of the Property or the Additional Property, and the consent of the Club.

ARTICLE III LAND DESIGNATION AND ADMINISTRATION

1. IN GENERAL

The Property may be subjected to designated uses in accordance with the terms of this Declaration, by any Supplemental Declaration or by any other reasonable means by Declarant. Declarant may, in its sole and absolute discretion, establish any use for the Property consistent with the terms of the Master Plan, this Declaration and applicable law. Without limiting the foregoing, the Property may be used in the following manner:

(a) Residential Areas. Residential areas shall be those areas used for residential use, which shall include Lots and improvements associated with residential purposes and uses including, but not limited to streets, driveways, sidewalks, entranceways, street lighting, open spaces, parking spaces, landscaping, swimming pools, other recreational facilities and other areas or amenities appurtenant to the Lots. Unless otherwise provided in a Supplemental Declaration or Neighborhood Documents, each Owner shall be responsible for the maintenance of his or her Lot. The use of the Lots in Phase 1 of the Red Ledges Community, as shown on the plat on file with Heber City, is limited to single family residences.

(b) Common Area

(1) In General: Every Owner shall have a right and non-exclusive easement of use, access and enjoyment in and to the Common Area, subject to this Declaration as it may be amended from time to time, and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of use and enjoyment in the Common Area to the members of his or her family, lessees and invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Unit shall be deemed to have delegated all such rights to the Unit's lessee. Any leasing of a Unit shall be in compliance with the provisions of this Declaration.

Declarant shall determine the manner of making improvements to all Common Area and the use thereof so long as Declarant owns any portion of the Property or the Additional

Property, and, thereafter, the Association shall have the same right provided the general quality of the Master Plan is not materially and detrimentally changed.

(i) Administration and Operation: The administration and operation of the Common Area shall be the responsibility of the Association, except that the Association with the prior consent of the accepting party may assign or delegate such responsibility, in whole or in part, exclusively or non-exclusively, and permanently or temporarily, for any portion of the Common Area to a Neighborhood Association, the Club, a governmental entity or any other Person determined to be appropriate by Declarant so long as Declarant owns any portion of the Property or the Additional Property; or thereafter determined to be appropriate by a two-thirds (2/3) vote of the Board of Directors of the Association.

(ii) Certain Declarant Rights: So long as Declarant owns any portion of the Property or the Additional Property, the Declarant shall have the right, in its sole and absolute discretion, to alter the boundaries of the Common Area and construct, develop, grant or modify the Common Area and any improvements, easements and use rights thereon or appurtenant thereto in a manner determined appropriate by Declarant, in its sole discretion, without the joinder or consent of any Person, including, without limitation, the Association, any Neighborhood Association, any Owners or any mortgagee of any Owner, provided all applicable zoning requirements are met and applicable permits are obtained.

(iii) Declarant Approval: The Association shall not abandon, partition, alienate, release, transfer, hypothecate, or otherwise encumber the Common Area so long as Declarant owns any portion of the Property or the Additional Property without the prior written approval of Declarant and, thereafter, without the prior approval of a majority of the votes eligible to be cast by the Class "A" Members. The preceding sentence shall not prohibit the Association from granting such easements over, under and above Common Area as are reasonably necessary or appropriate for the development and operation of the Property in a manner consistent with the provisions of this Declaration, nor shall the foregoing prohibit the Association from encumbering Common Area provided such encumbrances are solely to secure loans obtained for improving Common Area, and the lien of such encumbrance is not superior to the provisions of this Declaration.

(iv) Exclusive Common Area. Certain portions of the Common Area may be designated as Exclusive Common Areas and reserved for the exclusive use of Owners and occupants of Lots within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods, and supported exclusively by Neighborhood Assessments.

(v) Conservation Area. Certain portions of the Property may be designated as conservation areas on the Master Plan or in a Supplemental Declaration. The conservation areas will be maintained by the Association or another entity designated by the Association in their naturally occurring state and no construction will be permitted on such conservation areas.

(vi) Public Park. Declarant has designated a portion of the Property as a public park as shown on the Master Plan. Declarant will cause the development of the park on said parcel of land. The subject parcel will be Common Area for purposes of this Declaration and the general public will have access to and be able to enjoy the park. Declarant will convey the subject parcel to the Association. The Association may in the future, subject to agreement with Heber City, convey the subject parcel to Heber City or another governmental agency designated by Heber City, in which case, the property in question may no longer be Common Area, but would continue to be accessible by the general public, including without limitation, owners of Lots from time to time.

(c) Other Uses. Declarant may use limited portions of the Property for retail business purposes in accordance with the Master Plan. Any such use shall be designated by Declarant in a Supplemental Declaration, and Declarant may, in any such Supplemental Declaration, set forth any restrictions, conditions and covenants that run with such portion of the Property. Declarant may also set forth any rights and obligations of the Owner of such portion of the Property, and the manner in which such portion of the Property shall be administered and assessed under this Declaration. Notwithstanding the foregoing, a portion of the Property may be used as a sales center for the sale, resale or rental of Lots and Units within the Community or other communities designated by Declarant and/or memberships relative to the Club Property without designation in a Supplemental Declaration. Declarant may assign, in whole or in part, its rights under this Article III, Section 1(c).

2. DISPUTES AS TO USE

If there is any dispute as to whether the designation of any portion of the Property complies with this Declaration, any Supplemental Declaration, or any other documents, the dispute shall be resolved by Declarant in its sole discretion for so long as Declarant owns any portion of the Property or the Additional Property. After Declarant no longer owns any portion of the Property or the Additional Property, the dispute shall be resolved by the Board of Directors. The determination rendered by Declarant or the Board of Directors, as the case may be, shall be final and binding on all Persons involved in the dispute.

ARTICLE IV PARTY WALLS

Any wall, fence, driveway or similar improvement built as a part of the original construction of a Unit which serves and/or separates any two attached Units shall constitute a party wall or structure.

The cost of reasonable repair and maintenance of a party wall or structure shall be shared equally by the Owners who make use of the party wall or structure.

If a party wall or structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance any Owner who has used the party wall or structure may restore it. If other Owners thereafter use the party wall or structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this provision shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

To the extent not inconsistent with the provisions of this provision, the general rules of law regarding party walls and structures and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

ARTICLE V DEVELOPMENT OF COMMON AREAS

1. CONSTRUCTION AND INSPECTION OF COMMON AREA

Declarant (or Builders) will construct, furnish and equip the Common Area at its sole cost and expense. Upon completion of construction of the Common Area, Declarant (or the Builder, as the case may be) will engage independent licensed inspectors to inspect any Common Area improvements to determine if they were built in substantial accordance with the applicable plans and specifications as

modified by any change orders. Any repairs indicated by the inspection reports shall be completed by Declarant (or by the Builder if the improvements were constructed by a Builder), at its sole cost and expense.

2. TRANSFER OF COMMON AREA

On or before the Turnover Date, Declarant agrees to convey, transfer, assign and deliver to the Association, and the Association shall accept same from Declarant, Declarant's interest in the Common Area as the same exists on the date of conveyance. Conveyances of Common Area to the Association may occur from time to time.

3. DISCLAIMER OF WARRANTIES

The Association and each Owner agree that the Common Area shall be conveyed in its "where is, as is" condition and without recourse, and Declarant disclaims and makes no representations, warranties or other agreements express or implied with respect thereto, including without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and representations or warranties regarding the condition, design, construction, accuracy, completeness, adequacy of the size or capacity in relation to utilization or the future economic performance or operations of the Common Area. No claim shall be made by the Association or any Owner relating to the condition, operation, use, accuracy or completeness of the Common Area or for incidental or consequential damages arising therefrom. Declarant will transfer and assign to the Association, without recourse, all warranties which it receives from manufacturers and suppliers relating to any of the Common Area which exist and are assignable.

ARTICLE VI USE RESTRICTIONS

1. IN GENERAL

The Property shall be used only for residential, recreational, and related business and commercial purposes, which purposes may include, without limitation, offices for any property manager retained by the Association or business, sales, or real estate offices for Declarant or the Association and other businesses which serve and are a part of the Community, as may be more particularly set forth in this Declaration and any amendments hereto. Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards. The Association, acting through its Board of Directors, shall have authority to make and enforce rules and regulations governing the use of the Property in addition to those contained herein and in the Community-Wide Standards. Such rules and regulations shall be binding upon all Owners, occupants, invitees and licensees. Notwithstanding anything to the contrary herein, Declarant, the Association and the Club shall be exempt from application of the provisions of this Article.

(a) Accessory Structures. Dog houses, tool sheds, storage sheds or structures of a similar kind or nature are not permitted on any part of the Property.

(b) Air Conditioning Units. No window air conditioning units may be installed in any Unit.

(c) Animals and Pets. No animals, reptiles, livestock, horses, wildlife or poultry of any kind shall be raised, bred or kept on any portion of the Property, except that no more than six usual and common household pets (as determined by the Board in its sole discretion) may be permitted on a Lot and no more than three dogs and three cats. The Board reserves the right to further limit the number of

dogs and/or cats permitted on a Lot in its discretion. No visible fencing shall be allowed. All pets must be registered, licensed and inoculated as required by applicable law. Household pets shall at all times whenever they are outside the Owner's Unit be confined on a leash held by a responsible person. Pets which are permitted to roam free, or which, in the sole discretion of the Board, endanger the health and safety of the Owners, make objectionable noise, or constitute a nuisance or inconvenience to the other Owners shall be removed from the Property upon request of the Board. If the Owner fails to honor such request, the pet may be removed by the Association. No pets shall be kept, bred or maintained for any commercial purpose. Should a pet defecate on any portion of the Common Area, any Lot or the Club Property, the Owner of the pet shall be responsible for immediately cleaning up after such pet.

(d) Antennas, Satellite Dishes. Except as otherwise provided by law, standard TV antennas and satellite dishes which are one meter (3.33 feet) in diameter or less shall be permitted on the Property provided such over-the-air reception devices comply with all Design Guideline requirements, screening and landscaping requirements, and other applicable Rules and Regulations pertaining to the location and manner of installation, including submission of an installation plan with the ARC. Declarant and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Property.

(e) Artificial Vegetation, Exterior Decorations and Lighting. No artificial vegetation shall be permitted on any Lot. Exterior decorations, including without limitation, sculptures, fountains, flag poles, and similar items must be pre-approved by the ARC. Exterior lighting must be pre-approved by the ARC prior to installation, except for reasonable seasonal decorative lights which may be displayed only between Thanksgiving Day and February 1. Owners of the Lots or Units served by exterior lighting will be responsible for maintaining the lighting and the Association shall have the right, at Owner's cost and expense, to maintain and repair such lighting in the event the Owner fails to do so.

(f) Business Use. No business, trade, or similar activity may be conducted in or from any Unit, except as provided in this subsection, and except that an Owner or Occupant residing in a Unit may conduct "discrete business activities" within the Unit so long as the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; the business activity does not involve regular visitation of the Unit or door-to-door solicitation of residents of the Property; and the business activity is consistent with the residential character of the Property and does not violate these use restrictions. Examples of "discrete business activities" include, but are not limited to, computer-based telecommunications and literary, artistic, or craft activities. The Board, in its sole and absolute discretion, may restrict any business activities in Units that it determines interfere with the use and enjoyment of the Property. However, the leasing of a Unit in accordance with these use restrictions and any Rules and Regulations shall not be considered a business or trade within the meaning of this subsection.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor.

This subsection shall not apply to any activity conducted by Declarant or a developer approved by Declarant with respect to its development and sale or lease of any portion of the Property or its use of any Units that it owns, including utilizing a Unit as a sales office, a show house or model home or the operation of a timeshare program, interval ownership or similar program.

(g) Clotheslines, Garbage Cans, Tanks. Clotheslines and clothes racks are not permitted on any portion of the Common Areas or on any Lot. Further, no items may be hung to dry over balconies,

railings or other such places. Garbage cans, storage tanks, mechanical equipment, including, without limitation, electrical meters, gas meters and air conditioning compressors, or other similar items shall be located or screened so as to be concealed from view of neighboring Lots, streets and the Club Property. All rubbish, trash, and garbage shall be stored in approved containers with lids and regularly removed from the Property and shall not be allowed to accumulate thereon. Mechanical equipment, garbage can storage structures and other such items must be pre-approved by the ARC.

(h) Conversion of Carport or Garage. No conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area of any Unit is permitted.

(i) Decks. Decks must be located and built in accordance with the Design Guidelines and must be pre-approved by the ARC.

(j) Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person, other than Declarant, the Club or the Association, may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for itself, the Club and the Association a perpetual easement across the Property for the purpose of altering drainage and water flow.

(k) Dumping. No Person may dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances anywhere on the Property, except that fertilizers may be applied to landscaping on Lots, provided care is taken to minimize runoff.

(l) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot or Unit unless it is an integral and harmonious part of the architectural design of the Lot or Unit, as determined in the sole discretion of the ARC. Under no circumstances shall solar panels be installed so as to be visible from any Lot, Unit, street in the Community or from any portion of the Club Property.

(m) Exterior Hardware. The style and design of all lettering and numbering, and exterior hardware must be in accordance with the Design Guidelines.

(n) Firearms. The discharge of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns, paintball guns and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take action to enforce this subsection.

(o) Garage Sales. Garage sales, rummage sales, or similar sales will not be permitted unless pre-approved by the Board of Directors.

