

also. BK 9-E No 22 Sec 15 p 12 l 11
4 Puesta Del Sol p 1 l 3

Entry No. 439136
Recorded 3-6-97 1:30 AM
Bk. 498 Pg. 365 Fee 160
413
Meliane Masher
Recorder of Grand County

AFTER RECORDING, PLEASE RETURN TO:

**MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
PUSTA DEL SOL
A PLANNED UNIT DEVELOPMENT
GRAND COUNTY, UTAH**

TABLE OF CONTENTS

RECITALS	1
DEFINITIONS	2
DESCRIPTION OF PROJECT; RIGHTS OF OWNERS, DECLARANT	5
2.1 <u>Description of Project</u>	5
2.2 <u>Rights of Declarant</u>	10
2.3 <u>Utilities</u>	10
USE RESTRICTIONS	11
3.1 <u>Use of Individual Lots</u>	11
3.2 <u>Nuisances</u>	11
3.3 <u>Parking</u>	11
3.4 <u>Signs</u>	12
3.5 <u>Animals</u>	12
3.6 <u>Garbage and Refuse Disposal</u>	12
3.7 <u>Radio and Television Antennas</u>	12
3.8 <u>Right to Lease, Rent</u>	12
3.9 <u>Power Equipment and Car Maintenance</u>	12
3.10 <u>Drainage</u>	13
3.11 <u>Mineral Exploration</u>	13
3.12 <u>Maintenance Association Use Restrictions</u>	13
3.13 <u>Fair Housing</u>	13
3.14 <u>Compliance with Project Documents</u>	13
3.15 <u>Timeshare</u>	13
THE ASSOCIATION MEMBERSHIP AND VOTING	13
4.1 <u>Master Association</u>	14
4.2 <u>Management of Project</u>	14
4.3 <u>Membership</u>	14
4.4 <u>Transferred Membership</u>	14
4.5 <u>Voting</u>	14
4.6 <u>Record Date</u>	14
4.7 <u>Commencement of Voting Rights</u>	14
4.8 <u>Special Majorities</u>	14
4.9 <u>Membership Meetings</u>	15
4.10 <u>Board of Trustees</u>	15

MASTER ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS	15
5.1 <u>Generally</u>	15
5.2 <u>Enumerated Rights</u>	15
5.3 <u>Enumerated Duties</u>	16
ASSESSMENTS	19
6.1 <u>Agreement to Pay Assessments and Individual Charges; Vacant Lot Exemption</u>	19
6.2 <u>Purpose of Assessments</u>	19
6.3 <u>Regular Assessments</u>	19
6.5 <u>Special Assessments</u>	20
6.7 <u>Individual Charges</u>	21
6.8 <u>Personal Obligation for Individual Charges</u>	21
6.9 <u>Allocation of Regular and Special Assessments</u>	22
6.10 <u>Commencement of Assessments and Individual Charges</u>	22
ENFORCEMENT OF RESTRICTIONS	22
7.1 <u>General</u>	22
7.2 <u>Specific Enforcement Rights</u>	23
INSURANCE, DESTRUCTION, CONDEMNATION	25
8.1 <u>Insurance</u>	25
8.2 <u>Destruction</u>	27
8.3 <u>Condemnation</u>	29
MORTGAGEE PROTECTIONS	30
9.1 <u>Mortgages Permitted</u>	30
9.2 <u>Subordination</u>	30
9.3 <u>Effect of Breach</u>	30
9.4 <u>Right to Appear at Meetings</u>	30
9.5 <u>Right to Furnish Information</u>	30
9.6 <u>Right to Examine Books and Records, Etc.</u>	30
9.7 <u>Owners Right to Ingress and Egress</u>	30
9.8 <u>Notice of Intended Action</u>	30
9.9 <u>First Mortgagee Liability for Individual Charges and Assessments</u>	31
9.10 <u>Distribution; Insurance and Condemnation Proceeds</u>	31
9.11 <u>Taxes</u>	31
9.12 <u>Maintenance Reserves</u>	31
9.13 <u>Notice of Default</u>	31
9.14 <u>Conflicts</u>	32
ARCHITECTURAL CONTROL	32

10.1	<u>Approval of Alteration and Improvements</u>	32
10.2	<u>Architectural Control Committee</u>	33
10.3	<u>Architectural Standards, Guidelines</u>	33
10.4	<u>Committee Approval Process</u>	34
10.5	<u>Waiver</u>	36
10.6	<u>Estoppel Certificate</u>	36
10.7	<u>Liability</u>	37
GENERAL PROVISIONS		37
11.1	<u>Notices</u>	37
11.2	<u>Notice of Transfer</u>	37
11.3	<u>Construction, Headings</u>	38
11.4	<u>Severability</u>	38
11.5	<u>Exhibits</u>	38
11.6	<u>Easements Reserved and Granted</u>	38
11.7	<u>Binding Effect</u>	38
11.8	<u>Violations and Nuisance</u>	38
11.9	<u>Violation of Law</u>	38
11.10	<u>Singular Includes Plural</u>	38
11.11	<u>Conflict of Project Documents</u>	38
AMENDMENT		39
12.1	<u>Amendment</u>	39

**MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
PUESTA DEL SOL
A PLANNED UNIT DEVELOPMENT**

This Master Declaration of Covenants, Conditions and Restrictions is made on the date hereinafter set forth by Robertson Development, Inc., a Utah corporation ("Declarant").

RECITALS:

A. Declarant is the owner of a certain tract of real property located in Grand County, Utah, and more particularly described in Exhibit "A" which is attached hereto and incorporated herein (the "Project").

B. The Project possesses great natural beauty which Declarant intends to preserve through the use of a coordinated plan of development and the terms of this Declaration. It is anticipated that the plan will provide for comprehensive land planning, harmonious and appealing landscaping, improvements, and the establishment of separate Maintenance Associations (as hereinafter defined) for portions of the Project. It is assumed that each purchaser of property in the Project will be motivated to preserve these qualities through community cooperation and by enforcing not only the letter but also the spirit of this Declaration. The Declaration is designed to complement local governmental regulations, and there conflicts occur, the more restrictive requirements shall prevail.

C. It is desirable for the efficient management and preservation of the value and appearance of the Project to create a non-profit corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Project; maintaining and administering the Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding assessments and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Project and the Owners. Puesta Del Sol Master Homeowners Association, Inc. ("Master Association"), a master property owners' association and a non-profit corporation, will be incorporated under the laws of the State of Utah for the purpose of exercising the powers and functions aforesaid.

D. It is anticipated that certain parcels of Property in the Project will be developed as distinct planned unit developments, condominiums or subdivisions pursuant to covenants,

conditions and restrictions applicable to those portions of the Project only, which shall supplement this Master Declaration. The relationship between lots which are developed pursuant to separate covenants, conditions and restrictions and lots solely pursuant to this Declaration will be described hereinafter.

E. By this Declaration, Declarant intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed and to establish thereon a planned unit development.

NOW, THEREFORE, it is hereby declared that the Project shall be held, sold, conveyed, leased, rented, encumbered and used subject to the following Declaration as to division, easements, rights, assessments, liens, charges, covenants, servitudes, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land and shall be binding on and for the benefit of Declarant, its successors and assigns, the Master Association, its successors and assigns and all subsequent Owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project.

ARTICLE I

DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Declaration are defined as follows:

1.1 "Architectural Control Committee" or "Committee" shall mean the committee created pursuant to Article X.

1.2 "Architectural Control Guidelines" or "Guidelines" shall mean the written review standards promulgated by the Architectural Control Committee as provided in Section 10.3.

1.3 "Articles" shall mean the Articles of Incorporation of the Master Association as amended from time to time.

1.4 "Assessments" shall mean the Regular and Special Assessments levied against each Lot and its Owner by the Master Association as provided in Article VI.

- 1.5 "Board" shall mean the Board of Trustees of the Master Association.
- 1.6 "Bylaws" shall mean the Bylaws of the Master Association as amended from time to time.
- 1.7 "Common Area" shall mean (i) all property labelled on the Map as "Open Space", (ii) all real property and improvements thereto within the Project which are owned and maintained by the Master Association for the use and benefit of the Members, including all storm drainage facilities in the Project, and (iii) any leases, easements, or other rights over Project property which are owned by the Master Association for the use and benefit of the Members.
- 1.8 "Declarant" shall mean Robertson Development, Inc., a Utah corporation, or any successor-in-interest by merger or by express assignment of the rights of Declarant hereunder by an instrument executed by Declarant and (i) recorded in the Office of the Grand County Recorder, and (ii) filed with the Secretary of the Master Association.
- 1.9 "Declaration" shall mean this instrument as amended from time to time.
- 1.10 "Developer" shall mean any person, other than Declarant, who owns five or more Lots in the Project for the purpose of selling them to members of the general public.
- 1.11 "Development" shall mean a separate planned unit development, subdivision, condominium or other project created on one or more Parcels, having individual Lots or residential units, governed by its own set of covenants, conditions and restrictions applicable only to the land in such Development.
- 1.12 "Development Declaration" shall mean a declaration of covenants, conditions and restrictions adopted for the regulation of a particular Development within the Project.
- 1.13 "Development Map" shall mean a planned unit development, condominium record of survey map, or subdivision plat map, creating individual Lots or condominiums, and common areas comprising a Development within the Project.
- 1.14 "Dwelling" shall mean a residential dwelling unit together with garages and/or other attached structures on the same Lot.
- 1.15 "Improvement" shall mean Structures, as defined herein, plants such as trees, hedges, shrubs and bushes and landscaping of every kind. "Improvement" shall also mean any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface or subsurface water from upon, under or across any portion of the

Project. "Improvement" shall also mean any utility line, conduit, pipe or other related facility or equipment.

1.16 "Individual Charges" shall mean those charges levied against an Owner by the Master Association as provided in Section VI.7.

1.17 "Lot" shall mean one of the twenty-one (21) parcels in the Project designated on the Map as Block 3 Lots 1-11, Block 5 Lots 1-10, and any one of the lots to be created in any Developments created within the Project, each of which is designed to be improved with a Residence, as described herein. If any Parcels within the Project are developed as condominium projects, then the term "Lot" shall include a condominium unit created in such Development.

1.18 "Maintenance Association" shall mean any incorporated or unincorporated association of Owners (other than the Master Association) which is formed by operation of law or by the execution and filing of certain documents by Declarant (or another Developer authorized by Declarant) to facilitate the management, maintenance and/or operation of any Development in the Project.

1.19 "Map" shall mean the plat map entitled "PUESTA DEL SOL, A PLANNED UNIT DEVELOPMENT, MASTER PROJECT PLAN", attached hereto as Exhibit "B" and filed concurrently herewith in the Office of the Recorder of Grand County, as the same may be amended from time to time, and which is incorporated herein by this reference.

1.20 "Master Association" shall mean the PUESTA DEL SOL MASTER HOMEOWNERS ASSOCIATION, INC., a Utah non-profit corporation, the Members of which shall be Declarant and each of the Owners of a Lot within the Project.

1.21 "Member" shall mean a person or entity entitled to membership in the Master Association as provided herein.

1.22 "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the Project. A "Mortgagee" shall include the beneficiary under a deed of trust. A "First Mortgage" or "First Mortgage" is one having priority as to all other Mortgages or holders of Mortgages encumbering the same Lot or other portion of the Project. A "First Mortgagee" shall include any holder, insurer, or guarantor of a First Mortgage on a Lot or other portion of the Project. Any and all Mortgagee protections contained in the Project Documents shall also protect Declarant as the holder of a Mortgage or other security interest in any Lot in the Project.

1.23 "Owner" shall mean the person or entity holding a record fee simple ownership interest in a Lot, including Declarant, as well as vendees under installment purchase contracts. "Owner" shall not include Mortgagees or other persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

1.24 "Parcel" shall mean a portion of the Project designated on the Map as a Block, Tract or Parcel. Once the Map has been approved and recorded in the Office of the Grand County Recorder, each Parcel shall be a legally valid lot which may be conveyed, encumbered, further subdivided or otherwise dealt with as a legally distinct parcel of property.

1.25 "Project" shall mean the real property located in Grand County, Utah, and more particularly described on attached Exhibit "A", and all improvements thereon.

1.26 "Project Documents" shall mean the Articles, Bylaws, Declaration, Rules and Regulations of the Master Association, and Architectural Control Guidelines.

1.27 "Rules and Regulations" shall mean the rules and regulations promulgated by the Master Association to further govern the possession, use and enjoyment of the Project, as amended from time to time.

1.28 "Structure" shall mean any tangible thing or device to be fixed permanently or temporarily to real property including but not limited to any Dwelling, as defined herein, building, garage, driveway, walkway, concrete pad, asphalt pad, gravel pad, porch, patio, shed, greenhouse, bathhouse, tennis court, pool, barn, stable, fence, wall, pole, sign, antenna or tent.

ARTICLE II

DESCRIPTION OF PROJECT; RIGHTS OF OWNERS, DECLARANT

2.1 Description of Project.

2.1.1 Project. The Project shall consist of all of the real property described in attached Exhibit "A", and all of the improvements thereon. The Project is divided into Lots, as well as various other Parcels, designated as Tracts or Parcels in Blocks.

2.1.2 Blocks, Lots and Tracts. The Project shall consist, initially, of twenty-one Lots, each of which may be improved with a Dwelling, and numerous other Parcels, which may be further subdivided into Lots or condominiums, pursuant to one or more Development Maps, which may be improved with Dwellings, common amenities and other

Improvements. Declarant reserves the right to increase or decrease the number of Parcels and Lots in the Project, subject to the density restrictions described in Section 2.1.4, as well as the right to change the location, configuration or size of any Parcel or Lot prior to the time that such Parcel or Lot is sold by Declarant to any third party. All such changes to the number, configuration, size or location of any Parcel or Lot shall be effected by a modification of the Map, and, to the extent deemed necessary by Declarant, this Declaration. Any such amendments shall be executed by Declarant, and shall not require the consent or joinder of the Master Association or any other Owner.

2.1.3 Maintenance Associations. There may be one or more Maintenance Associations organized in the Project. Each Lot in the Project created pursuant to a separate planned unit development, condominium or subdivision plat shall be included in a Maintenance Association (commonly referred to as a homeowners' or unit owners' association) created for the purpose of operating, maintaining and governing the use of the Improvements and the common areas and facilities constructed or naturally existing on the Lot(s) included in each Maintenance Association. Each Maintenance Association may assess and collect fees from its member, in accordance with the provisions of its governing instruments, to cover the cost of its activities and responsibilities. It is anticipated, but not required, that each Development within the Project shall establish its own Maintenance Association. Only Declarant, and any Developer specifically authorized by Declarant, shall have the right to organize Maintenance Associations within the Project.

2.1.4 Density. The Project is zoned for a maximum of 138 Lots. Declarant shall have the right to allocate the specific number of Lots and units to be constructed on each Block at such time as Declarant shall desire, consistent with the provisions of the Map.

2.1.5 Common Area. The Common Area shall consist of (i) all property labelled on the Map as "Open Space" (ii) all real property and improvements thereto within the Project which are owned and maintained by the Master Association for the use and benefit of the Members, including all storm drainage facilities in the Project, and (iii) any leases, easements, or other rights over Project property which are owned by the Master Association for the use and benefit of the Members.

2.1.6 Incidents of Lot Ownership, Inseparability. Every Lot shall have appurtenant to it the following interests:

- (a) a membership in the Master Association;
- (b) a non-exclusive easement for use, enjoyment, ingress and egress over the Common Area subject to such restrictions and limitations as are contained in the

Project Documents and subject to other reasonable regulation by the Master Association; and

(c) for all Lots and units included in a Maintenance Association, a membership in such Maintenance Association.

Such interests shall be appurtenant to and inseparable from ownership of the Lot. Any attempted sale, conveyance, hypothecation, encumbrance or other transfer of these interests without the Lot or appurtenant Unit shall be null and void. Any sale, conveyance, hypothecation, encumbrance or other transfer of a Lot shall automatically transfer these interests to the same extent.

2.1.7 Owner's Obligation to Maintain Lot. Except where such duties have been delegated to the Master Association or a Maintenance Association, each Owner shall maintain his Lot, and all Improvements thereon, in a safe, sanitary and attractive condition. In the event that an Owner fails to maintain his Lot, as provided herein, in a manner which the Board reasonably deems necessary to preserve the appearance and/or value of the Project, the Board may notify the Owner of the work required and demand that it be done within a reasonable and specified period. In the event that the Owner fails to carry out such maintenance within said period, the Board shall, subject to the notice and hearing requirements of Section 7.2.1(b), have the right to enter upon the Lot to cause such work to be done and individually charge the cost thereof to such Owner. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot, the Board shall have the right to immediately enter upon the Lot to abate the emergency and Individually Charge the cost thereof to such Owner.

2.1.8 Maintenance Associations' Obligation to Maintain.

(a) Maintenance Associations shall be responsible for the maintenance of certain portions of the Project pursuant to a recorded Development Declaration with respect to such property.

(b) Maintenance Associations will be responsible for maintaining, repairing and replacing of all of the private roads within the property included in such Maintenance Associations.

(c) Maintenance Association will be responsible for maintaining, repairing and replacing all of the common areas within the property included in such Maintenance Associations, in accordance with the Development Declaration for such property.