(p) Golf Carts. Private golf carts will be permitted within the Community, subject to compliance with the following requirements.. Golf carts used within the Community must be annually approved by the Association as to appearance and for compliance with the Association's safety and operational standards. The Association may require routine maintenance to be performed on a golf cart used in the Community. Golf carts must have a rear-view mirror, reflectorized warning devices on both the front and rear of the cart and any other safety equipment required by the Association. Golf carts must be stored within a Unit. Each year, an Owner who desires to use a golf cart on the Common Area shall be required to register the golf cart with the Association and provide the Association with a certificate of insurance stating that operation of the golf cart is covered by a liability insurance policy of the Owner with policy limits in such amounts as are determined by the Association from time to time. The Owner shall name as an additional insured on such policy those parties designated by the Association from time to time and shall require that such policy provide that it can only be cancelled upon 30 days' prior written notice to the Association. Owners with golf carts are required to insure that those using the golf cart are

restricted to licensed drivers who will operate the golf cart in a safe, prudent manner and in accordance with rules and regulations adopted by the Association from time to time and all applicable governmental regulations. Owners will be held responsible for any and all damages caused by the mis-use or negligent operation of the golf cart by the Owner, the Owner's family members, guests or other invitees and the Owner shall reimburse the Association, its officers and directors for any and all damages any of them may sustain by reason of mis-use or negligent operation of the cart, including, without limitation, damage to Association or other property. Golf carts owned by Owners cannot be used on the Club Property except as may be permitted by the Club.

(q) Irrigation. No sprinkler or irrigation systems of any type which draw from any body of water within the Property shall be installed, constructed or operated by any Person, other than the Association, Declarant or the Club, without the pre-approval of the ARC. All parcels which are developed are required to have an underground irrigation system which shall be maintained by the Owner of such property.

(r) Maintenance of Lots.

(1) Landscaping. No weeds, underbrush, or other unsightly growth shall be permitted to grow or remain upon any Lot and no refuse or unsightly objects shall be allowed to be placed or suffered to remain upon any Lot. All landscaping, sprinkler systems and any property, structure, improvement and appurtenance shall be kept in good, safe, clean, neat and attractive condition. Unless otherwise provided in a Supplemental Declaration or Neighborhood Declaration, the Owner shall be responsible for the routine maintenance of the lawn and/or vegetation on each Lot. If an Owner fails to comply with the foregoing requirements, the Association can cause the situation to be remedied and the Owner shall reimburse the Association upon demand for the costs incurred in connection therewith. Any such amount owing to the Association shall be treated as a Special Assessment hereunder.

(2) Painting. The exterior of all Units shall be maintained by each Owner and shall have a fresh coat of paint or other finish, applied evenly and no excessive cracks, peelings, or strippings shall be allowed to remain unremedied. Upon the failure to maintain the premises as aforesaid to the satisfaction of the Association, the Association may, but shall not be required to, enter upon such premises and make such improvements or corrections as may be necessary, the costs of which along with an administrative surcharge of fifteen percent (15%) of such amount shall be assessed against the affected Owner(s) as an assessment in accordance with Article X hereof.

(3) Roofing. The roofs of all Units shall be maintained by each Owner in a clean, neat and attractive condition with a full complement of roof tiles or shingles, unless otherwise provided in a Neighborhood Declaration. Upon the failure to maintain the premises as aforesaid to the satisfaction of the Association, the Association may, but shall not be required to, enter upon such premises and make such improvements or corrections as may be necessary, the costs of which along with an administrative surcharge of fifteen percent (15%) of such amount shall be assessed against the affected Owner(s) as an assessment in accordance with Article X hereof.

(s) Nuisance. No portion of the Property shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye, nor shall any substance, thing, or material be kept upon any portion of the Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding Units. No activity shall be conducted nor shall there be maintained any animal, plant, device or thing of any sort on the Property which is in any way noxious, dangerous, illegal, offensive, unsightly, unpleasant or of a nature that could diminish or destroy any portion of the Property. The playing paintball games constitutes an activity that is prohibited.

(t) Occupants Bound. All provisions of this Declaration, the Articles of Incorporation, the By-Laws, any Rules and Regulations, the Community-Wide Standards or any use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Unit. Every Owner shall cause all occupants of his or her Unit to comply with this Declaration, the Articles of Incorporation, the By-Laws, any Rules and Regulations and the Community-Wide Standards and shall be responsible for all violations and losses to the Common Area caused by such occupants, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of this Declaration, the Articles of Incorporation, the By-Laws, any Rules and Regulations and the Community-Wide Standards.

(u) On-Site Fuel Storage. No on-site storage of gasoline or other fuels in excess of five (5) gallons for operation of lawn maintenance and similar equipment and/or emergency purposes shall be permitted on any part of the Property except that the Association shall be permitted to store fuel for operation or maintenance vehicles, generators and similar equipment. Notwithstanding this provision, fuel tanks for storage of fuel for ranges, ovens, dryers, water heaters, dwellings, pools, gas grills and similar equipment may be permitted if installed underground or appropriately screened and pre-approved by the ARC.

(v) Parking. Vehicles shall be parked only in the garages or in the driveways, if any, serving the Units or in appropriate spaces or designated areas in which parking may or may not be assigned. Notwithstanding the above, no more than two (2) vehicles shall be parked in the driveway serving any Unit on a regular basis. For purposes of this paragraph, a car shall be deemed parked on a "regular basis" if parked in such driveway more than seventy-two (72) hours in any seven (7) day period without the pre-approval of the Board of Directors. Garage doors shall remain closed at all times except during ingress and egress. Any vehicle which is parked in violation of this paragraph or parking rules promulgated by the Board of Directors may be towed. Notwithstanding the foregoing, service and delivery vehicles may be parked in the driveway of a Unit for such period of time as is reasonably necessary to provide service or make a delivery to the Unit.

(w) Playground, Play Equipment, Strollers. All bicycles, tricycles, scooters, skateboards and other play equipment, wading pools, baby strollers and similar items shall be stored so as not to be visible from streets or property adjacent to the Unit. No such items shall be allowed to remain in the open so as to be visible from adjacent property when not in use. Notwithstanding the above, the Board of Directors may, but shall not be obligated to, permit swing sets and similar permanent playground equipment to be erected within the Property provided they are pre-approved by the ARC. Galvanized equipment will not be permitted. Permanent or paved sport courts will not be permitted on the Property except for those which may be located within the Common Area unless pre-approved by the ARC. Any playground or other play areas, equipment or sport courts furnished by the Association or erected anywhere within the Property shall be used at the risk of the user, and neither the Declarant nor the Association shall be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

(x) Pools. No above-ground pools, spas or Jacuzzis shall be erected, constructed or installed on any Lots, except as may be permitted and pre-approved by the ARC. Pools, spas and Jacuzzis which are located in-ground or set within decks may be permitted if pre-approved by the ARC.

(y) Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, pick-up trucks and boats shall only be stored in enclosed garages. Tractors, mobile homes, recreational vehicles, a car or truck that is old and in poor repair, trailers, campers and camper trailers shall not be allowed within the Property. Vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted within the Property except within enclosed garages. For purposes hereof, the term "inoperable" vehicle shall include but not be limited to, a vehicle that is put up on blocks or covered with a tarpaulin

and remains on blocks or so covered for 14 consecutive days or any vehicle without current license plates. Notwithstanding the foregoing, service and delivery vehicles may be parked in the driveway of a Lot for such period of time as is reasonably necessary to provide the service or make the delivery to a Lot. Any vehicle which is parked in violation of this paragraph may be towed at the request of the Board of Directors at the Owner's expense. This paragraph shall not apply to any commercial vehicles owned or operated by the Association or the Declarant or any vehicle providing service or making deliveries to or on behalf of the Association or the Declarant, or their designees. All-terrain vehicles, other off-road type vehicles and snowmobiles are not permitted to be used within the Property and must be stored in enclosed garages or other permitted structures.

(z) Roadways, Sidewalks, Driveways. All utilities within the Property shall be installed underground, unless otherwise specifically pre-approved by Declarant or the ARC. To the extent possible, utility lines, including without limitation cable television and gas lines, should be installed, repaired or replaced under existing roadways, sidewalks and driveways by a method which will not disturb the paved surface of such roadway, sidewalk or driveway. This restriction is intended to preserve the aesthetic nature of the paved surfaces.

(aa) Sight Distance at Intersections. All property located at street intersections shall be maintained so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

(bb) Signs and Flagpoles. No "for rent" signs or signs identifying contractors of any kind shall be erected on the Property. A "for sale" sign is permitted on a Lot provided the sign style and location of the sign comply with the requirements of the ARC, which may include, without limitation, use of a standard sign. No other signs, billboards or advertisements shall be erected on the Property except as pre-approved by the ARC. However, the Association shall have the right to erect such signage as it deems necessary or appropriate.

(cc) Subdivision of Unit and Timesharing. No Lot shall be subdivided or its boundary lines changed except by Declarant or by Owners with the prior written approval of the Board of Directors. This paragraph shall not prohibit ownership of a Unit by up to four joint tenants or tenants-in-common. No Unit shall be made subject to any type of timeshare program, interval ownership or similar program whereby the right to exclusive use of the Unit rotates among multiple owners or members of the program on a fixed or floating time schedule over a period of years, except that Declarant reserves the right for itself and its designees and assigns to offer fractional interests in Units and to operate a fractional interest program with respect to such fractional interests. The Declarant also reserves the right to permit certain Units within the Property to be the subject of or part of a vacation or residence club or similar program.

(dd) Tents, Trailers and Temporary Structures. Except as may be permitted by the ARC during initial construction, Owners or occupants shall not place or allow to be placed any tent, utility shed, shack, trailer or other structure of a temporary or permanent nature within the Property.

(ee) Tree Removal. No trees, other than diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, shall be removed unless pre-approved by the ARC. Any stumps remaining must be removed including stumps resulting from trees being damaged by acts of God. This subsection does not apply to Declarant.

(ff) Walls and Fencing. Walls and fencing shall not be permitted on a Lot unless pre-approved by the ARC. Walls and fencing on a Lot is discouraged.

(gg) Wells. No private wells are permitted on any Lot unless pre-approved by the ARC.

(hh) Water Features. All water features within the Property may only be used in accordance with applicable Rules and Regulations. Water features such as wetlands, lakes, ponds, and streams within the Property, that are designated solely for storm water retention facilities or aesthetic purposes only, if any, may not be used for other purposes including, without limitation, fishing, swimming or boating, unless otherwise permitted by Declarant or the Board of Directors. Neither the Declarant nor the Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of any water feature within the Property. No docks, piers, or other structures shall be constructed on or over any water feature within the Property, except such as may be constructed by Declarant, approved pursuant to Article VI of this Declaration or permitted by Supplemental Declaration. The Association will not apply for any marina facility permits and will not construct any docks, piers, or other structures on or over any water feature within the Property, as shown on the approved zoning plan and the Master Plan. The elevation of the land shall not be altered and fill shall not be used to extend the boundaries of a Lot or to change the bulkhead line on any Lot bounded by a wetland, lake, or other water feature unless approved in accordance with Article VI of this Declaration. This paragraph shall not restrict the use of water by the Association or the Club for the Club Property.

(ii) Window Coverings. All windows on any Unit which are visible from the street or dwellings on other Units shall have window coverings which have a white or off-white backing or blend with the exterior color of the dwelling, unless otherwise pre-approved by the ARC. Items commonly used for purposes other than window coverings, such as sheets, and reflective window coverings are prohibited.

2. LEASING OF UNITS

(a) Definition. "Leasing", for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or payment of any kind.

(b) Leasing Provisions. Units may be rented only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Units or assignment of leases unless prior written approval is obtained from the Association. All leases shall be in writing in a form approved by the Association and shall be for a minimum term of three nights. Leasing for a term of less than 90 days is only permitted to individuals who are members of Red Ledges Club, their family members and guests of said members or family members, and only cottages and condominiums qualify as Units which can be leased for less than 90 days. The Association reserves the right to limit the maximum number of times a particular Unit may be rented in any given year. The leasing of a Unit for a term of 90 days or more is permitted only twice each year. The Association may charge each Owner an administrative fee for reviewing and approving proposed leases. The Owner must make available to the lessee copies of the Association Documents. All leases shall require that the tenant acknowledge receipt of the Association Documents and provide that, in the event of non-compliance, the Board may, in addition to other remedies available to it, evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the tenant. This paragraph shall not apply to leasing by Declarant or its successors, assigns or affiliates.

3. COMPLIANCE WITH THE DOCUMENTS

Every Owner shall cause all occupants of his or her Lot to comply with the Association Documents, and shall be responsible for all violations and losses to Common Area caused by such occupants, notwithstanding the fact that such occupants of a Lot are fully liable and may be sanctioned for any violation of the Association Documents.

4. EXCULPATIONS AND APPROVALS

Declarant, the Association, the ARC, the Club and any of their agents may grant, withhold or deny their consent, permission or approval in any instance when their consent, permission or approval is permitted or required at their sole discretion and without any liability of any nature or kind to any Owner or any other Person for any reason whatsoever and shall be indemnified and held harmless by such Owner or other Person from any and all damages resulting therefrom, including, but not limited to, court costs and reasonable attorneys' fees. Every consent, permission or approval by Declarant, the Association, the ARC, the Club or any of their agents under this Declaration shall be in writing and binding upon all Persons.

5. COMMUNITY-WIDE STANDARDS, RULES AND REGULATIONS

The Association, through the Board of Directors, shall have the right to promulgate and impose further Community-Wide Standards or any Rules and Regulations of the Association and thereafter to modify, alter, amend, rescind and augment any of the same with respect to the use, operation and enjoyment of all or a portion of the Property, the Common Area, the Exclusive Common Area and any improvements located thereon including, but not limited to, establishing reasonable fees for the use of facilities and establishing hours and manner of operation.

6. NOTICE TO PURCHASERS AND OWNERS ACKNOWLEDGEMENT

All Owners and occupants of Lots are given notice that use of their Lots is limited by the Association Documents as they may be amended and any Supplemental Declarations. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Association Documents may be amended and changed from time to time.

ARTICLE VII DESIGN REVIEW AND ARCHITECTURAL CONTROL

1. ARCHITECTURAL CONTROL

No construction or development activities, including, without limitation, staking, clearing, landscaping, excavation, grading or other site work, shall be commenced or maintained on any Lot or the Common Areas, no building, structure or other improvement of any kind, including, without limitation, fences, walls, mailboxes, decks, porches, gazebos, pools and hot tubs shall be commenced, erected or maintained within the Property, and no exterior addition, change or alteration of any nature to the Lots, Units or other existing improvements within the Property, including, without limitation, changes in color, changes or additions to driveway or walkway surfaces and landscaping modifications (hereinafter, individually and collectively referred to as "Improvements"), shall be made until and unless the requirements of this Article have been fulfilled.

2. INITIAL CONSTRUCTION

To the extent the Declarant has reserved rights of architectural review, approval or control over all or any portion of the Community pursuant to any contract, deed, covenant or other agreement, then the provisions of such other contract, deed, covenant or other agreement shall control and supersede any other matter otherwise within the scope of this Article and the approval by the Declarant pursuant to such other contract, deed, covenant or other agreement of any other matter otherwise within the scope of this Article shall be deemed full and complete compliance with this Article. To the extent the Declarant has expressly assigned in writing any or all of its reserved rights pursuant to this Article to the Architectural Review

Committee, then any such assigned rights shall be exercisable by the Architectural Review Committee, as set forth herein.

3. DESIGN REVIEW

(a) Design Review by the Declarant. Each Owner, by a deed or other instrument conveying an interest in any portion of the Property, acknowledges that, as the developer and initial owner of the Property, the Declarant has a significant and substantial interest in ensuring that the improvements within the Property enhance the Community and do not adversely impact the ability of the Declarant to market, sell or lease any portion of the Property. Each Owner, by acceptance of a deed or other instrument conveying an interest in any portion of the Property, agrees that no Improvements shall be commenced within or upon a Lot unless and until the Declarant has given its prior written approval for such Improvements, which approval may be granted or withheld in the sole discretion of the Declarant. In reviewing and acting upon any request for an approval, the Declarant shall be acting in its own interest and shall owe no duty to any other Person, including, without limitation, the Association or any of its Members.

The rights reserved to the Declarant pursuant to this Article shall be applicable for the duration of the Declarant's Rights Period (defined below), unless earlier assigned or terminated by a written instrument executed by the Declarant.

(b) Architectural Review Committee. The Declarant may, but shall not be obligated to, assign all or a portion of its reserved rights under this Article to the Architectural Review Committee, subject to (i) the right of the Declarant to revoke such assignment at any time and thereafter resume jurisdiction over the matters previously assigned to the Architectural Review Committee and (ii) the right of the Declarant to veto any decision of the Architectural Review Committee which the Declarant believes, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as the Declarant has retained any rights under this Article, the authority of the Architectural Review Committee shall be limited to such matters as are specifically assigned to it by the Declarant. Unless and until such time as the Declarant assigns all or a portion of its reserved rights, neither the Architectural Review Committee nor the Association shall have any authority over design matters and upon any such assignment, the Architectural Review Committee shall accept and exercise the authority so assigned strictly in accordance with this Article and in accordance with any such assignment.

The Architectural Review Committee, if and when appointed, shall consist of at least three members who shall serve and may be removed and replaced in the discretion of the Board of Directors. The members of the Architectural Review Committee need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board of Directors. The duties of the Architectural Review Committee established under this Article shall be exercised by the Board of Directors in the event that an Architectural Review Committee is not appointed by the Board or to the extent any such duties are not delegated by the Board to the Architectural Review Committee.

(c) Design Review by the ARC. Upon expiration or termination of the rights of the Declarant under this Article, the Architectural Review Committee, shall assume responsibility for design matters hereunder and shall be entitled to exercise all those powers previously reserved to the Declarant pursuant to this Article.

(d) Design Review Entity. The Declarant or the Architectural Review Committee, as the case may be, shall be known as the "Design Review Entity" during the time such entity has jurisdiction over Improvements pursuant to this Article.

(e) Application Fees and Reimbursements. The Declarant and thereafter the Architectural Review Committee may establish and charge reasonable fees for review of applications hereunder. In addition, the Declarant or the Architectural Review Committee may retain architects, engineers or other design professionals to assist in the review of any application and the Declarant or the Architectural Review Committee may require reimbursement by the applicant of fees charged by any architect, engineers or other design professionals.

4. DESIGN REVIEW GUIDELINES AND PROCEDURES

(a) Design Guidelines. The Design Guidelines that have been adopted by the Declarant and the Association and are incorporated herein by reference. The Design Guidelines provide guidance to Owners and Builders regarding matters deemed to be of relevance or importance to the Design Review Entity in considering applications for design approval and set forth minimum requirements for all Improvements with the Property and are available upon request by an Owner to the Association. The Design Guidelines shall not be the exclusive basis for decisions hereunder and compliance with the Design Guidelines shall not guarantee approval of an application. The Design Guidelines may contain general provisions applicable to all of the Community, as well as specific provisions which vary from one portion of the Community to another, depending upon the location, type of construction or use, and unique characteristics of the property.

The Design Guidelines adopted pursuant to this Article shall be subject to modification and amendment from time to time in the sole discretion of the Design Review Entity. Modifications and amendments to the Design Guidelines shall not apply to or require modifications to or removal of Improvements previously approved once such Improvements have commenced. There shall be no limitation on the scope of modifications or amendments to the Design Guidelines. All modifications and amendments to the Design Guidelines shall be published in Association newsletters, electronic bulletin boards, by e-mail, or by other means calculated to give reasonable notice to Owners of such modifications or amendments; provided, however, that the failure of any Owner to actually receive any Design Guideline or modification or amendment to the Design Guidelines pursuant to this Article, shall not affect the validity of any such Design Guideline or modification or amendment thereto.

The Design Review Entity shall make copies of the Design Guidelines available to Owners and Builders and may charge a reasonable fee to cover the costs of providing the Design Guidelines.

(b) Procedures. Prior to commencing any Improvements for which review and approval is required under this Article, an Owner must follow the procedure for approval of such Improvements as set forth in the Design Guidelines. The procedure includes submittal of detailed plans showing the site layout, including grading, exterior elevations, exterior materials and colors, landscaping, drainage, lighting, irrigation, and other features of the Improvements, as required by the Design Guidelines and the Design Review Entity. The Design Review Entity may also require the submission of such additional information as it deems necessary to consider an application for approval of construction of Improvements on a Lot.

The Design Review Entity may consider (but shall not be restricted to consideration of) visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to the Club Property, surrounding structures and plant life, compliance with the general intent of the Design Guidelines and architectural merit. In many instances, decisions will be based solely on aesthetic considerations and each applicant acknowledges that determinations as to such matters may be highly subjective and opinions may vary as to the desirability and/or attractiveness of particular Improvements.

The Design Review Entity shall, within 45 days after receipt of a complete application for final plan approval (“Final Approval Application”) advise the applicant, in writing, at an address specified by such party at the time of the Application, of (i) the approval of the Final Approval Application, or (ii) the disapproval of the Final Approval Application, providing a reasonable explanation of the segments or features of the Final Approval Application which are objectionable and suggestions, if any, for addressing such objections. In the event the Design Review Entity fails to advise the applicant by written notice within 45 days of receipt of a complete Final Approval Application of either the approval or disapproval of the Final Approval Application, the applicant may give the Design Review Entity written notice of such failure to respond, stating that unless the Design Review Entity responds within 10 days of receipt of such notice, approval shall be deemed granted. Upon such further failure of the Design Review Entity to grant an approval or disapproval, approval shall be deemed to have been given, subject to the right of the Declarant (during the Declarant’s Rights Period) to veto approval by the Architectural Review Committee as set forth in this Article. Notwithstanding the foregoing, no approval, whether expressly granted or deemed granted pursuant to this Section), shall be materially inconsistent with the Design Guidelines unless an exception has been granted in writing as set forth below. The notices contemplated herein shall be deemed to have been given at the time the envelope containing such notice, property addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall also be sufficient and shall be deemed to have been given at the time of delivery. An Owner shall not submit or permit the submission of plans for Improvements to applicable local governmental authorities until having received approval thereof from the Design Review Entity.

Within three business days after the Architectural Review Committee has approved any Final Approval Application relating to proposed Improvements within the scope of matters delegated to the Architectural Review Committee by the Declarant (during the Declarant’s Rights Period), the Architectural Review Committee shall give written notice of such action to the Declarant together with such other information as the Declarant may require. The Declarant (during the Declarant’s Rights Period), in the Declarant’s sole discretion, shall have 15 days after receipt of such notice to veto any such action by written notice to the Architectural Review Committee and/or the applicant.

If construction does not commence on any Improvements for which approval has been granted within 12 months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the applicant to re-submit the Final Approval Application for reconsideration and approval in accordance with such Design Guidelines as are then in effect. The applicant shall diligently pursue construction to completion and all Improvements shall be completed within one year of commencement or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the applicant, as determined in the sole discretion of the Design Review Entity.

5. NON-PRECEDENTIAL NATURE OF APPROVALS

Each applicant acknowledges that the composition of the Architectural Review Committee will change from time to time and that decisions regarding aesthetic matters and interpretation and application of the Design Guidelines may vary from time to time. In addition, each applicant acknowledges that it may not always be possible to identify objectionable features of proposed Improvements until the Improvements are completed, in which case it may be unreasonable to require changes to the Improvements previously approved, but the Design Review Entity may refuse to approve similar Improvements in the future. Approval of Improvements for any particular applicant or Lot shall not be deemed a waiver of the right to withhold approval as to any similar Improvements subsequently submitted for approval.

6. WAIVERS AND EXCEPTIONS

The Design Review Entity may, in its sole discretion, but shall not be required to, authorize waivers or exceptions from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations, architectural merit, or other reasonable considerations warrant such a waiver or exception. Such exceptions shall be granted only if and when, in the reasonable judgment of the Design Review Entity, unique circumstances exist, and no applicant shall have any right to demand or obtain a waiver or exception. No waiver or exception may (i) be effective unless in writing, (ii) be contrary to this Declaration, (iii) estop the Design Review Entity from denying a waiver or exception in other circumstances or (iv) be inconsistent with the goals or objectives of the Declarant.

7. LIMITED SCOPE OF APPROVAL

The standards and procedures established by this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Community. Neither the Declarant, the Association, the Board, nor the Architectural Review Committee shall bear any responsibility for ensuring structural integrity or soundness or compliance with building codes and other governmental approvals or requirements, or ensuring that any Improvements are located so as to avoid impairing views from or having other negative impacts on other Lots. No representation is made by the Declarant with respect to the quality, size, value or design of future Improvements. Neither the Declarant, the Association, the Board, the Architectural Review Committee, nor any member of any of the foregoing shall be liable for soil conditions, drainage problems, availability or suitability of the Lots for well and septic systems, or other site work, nor for defects or errors in any plans or specifications submitted as part of the application process, nor for any structural or other defects in Improvements constructed according to an approved Final Approval Application, nor for any injury, damages, or loss arising out of the manner, design or quality of any approved Improvements. Each Person who submits plans or specifications and every Owner agrees that such Person or Owner will not bring any action or suit against the ARC, the Association, Declarant or any other party, to recover any damages and hereby releases, remises, quit claims, and covenants not to sue for all claims, demands, and causes of actions arising out of or in connection with this Article VII and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

8. ENFORCEMENT

Any Improvements constructed in violation of this Article or in a manner inconsistent with the approved Final Approval Application shall be deemed to be nonconforming. Upon written request from the Declarant, the Board of Directors or the Architectural Review Committee, the defaulting Owner shall, at their own cost and expense, promptly remove any nonconforming Improvement and restore the property to substantially the same condition as existed prior to the nonconforming Improvements. Should an Owner fail to remove and restore as required, the Declarant, the Board of Directors or the Architectural Review Committee, or their designees shall have the right to enter the Lot or Unit, remove the violation and restore the Lot or Unit to substantially the same condition as previously existed and any such action shall not be deemed a trespass. Upon demand, the Owner shall promptly reimburse all costs incurred by any of the foregoing in exercising their rights under this Section.

Declarant (during the Declarant's Rights Period), or the Association (after expiration of the Declarant's Rights Period), may fine or preclude any contractor, subcontractor, agent, employee or other invitee of any Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines from continuing or performing any further activities in the Community, subject to the notice and hearing procedures contained in the Bylaws. Neither the Declarant, the Association, nor their

officers, directors or agents shall be held liable to any Person for exercising the rights granted by this Article.

In the event that the Association fails to take enforcement action within 30 days after receipt of a written demand from the Declarant identifying the violator and/or specifying the nature of the violation, then the Association shall reimburse the Declarant for all costs reasonably incurred by the Declarant in taking enforcement action with respect to such violation plus ten percent (10%), but only to the extent the Declarant prevails in such action.

9. RIGHTS OF THE CLUB

The Club shall be given 15 days prior written notice of all meetings of the ARC wherein the Improvement under consideration (or any portion thereof) is contiguous to the Club Property or in the direct line of sight from the Club Property for the depth of one Lot. If in the reasonable opinion of the Club the Improvement being reviewed has a material adverse impact on any golf course or other recreational amenity, whether by restriction of view, hazards to person or otherwise, then, in that event, the Club may disapprove the proposed Improvement irrespective of the approval of same by the ARC and the Owner shall resubmit to the ARC the proposed Improvement so as to take into account the objection of the Club which shall be given in writing to the Owner by the ARC.

10. IMPROVEMENTS BY DECLARANT; AMENDMENT

This Article shall not apply to any Improvements to the Property made by the Declarant or on behalf of the Association. This Article may not be amended without the Declarant's prior written consent so long as the Declarant owns any portion of the Property or the Additional Property and the Club's prior written consent.

ARTICLE VIII NEIGHBORHOODS; NEIGHBORHOOD ASSOCIATIONS

1. NEIGHBORHOODS

A parcel of land intended for development as a residential area may constitute a Neighborhood, subject to further division into more than one Neighborhood upon further development. Declarant may designate Neighborhoods by the Master Plan or by Supplemental Declaration. The Lots within a particular Neighborhood may be subject to additional covenants. Owners of Lots within a Neighborhood may be members of a Neighborhood Association in addition to the Association, but no such Neighborhood Association shall be required except in the case of a condominium or as otherwise required by law. Each Neighborhood, upon the affirmative vote, or written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may request that the Association provide a higher level of service or special services for the benefit of Lots in such Neighborhood, the cost of which shall be assessed against the benefited Lots as a Neighborhood Assessment. The Association may, but is not required to, provide such higher level of services. The Board of Directors of the Association may consult on an advisory basis with the Board of Directors of a Neighborhood Association on maintenance of Exclusive Common Area and other issues affecting the Neighborhood.