(d) Each Maintenance Association shall maintain, repair and replace its area of responsibility and all Improvements thereon, in a safe, sanitary and attractive condition. Such maintenance responsibility shall include, but shall not be limited to, the control of rubbish, trash, garbage and landscaping visible from other portions of the Project. In the event that a Maintenance Association fails to maintain its area of responsibility as provided herein in a manner which the Board reasonably deems necessary to preserve the appearance and/or value of the Project, the Board shall notify the Maintenance Association of the work required and demand that it be done within a reasonable and specified period. In the event that the Maintenance Association fails to carry out such maintenance within said period, the Board shall, subject to the notice and hearing requirements of Section 7.2.1(b), have the right to enter upon said area of responsibility to cause such work to be done and individually charge the cost thereof to such Maintenance Association. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of a Maintenance Association to maintain its area of responsibility, the Board shall have the right to immediately enter upon said area of responsibility to abate the emergency and individually charge the cost thereof to such Maintenance Association.

2.1.9 Encroachment Easements. Each Owner is hereby declared to have an easement appurtenant to his Lot, over all adjoining Lots and the Common Area for the purpose of accommodating the encroachment due to minor and professionally acceptable errors in engineering, original construction, settlement or shifting of a building, or any other cause. The Master Association is hereby declared to have an easement appurtenant to the Common Area over all adjoining Lots for the purpose of accommodating any Common Area encroachment due to minor and professionally acceptable errors in engineering, original construction, settlement, or shifting of a building or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachments, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful misconduct of said Owner. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots or Common Area or by Common Area over Lots shall be permitted and that there shall be a valid easement for the maintenance of such encroachments so long as they shall exist.

2.1.10 Delegation of Use: Tenants. Any Owner may temporarily delegate his rights of use and enjoyment in the Project to the members of his family, his guests, and invitees, and to such other persons as may be permitted by the Project Documents, subject however, to the Project Documents. However, if an Owner of a Lot has leased or rented his Lot, the Owner, members of his family, his guests and invitees shall not be entitled to use and enjoy the Project while such lease is in force. Instead, the lessee or tenant, while such lease remains in force, shall be entitled to use and enjoy the Project and may delegate the rights of

use and enjoyment in the same manner as if such lessee or tenant were an Owner during the period of his occupancy. Each Owner shall notify the secretary of the Master Association of the names of any lessees or tenants of such Owner's Lot. Each Owner, lessee or tenant also shall notify the secretary of the Master Association of the names of all persons to whom such Owner, lessee or tenant has delegated any rights of use and enjoyment in the Project and the relationship that each such person bears to the Owner, lessee or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners.

2.1.11 Responsibility for Common Area Damage. The cost of repair or replacement of any portion of the Common Area resulting from the wilful or negligent act of an Owner, his lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the joint responsibility of such Owner to the extent that it is not covered by insurance maintained by the Master Association. The Master Association shall cause such repairs and replacements to be made and the cost thereof may be levied as an Individual Charge against such Owner.

2.2 Rights of Declarant.

2.2.1 Reservation of Easements to Complete, Sell. Declarant hereby reserves in itself, its successors, assigns and any other Developers the following easements over the Project to the extent reasonably necessary to complete and sell, lease, rent or otherwise dispose of the Lots created thereon:

(a) easements for ingress and egress, drainage, encroachment, utilities, maintenance of temporary structures, operation and storage of construction equipment and vehicles, for doing all acts reasonably necessary to complete or repair the Project, or to discharge any other duty of Declarant and any other Developers under the Project Documents or sales contracts or otherwise imposed by Law; and

(b) easements for activity reasonably necessary to sell, lease, rent or otherwise dispose of the Lots.

These easements shall exist until the date on which the last Lot is sold by Declarant or any Developer.

2.2.2 Easement for Use of Amenities. Declarant hereby reserves to itself, and to each shareholder of Declarant and their families (i.e. the children and grandchildren of the shareholders), a perpetual easement for the non-exclusive use and enjoyment, with the Owners and residents of the Project, of all Common Areas, and all amenities and improvements to the Common Areas, including without limitation, all pools, parks, courts, open space, picnic areas and other Common Areas available for the use and enjoyment of the Owners. Such rights of

use and enjoyment shall be subject to the same rules and regulations applicable to all other Owners.

2.3 Utilities.

2.3.1 Rights and Duties. Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections are located or installed within the Project, the Owner of each Lot served by said connections shall be entitled to the non-exclusive use and enjoyment of such portions of said connections as service his Lot. Every Owner shall pay all utility charges which are separately metered or billed to his Lot. The Maintenance Associations established in the Project shall pay all utility charges for the common areas within the Developments they manage, and those charges within their Developments which are not separately metered or billed to the Structures served by such Maintenance Association. Every Owner shall maintain all utility installations located in or upon his Lot except for those installations maintained by the Master Association, a Maintenance Association, or utility companies, public or private. The Master Association, Maintenance Associations and utility companies shall have the right, at reasonable times after reasonable notice to enter upon the Lots, Common Area, or other portions of the Project to discharge any duty to maintain Project utilities.

Whenever sanitary sewer, water, electric, gas, television receiving, telephone lines or other utility connections are located within the Project, the Owner of a Lot served by said connections shall have the right, and is hereby granted an easement to the full extent necessary therefore, to at reasonable times after reasonable notice enter upon Lots, Common Area or other portions of the Project or to have his agents or the utility companies enter upon the Lots, Common Area, or other portions of the Project to maintain said facilities. In the event of a dispute between Owners with respect to the maintenance, repair or rebuilding of said facilities or with respect to the sharing of the cost thereof, then the matter shall be submitted to the Board, which shall have final authority to resolve each such dispute.

2.3.2 Easements for Utilities and Maintenance. Easements over and under the Project for the installation, repair and maintenance of sanitary sewer, water, electric, gas, and telephone lines, cable or master television antenna lines, and drainage facilities, which are of record in the office of the Grand County Recorder, or as may be hereafter required to serve the Project, are hereby reserved for Declarant and the Master Association, together with the right to grant and transfer the same.

ARTICLE III

USE RESTRICTIONS

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

3.1 Use of Individual Lots. Except as otherwise provided herein, each Lot may be used in any manner consistent with the requirements of applicable zoning and other land use ordinances and regulations. Nevertheless, without limiting the nature of the Improvements that may be constructed on any Lot or the nature of the form of legal ownership of such improvements (e.g. condominiums, planned unit development, subdivision of Lots, etc.), it is anticipated (but not required) that Block 1 Parcel 1, Block 2 Parcels 1-3 and Block 4 Parcels 1-7 shall be developed with townhomes; Block 3 Parcels 1 and 2 shall be improved with "zero lot line" Dwellings; and that Block 3 Lots 1-11, Block 5 Lots 1-10, Block 5 (that portion designated for future single family lots) and Block 6, Lot 1 shall be improved with single family residences, or as otherwise shown on the Map, as the same may be amended from time to time. In addition, Declarant, its successors or assigns, and other Developers may use any Dwellings in the Project owned by Declarant or such other Developers for model home units, sales offices, project management offices and other general administrative facilities.

3.2 Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Lot, Dwelling or other part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with each Owner's quiet enjoyment of his respective Lot, or which shall in any way increase the rate of insurance for the Project or for any other Lot, or cause any insurance policy to be canceled or cause a refusal to renew the same. Owners and their guests climbing on rocks or rocky areas within the Project do so at their own risk.

3.3 Parking. No truck larger than one ton, trailer, boat, camper shell (other than attached to a pickup truck regularly used by an Owner), or vehicles designed and operated as off-road equipment for racing or other sporting events, shall be parked on any street or driveway in the Project for longer than twenty-four hours without the consent of the Board. The Master Association may reserve certain portions of any parking facility constructed in the Project for the parking of such vehicles.

3.4 Signs. No sign of any kind shall be displayed to the public view from any Lot, Dwelling or from the Common Area or from any other portion of the Project without the approval of the Board except (i) one sign of customary and reasonable dimensions advertising a Lot for sale, lease or rent displayed from such Lot, and (ii) such signs as may be used by Declarant or its assignees for the purpose of selling Lots as permitted by Section 2.2.1.

3.5 Animals. No animals of any kind shall be raised, bred or kept in the Project; provided, however, that up to a maximum of two dogs or cats may be kept on each Lot, so long as they are not kept, bred or maintained for any commercial purpose, unless otherwise determined by the Board in its sole and exclusive subjective discretion. Such animals as are permitted shall be strictly controlled and kept pursuant to the ordinances and regulations of the City of Moab, Grand County, or other governmental subdivision having jurisdiction over the Property. Maintenance Associations may adopt more restrictive rules for pets within their Development.