2. EXCLUSIVE COMMON AREA

(a) Neighborhood Expense. All costs and expenses of the Exclusive Common Area shall be borne by the Owners of Lots located in the Neighborhood benefited by such Exclusive Common Area, as set forth in a Supplemental Declaration or a Neighborhood Declaration, if any.

(b) Operation of Neighborhood Association. A Neighborhood Association shall have the right, subject to Declarant's prior consent if prior to the Turnover Date, to contract with the Association to provide for the operation and maintenance of its Exclusive Common Area.

3. CERTAIN RIGHTS OF DECLARANT REGARDING NEIGHBORHOOD ASSOCIATIONS

Declarant hereby reserves the right, and the power, but neither the duty nor the obligation, without the consent of any other Person:

(a) to determine consistency of any Neighborhood Documents with this Declaration, and approve and consent to any Neighborhood Documents and any amendments thereto prior to their recordation in Wasatch County, Utah. Neighborhood Documents shall not be effective until Declarant approves and consents to them in writing;

(b) to require that specific provisions be included in Neighborhood Documents as Declarant reasonably deems appropriate, including, without limitation, any provisions required to render such Neighborhood Documents consistent with this Declaration;

(c) to require that the fiscal year of any Neighborhood Association be the same as that of the Association;

(d) to require that the Association approve the budget of any Neighborhood Association prior to the approval by the Neighborhood Association;

(e) to create additional Neighborhood Associations for the operation, administration and maintenance of any Neighborhood, or groups of Neighborhoods; and

(f) to approve or disapprove the merger of any two or more Neighborhood Associations.

4. CERTAIN RIGHTS OF ASSOCIATION REGARDING NEIGHBORHOOD ASSOCIATIONS

(a) Enforcement. If any Neighborhood Association fails to comply with this Declaration or any of the other Association Documents or any Neighborhood Documents, the Association shall have the right and power, but neither the duty nor the obligation, to enforce the provisions of this Declaration or the Neighborhood Documents, or to perform the Neighborhood Association's duties and responsibilities, or to seek judicial relief or remedy to require compliance with same, and to obtain payment of the cost of such performance or enforcement, plus a reasonable administrative charge equal to ten percent (10%) of such amount.

(b) Special Assessments. The Association shall have the right, in addition to any other rights of the Association, to specially assess the members of a Neighborhood Association and such Neighborhood Association for expenses incurred by the Association for such Neighborhood Association.

(c) Collection of Assessments. Upon request by the Association, each separate Neighborhood Association shall collect from each Owner (other than the Declarant) the Common Assessments for the Association for each Lot within the Neighborhood and shall promptly remit such amounts to the Association. In the event that any Owner shall fail to pay to the Neighborhood Association his or her Common Assessments as levied by the Association, the Association shall have the right to collect such Assessments directly from such Owner.

(d) Entry Rights. The Association shall have the right, for itself, its designee, or any agent or employee, to enter upon any property administered by a Neighborhood Association to carry out the provisions of the Association Documents or the applicable Neighborhood Documents and the same shall not constitute a trespass.

(e) Delegation. The Association shall have the right and power, but neither the duty nor the obligation, to assign in whole or in part, exclusively or non-exclusively, and on a permanent or temporary basis, to any Neighborhood Association any obligation of maintenance or repair created under this Declaration or by assignment from Declarant. If a Neighborhood Association does not accept such rights and obligations in a manner consistent with the standards established by the Association, then the Association shall have the right, but not the obligation, by its sole act, to terminate such assignment, and again fulfill such rights and obligations.

(f) Right to Maintain Exclusive Common Area. The Association shall have the right to maintain the Exclusive Common Area of a Neighborhood, including in particular, all landscaping within the Neighborhood, and may assess the cost of such maintenance as a Neighborhood Expense.

(g) Priority. When Neighborhood Documents are in conflict with this Declaration, or any of the other Association Documents, the latter shall prevail.

ARTICLE IX MEMBERSHIP AND VOTING RIGHTS

1. CLASSES OF MEMBERSHIP AND VOTING RIGHTS

The Association shall have two classes of membership, Class "A" Membership and Class "B" Membership as follows:

(a) Class "A" Membership. Class "A" Members shall be all Owners of fee title to Lots other than Declarant. The total number of memberships that may be issued in Class "A" shall be equal to the maximum number of Lots that are permitted be constructed in the Community.

(b) Class "B" Membership. The Class "B" Member shall be Declarant. The Class "B" Member shall be entitled to appoint all of the members of the Board of Directors prior to the Turnover Date. On the Turnover Date, the Class "B" Membership shall terminate and, notwithstanding anything else contained herein, Declarant shall become a Class "A" Member. The total number of memberships that may be issued in Class "B" shall be one.

2. VOTING

Each Class "A" Member shall be entitled to one vote for each Lot owned in any vote of the Class "A" Members. The Class "B" Member shall be entitled to five votes for each Lot owned by the Class B Member.

3. JOINT OWNERSHIP

Voting rights may be exercised by a Member or the Member's spouse. In any situation where more than one Person holds an interest in a Lot, the vote for that Lot shall be exercised by any such Person; provided, however, the Persons holding the interest in the Lot can notify the Secretary of the Association, in writing, prior to or during any meeting of the manner in which the vote for the Lot is to be exercised and, in the absence of such notice, the Lot's vote shall be suspended if more than one Person

seeks to exercise it. The voting rights of a Member that is a company or other form of entity ownership shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

4. TURNOVER DATE

The Turnover Date shall occur within 60 days of the occurrence of the earliest of the following conditions:

(a) the sale of all of the Lots intended to be developed within the Property and the Additional Property to initial retail purchasers; or

(b) such earlier date, as determined by the Declarant, in its sole and absolute discretion.

5. THE CLUB'S APPROVAL RIGHTS

The Club shall have the right to disapprove actions of the Board and any committees which in its reasonable judgment materially and adversely affect the use of the Club Property or its rights or obligations under this Declaration. This right may be exercised by the Club at any time within 10 days after the Club's receipt of the notice of such proposed action. This Article IX, Section 5 may not be amended without the prior written consent of the Club.

ARTICLE X ASSESSMENTS

1. AFFIRMATIVE COVENANT TO PAY ASSESSMENTS

There is hereby imposed upon each Owner and each Lot, the affirmative covenant and obligation to pay to the Association all Assessments in respect of the Lot. Each Owner, by acceptance of a deed or other instrument conveying title to a Lot, whether or not it is so expressed in such deed or instrument, shall be obligated and agrees to pay all Assessments, regardless of their nature, including, but not limited to, any then past due Assessments in accordance with the provisions of this Declaration and consents and agrees to the lien rights hereunder against the Lot. The liability for Assessments is personal to the Owner and may not be avoided by waiver of the use or enjoyment of Common Area or Exclusive Common Area, or by abandonment of the Lot for which the Assessments are made. Neither the liability for Assessments, nor the amount of Assessments, shall be reduced or avoided due to the fact that all or any portions of the Common Area, Exclusive Common Area or other portions of the Property are not completed. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or the Board of Directors to take some action or perform some function required to be taken or performed by the Association or the Board of Directors under this Declaration, the Articles of Incorporation, or the By-Laws or for inconvenience or discomfort arising from the making of repairs or improvements, or from any action taken to comply with any law or with any order or directive of any municipal or other governmental authority.

2. CREATION OF ASSESSMENTS

There are hereby created Assessments for expenses of the Association as the Board of Directors may authorize from time to time to be commenced at the time and in the manner set forth in Article X, Section 3 hereof. There shall be three types of Assessments:

(a) Common Assessments. Common Assessments shall be levied equally on all Lots.

(b) Neighborhood Assessments. Neighborhood Assessments shall be levied equally on all Lots within the Neighborhood for whose benefit Neighborhood Expenses are incurred as provided in Article X, Section 5, below; and

(c) Special Assessments. Special Assessments shall be levied as provided in Article X, Section 6, below.

No Assessment, of any kind, shall be assessed against the Club Property.

3. PAYMENT OF ASSESSMENTS

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, an acceleration of the annual Common Assessment and any Neighborhood Assessment for delinquent payments. Unless the Board of Directors provides otherwise, the Common Assessment and any Neighborhood Assessment allocated to a Lot shall be paid in advance on a quarterly basis. Following the Turnover Date, Declarant shall pay Assessments on any Lot it owns, as and when such Assessments become due. The Association shall, upon demand at any time, furnish to any Owner liable for any type of Assessment a certificate, in writing, signed by an officer of the Association, setting forth whether such Assessment has been paid in respect of any particular Lot. Such certificate shall be conclusive evidence that the Assessment stated therein has been paid to the Association. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

4. COMPUTATION OF COMMON ASSESSMENT

It shall be the duty of the Board of Directors to prepare a budget annually that shall reflect the estimated revenues and Common Expenses of the Association for the ensuing fiscal year, including but not limited to fees and charges for Telecommunication Services, defined below, and use of Common Area charged by the Association, if any; the estimated surplus or deficit; and the estimated funds necessary to maintain the accounts established by the Board of Directors in accordance with the By-laws (including any capital replacement reserve accounts provided for in the Association's budget). The Common Assessment levied against each Lot which is subject to the Common Assessment shall be computed by dividing the budgeted Common Expenses by the total number of Lots which are subject to Common Assessments plus the total number of Lots reasonably anticipated to become subject to Common Assessments during the fiscal year, subject to the provisions of Section 1 of Article XIX hereof . The budget and the amount of the Common Assessment shall be determined by the Board of Directors, in their sole and absolute discretion.

The Board of Directors shall cause a copy of the Common Expense budget and notice of the amount of the Common Assessment to be levied for the following year to be delivered to each Owner at least 30 days prior to the beginning of the fiscal year. The budget adopted by the Board shall become effective automatically. After the Turnover Date, the budget adopted by the Board shall automatically become effective unless disapproved by at least seventy-five percent (75%) of the Class "A" Members. However, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for calling special meetings, which petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment. Notwithstanding the foregoing, in the event the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue; provided, however, that upon the adoption of a new budget, the same shall be deemed retroactive to the beginning of the then current budget year and each Owner shall pay the increase, if any, in the Common Assessment for the beginning of such year at the time the next installment is due.

5. COMPUTATION OF NEIGHBORHOOD ASSESSMENTS

It shall be the duty of the Board of Directors annually to prepare a separate budget reflecting the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred for the ensuing fiscal year. The Board of Directors shall be entitled to set such budget in its sole and absolute discretion limited only to the extent that this Declaration or a Supplemental Declaration specifically authorizes the Board of Directors to assess certain costs as a Neighborhood Assessment. Any Neighborhood may request that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to the Neighborhood's budget. This budget may include a capital contribution establishing a reserve fund for repair and replacement of capital items within the Neighborhood, as appropriate. The Neighborhood Assessment levied against each Lot in that Neighborhood which is subject to the Neighborhood Assessment shall be computed by dividing the budgeted Neighborhood Expenses for that Neighborhood by the total number of Lots within such Neighborhood which are subject to the Neighborhood Assessments plus the total number of Lots in that Neighborhood reasonably anticipated to become subject to the Neighborhood Assessments during the fiscal year. The Board of Directors shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Lot for the coming year to be delivered to each Owner of a Lot in the benefited Neighborhood at least 30 days prior to the beginning of the fiscal year. The budget shall become effective automatically. After the Turnover Date, the budget adopted shall become effective automatically unless disapproved at a meeting of the Neighborhood by Owners of a majority of the Members in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members in such Neighborhood required for calling special meetings which petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment. This right to disapprove shall only apply to those line items in the Neighborhood budget which are attributable to services requested by the Neighborhood and shall not apply to any item which the Association Documents require to be assessed as a Neighborhood Assessment. In the event the Board of Directors fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue.

6. SPECIAL ASSESSMENTS

(a) As To All Members. The Board of Directors, upon the affirmative vote of a majority of votes cast by the Class "A" Members of the Association and the consent of the Class "B" Member so long as the Class "B" Membership exists, may levy Special Assessments for unbudgeted expenses or expenses in excess of those budgeted for, including but not limited to, capital improvements and repairs. However, no membership vote shall be required for Special Assessments due to budget shortfalls in any year, as a result of an emergency to protect, preserve or repair the Common Area from any casualty or threat thereof or as otherwise provided in subsection (b) hereof. Special Assessments pursuant to this paragraph shall be payable in such manner and at such times as determined by the Board of Directors, and may, if the Board of Directors so determines, be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

(b) Less Than All Members. Without a membership vote, the Association may levy a Special Assessment against any Member individually and against such Member's Lot to reimburse the Association for costs incurred in bringing a Member and the Lot into compliance with the provisions of the Declaration, any amendments thereto, the Articles of Incorporation, the By-Laws, any Rules and Regulations or the Community-Wide Standards, which Special Assessment may be levied upon the vote of the Board of Directors after notice and an opportunity for a hearing has been given to the Member. Further, Special Assessments may be levied to cover the costs, including overhead and administrative

costs, of providing services to Units or Owners upon request of Owners pursuant to a menu of special services that may be offered by the Association, without any vote of the Board. Such Special Assessments may be levied in advance of the provision of the requested service. The Association may also levy, without a membership vote, a Special Assessment against the Lots in any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of this Declaration, any amendments thereto, any Supplemental Declaration, if applicable, and the Articles of Incorporation, the By-Laws, any Rules and Regulations, or the Community-Wide Standards, which Special Assessment may be levied upon the vote of the Board of Directors after notice and an opportunity for a hearing has been given to the Members from such Neighborhood. In the event the Association enters into a bulk rate telecommunications agreement for the Community, the Association may assess all Lots for which a certificate of occupancy has been issued for telecommunications service, without a vote of the Class "A" Members. For any Special Assessment levied for failure to comply with the Association Documents, the Association may add an administration charge equal to ten percent (10%) of such amount.

(c) Club Charges. Club Charges (defined below) remaining unpaid for 30 days or more shall be delinquent and deemed to constitute a Special Assessment for which no vote of the Members is required.

7. DECLARANT'S OBLIGATION FOR ASSESSMENTS

Beginning on the date of the recordation hereof, and continuing so long as Declarant owns one or more Lots, each year until the Turnover Date, Declarant shall either (i) fund the difference, if any, between the amount of Assessments payable by Owners other than Declarant and the actual Common Expenses incurred by the Association for each Assessment period (the "Association Deficit"); or (ii) pay Assessments on its unsold Lots as described more fully below.

In the event Declarant elects to fund the Association Deficit, Declarant shall either (i) advance a loan to the Association in an amount equal to the Association Deficit (individually a "Declarant Loan" and collectively the "Declarant Loans"), in full and complete satisfaction of Declarant's obligation for Assessments for such Assessment period; or (ii) pay outright to the Association an amount equal to the Association Deficit ("Declarant Payment").

Each Declarant Loan, if any are made, shall be on such terms and at such rates as are commercially reasonable and acceptable to the Board. Declarant Loans may be in addition to, or in lieu of, loans obtained by the Association from other Persons. The Declarant Loans shall be evidenced by one or more promissory notes from the Association and shall be listed as "Declarant Loans" on all annual budgets and year-end statements of the Association. If Declarant Loans are made, such loans represent valid and binding debts of the Association which must be repaid according to their terms from Common Assessments or Special Assessments collected by the Association.

After the Turnover Date, Declarant shall pay outright Assessments on each Lot it owns.

Each Assessment payment made by Declarant and each Declarant Payment, if any are made, may be satisfied by Declarant's cash payment or may be satisfied by "in kind" contributions of services or materials, or a combination of the same. If Declarant uses "in kind" contributions, then the nature and value of such contributions must be agreed to in writing between the Declarant and the Board.

8. ESTABLISHMENT OF LIEN

The Association shall have a lien against each Lot to secure payment of any and all delinquent Assessments (including without limitation, delinquent Club Charges which constitute Special

Assessments) as well as interest at a rate not to exceed the highest rate allowed by applicable usury law as computed from the date the delinquency first occurs, and such late charges and fines as may be established by the Board of Directors and costs and reasonable attorneys' fees, upon compliance with applicable law. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first mortgage of record (meaning any recorded mortgage with first priority over other mortgages made in good faith and for value). In the event of delinquency, such lien may be enforced by suit, judgment and foreclosure in the same manner as mortgages on real property are foreclosed under Utah law. Each Assessment, together with interest, late charges and costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time the Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance. All payments shall be applied first to costs and attorneys' fees, then to late charges, then interest, then to delinquent Assessments, then to any unpaid installments of the Common Assessment or Special Assessment in the order of their coming due.

The Association, acting on behalf of its Members, shall have the power to bid for the Lot (or the other portions of the property so affected) at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which the Lot or the other property so affected is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged against such Lot had it not been acquired by the Association. Suit to recover a money judgment for unpaid Common Expenses, costs and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any subsequent Assessments. However, the sale or transfer of any Lot pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such Assessments due prior to the mortgagee's foreclosure. The subsequent Owner of the foreclosed Lot shall not be personally liable for Assessments on such Lot due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to Assessment, including the new Owner, its successors and assigns.

9. RESERVE BUDGET

The Board of Directors may include in the budget each year a capital replacement reserve, which reserve may take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost.

10. CAPITAL CONTRIBUTION

Upon the initial conveyance of each Lot after the date of the recording of this Declaration and each conveyance thereafter, a capital contribution shall be made by the purchaser of such Lot to the Association in an amount to be determined by the Board of Directors from time to time. In the event the initial conveyance of the Lot is to a Builder, a capital contribution in an amount determined by the Board of Directors from time to time may be payable to the Association. This contribution shall be payable at the time the sale of the Lot is closed. The contribution required by this paragraph shall constitute an Assessment against the Lot and shall be subject to the same lien rights as any other Assessment under this Declaration.

11. EXEMPT PROPERTY

Notwithstanding anything to the contrary herein, all Common Area, Exclusive Common Area, all property owned by Declarant (other than Lots following the Turnover Date), and all property dedicated by Declarant to utility companies or governmental authorities, shall be exempt from payment of Common Assessments, Neighborhood Assessments, and Special Assessments.

12. COST-SHARING ARRANGEMENT WITH CLUB

The Club Property is not subject to Assessments. However, the Club and the Association shall enter into a cost-sharing agreement pursuant to which, among other things, the Club shall contribute to the costs of maintaining the Common Areas and pay for any maintenance or other services provided by the Association with respect to the Club Property.

ARTICLE XI MAINTENANCE

1. ASSOCIATION'S RESPONSIBILITY

The Association shall maintain and keep in good repair all Area of Common Responsibility, such maintenance to be funded as herein provided. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement of roadways, lakes, boardwalks, waterways, pathways, water features, preserves, landscaping, flora, fauna, entrance features, gate houses, lighting, the park area referred to previously and all improvements, structures, paths, trails, roadways and like located within said area and all structures and improvements which otherwise form the Common Area, and such portions of any additional property included within the Area of Common Responsibility as may be dedicated by this Declaration, a resolution of the Board, or by an agreement for maintenance by the Association. Notwithstanding anything to the contrary contained herein, to the extent that the Community's entrance feature, including landscaping improvements, signage or other improvements is located in whole or in part on any Lot, this area shall be deemed to be part of the Area of Common Responsibility. For all purposes hereunder, the Association and its agents and designees shall have an easement over and across every Lot for ingress and egress and to perform maintenance as provided herein.

All costs associated with maintenance, repair and replacement of Areas of Common Responsibility shall be a Common Expense to be allocated among Lots as part of the Common Assessment. All costs associated with maintenance, repair and replacement of Exclusive Common Area of a particular group of Lots shall be an expense of and shall be assessed against the Lots that are benefited by Exclusive Common Area.

The Association shall also be responsible for exterior grounds maintenance within any Neighborhood and maintenance, repair and replacement of other property within any Neighborhood to the extent designated herein and in any Supplemental Declaration affecting the Neighborhood. As provided in this Declaration, or any other written agreement, the Association may also assume maintenance responsibilities with respect to any Neighborhood in addition to those designated by Supplemental Declaration.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standards. The costs of such maintenance shall be allocated among the benefited Lots as a Common Assessment, Neighborhood Assessment, or Special Assessment against a particular Lot or Lots, as the Board of Directors determines appropriate.

2. NEIGHBORHOOD ASSOCIATION'S RESPONSIBILITY

Any Neighborhood Association having responsibility for maintenance of all or a portion of the Property within a particular Neighborhood pursuant to Neighborhood Documents shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standards. If any such Neighborhood fails to perform its maintenance responsibility as required herein and in any Neighborhood Documents, the Association may perform it and assess the costs against all Lots within such Neighborhood as provided in Article X of this Declaration.

3. OWNER'S RESPONSIBILITY

Each Owner shall maintain his or her Lot, including all parking areas and other improvements in connection therewith in accordance with Article VI hereof and the Community-Wide Standards.

4. LANDSCAPE MAINTENANCE

In accordance with Article VI, Section 5, the Board of Directors of the Association may adopt Community-Wide Standards regarding landscape maintenance and irrigation, including but not limited to frequency and quantity of maintenance and frequency, quantity and time of day of irrigation. All such Community-Wide Standards shall be adopted in accordance with good agronomical practices. The Association may, but shall not be required to, provide routine landscape maintenance services to all Lots on a voluntary contract basis. If an Owner fails to otherwise maintain his or her Lot in accordance with the Community-Wide Standards the Association, at its option, may maintain such Lot. The cost of such additional maintenance shall be allocated to the Lot being maintained as a Special Assessment.

5. ASSESSMENTS

All maintenance required by this Article XI shall be performed in a manner consistent with the Community-Wide Standards. If any Owner or Neighborhood Association fails to perform his or her or its maintenance responsibility in accordance with the Community-Wide Standards, the Association may perform it and assess all costs incurred by the Association plus an administrative surcharge equal to ten percent (10%) of the amount assessed against the Owner or the Neighborhood Association, as the case may be, as a Special Assessment. Prior to entry, the Association shall afford the Owner or Neighborhood Association 10 days' written notice to remedy a condition inconsistent with the Community-Wide Standards, except when entry is required due to an emergency. All costs of maintenance benefiting all Lots within a particular Neighborhood shall be assessed as a Neighborhood Assessment against the Lots within the Neighborhood to which the services are provided. The provisions of services in accordance with this paragraph shall not constitute discrimination within a class.

6. SANCTIONS

Sanctions under the Association Documents may include reasonable monetary fines (as determined by the Board of Directors) and exclusion from the Property of any Builder, contractor, subcontractor, agent or other invitee who fails to comply with the provisions of the Association Documents. The Board of Directors shall, in addition, have the power to seek relief in any court for violations of the Association Documents or to abate nuisances.

ARTICLE XII INSURANCE AND CASUALTY LOSSES

1. INSURANCE

The Association acting through its Board, or its duly authorized agent, shall obtain and continue in effect blanket all-risk casualty insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, in its discretion or upon request of a Neighborhood Association obtain and continue in effect adequate blanket all-risk casualty insurance, if reasonably available, on all insurable improvements on the Exclusive Common Area within such Neighborhood. If all-risk insurance is not reasonably available, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate for one hundred percent (100%) of the replacement cost of all improvements to be insured. The costs thereof shall be charged to the Owners of Lots within the benefited Neighborhood as a Neighborhood Assessment.

Insurance obtained on the improvements within any Neighborhood, whether obtained by the Neighborhood Association or the Association, shall at a minimum comply with the applicable provisions of this Article XII with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to the Association and to the Neighborhood Association.

The Association shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have the liability limits established by the Board of Directors from time to time.

Premiums for all insurance on the Common Area shall be Common Expenses of the Association and shall be included in the Common Assessment; premiums for insurance provided to Neighborhood Associations shall be Neighborhood Expenses and included in Neighborhood Assessments. The policies may contain a reasonable deductible and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement costs. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Association shall be written in the name of the Association as trustee for the respective benefited parties, as further identified in subsection (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company authorized to do business in the State of Utah.

(b) All policies on the Common Area shall be for the benefit of the Association, its Members and Institutional Mortgagee, if any, as their interests may appear; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners of Lots within the Neighborhood, and their Institutional Mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association on the Property shall be vested in the Board of Directors; provided, however, no Institutional Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Members, occupants, or their Institutional Mortgagees.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified Persons.

(f) The Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Board of Directors, the Association's manager, Members, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be canceled, invalidated, suspended, or subject to non-renewal on account of any one or more individual Members;

(iv) a statement that no policy may be cancelled, invalidated, suspended, or subject to non-renewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand, in writing, delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Member, or Institutional Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Members' policies from consideration; and

(vi) that the Association will be given at least 30 days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Board of Directors shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds, if reasonably available and such other insurance as the Board, in its business judgment determines advisable to obtain. The amount of fidelity coverage shall be determined in the Board of Directors best business judgment but, if reasonably available, may not be less than three months' Assessments on all Lots, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

2. DAMAGE AND DESTRUCTION

(a) Filing Claims. Immediately after damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of

the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Repair and Reconstruction. Any damage or destruction to the Common Area or to Exclusive Common Area shall be repaired or reconstructed unless the Declarant (as long as Declarant owns any portion of the Property or Additional Property) and at least seventy-five percent (75%) of the total votes eligible to be cast by the Class "A" Members of the Association if Common Area is damaged shall decide within 60 days after the casualty not to repair or reconstruct. Any damage or destruction to Exclusive Common Area shall be repaired or reconstructed unless the Declarant (as long as Declarant owns a portion of the Property or Additional Property) and at least seventy-five percent (75%) of the total votes eligible to be cast by the Class "A" Members of the Neighborhood whose Exclusive Common Area is damaged shall decide within 60 days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such funds or information shall be made available; provided, however, such extension shall not exceed 60 additional days. No Institutional Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area, Exclusive Common Area or Lots shall be repaired or reconstructed. In the event that it should be determined in the manner described above that the damage or destruction to the Common Area or Exclusive Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Property shall be restored to its natural state and maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standards.

3. DISBURSEMENT OF PROCEEDS

If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area or the Exclusive Common Area shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Members and their Institutional Mortgagees as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Institutional Mortgagee of a Lot and may be enforced by such Institutional Mortgagee.

4. REPAIR AND RECONSTRUCTION

If the damage or destruction to the Common Area or to Exclusive Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are less than the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners on the same basis as provided for Common Assessments, provided, if the damage or destruction involves the Exclusive Common Area, only the Owners of Lots in the affected Neighborhood shall be subject to Assessment therefor. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

5. INSURANCE

By virtue of taking title to a Lot, each Owner covenants and agrees to carry property insurance to the full replacement cost of all insurable improvements on the Lot, less a reasonable deductible. Each

Owner further covenants and agrees that in the event of damage to or destruction of any portion of the Lot, the Owner shall promptly proceed to repair or to reconstruct the Lot in a manner consistent with the original construction or with such other plans and specifications approved in writing by the ARC. Alternatively, the Owner shall clear and maintain the Lot in a neat and attractive condition consistent with the Community-Wide Standards. The Owner shall be responsible for payment of any costs that are not covered by insurance proceeds.

ARTICLE XIII CONDEMNATION

Whenever all or any part of the Common Area shall be taken, or conveyed under threat of condemnation by the Board of Directors by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Members to be disbursed as follows:

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within 60 days after such taking Declarant (as long as Declarant owns any portion of the Property or Additional Property) and at least sixty-seven percent (67%) of the total votes eligible to be cast by the Class "A" Members of the Association (or at least seventy-five percent (75%) of the total votes eligible to be cast by the Class "A" Members of the Neighborhood if Exclusive Common Area is damaged) shall otherwise agree, the Association shall restore or reconstruct such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or reconstructed, the above provisions of Article XII, Sections 3 and 4 regarding the disbursement of funds, and any required Assessments, in respect to casualty damage or destruction which is to be repaired shall apply.