3.6 Garbage and Refuse Disposal. All rubbish, trash and garbage and other waste shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. Rubbish, trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, or storage piles shall be kept screened and concealed from the view of other portions of the Project, except for the scheduled day for trash pick-up.

3.7 Radio and Television Antennas. No Owner may construct, use, or operate his own external radio, television or other electronic antenna, dish or receiver without the consent of the Board. No Citizens Band or other transmission shall be permitted from the Project without the consent of the Board.

3.8 Right to Lease, Rent. Nothing in this Declaration shall prevent an Owner from leasing or renting his Dwelling. However, any lease or rental agreement shall be in writing and be expressly subject to the Project Documents. Any lease or rental agreement must specify that failure to abide by such provision shall be a default under the lease or rental agreement.

3.9 Power Equipment and Car Maintenance. No power equipment, workshops, or car maintenance or any nature, other than emergency repair shall be permitted outside of the Structures in the Project without the consent of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, unsightliness, fire hazard, interference with radio or television reception, and similar objections.

3.10 Drainage. No Owner shall do any act of construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the approval of the Board.

3.11 Mineral Exploration. Subject to the right of the owners of mineral rights with respect to the Project (provided this Subsection shall not be deemed to increase the scope of such rights or grant any additional rights to such owners), no portion of the Project shall be used in any manner to explore for or to remove any oil or other hydrocarbons, minerals of any

kind, gravel, or earth substance. No drilling, exploration, refining, quarrying, or mining operations of any kind shall be conducted or permitted to be conducted thereon; nor shall wells, tanks, tunnels, mineral excavations, shafts, derricks, or pumps used to mine or drill for any substances be located on the Project. No drilling for water or geothermal resources or the installation of such wells shall be allowed unless specifically approved by the Board.

3.12 Maintenance Association Use Restrictions. Nothing herein shall prevent Declarant, a Developer or a Maintenance Association from adopting use restrictions for a Development, Lot or portion of the Project which are more restrictive than those set forth herein, provided that such restrictions shall in no way modify the provisions hereof.

3.13 Fair Housing. No Owner shall either directly or indirectly forbid or restrict the conveyance, encumbrance, lease, mortgaging or occupancy of his Lot to any person on the basis of race, color, religion, ancestry or national origin.

3.14 Compliance with Project Documents. Each Owner, contract purchaser, lessee, tenant, guest, invitee, or other occupant of a Lot or user of the Common Area shall comply with the provisions of the Project Documents.

3.15 Timeshare. Except as otherwise approved by Grand County, no Lots of the Project shall be developed as timeshare projects, nor shall any "timeshare interests" (as that term is defined in the Utah Uniform Land and Timeshare Sales Practices Act, Utah Code §57-11-2(11)) be created or sold in the Project.

ARTICLE IV

THE ASSOCIATION MEMBERSHIP AND VOTING

4.1 Master Association. Puesta Del Sol Master Homeowners Association, Inc., a Utah non-profit corporation, shall be the Master Association.

4.2 Management of Project. The management of the Project shall be vested in the Master Association in accordance with the Project Documents and all applicable laws, regulations and ordinances of any governmental or quasi governmental body or agency having jurisdiction over the Project.

4.3 Membership. Declarant and each Owner shall be a Member of the Master Association, subject to the Project Documents.

4.4 Transferred Membership. Membership in the Master Association shall not be transferred, pledged, or alienated in any way (except pursuant to a conveyance of a Lot) by, or on behalf of, any Member.

4.5 Voting. There shall be 138 votes in the Master Association, with each Lot having one (1) vote. For all Lots included in a Maintenance Association, the Maintenance Association shall exercise the voting power of all of the Lots included in such Maintenance Association. The President or other designated office of each Maintenance Association shall cast all of the votes to which such Association is entitled. Declarant shall be entitled to exercise all remaining votes in the Master Association. However, in the event that Grand County or any other governmental entity having jurisdiction over the Project shall modify the total number of Lots which can be constructed on the Project to more or less than 138 Lots, then the total number of votes in the Master Association shall be increased or decreased by the same amount.

4.6 Record Date. The Master Association shall fix, in advance, a date as a record date for the determination of the number of votes exercisable by each Maintenance Association. The record date shall be not less than ten (10) days nor more than ninety (90) days prior to any meeting or taking action.

4.7 Commencement of Voting Rights. The voting rights of each Lot and Maintenance Association shall not vest until Assessments have been levied against those Lots by the Master Association, as set forth in Article VI hereof; provided, however, Declarant's voting rights shall vest upon recordation of this Declaration.

4.8 Special Majorities. There are various sections of the Project Documents which require the vote or written assent of a majority of the voting power of the Association residing in Members other than Declarant prior to the undertaking of certain actions by the Master Association or the Board. In no event shall such provisions be deemed to preclude Declarant from casting the votes to which it is entitled pursuant to Subsection 4.5 hereof. Therefore, any provision in the Project Documents which requires the vote or written assent of a majority of the voting power of the Association residing in Members other than Declarant shall also require the vote or written assent of a majority of the total voting power of the Association.

4.9 Membership Meetings. Regular and special meetings of the Master Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

4.10 Board of Trustees. The affairs of the Master Association shall be managed by the Board of Trustees, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws.

ARTICLE V

MASTER ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

5.1 Generally. The Master Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article V or elsewhere in the Project Documents or reasonably necessary to operate the Project. In addition, the Master Association shall have all the powers and rights of a non-profit corporation under the laws of the State of Utah. The Master Association shall act through its Board of Trustees, and the Board shall have the power, right and duty to act for the Master Association except that actions which require the approval of the Members of the Master Association shall first receive such approval. The powers, rights, duties and limitations of the Master Association set forth in this Article V and elsewhere in the Project Documents shall rest in and be imposed on the Master Association concurrently with the close for the first sale of a Lot in the Project.

5.2 Enumerated Rights. In addition to those Master Association rights which are provided elsewhere in the Project Documents, the Master Association shall have the following rights:

5.2.1 Delegation. To elect, employ, appoint, to assign and to delegate the rights and duties of the Master Association to officers, employees, agents and independent contractors.

5.2.2 Enter Contracts. To enter contracts with third parties to furnish goods or services to the Project.

5.2.3 Borrow Money. To borrow money and, with the approval by vote or written assent of a majority of the voting power of the Master Association, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

5.2.4 Dedicate and Grant Easements. To dedicate or transfer all or any part of the Common Area to any public agency, authority or utility or any other entity for such purposes and subject to such conditions as may be agreed to by the Master Association; provided, however, that no such dedication or transfer shall be effective unless (i) such dedication or transfer is approved by two-thirds (2/3) of the voting power of the Master Association, and (ii) an instrument in writing is signed by the Secretary of the Master Association certifying that such dedication or transfer has been approved by the required vote or written assent.

5.2.5 Establish Rules and Regulations. To adopt reasonable rules not inconsistent with this Declaration, the Articles or the Bylaws, relating to the use of the Common Area and all facilities thereon, and the conduct of Owners, Developers and their lessees, tenants and guests with respect to the Project and other Owners. Pursuant to those Rules and Regulations, the Master Association shall have the right to limit the number of guests of an Owner or Developer utilizing the Common Area, the manner in which the Common Area may be used, and the right to charge reasonable admission and other fees for the use of any recreational facility situated on the Common Area. A copy of the Rules shall be mailed or otherwise delivered to each Owner and Developer and a copy shall be posted in a conspicuous place within the Common Area.

5.2.6 Entry. To enter upon any portion of the Project, including any Lot after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the performance by the Master Association of its duties under this Declaration. In the event of any emergency such right of entry upon any Lot shall be immediate.

5.3 Enumerated Duties. In addition to those Master Association duties which are imposed elsewhere in the Project Documents, the Master Association shall have the following duties:

5.3.1 Manage, Maintain Common Area. The Master Association shall manage, operate, maintain, repair and replace any property acquired by or subject to the control of the Master Association, including personal property, in a safe, sanitary and attractive condition. Without limiting the generality of the foregoing, the Master Association shall maintain, repair and replace all of the storm drainage facilities within the Project, landscaping of Common Area, Project entryways, parks and other recreational facilities not included in any Maintenance Association.

5.3.2 Enforce Project Documents. To enforce the provisions of the Project Documents by appropriate means as provided in Article VII.

5.3.3 Levy and Collection of Assessments and Individual Charges. To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles VI and VII.

5.3.4 Taxes and Assessments. To pay all real and personal property taxes and assessments and all other taxes levied against the Common Area, personal property owned by the Master Association or against the Master Association. Such taxes and assessments may be contested or compromised by the Master Association; provided, that they are paid or that a bond or other security insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes.

5.3.5 Water and Other Utilities. To acquire, provide and pay for water, electricity and other utility services as necessary for the Common Area.