(b) If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, then such award or net funds shall be disbursed to the Association and used for such capital improvements as the Board of Directors of the Association shall determine.

(c) The Association may dedicate portions of the Common Area to Wasatch County, Utah, to a conservation trust or to any other local state or federal government or quasi-governmental entity.

ARTICLE XIV NO PARTITION

Except as is permitted in this Declaration or any amendments hereto, there shall be no judicial partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Property or any part thereof seek any judicial partition unless the Property has been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property, nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE XV EASEMENTS AND OTHER RIGHTS

It is the intent of Declarant that Declarant, the Association, any Neighborhood Association, the Club and the Owners shall be provided ingress and egress to the Property or portions thereof, in connection with exercising the rights and in carrying out the obligations set forth in the Association Documents, and any Supplemental Declaration. Declarant may by separate instruments to be recorded in Wasatch County, Utah, grant exclusive and non-exclusive easements on, upon, over, across, through and

under the Property for, among other things, the following purposes: (a) use of Common Area for all proper and normal purposes set forth herein; (b) ingress, egress and access to and from, through and between the Property; (c) inspecting any construction, proposed construction or improvements; (d) repairing or maintaining the Property and any facilities or improvements thereon; (e) installing and maintaining the Community's utilities and drainage facilities; (f) encroachments for minor inaccuracies in survey, construction or reconstruction or due to settlement or movement; (g) errant golf balls; (h) maintenance, installation, construction and repair of utilities and facilities; and (i) a right of access to each Lot in favor of the Association or a Neighborhood Association or the Club for maintaining, repairing, replacing and preserving the Common Area or the Club Property. Declarant may grant easements or make dedications enabling the general public to access and use certain designated portions of the Property such as trails and the like. Declarant or the Association may convey portions of the Common Area to providers of utility services on such terms and conditions as they shall determine. Declarant or the Association may lease a portion of the Common Area to UNAVCO, Inc. or its successors or assigns for operation of a GPS system. Notwithstanding the absence of a separate recorded document, the rights set forth in this Section shall still exist for the purposes intended in the Association Documents or as provided in any Supplemental Declaration.

ARTICLE XVI TELECOMMUNICATIONS SERVICES

(a) **Telecommunications Infrastructure.** The Declarant, its designee or an affiliate of Declarant, including without limitation, a joint venture including the Declarant or a subsidiary of Declarant (any of which may be referred to herein as the "Declarant Infrastructure Entity") may, but shall not be required to, install and provide a private infrastructure throughout the Property (the "Telecommunications Infrastructure") for the provision of telephone, cable, video, telecommunications, Internet, security and/or other services (the "Telecommunications Services") and to allow the provision of Telecommunications Services to any and/or all Lots within the Property through the Telecommunications Infrastructure. The Telecommunications Infrastructure may consist of all or a portion of the following: (a) antennae, satellite or terrestrial receiving or transmitting dishes and communication towers, (b) underground or above ground lines and cables (including but not limited to any type of lines or cable such as fiber optic cables or house connection lines required for Telecommunications Services, and (c) all above and below ground structures and appurtenances necessary for the collection, provision, distribution and transmission of Telecommunications Services. Each Owner acknowledges that the Telecommunications Infrastructure shall be and remain the personal property of the Declarant Infrastructure Entity or the provider of the Telecommunications Services (the "Telecommunications Provider"). Owners shall have no ownership interest in the Telecommunications Infrastructure and the right of use thereof shall remain solely with the Declarant Infrastructure Entity or the Telecommunications Provider, as the case may be, regardless of whether any portion thereof may be located upon the Common Area or upon any Lot. Each Owner by acceptance of title to a Unit hereby acknowledges that all Units constructed within the Property shall be pre-wired in accordance with the specifications set forth in the Design Guidelines to ensure compatibility with the Telecommunications Infrastructure and that Declarant Infrastructure Entity reserves an irrevocable right, which may be assigned, to install and maintain the Telecommunications Infrastructure. The Declarant Infrastructure Entity or other Telecommunications Provider may, but shall not be obligated to convey, transfer, sell or assign all or any portion of the Telecommunications Infrastructure to the Association or any other Person (including an Owner as to any portion of the Telecommunications Infrastructure located on a Lot).

(b) **Telecommunications Agreement.** Declarant Infrastructure Entity or the Association may, but shall not be required to, enter into one or more telecommunications services agreements (collectively the "Telecommunications Agreement") for the provision of Telecommunications Services to the Property. In the event a Telecommunications Agreement is entered into, each Owner expressly acknowledges that all Units for which a certificate of occupancy has been issued shall be charged for such

Telecommunications Services as part of the Common Assessment, regardless of whether the Owner desires or uses such Telecommunications Services. No such Owner shall be exempt from liability for Common Assessments (i) by reason of non-use of Telecommunication Services, or (ii) if the Telecommunications Services provided to such Owner are terminated for any period by reason of the failure of such Owner to pay when due any Assessment payment. Additional services may be offered by the Telecommunications Provider on an individual subscriber basis. In the event the Telecommunications Agreement is entered into by Declarant Infrastructure Entity, the Association shall have no right to terminate the Telecommunications Agreement and shall have no right or claim whatsoever to any compensation retained by or paid to the Declarant Infrastructure Entity as a result of or pursuant to the Telecommunications Agreement. If any services provided by virtue of the Telecommunications Infrastructure are provided to some but not all of the Lots, then the cost of any such services shall be an expense for the benefit of the Lots so served and may be assessed as a Special Assessment against such Lots or may be billed to and paid directly by the Owner(s) receiving such services to the Telecommunications Provider. Upon termination of the Telecommunications Agreement, if any, the Declarant Infrastructure Entity or the Telecommunications Provider may, but will not be obligated to, remove all or any portion of the Telecommunications Infrastructure within the Property, including within any Unit after reasonable notice to the Owner, provided no material or substantial injury to the real property would result from such removal.

(c) Exclusivity of the Telecommunication Services. The Declarant Infrastructure Entity's rights with respect to the Telecommunications Services and the Telecommunications Infrastructure shall be exclusive and no other Person will be entitled to provide Telecommunications Services to the Property or use the Telecommunications Infrastructure without the prior written consent of the Declarant Infrastructure Entity, which consent may be withheld in the Declarant Infrastructure Entity's sole discretion. In the event the Telecommunications Infrastructure is installed on the Property, each Owner agrees not to permit any Person other than the Telecommunications Provider to utilize any portion of the Telecommunications Infrastructure, including any portion thereof located upon any Lot, without the prior written consent of the Declarant Infrastructure Entity and the Telecommunications Provider, which consent may be withheld by the Declarant Infrastructure Entity or the Telecommunications Provider in their sole discretion.

(d) Easements for Telecommunications Services. The exact description, location and nature of the Telecommunications Infrastructure has not yet been fixed or determined. Declarant Infrastructure Entity reserves for itself and its designees, successors, assigns and licensees a private, perpetual and exclusive right, privilege, easement and right-of-way across, over and upon the Property, including any Lot, for the installation, construction and maintenance of any telecommunications infrastructure together with a private, perpetual and exclusive right, privilege and easement of unlimited ingress and egress, access, over and upon the Property, including any Lot, for installing, constructing, inspecting, maintaining, altering, moving, improving and replacing facilities and equipment constituting such telecommunications infrastructure, provided no use of such easement shall materially interfere with use of the Lot by an Owner. The Association shall join in any easement granted by Declarant Infrastructure Entity pursuant to the reservation described above to acknowledge and agree (i) that the Property is subject to such easement and the rights therein granted, and (ii) that the Association shall not take any action inconsistent with the terms of such easement and the rights granted therein.

(e) Waiver of Liability for Telecommunications Services. Neither the Association, Declarant Infrastructure Entity, nor any successor, affiliate or designee of Declarant Infrastructure Entity shall in any way be considered insurers or guarantors of security within the Property, and neither the Association, Declarant Infrastructure Entity, nor any successor, affiliate or designee of Declarant Infrastructure Entity shall be held liable for any loss or damage by reason or failure to provide adequate security or ineffectiveness of security measures undertaken by virtue of the Telecommunications Infrastructure, if any, or otherwise. All Owners and occupants of any Unit, and the tenants, guests and invitees of any

Owner, as applicable, acknowledge that the Association and its Board of Directors, and the Declarant Infrastructure Entity, any successor, affiliate or designee of Declarant Infrastructure Entity and the ARC do not represent or warrant that any fire protection system, burglar alarm system or other security system comprising a portion of the Telecommunications Infrastructure, if any, or otherwise, designated by or installed according to guidelines established by Declarant Infrastructure Entity or the ARC may not be compromised or circumvented, that any fire protection or burglar alarm systems or other security systems comprising a portion of the Telecommunications Infrastructure, if any, or otherwise, will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise, nor that fire protection or burglar alarm systems or other security systems comprising a portion of the Telecommunications Infrastructure, if any, or otherwise, will in all cases provide the detection or protection for which such system is designed or intended. Each Owner and occupant of any Unit and each tenant, guest and invitee of any Owner, as applicable, acknowledges and understands that the Association, the Board of Directors, Declarant Infrastructure Entity or any successor, affiliate or designee of Declarant Infrastructure Entity are not insurers and that each Owner and occupant of any Unit and each tenant, guest and invitee of any Owner assumes all risks for loss or damage to persons, to Lots and to the contents of Units and further acknowledges that the Association, the Board of Directors, Declarant Infrastructure Entity or any successor, affiliate or designee of Declarant Infrastructure Entity have made no representations or warranties, nor has any Owner, occupant, tenant, guest or invitee relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems or other security systems recommended or installed comprising a portion of the Telecommunications Infrastructure, if any, or otherwise, or any security measures undertaken within the Community.

ARTICLE XVII DECLARANT'S RIGHTS

1. PURPOSE

The purpose of this Article XVII is to set forth certain Declarant rights, and to refer, for ease of reference, to certain other Declarant rights set forth in this Declaration. The purpose of this Article XVII shall in no way be a limitation of any rights of Declarant otherwise set forth in this Declaration.

2. DURATION OF RIGHTS

The rights of Declarant set forth in this Declaration that refer to this Article XVII shall extend for a period of time ending when Declarant no longer owns any portion of the Property or the Additional Property or such earlier date as determined by Declarant, in its sole and absolute discretion ("Declarant's Rights Period").

3. DECLARANT'S RIGHTS IN THE ASSOCIATION

Prior to and after the Turnover Date and until Declarant no longer owns any portion of the Property or the Additional Property, whether Declarant exercises the right to appoint a majority of the Board of Directors or not, the Association shall have no authority to, and shall not, without the written consent of Declarant, which may be withheld for any or no reason whatsoever, undertake any action which shall:

- (a) prohibit or restrict in any manner the sales and marketing program of Declarant or the leasing activities of Declarant;
- (b) decrease the level of maintenance services provided by the Association;

- (c) change the membership of the ARC or diminish its powers as stated herein;
- (d) alter or amend this Declaration, the Articles of Incorporation or the By-Laws;
- (e) terminate or waive any rights of the Association under this Declaration;
- (f) convey, lease, mortgage, alienate or pledge any easements on Common Area or Exclusive Common Area;
- (g) accept the conveyance, lease, mortgage, alienation or pledge of any real or personal property to the Association;
- (h) terminate or cancel any easements granted hereunder or by the Association;
- (i) terminate or impair in any fashion any easements, powers or rights of Declarant hereunder;
- (j) restrict Declarant's rights of use, access and enjoyment of any of the Property; or
- (k) cause the Association to breach or default on any obligation of it under any contract or this Declaration.

In any such matter, Declarant's consent may be exercised by its representative on the Board or other Person designated to so act by Declarant.

4. RIGHT OF DECLARANT TO DISAPPROVE ACTIONS

From the Turnover Date and until the Declarant no longer owns any portion of the Property or the Additional Property, Declarant shall have a right to disapprove actions of the Board and any committees, as is more fully provided in this Section. This right shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument, or who become a successor Declarant pursuant to a recorded assignment or court order. No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy or program be implemented until 10 days following Declarant's receipt of notice of the action taken at the meeting held pursuant to the terms and provisions hereof. At any time prior to the expiration of such 10 day period, Declarant may exercise its right to disapprove actions of the Board and any committees and the Association shall not take any action or implement any policy, program or rule or regulation previously approved by the Association that Declarant has disapproved.

This right to disapprove shall not extend to the requiring of any action or counteraction on behalf of any committee or the Board or the Association. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

5. RECOGNITION BY OWNERS OF DECLARANT'S RIGHTS TO DEVELOP AND CONSTRUCT IMPROVEMENTS ON THE PROPERTY

Each Owner on his, her or its own behalf and on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns acknowledges and agrees that the completion of the development of the Community may occur over an extended period of time and that incident to such development and the construction associated therewith, the quiet use and enjoyment of the Property and each portion thereof may be temporarily interfered with by the development and construction work occurring on those portions of the Property and the Additional Property owned by Declarant or its

successors and assigns. Each Owner, on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns does hereby waive all claims for interference with such quiet enjoyment and use as a result of the development and construction of any portion of the Property or the Additional Property. Each Owner on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns agrees that the development, construction and completion of the Property and the Additional Property may interfere with such Owner's original and existing views, light and air and diminish the same and each such Owner on such Owner's behalf and on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns does hereby release Declarant and its successors in interest and others involved from all claims that they may have in connection therewith.

6. DECLARANT'S RIGHTS IN CONNECTION WITH DEVELOPMENT

Declarant and its successors or assigns or its or their contractors or subcontractors and their representatives will undertake the work of site development, constructing buildings and dwellings and improvements related thereto. The completion of that work and the sale, resale, rental and other disposal of Lots is essential to the establishment and welfare of the Community. In order that said work may be completed and the Community established as a fully occupied Community as rapidly as possible, no Owner or the Association shall do anything to interfere with Declarant's or any Builder's activities. Without limiting the generality of the foregoing, nothing in this Declaration or the Articles of Incorporation or the By-Laws or any amendment thereto shall be understood or construed to prevent Declarant, its successors or assigns, or its or their contractors or subcontractors and their representatives from:

(a) doing on any property owned by them whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation, the alteration of its construction plans and designs as Declarant or any Builder deems advisable in the course of development (all models or sketches showing plans for future development may be modified by Declarant at any time and from time to time, without notice); or

(b) erecting, constructing and maintaining on any property owned or controlled by Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing Red Ledges as a community and disposing of the same by sale, lease or otherwise; or

(c) conducting on any property owned or controlled by Declarant or its successors or assigns, its or their business of developing, subdividing, grading and constructing improvements on such property and of disposing of Lots therein by sale, resale, lease or otherwise, including, but not limited to, placing signs and directional posts of any kind, shape or size, on any portion of the Property in Declarant's sole discretion.

Declarant hereby retains an easement over, under and through the Property, including without limitation each and every Lot, for development of the Community and to accomplish the purposes set forth herein, provided no such easement shall materially interfere with the use of a Lot by the Owner of such Lot. Declarant expressly reserves the right to grant easements and rights-of-way over, under and through the Common Areas so long as Declarant owns any portion of the Property or the Additional Property primarily for development and/or resale, provided no such easement shall materially interfere with the use of Common Area by the Members.

7. FUTURE EASEMENTS AND MODIFICATIONS

Declarant reserves the right to grant, modify or enter into easements, dedications, agreements, licenses, restrictions, reservations, covenants and rights of way, to modify the boundary lines and to plat or replat portions of the Property and the Additional Property, for development of the Community. The Association and each Owner and mortgagee of a portion of the Property agree to execute and deliver any and all agreements, documents, plats and instruments that are necessary or desirable to accomplish the same.

8. CONSTRUCTION; MARKETING

In recognition of the fact that Declarant will have a continuing and substantial interest in the development and administration of the Property and the Additional Property, Declarant hereby reserves for itself, its successors, designees and assigns, the right to grant easements over, under and through and use the Common Area and use all other portions of the Property owned by Declarant or the Association in conjunction with and as part of its program of selling, leasing, constructing, marketing and developing any property owned or controlled by Declarant or its successors, designees or assignees including, but not limited to, the right to enter and transact business, maintain management offices, maintain models and sales, resales and rental offices, place signs, employ sales and rental personnel, carry on construction, store construction materials and construct and assemble construction components, show Lots owned by Declarant, and use any portion of the Property, Common Area, Lots and other improvements owned by Declarant or the Association for purposes set forth above without any cost to Declarant and its successors, designees and assigns for such rights and privileges.

In addition Declarant, its successors, designees and assigns, shall have the right to construct, maintain and use sales, resales, rental, management and construction offices within the Community. Any models, sales areas, sales, resales or rental centers, management offices, parking areas, construction offices, signs and any other designated areas or other property pertaining to the sale, construction and marketing efforts of Declarant shall not be part of the Common Area or Exclusive Common Area and shall remain the property of Declarant or its designees, as the case may be.

Declarant shall have the right to construct, maintain and repair structures and landscaping and other improvements to be located on any portion of the Property owned by Declarant or the Association as Declarant deems necessary or appropriate for the development of any portion of the Property or the Additional Property. Declarant's use of any portion of the Property or the Additional Property as provided in this Section shall not be a violation of the Association Documents. Notwithstanding anything to the contrary herein, the right of Declarant to maintain a resale office on any portion of the Property or the Additional Property owned by Declarant or the Association and to use the Common Area in connection therewith shall be for a term coterminous with the term of the Declaration and shall not terminate at the expiration of the time described in Article XVII, Section 2 above.

9. SCOPE

The rights and privileges of Declarant, its successors, designees and assigns, as herein set forth or referred to above are in addition to and in no way limit any other rights or privileges of Declarant, its successors, designees and assigns, under any of the Association Documents. The provisions above, like other provisions of this Declaration, grant or reserve rights to and for Declarant that may not be suspended, superseded or modified in any manner unless same is consented to in writing by Declarant, and such rights may be assigned in writing by Declarant in whole or in part as Declarant deems appropriate. As used in this Declaration, the words "its successors or assigns" specifically do not include purchasers of Lots unless specifically designated as such in a Supplemental Declaration.

ARTICLE XVIII MORTGAGEE PROVISIONS

The following provisions are for the benefit of Institutional Mortgagees. The provisions of this Article apply to both this Declaration and to the Articles of Incorporation, notwithstanding any other provisions contained therein.

1. NOTICES OF ACTION

An Institutional Mortgagee who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the number of the Lot or Unit held, insured or guaranteed by the Institutional Mortgagee, as the case may be, therefore becoming an “eligible holder”), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which a first mortgage is held, insured or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by any Owner of a Lot subject to the mortgage of such eligible holder; or

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

2. NOTICE TO ASSOCIATION

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner’s Lot.

ARTICLE XIX RED LEDGES CLUB

1. MANDATORY MEMBERSHIP

All Owners (excluding the Declarant, Builders and the Association) who are approved for membership must acquire and maintain in good standing at least a “Lifestyle Membership” in Red Ledges Club.

Membership in Red Ledges Club is subject to the terms and conditions of and is governed by the Red Ledges Club Membership Plan, the Rules and Regulations and the member’s Membership Application/Agreement, as the same may be amended from time to time (the “Membership Plan Documents”). In the event Red Ledges Club is converted from a non-equity club to a member-owned equity club, the Membership Plan Documents shall also include Red Ledges Club Equity Membership Plan, the Bylaws, the Articles of Incorporation and the Membership Purchase Agreements. If and when Red Ledges Club is converted to an equity club, successor Owners of Lots are required to acquire and maintain at least an equity Lifestyle Membership as more particularly provided in the Membership Plan Documents.

Membership in Red Ledges Club requires the payment of a membership purchase price called a membership deposit and membership dues, fees and other amounts (the “Club Charges”). Club Charges shall be determined by the Club and are subject to change as contemplated by the Membership Plan Documents. Delinquent Club Charges are deemed to constitute Special Assessments. The Association

shall have a lien against each Lot for all unpaid Special Assessments in accordance with the lien and foreclosure provisions set forth in Article X. In the event that the Association does not enforce its rights hereunder with respect to a Special Assessment resulting from delinquent Club Charges, the Association hereby consents and authorizes the Club to enforce the lien and foreclosure provisions of Article X. Transfer of a Red Ledges Club membership shall be in accordance with the Membership Plan Documents.

If the Owner of a Unit within the Property is not approved for membership in Red Ledges Club, or is expelled from Red Ledges Club after acquiring a membership, and is therefore not a member of Red Ledges Club, the Association reserves the right to charge the Owner a higher Common Assessment amount than a similar Owner who is a member of Red Ledges Club, notwithstanding anything to the contrary contained herein. The basis for the treatment of a non-member Owner differently than a member Owner is that whether or not an Owner uses the Club Property as a member, the Owner nonetheless derives both aesthetic and economic benefits from the presence of the recreational facilities on the Club Property and the maintenance thereof. The Association also benefits from the foregoing. The Association may enter into an agreement with the Club providing for, among other things, the payment of this incremental Common Assessment amount collected by the Association from a non-member Owner to the Club, which has the responsibility of operating and maintaining the Club Property.

2. THE CLUB PROPERTY

The Club Property is privately owned and operated by the Club, is not a part of the Common Area hereunder and is not subject to this Declaration. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant or any other Person with regard to the continuing existence, ownership or operation of the Club Property, and no purported representation or warranty in such regard, either written or oral, shall be effective without an amendment to this Declaration executed or joined into by Declarant. The Club has the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom the Club Property shall be used. OWNERSHIP OF A LOT OR UNIT OR ANY PORTION OF THE PROPERTY OR MEMBERSHIP IN THE ASSOCIATION DOES NOT GIVE ANY VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE THE CLUB PROPERTY AND DOES NOT GRANT ANY OWNERSHIP OR MEMBERSHIP INTEREST IN THE CLUB OR THE CLUB PROPERTY.

3. ACKNOWLEDGEMENTS REGARDING CLUB PROPERTY

Each Owner, by acceptance of a deed or recorded contract of sale to a Lot acknowledges:

(a) That access and privileges to use the Club Property shall be subject to and governed by the terms and conditions of the Membership Plan Documents.

(b) Notwithstanding the fact that the Club Property may be open space or a recreation area for purposes of applicable zoning ordinances and regulations, each Owner by acquisition of title to a Lot releases and discharges forever the Declarant, the Club, their affiliates, successors and assigns and their respective members, partners, shareholders, officers, directors, employees and agents from: (1) any claim that the Club Property is, or must be, owned and/or operated by the Association or the Owners, and/or (2) any claim that the Owners are entitled to use the Club Property by virtue of their ownership of a Lot without acquiring a membership in Red Ledges Club, paying the applicable membership contribution or membership deposit and dues, fees and charges established by the Club from time to time, and complying with the terms and conditions of the Membership Plan Documents for Red Ledges Club.

Each Owner and the Association shall jointly and severally indemnify, defend, and hold harmless the Declarant, the Club, their affiliates, successors and assigns and their respective members, partners,

shareholders, officers, directors, employees and agents, against and in respect of, and to reimburse the Declarant, the Club, their affiliates, successors and assigns and their respective members, partners, shareholders, officers, directors, employees and agents, on demand for, any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including, but not limited to, interest, penalties, attorney and paralegal fees and disbursements (even if incident to any appeals), that the Declarant, the Club, their affiliates, successors and assigns and their respective members, partners, shareholders, officers, directors, employees and agents, shall incur or suffer, which arise out of, result from or relate to any claim that because the Club Property is deemed to be open space or a recreation area for purposes of applicable zoning ordinances and regulations, the Club Property must be owned and/or operated by the Association or the Owners and/or that Owners may use the Club Property without acquiring a membership in Red Ledges Club pursuant to the Club's Membership Plan Documents and paying the membership contribution or membership deposit, and dues, fees and charges established by the Club from time to time;

(c) That any entry upon the Club Property without permission of the Club may be deemed a trespass and each Owner shall refrain from, and shall cause all occupants of such Owner's Lot, their guests and invitees to refrain from any unauthorized entry upon the Club Property;

(d) That the Club may, but is not obligated to, assign to the Association the right to collect any or all Club Charges on behalf of the Club. In such case, the Association will collect all Club Charges for a particular calendar month and remit same to the Club, together with a statement of accounts receivable itemized in reasonable detail and in such format as may be reasonably acceptable to the Club and the Association, setting forth the status of payment of each Club member, within ten (10) days following the end of the applicable calendar month. The Club shall have the right, at the Club's expense, upon reasonable notice to the Association to audit the Association's books and records relating to the collection of and remittance of the Club Charges. The Association shall, on behalf of the Club, take such actions to collect unpaid Club Charges as the Association customarily takes with respect to other delinquent Assessments or other amounts owed to the Association by Owners pursuant to the terms hereof and shall be reimbursed by the Club for all costs incurred by the Association for such action, within 30 days of the Association's written request to the Club for such reimbursement;

(e) That the proximity of Lots and Common Area to the Club Property results in certain foreseeable risks, including the risk of damage or injury from errant golf balls, or recovery thereof and that each Owner's use and enjoyment of his or her Lot and the Common Area may be limited as a result and that neither the Association, Declarant nor the Club shall have any obligation to take steps to remove or alleviate such risks, nor shall they have any liability to any Owner or occupant of any Lot, their guests or invitees, for damage or injury resulting from errant golf balls being hit upon any Lot or Common Area or recovery thereof;

(f) That the Club and its designees may add to, remove or otherwise modify the landscaping, trees, and other features of the Club Property, including changing the location, configuration, size and elevation of bunkers, fairways and greens and constructing fences, and that neither the Club, Declarant, nor the Association, shall have any liability to Owner as a result of such modifications to the Club Property;

(g) That there are no express or implied easements over the Club Property for view purposes and no guaranty or representation is made by Declarant or any other Person that any view over and across the Club Property will be preserved without impairment, and that neither the Club, Declarant nor the Association shall have any obligation to prune or thin trees or other landscaping to preserve views over the Club Property;

(h) That no representations or warranties which are inconsistent with this Section, either verbal or written, have been made or are made by Declarant or the Association or by any person acting on behalf of any of the foregoing; and

(i) That the Club may own one or more lakes, water retention ponds or other water features on the Property. Notwithstanding the ownership of such lakes or water retention ponds, the Club may use any and all lakes, water retention ponds or other water features on the Property for the purpose of irrigating and maintaining the Club Property with the result that the water level in such lakes, water retention ponds or other water features may from time to time vary. Each Owner of a Lot in the Community acknowledges such right on the part of the Club and agrees not to commence any cause of action or other proceeding involving the Club based on the exercise of such right or otherwise interfere therewith.

In the event there are insufficient water levels to provide the necessary irrigation needs of the Club Property and all other areas of the Property, subject to applicable governmental permits and requirements, the Club Property shall have first priority of irrigation, followed by the Common Area, any other Area of Common Responsibility, and any Exclusive Common Area within a Neighborhood.

4. RIGHTS OF ACCESS AND PARKING

The Club and members of the Club (regardless of whether such Persons are Members hereunder), their guests and invitees and the employees, agents, contractors and designees of the Club shall at all times have a right and a non-exclusive easement of access and use over all roadways located within the Property reasonably necessary to travel to and from the entrance of the Property from and to the Club Property, respectively and further over those portions of the Property (whether Common Area or otherwise) reasonably necessary for the use operation, maintenance, repair and replacement of the Club Property. Without limiting the generality of the foregoing, members of the Club and permitted members of the public shall have the right to use the pedestrian and golf cart paths located throughout the Property and to park their vehicles on the roadways located within the Property at reasonable times before, during and after tournaments and various other functions held at the Club Property.