5.3.6 Legal and Accounting. To obtain and pay the cost of legal and accounting services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents.

5.3.7 Insurance. To obtain and pay the cost of insurance for the Project as provided in Section 8.1.

5.3.8 Bank Accounts. To deposit all funds collected from Owners pursuant to Articles VI and VII hereof and all other amounts collected by the Master Association as follows:

(a) All funds shall be deposited in a separate bank account ("General Account") with a federally insured financial institution operating in the State of Utah. The funds deposited in such account may be used by the Master Association only for the purposes for which such funds have been collected.

(b) Funds which the Master Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required by good business practice shall, within ten (10) days after deposit in the General Account, be deposited into an interest bearing account with a federally insured financial institution operating in the State of Utah and selected by the Master Association, or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested which shall all herein be collectively referred to as the "Reserve Account". Funds deposited into the Reserve Account shall be held in trust and may be used by the Master Association only for the purposes for which such amounts have been collected.

5.3.9 Annual Report of Domestic Nonprofit Corporation. To make timely filings of the annual report required by Sections 16-6-97 and 16-6-98 of the Utah Nonprofit Corporation and Cooperative Association Act. Such annual report shall be made on forms prescribed and furnished by the State of Utah and shall be filed on or before the deadlines established by law for such filings.

5.3.10 Preparation and Distribution of Financial Information. To regularly prepare budgets and financial statements and to distribute copies to each Member and each Owner as follows:

(a) A pro-forma operating statement (budget) for each fiscal year shall be distributed not less than thirty (30) days before the beginning of the fiscal year;

(b) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year as defined below;

(i) A balance sheet as of the last day of the fiscal year; and

(ii) An operating (income) statement for said fiscal year.

For any fiscal year in which the gross receipts of the Master Association exceed Seventy-Five Thousand Dollars (\$75,000.00) the annual report referred to above shall be prepared by an independent accountant. If the annual report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized Officer of the Master Association that the statements were prepared without an audit from the books and records of the Master Association.

5.3.11 Maintenance and Inspection of Books and Records. To cause to be kept adequate and correct books of account, a register of Members, minutes of Member and Board meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project and to present a statement thereof to the Members at the annual meeting of Members. The Membership register (including names, addresses and voting rights), books of account and minutes of meetings of the Members, of the Board, and of committees shall be made available for inspection and copying by any Member of the Master Association, or by its duly appointed representative, and any Owner, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Master Association or at such other place within the Project as the Board of Trustees shall prescribe. The Board shall establish reasonable rules with respect to:

(a) Notice to be given to the custodian of the records by the Member or Owner desiring to make the inspection;

(b) Hours and days of the week when such an inspection may be made;

(c) Payment of the cost of reproducing copies of the documents requested by a Member or Owner.

Every Trustee shall have the absolute right at any reasonable time to inspect all books, records and documents of the Master Association and the physical properties owned or controlled by the Master Association. The right of inspection by a Trustee includes the right to make extracts and copies of documents.

5.3.12 Statements of Status. To provide, upon the request of any Owner or Mortgagee, a written statement setting forth the amount, as of a given date, of any unpaid Assessments or Individual Charges against any Member. Such statement, for which a reasonable fee may be charged, shall be binding upon the Master Association in favor of any person who may rely thereon in good faith. Such written statement shall be provided within twenty (20) days of the request.

5.3.13 Architectural Control. To maintain architectural control over the Project and appoint the members of the Architectural Control Committee in connection therewith, pursuant to Article X.

ARTICLE VI

ASSESSMENTS

6.1 Agreement to Pay Assessments and Individual Charges: Vacant Lot Exemption. Declarant for each Lot owned by it, hereby covenants and agrees, and each Owner, by acceptance of a deed for a Lot, is deemed to covenant and agree for each Lot owned, to pay all Regular Assessments and all Special Assessments (collectively "Assessments"), and all Individual Charges, to be established and collected as provided in this Declaration and in the other Project Documents. All Assessment against Lots which are not included in any Maintenance Association shall be levied directly against such Lots. All Assessments against Lots included in a Maintenance Association shall be levied against the Maintenance Association in which such Lots are included. Each Maintenance Association shall be responsible for collecting from its members, each member's pro-rata share of such Assessments, in accordance with the governing instruments of the Maintenance Association.

6.2 Purpose of Assessments. The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the Owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Master Association as set forth in the Project Documents.

6.3 Regular Assessments. The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating the Project during the fiscal year and to accumulate reserves to pay costs anticipated in future years. Not less than sixty (60) days before the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distributed to each Member, a proposed pro-forma operating statement or budget for the forthcoming fiscal year. Any Member may make written comments to the Board with respect to said budget. The budget shall be prepared consistently with the prior fiscal year's operating

statement and shall include adequate reserves for contingencies and for maintenance, repairs and replacement of the Common Area improvements or Master Association personal property likely to need maintenance, repair or replacement in the future.

Not more than sixty (60) days nor less than thirty (30) days before the beginning of each fiscal year, the Board shall meet for the purpose of establishing the Regular Assessment for the forthcoming fiscal year. At such meeting the Board shall review the proposed pro-forma operating statement or budget, the written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, shall establish the Regular Assessment for the forthcoming fiscal year; provided, however, that the Board may not establish a Regular Assessment for any fiscal year which is more than fifteen percent (15%) greater than the Regular Assessment for the immediately preceding fiscal year without the approval of a majority of the voting power of the Master Association. Not less than thirty (30) days before the beginning of each fiscal year the Board shall distribute to each Member and each Owner a final copy of the pro-forma operating statement or budget for the forthcoming fiscal year. Regular Assessments shall be payable in equal monthly installments due on the first day of each month, unless the Board adopts some other basis for collection.

6.4 Reserve Fund. In addition to its day-to-day operating funds, the Master Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area. Contributions to the reserve fund shall be included in each year's Master Association budget. The reserve fund must be maintained in a segregated account, solely for the use and benefit of the Master Association as provided herein. Amounts paid into the reserve fund are not to be considered advance payments of any Regular Assessment.

6.5 Special Assessments.

6.5.1 General. If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Master Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of construction, unexpected repairs or replacements of capital improvements on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may, in its discretion, provide for the payment in installments of such Special Assessment over the remaining months of the fiscal year or levy the Assessment immediately against each Lot. Special Assessments shall be due on the first day of the month following notice of their levy.

6.5.2 Limitation on Special Assessments. Any Special Assessment which, singly or in the aggregate with other Special Assessments for the same fiscal year, would

amount to more than five percent (5%) of the budgeted gross expense of the Association for the fiscal year, shall require approval of sixty-seven percent (67%) of the voting power of the Association.

6.6 Notice and Quorum for Any Action Under Article VI. Written notice of any meeting called for the purpose of taking any action authorized under this Article VI shall be sent to all Members no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members, Maintenance Association representatives or of proxies entitled to cast fifty percent (50%) of all the votes (exclusive of suspended voting rights, if any) of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6.7 Individual Charges. Individual Charges may be levied against an Owner (i) as a monetary penalty imposed by the Master Association as a disciplinary measure for the failure of the Owner, his guests, invitees, or lessees, to comply with the Project Documents, or (ii) as a means of reimbursing the Master Association for costs incurred by the Master Association for repair of damage to Common Areas and facilities for which the Owner was responsible, or to otherwise bring the Owner and his Lot into compliance with the Project Documents. Individual Charges against an Owner shall not be enforceable through the lien provisions of the Project Documents. Notwithstanding the foregoing, charges imposed against a Lot and its Owner consisting of reasonable late payment penalties and/or interest charges, as provided herein, and/or for costs reasonably incurred (including attorney's fees) in the efforts to collect delinquent Assessments shall be fully enforceable through the lien provisions of the Project Documents.

6.8 Personal Obligation for Individual Charges. All Individual Charges, together with late charges, interest, costs, and reasonable attorney's fees incurred in collecting Individual Charges, shall be the personal obligation of the Owner of such Lot at the time when the Individual Charges fell due. If more than one person or entity was the Owner of a Lot at the time the Individual Charges fell due, the personal obligation to pay each Individual Charge shall be joint and several. No Owner may exempt himself from liability for his Individual Charges by waiver of the use or enjoyment of any of the Project.

6.9 Allocation of Regular and Special Assessments. Except as otherwise provided herein, Regular and Special Assessments shall be allocated equally among all Lots in the Project. The Regular and Special Assessments to be billed to any particular Maintenance Association shall be calculated by multiplying the total amount of such Assessments by a fraction, the numerator of which is the number of Lots included in such Maintenance

Association, and the denominator of which is the total number of Lots for which Assessments are to be levied, as determined in accordance with the provisions of Section 6.10.