5. ASSUMPTION OF RISK AND INDEMNIFICATION

Each Owner by its purchase of a Lot expressly assumes the risks associated with the Club Property (regardless of whether the Owner is using the Club Property) and agrees that neither Declarant, the Club, the Association nor any of their affiliates, successors and assigns or their respective members (in the case of limited liability company only), partners, shareholders, officers, directors, employees and agents nor any other entity designing, constructing, owning or managing the Club Property or planning or constructing the Owner's Lot or Unit shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, loss of view, noise pollution or other visual or audible offenses or trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Owner's Lot or Common Area to the Club Property, including without limitation, any claim arising, in whole or in part, from the negligence of Declarant or any other entity designing, constructing, owning or managing the Club Property or planning or constructing the Owner's Lot or Unit. Each Owner hereby agrees to indemnify and hold harmless Declarant, the Club, the Association, their affiliates, successors and assigns or their respective members (in the case of limited liability company only), partners, shareholders, officers, directors, employees and agents and any other entity owning or managing the Club Property against any and all claims by Owner's guests and invitees.

6. LANDSCAPE EASEMENT

By recordation of this Declaration, Declarant does hereby reserve for itself and the Club and the members of the Club, a perpetual alienable and transferable easement over, across and upon each and every Lot which abuts or is contiguous to the Club Property for the purpose of operation and maintenance of the Club Property, including but not limited to, the use of usual and common equipment for irrigation, maintenance and landscaping thereof, which easement shall specifically constitute a part of the Club Property. By way of example and not limitation, such easement shall permit, but shall not require, entry into any Lot for the purpose of planting grass, applying fertilizer, mowing and edging and removing any underbrush, trash, debris and trees.

7. GOLF PLAY EASEMENT

By recordation of this Declaration, Declarant does hereby reserve for itself and the Club, the members of Red Ledges Club and other invitees of the Club, a perpetual alienable and transferable easement over, across and upon each and every Lot which abuts or is contiguous to the Club Property for the purpose of doing every act necessary and appropriate to the playing of golf on the Club Property, which shall include, but not be limited to, the recovery of golf balls from any Lot, the flight of golf balls over and upon any Lot, the usual and common noise level created by the playing of golf and the usual and common activities associated with the operation and maintenance of the Club Property. Nothing herein however, shall be deemed to permit the playing of golf on any Lot, it being the intention of this easement that golf play should be limited to the Club Property.

8. THE CLUB'S APPROVAL RIGHTS

The Club shall have the right to disapprove actions of the Board and any committees which in its reasonable judgment materially and adversely affects the use of Red Ledges Club, the Club Property or the Club's rights or obligations under this Declaration. This right may be exercised by the Club at any time within 10 days after the Club's receipt of the notice of such proposed action. This Article XIX may not be amended without the written consent of the Club.

ARTICLE XX DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

1. INITIATION OF LITIGATION BY ASSOCIATION

The Association shall not initiate any judicial or administrative proceedings unless first approved by a vote of the Members entitled to cast seventy-five percent (75%) of the total Class "A" votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated prior to the Turnover Date;
- (b) initiated to enforce the provisions of this Declaration, including collection of Assessments and foreclosure of liens;
- (c) initiated to challenge property taxation or condemnation proceedings;
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for service or supplies; or
- (e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

In the event any claim is made against Declarant or the Club by the Association or any litigation is instituted against Declarant or any of its affiliates by the Association, then the Association shall assess all Members (other than the Declarant) for the costs of pursuing the claim or litigation, including without limitation attorneys' fees incurred, and funds from Common Assessments shall not be used for any such claim or litigation. In any judicial or administrative proceeding, the prevailing party shall be entitled to receive reasonable attorney's fees and costs.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

The Association may, but shall not be obligated to, take action: (a) to enforce any provision of the Association Documents which the Board reasonably determines is inconsistent with law; (b) with respect to any violation of the Association Documents which the Board reasonably determines to be so minor or unobtrusive as not be objectionable to a reasonable person; or (c) in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

The foregoing approval requirement concerning the initiation of a judicial action or administrative proceeding by the Association shall also apply to the initiation of a proceeding pursuant to the following sections of this Article.

2. ALTERNATIVE METHOD FOR RESOLVING DISPUTES

The Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article XX (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Property, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Article XX, Section 3 ("Claims") to the procedures set forth in Article XX, Section 4 prior to filing suit in any court.

3. CLAIMS

Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application or enforcement of the Association Documents, the rights, obligations and duties of any Bound Party under the Association Documents, or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Article XX, Section 4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Article, XX, Section 4:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article X (Assessments);

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other equitable remedies as only a court may deem necessary in order to maintain the status quo and to preserve the Association's ability to enforce the provisions of Article VI (Use Restrictions), Article VII (Design and Architectural Control), and Article XV (Easements and Other Rights);

(c) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

(d) any suit in which any indispensable party is not a Bound Party; and

(e) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Article XX, Section 4(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Article XX, Section 4.

4. MANDATORY PROCEDURES

(a) Notice. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”) (collectively, the “Parties”) shall notify each Respondent in writing (the “Notice”), stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and Respondent’s role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) Claimant’s proposed remedy; and

(iv) that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing accompanied by a copy of the Notice, the Board may, but is not obligated to, appoint a representative to assist the Parties in negotiation.

(ii) If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of a mediation agency retained by the Association to provide such services within the community, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Wasatch County area.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation, or within such time as determined by the mediator, the

mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(v) Within five days of the Termination of Mediation, the Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent, and the Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.

(c) Final and Binding Arbitration.

(i) If the Parties do not agree in writing to a settlement of the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of the American Arbitration Association. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant.

(ii) This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Utah. The arbitration award (the “Award”) shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Utah.

5. ALLOCATION OF COSTS OF RESOLVING CLAIMS

(a) Subject to Article XX, Section 5(b), each Party shall bear its own costs, including attorneys’ fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding (“Post Mediation Costs”).

(b) Any Award which is equal to or more favorable to Claimant than Claimant’s Settlement Demand shall add Claimant’s Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent’s Settlement Offer shall award to such Respondent its Post Mediation Costs.

6. ENFORCEMENT OF RESOLUTION

If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Article XX, Section 4 and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with an Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Article XX, Section 4. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys’ fees and court costs.

7. PREREQUISITES TO ACTIONS AGAINST BUILDERS

Prior to filing a civil action against Declarant or any Builder of any portion of Red Ledges, the Association must notify the Declarant or Builder (as appropriate), participate in alternative dispute

resolution, and give the Declarant or Builder (as appropriate) an opportunity to inspect and make a settlement offer prior to instituting a suit.

8. RETENTION OF EXPERT FOR LITIGATION PURPOSES

Prior to the Association's or any Member's retaining an expert for litigation purposes related to the construction or design of any portion of Red Ledges or any improvements on the Property, including Units and Common Area, the Association or Member, as appropriate, shall notify the Declarant and any Builder involved in the design or construction of such portion of Red Ledges.

ARTICLE XXI GENERAL PROVISIONS

1. TERM

The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by Declarant, the Association or the Owner of any portion of the Property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of 30 years from the date of the recording of this document; after which time said covenants shall be automatically extended for successive periods of 10 years unless an instrument in writing signed by a majority of the then Owners of the Lots has been recorded within the year preceding the beginning of each successive period of 10 years, agreeing to change said covenants, in whole or in part or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

2. AMENDMENT

Until the Turnover Date, Declarant may amend this Declaration in its sole and absolute discretion. After the Turnover Date, Declarant may amend this Declaration in its sole and absolute discretion at any time and from time to time if such amendment is: (a) necessary to bring any provisions hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination, (b) necessary to enable any reputable title insurance company to issue title insurance coverage on a Lot, (c) required by an institutional lender or a government mortgage agency or purchaser of mortgage loans, to enable the same to make, insure or purchase mortgage loans on a Lot, (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on a Lot subject to this Declaration, or (e) correct any stenographic, scrivener's or surveyor's error or any error of a like nature; provided however, any such amendment shall not adversely affect the title to a Lot unless the Owner thereof shall consent thereto in writing.

After the Turnover Date and so long as it still owns any part of the Property or the Additional Property for development, Declarant may amend this Declaration in its sole and absolute discretion for any other purpose, provided such amendment shall not materially and adversely affect the rights of any Owner of a Lot, without the approval of such Owner.

After the Turnover Date, any non-Declarant initiated amendment or any Declarant initiated amendment which has a materially adverse effect upon the rights of an Owner of a Lot, shall require the affirmative vote (in person or by proxy) or written consent, or any combination thereof, of the Members (other than Declarant) representing sixty-seven percent (67%) of the total votes in the Association, and the consent of Declarant so long as Declarant owns any portion of the Property or the Additional Property. However, the percentage of votes necessary to amend a specific clause shall be not less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

No amendment may remove, revoke or modify any right or privilege of the Declarant or the Club without the written consent of the Declarant or the Club, as the case may be, or the assignee of such right or privilege.

3. SEVERABILITY

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

4. NOTICE OF TRANSFER OF LOT

In the event that any Owner desires to sell or otherwise transfer title of his or her Lot, such Owner shall give the Board of Directors at least 14 days' prior written notice of the name and address of the purchaser or transferee, the date on which such transfer of title is to take place and such other information as the Board of Directors may reasonably require. A nominal transfer fee may be imposed on the transferring Owner upon closing of the sale or transfer of title. The transferring Owner shall remain jointly and severally liable with the transferee for all obligations of the Owner for the Lot, including payment of all Assessments, accruing prior to the date of transfer. Until written notice is received as provided in this Section, the transferring Owner and transferee shall be jointly and severally liable for Assessments accruing subsequent to the date of transfer. In the event that upon the conveyance of a Lot an Owner fails to reference the imposition of this Declaration on the Lot in the deed of conveyance, the transferring Owner shall remain liable for Assessments accruing on the Lot after the date of conveyance.

5. USE OF WORDS "RED LEDGES"

No person shall use the words "Red Ledges" or any derivative thereof in any printed or promotional material without the prior written consent of Declarant. However, Owners may use the term "Red Ledges" in printed or promotional materials where such term is used solely to specify that a particular property is located within the Community.

6. ASSIGNMENT OF RIGHTS

Declarant shall have the right, in its sole and absolute discretion, to assign all or part of its rights under this Declaration.

7. NOTICE OF MORTGAGEE ACTION

In the event any Owner desires to mortgage his or her Lot, such Owner shall require that the mortgage specifically provide that in the event of foreclosure or the exercise of any remedy set forth in the mortgage, the mortgagee shall acquire the Lot subject to this Declaration.

8. INDEPENDENT BUILDERS

The Property is a master planned community being developed by the Declarant. The individual buildings constructed within the Property may be constructed by Declarant, Builders or others who are independent contractors who purchase unimproved Lots from Declarant. If a building is constructed by a person or entity other than Declarant, Declarant shall have no liability whatsoever for such Builder's activities, whether direct or indirect, including, without limitation, marketing or construction of the building or actions of any principal, officer, trustee, partner, agent or subcontractor.

9. PROVISION OF SERVICES

The Association shall be authorized but not obligated to enter into, in the Board's discretion, contracts or agreements with other entities, including Declarant, to provide services to and facilities for the Members of the Association and their guests, lessees, and invitees and to charge use and service fees for such services and facilities. By way of example, some services and facilities which might be offered include courier service, secretarial service, pre-arrival grocery services, maid services and coordinating care taker and home repair services, and similar services and facilities. The cost of such services and facilities may be included as a Common Expense if offered in bulk to all members or as a Neighborhood Assessment or Specific Assessment if offered to Neighborhoods or individuals, as appropriate.

10. NO EASEMENT FOR VIEW

Each Owner further acknowledges that neither Declarant, nor any builder, nor any Person acting on behalf of Declarant or any Builder, has made or is authorized to make, any representation or commitment that any view of the Club Property or any other vistas shall be preserved, protected or remain unobstructed, and there are no express or implied easements for view purposes appurtenant to any Lot.

11. POWER OF ATTORNEY

Each Owner hereby unconditionally and irrevocably appoints the Association and the Declarant as its true and lawful attorney-in-fact, coupled with an interest, to execute any and all documents and take any and all actions necessary or desirable to fulfill the purposes and intentions of this Declaration.

Signature Page Follows

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration on the date set forth at the top hereof.

Signed, Sealed and Delivered
in the Presence of:

RED LEDGES LAND DEVELOPMENT, INC.,
a Florida corporation

Print Name: _____

By: _____
Name: _____, President

Print Name: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as President of **RED LEDGES LAND DEVELOPMENT, INC.**, a Florida corporation, on behalf of said corporation. He is personally known to me or has produced _____ as identification.

Notary Public
Print Name: _____
My Commission Expires:
(Notary Seal)

JOINDER

The undersigned hereby joins in this Declaration this ____ day of _____, 2007.

Signed, Sealed and Delivered
in the Presence of:

**RED LEDGES COMMUNITY ASSOCIATION,
INC.,**
a Utah non-profit corporation

Print Name: _____

By: _____
Name: _____

Print Name: _____

Its: President

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as President of **RED LEDGES COMMUNITY ASSOCIATION, INC.**, a Utah non-profit corporation, on behalf of said corporation. He is personally known to me or has produced _____ as identification.

Notary Public
Print Name: _____
My Commission Expires:
(Notary Seal)

CONSENT

The undersigned hereby consents to the execution and recording of the foregoing Declaration of Covenants, Conditions, and Restrictions for Red Ledges.

By: _____
Name: _____
Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as _____ of _____, a _____, on behalf of said _____. He/she is personally known to me or has produced _____ as identification.

Notary Public
Print Name: _____
My Commission Expires:
(Notary Seal)

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

The Property which is subject to this Declaration shall refer to the real property legally described as follows, as the same may be supplemented from time to time by a Supplemental Declaration filed in accordance with the Declaration:

INSERT LEGAL DESCRIPTION HERE

EXHIBIT B
LEGAL DESCRIPTION OF THE ADDITIONAL PROPERTY