6.10 Commencement of Assessments and Individual Charges. The right to levy Assessments and Individual Charges against a Maintenance Association shall commence as to all Lots in a Development on the first day of the month following the closing of the first sale of a Lot in that Development. Notwithstanding the foregoing, Declarant shall pay only twenty-five percent (25%) of the annual assessment attributable to each Lot which it owns until the conveyance by Declarant of such Lot to a third-party purchaser. If the Declarant ceases to qualify for the reduced twenty-five (25%) rate for any Lots during the period to which an annual assessment is attributable, the assessment attributable to such Lots shall be prorated between the applicable rates on the basis of the number of days in the period that the Declarant qualified for each rate. So long as the Declarant qualifies for the reduced assessment rate with respect to the Lots which it owns, if the assessments for any fiscal year of the Association shall fail to equal or exceed the actual expenses incurred by the Association during any such fiscal year because of the Declarant's right to pay reduced assessments, then the Declarant shall pay to the Association a sufficient amount, up to the amount for that fiscal year of the full assessment for each Lot owned by Declarant, to meet any such deficit, so long as a written notice of such deficit is given by the Association to the Declarant within sixty (60) days following the termination of the fiscal year for which the assessment is made.

ARTICLE VII

ENFORCEMENT OF RESTRICTIONS

7.1 General. The Master Association, any Maintenance Association and any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner or Maintenance Association shall have the right to enforce independently of the Master Association any Assessment, Individual Charge, or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Lot in the manner provided by law. In the event the Master Association, a Maintenance Association, or any Owner shall employ an attorney to enforce the provisions of the Project Documents against any Owner or Maintenance Association, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by an Owner or Maintenance Association shall bear interest at eighteen percent (18%) per annum from the due date, or if advanced or incurred by the Master Association, or

any other Owner or Maintenance Association pursuant to authorization contained in the Project Documents, commencing fifteen (15) days after repayment is demanded. All enforcement powers of the Master Association shall be cumulative. Failure by the Master Association or any Owner or Maintenance Association, to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

7.2 Specific Enforcement Rights. In amplification of, and not in limitation of, the general rights specified in Section 7.1 above, the Master Association shall have the following rights:

7.2.1 Enforcement by Sanctions.

(a) Limitation. The Master Association shall have no power to cause a forfeiture or abridgment of an Owner's right to the full use and enjoyment of his Lot on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure to pay Assessments levied by the Master Association.

(b) Disciplinary Action. The Master Association may impose reasonable monetary penalties or other appropriate discipline for failure to comply with the Project Documents. Notwithstanding the foregoing, the Master Association shall have no right to interfere with an Owner's right of ingress or egress to his Lot. Before disciplinary action authorized under this subarticle can be imposed by the Master Association, the Owner against whom such action is proposed to be taken shall be given notice and the opportunity to be heard as follows:

(i) The Board shall give written notice to the Owner at least fifteen (15) days prior to the meeting at which the Board will consider imposing disciplinary action. Such notice shall set forth those facts which the Board believes justify disciplinary action, and the time and place of the meeting;

(ii) At such meeting the Owner shall be given the opportunity to be heard, including the right to present evidence, either orally or in writing, and to questions witnesses;

(iii) The Board shall notify the Owner in writing of its decision within three (3) days of the decision. The effective date of any disciplinary action imposed by the Board shall not be less than eight (8) days after the date of said decision.

7.2.2 Enforcement of Lien. All sums assessed to Owners of any Lot within the Project pursuant to the provisions of Article VI, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Lot in favor of the Master Association. To evidence a lien for sums assessed pursuant to Article VI, the Board of Trustees may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot and a description of the Lot. Such a notice shall be signed and acknowledged by a duly authorized officer of the Master Association and may be recorded in the office of the County Recorder of Grand County, State of Utah. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or judicial foreclosure of deeds of trust or mortgages or in any other manner permitted by law. In order to facilitate the foreclosure of any such lien in the manner provided at law for the foreclosure of deeds of trust, Declarant hereby designates South Eastern Utah Title Company, as trustee and grants and conveys the Project, IN TRUST, to South Eastern Utah Title Company, as trustee, with full power of sale, to foreclose any such liens as directed by the Board of Trustees. The Board of Trustees may, at any time, designate one or more successor trustees, in the place of South Eastern Utah Title Company, in accordance with provisions of Utah law for the substitution of trustees under deeds of trust. Such trustee, and any successors, shall not have any other right, title or interest in the Project beyond those rights and interests necessary and appropriate to foreclose any liens against Lots arising pursuant hereto. In any such foreclosure, the Owner of the Lot being foreclosed shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Master Association any assessments against the Lot which shall become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Trustees shall have the right and power in behalf of the Master Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Lot in the name of the Master Association.

7.2.3 Personal Obligation of Owner. The amount of any Assessment against a Lot shall be the personal obligation of the Owner of such Lot to the Master Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Master Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Area or by abandonment of his Lot or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment of unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Master Association in connection therewith, including reasonable attorneys' fees.

7.2.4 Personal Liability of Purchaser. The personal obligation of an Owner to pay unpaid assessments against his Lot as described herein shall not pass to successors in title unless assumed by them. However, a lien to secure unpaid assessments shall not be affected by the sale or transfer of the Lot unless foreclosure by a First Mortgagee is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Owner from paying future Assessments or Individual Charges.

ARTICLE VIII

INSURANCE, DESTRUCTION, CONDEMNATION

8.1 Insurance. In addition to any other insurance required to be maintained by the Project Documents, the Master Association shall maintain in effect at all times the following insurance:

8.1.1 Liability Insurance. The Master Association shall obtain and maintain comprehensive public liability insurance insuring the Master Association, the Board, the Declarant, Owners, occupants of Lots, their respective family members, guests, invitees, and the agents and employees of each, against any liability incident to the ownership, use or maintenance of the Common Area and including, if obtainable, a cross-liability or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against any liability customarily covered with respect to projects similar in construction, location and use.

8.1.2 Casualty Insurance. The Master Association also shall obtain and maintain a policy of casualty insurance for the full replacement value (without deduction for depreciation) of all of the Improvements within the Common Area. Such insurance shall include coverage against any risk customarily covered with respect to projects similar in construction, location and use. The policy shall name as insured the Master Association for the benefit of the Owners and Declarant, as long as Declarant is the Owner of any Lot or Parcel, and all Mortgagees as their respective interests may appear, and may contain a loss payable endorsement in favor of any trustee described in Section 8.1.3.

8.1.3 Trustee. All casualty insurance proceeds payable under Section 8.1.2 for losses to real property and improvements may be paid to a trustee, to be held and expended for the benefit of the Owners, Mortgagees, and others, as their respective interests shall

appear. Said trustee shall be a commercial bank or trust company in the County in which the Project is located that agrees in writing to accept such trust.

8.1.4 Other Insurance. The Board shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Master Association. The Board also may purchase and maintain fidelity coverage against dishonest acts on the part of Trustees, Officers, managers, trustees, employees or volunteers who handle or who are responsible to handle the funds of the Master Association. Any such fidelity bonds shall name the Master Association as obligee, and shall be written in an amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Master Association, including reserves. In connection with such fidelity coverage, an appropriate endorsement to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The Board shall also purchase and maintain insurance on personal property owned by the Master Association, and any other insurance that it deems necessary or is customarily obtained for projects similar in construction, location and use.

8.1.5 Owner's Liability Insurance. An Owner, individually or through the Maintenance Association of which his Lot is a part, may carry whatever personal and property damage liability insurance with respect to his Lot that he desires.

8.1.6 Owner's Fire and Extended Coverage Insurance. Each Owner shall obtain and maintain fire, casualty and extended coverage insurance for the full replacement value of all of the improvements on his Lot. Notwithstanding the foregoing this subarticle shall be deemed satisfied where a Maintenance Association has obtained fire, casualty and extended coverage insurance for the Improvements to an Owner's Lot.

8.1.7 Officer and Director Insurance. The Master Association may purchase and maintain insurance on behalf of any Trustee, Officer, or member of a committee of the Master Association (collectively the "agent") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Master Association would have the power to indemnify the agent against such liability under applicable law.

8.1.8 Waiver of Subrogation. All property and liability insurance carried by the Master Association or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Master Association, Trustees, Officers, Committee members, Declarant, Owners, their family, guests, agents and employees.

8.1.9 Notice of Cancellation. Insurance carried by the Master Association may require the insurer to notify any First Mortgagee requesting such notice at least fifteen (15) days in advance of the effective date of any reduction or cancellation of the policy.

8.1.10 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate in light of increased construction costs, inflation or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interest of the Master Association.

8.1.11 Payment of Premiums. Premiums on insurance maintained by the Master Association shall be a common expense funded by Assessments levied by the Master Association.

8.2 Destruction.

8.2.1 Minor Destruction Affecting the Common Area. Notwithstanding Section 8.2.2, the Board shall have the duty to repair and reconstruct the Common Area without the consent of Members and irrespective of the amount of available insurance proceeds, in all instances of destruction where the estimated cost of repair and reconstruction does not exceed five percent (5%) of the budgeted gross expenses of the Master Association for that fiscal year.

8.2.2 Major Destruction Affecting the Common Area.

(a) Destruction: Proceeds Exceed 85% of Reconstruction Costs. If there is a total or partial destruction of the Common Area, and if the available proceeds of the insurance carried pursuant to Section 8.1 are sufficient to cover not less than eighty-five percent (85%) of the costs of repair and reconstruction, the Common Area shall be promptly rebuilt unless, within sixty (60) days from the date of destruction, Members then holding at least seventy-five percent (75%) of the voting power of the Master Association determine that repair and reconstruction shall not take place.

(b) Destruction: Proceeds Less than 85% of Reconstruction Costs. If the proceeds of insurance carried pursuant to Section 8.1 are less than eighty-five percent (85%) of the costs of repair and reconstruction, repair and reconstruction of the Common Area shall not take place unless, within sixty (60) days from the date of destruction, Members then holding at least a majority of the voting power of the Members other than Declarant determine that repair and reconstruction shall take place.

(c) Special Assessment to Rebuild. If the determination is made to rebuild, the Master Association may levy a Special Assessment against all Members to cover the cost of rebuilding not covered by insurance proceeds.

(d) Rebuilding Contract. If the determination is made to rebuild, the Board shall obtain bids from at least two (2) reputable contractors, and shall award the repair and reconstruction work to the most reasonable bidder in the opinion of a majority of the Board. The Board shall have the authority to enter into a written contract with the contractor for the repair and reconstruction, and the insurance proceeds shall be disbursed to said contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction within a reasonable time.

(e) Rebuilding Not Authorized. If the determination is made not to rebuild, then any insurance proceeds and any other funds held for rebuilding of the Common Area shall be distributed among the Members on the same basis as their Regular Assessment obligation, and between the Members and Mortgagee(s) as their interests shall appear.

8.2.3 Destruction Affecting Lots. If there is a total or partial destruction of a Structure on an Lot, the Owner of the affected Lot, through its Maintenance Association, or individually if such Lot is not part of a Maintenance Association, shall have the following options:

(a) the Owner shall rebuild or repair the Structure in substantial conformity with its appearance, design and structural integrity immediately prior to the damage or destruction. However, the Maintenance Association of an affected Lot (or the Owner if such Lot is not part of a Maintenance Association) may apply to the Architectural Control Committee for reconstruction of the Structure in a manner which will provide for an exterior appearance and/or design which is different from that which existed prior to the date of the destruction. Application for such approval shall be made in compliance with the provisions of Article X; or

(b) the Maintenance Association or Owner, as applicable, shall clear all structures from the Lot and shall landscape it in a manner which is approved by the Architectural Control Committee.

Any damage or destruction affecting Improvements in a Development shall be subject to the terms and provisions of the applicable Development Declaration governing such matters. In the event of any inconsistency between the terms of this Section 8.2 and the terms of the applicable Development Declaration, the terms of the Development Declaration shall control.

Rebuilding or landscaping shall be commenced within a reasonable time after the date of the damage or destruction and shall be diligently pursued to completion.

8.3 Condemnation.

8.3.1 Condemnation Affecting Common Area.

(a) Sale in Lieu. If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any entity having the right of eminent domain, then on the written consent of seventy-five percent (75%) of the Owners and subject to the rights of all Mortgagees, the Common Area, or a portion of it may be sold by the Board. The proceeds of the sale shall be distributed among the Maintenance Associations and Owners (for those not included in any Maintenance Association) on the same basis as their Regular Assessment obligations. Maintenance Associations shall distribute such funds in accordance with the provisions of the governing instruments of their respective Maintenance Associations.

(b) Award. If the Common Area, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the Maintenance Associations or Owners and their respective Mortgagees. If the judgment of condemnation does not apportion the award then the award shall be distributed as provided in Section 8.3.1(a).

8.3.2 Condemnation Affecting Lots. If an action for condemnation of all or a portion or, or otherwise affecting a Lot is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot, in accordance with the terms of any Development Declaration affecting such Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, that portion of the Lot so taken shall be deemed deleted from the Project and the Owners and Mortgagees of the affected Lot shall be released from the applicability of the Project Documents and deemed divested of any interest in the Common Area. Any portion of such Lot remaining after the taking shall be included as part of the Common Area of the Project. Provided, however, the Development Declaration affecting any Lot shall govern the effect of condemnation upon the owners of Lots within such Development.

ARTICLE IX

MORTGAGEE PROTECTIONS

- 9.1 Mortgages Permitted. Any Owner may encumber his Lot with Mortgages.
- 9.2 Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers any Lot or other portion of the Project, made in good faith for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.
- 9.3 Effect of Breach. No breach of any provision of this Declaration shall invalidate the lien of any Mortgage created in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.
- 9.4 Right to Appear at Meetings. Any Mortgagee may attend meetings of the Master Association or the Board, in accordance with the provisions of the Bylaws.
- 9.5 Right to Furnish Information. Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.
- 9.6 Right to Examine Books and Records, Etc.. The Master Association shall make available to Owners, prospective purchasers and First Mortgagees, current copies of the Project Documents and the books, records and financial statements of the Master Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. Any First Mortgagee shall be entitled, upon written request, to a financial statement of the Master Association for the immediately preceding fiscal year, free of charge. Such financial statement shall be furnished by the Master Association within a reasonable time following such request.
- 9.7 Owners Right to Ingress and Egress. There shall be no restriction upon any Owner's right of ingress and egress to his Lot, which right shall be perpetual and appurtenant to his Lot ownership.
- 9.8 Notice of Intended Action. Upon written request to the Master Association, any First Mortgagee shall be entitled to timely written notice of:

(a) Any proposed termination of the legal status of the Project as a planned unit development.

(b) Any condemnation loss or casualty loss which affects a material portion of the Project or any Lot or Parcel on which there is a First Mortgage held, insured or guaranteed by such requesting party.

(c) Any delinquency in the payment of Assessments or Individual Charges owed by an Owner or Maintenance Association of a Lot subject to a First Mortgage held, insured or guaranteed by such requesting party which remains uncured for a period of sixty (60) days.

9.9 First Mortgagee Liability for Individual Charges and Assessments. Any First Mortgagee who obtains a title to a Lot pursuant to the remedies provided in the Mortgage shall not be liable for such Unit's Assessments or Individual Charges which are assessed prior to the acquisition of title to such Lot by the Mortgagee, but shall be liable for all Assessments and Individual Charges assessed thereafter.

9.10 Distribution: Insurance and Condemnation Proceeds. No provision of the Project Documents shall give an Owner, or any other party, priority over any rights of the First Mortgagee of the Lot pursuant to its Mortgage in the case of a distribution to such Lot Owner of insurance proceeds or condemnation awards for losses to, or a taking of, the Lot and/or Common Area.

9.11 Taxes. First Mortgagees of Lots s may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area, and First Mortgagees making such payments shall be owed reimbursement therefore from the Master Association. Entitlement to such reimbursement shall be reflected in an agreement in favor of all First Mortgagees of Lots duly executed by the Master Association, and an original or certified copy of such agreement shall be possessed by Declarant.

9.12 Maintenance Reserves. Master Association Assessments or charges shall include an adequate reserve fund for maintenance, repairs and replacement of those elements of the Project that must be replaced on a periodic basis by the Master Association.

9.13 Notice of Default. A First Mortgagee, upon request, shall be entitled to written notification from the Master Association of any default in the performance by the affected Lot Owner of any obligation under the Project Documents which is not cured within sixty (60) days.

9.14 Conflicts. In the event of a conflict of any of the provisions of this Article IX and any other provisions of this Declaration, the provisions of this Article IX shall control.

ARTICLE X

ARCHITECTURAL CONTROL

10.1 Approval of Alteration and Improvements.

10.1.1 General Limitation and Time for Construction. Subject to the exceptions described at Section 10.1.2, no Improvement may be constructed, painted, altered or in any other way changed on any portion of the Project without the prior written approval of the Architectural Control Committee ("Committee"). Unless otherwise approved by Declarant, construction shall begin on each Lot sold by Declarant within eighteen (18) months after the conveyance of such Lot from Declarant, and shall, thereafter, be diligently pursued to completion.

10.1.2 Exemption. Notwithstanding Section 10.1.1, no Committee approval shall be required for (i) initial Improvements constructed by, or with the express written approval of, Declarant; (ii) normal maintenance of exempt or previously approved Improvements; (iii) rebuilding an exempt or previously approved Improvement as originally approved and built; (iv) changes to the interior of an exempt or previously approved Structure; (v) work reasonably required to be performed in an emergency for the purpose of protecting any person or property from damage.

10.2 Architectural Control Committee.

10.2.1 Number, Appointment, Terms. The Committee shall be composed of three (3) members. Declarant shall appoint all of the initial members, and reserves the right to appoint a majority of the members of the Committee until ninety percent (90%) of all Lots to be created in the Project have been sold. Thereafter the Board shall have the right to appoint all members of the Committee. Members appointed to the Committee by the Board shall be from the Membership of the Master Association. Members appointed to the Committee by Declarant need not be members of the Master Association.

One member of the initial Committee shall serve for a term of three (3) years, one member of the initial Committee shall serve for a term of two (2) years, and one member of the initial Committee shall serve for a term of one (1) year following the recording of this Declaration. Thereafter, the terms of the Committee members shall be three (3) years. Any new member appointed to replace a member who has resigned or been removed shall serve

such member's unexpired term. Vacancies on the Committee caused by resignation or removal of a member shall be filled by the party empowered to originally appoint such member. No member of the Committee may be removed without the vote or written consent of the Board; provided, however, that Declarant may change its designated members of the Committee without such vote or consent.

10.2.2 Operation. The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The requirements for valid Committee meetings and actions shall be the same as that which is required for valid Board meetings and action as provided in the Bylaws. The Committee shall keep and maintain a record of all action taken by the Committee at meetings or otherwise, and shall maintain files of all documents submitted to it, along with records of its activities. Unless authorized by the Master Association, the members of the Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement by the Master Association for reasonable expenses incurred by them in connection with the performance of their duties.

10.2.3 Duties and Address. The Committee shall adopt Architectural Control Guidelines ("Guidelines") as provided in Section 10.3 and shall perform other duties imposed upon it by the Project Documents or delegated to it by the Board. The address of the Committee shall be the principal office of the Master Association. Such address shall be the place for the submittal of plans and specifications and the place where current copies of the Guidelines shall be kept.

10.3 Architectural Standards, Guidelines.

10.3.1 Committee Guidelines. The Declarant shall adopt the initial Guidelines for the Committee. The Committee may, from time to time, amend said Guidelines prospectively, if approved by two (2) members of the Committee; otherwise, Board approval shall be required for any amendment. So long as Declarant owns any Lots or Parcels in the Project the Guidelines may not be amended without the consent of the Declarant. Said Guidelines shall interpret and implement the provisions of this Article X by setting forth more specific standards and procedures for Committee review. All Guidelines shall be in compliance with all applicable laws and regulations of any governmental entity having jurisdiction over Improvements on the Project, shall incorporate high standards of architectural design and construction engineering, shall be in compliance with the minimum standards of Section 10.3.2 and otherwise shall be in conformity with the purposes and provisions of the Project Documents.

A copy of the current Guidelines shall be available for inspection and copying by any Lot Owner at any reasonable time during business hours of the Master Association.

10.3.2 Standards. The following minimum standards shall apply to any Improvements constructed on the Project:

(a) All Improvements shall be constructed in compliance with the applicable zoning laws, building codes, subdivision restrictions and all other laws, ordinances and regulations applicable to Project Improvements.

(b) In reviewing proposed Improvements for approval, the Committee shall consider at least the following:

- (i) Does the proposed Improvement conform to the purposes and provisions of the Project Documents?
- (ii) Is the proposed Improvement of a quality of workmanship and materials comparable to other Improvements that are proposed or existing on the Project?
- (iii) Is the proposed Improvement of a design and character which is harmonious with proposed or existing Improvements and with the natural topography in the immediate vicinity?

10.4 Committee Approval Process.

10.4.1 Approval Application. Any Owner or Developer proposing to construct, paint, alter or change any Improvement in the Project shall apply to the Committee in writing for approval of the work to be performed and a proposed time schedule for performing the work. The Committee may charge an Owner or Developer a reasonable fee for application review.

In the event additional plans and specifications for the work are required by the Committee, the applicant shall be notified of the requirement within thirty (30) days of receipt by the Committee of his initial application or the application shall be deemed sufficiently submitted. If timely notified, the applicant shall submit plans and specifications of the proposed work in the form and context reasonably required by the Committee and the date of his application shall not be deemed submitted until that date. Such plans and specifications may include, but are not limited to, showing the elevations and floor plans of the proposed Structure, the nature, kind, shape, color, size, materials and location of the proposed work, and the size, species and location of any plants, trees, shrubs and other proposed landscaping.

10.4.2 Review and Approval. Upon receipt of all documents reasonably required by the Committee to consider the application, the Committee shall proceed

expeditiously to review all of such documents to determine whether the proposed work is in compliance with the provisions and purposes of the Project Documents and all Guidelines of the Committee in effect at the time the documents are submitted. In the event the Committee fails to approve an application, it shall notify the applicant in writing of the specific matters to which it objects. In the event the Committee fails to notify the applicant within forty-five (45) days after receipt of all documents reasonably required to consider an application or a correction or resubmittal thereof of the action taken by the Committee, the application shall be deemed approved. One set of plans as finally approved shall be retained by the Committee as a permanent record. The determination of the Committee shall be final and conclusive and, except for an application to the Committee for reconsideration, there shall be no appeal therefrom.

10.4.3 Commencement, and Completion of Approved Work. Upon receipt of the approval of the Committee, the applicant shall proceed to have the work commenced and diligently and continuously pursued to completion in compliance with the approval of the Committee including all conditions imposed therewith. The approval of the Committee shall be effective for a period of one (1) year after the date of the approval, subject to the right of the Committee to provide for a longer period at the time of its approval, or subsequently to extend the period upon a showing of good cause. In the event the approved work is not commenced within the effective period of the approval, then the applicant, before commencing any work, shall be required to resubmit its application for the approval of the Committee.

All work approved shall be completed within one (1) year after the date of commencement, or such other reasonable period specified by the Committee at the time of approval, with the period of time subject to extension, at the option of the Committee, by the number of days that work is delayed by causes not under the control of the applicant or his contractor or as otherwise extended by the Board. Upon completion of approved work, the applicant shall give written notice thereof to the Committee. If for any reason the Committee fails to notify the applicant of any noncompliance within sixty (60) days after receipt of said notice of completion from the application, the improvement shall be deemed to be completed in accordance with said approved plans.

10.4.4 Inspection, Non-Compliance. The Committee, or any authorized representative, shall have the right at any reasonable time, after reasonable notice, to enter upon any portion of the Project for the purpose of determining whether or not any work is being performed or was performed in compliance with the submittals to the Committee and the Guidelines. If at any time the Committee determines that work is not being performed or was not performed in compliance with the submittals or the Guidelines, whether based on a failure to apply for or obtain approval, a failure to comply with approval, a failure to timely commence or complete approved work or otherwise, the Committee shall notify the Owner in

writing of such non-compliance specifying the particulars of non-compliance within a reasonable and specified time period.

In the event that the offending Owner fails to remedy such non-compliance within the specified period, the Committee shall notify the Board in writing of such failure. The Board shall, subject to the notice and hearing requirements of Section 7.2.1(b), have the right to remedy the non-compliance in any appropriate manner permitted by law, or in equity, including but not limited to removing the non-complying Improvement, or recording a notice of non-compliance on the property, as appropriate. The Owner shall have the obligation to reimburse the Master Association for any costs incurred in enforcing these provisions and if the Master Association is not reimbursed upon demand, the Board shall have the right to assess the cost thereof to such Owner as an Individual Charge.

10.5 Waiver. The approval by the Committee of any plans, drawings, specifications of any Improvements constructed or proposed, or in connection with any matter requiring the approval of the Committee under the Project Documents shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter submitted for approval. Where unusual circumstances warrant it, the Committee may grant reasonable variances from the architectural control provisions hereof or from the Guidelines. Such variances shall be made on a case-by-case basis and shall not serve as precedent for the granting of any other variance.

10.6 Estoppel Certificate. Within thirty (30) days after written demand is delivered therefor to the Committee by any Maintenance Association, Owner or Mortgagee, and upon payment to the Master Association of a reasonable fee (as fixed from time to time by the Board), the Committee shall execute and deliver in recordable form, if requested, an estoppel certificate executed by any two (2) of its members, certifying, with respect to any portion of the Project, that as of the date thereof either (a) all Improvements made and other work done upon or within said portion of the Project comply with the Project Documents, or (b) such Improvements or work do not so comply in which event the certificate shall also identify the noncomplying Improvements or work and set forth with particularity the basis of such noncompliance. Such statement shall be binding upon the Master Association and Committee in favor of any person who may rely thereon in good faith.

10.7 Liability. Neither the Declarant, the Committee, the Board nor any member thereof shall be liable to the Master Association or to any Owner or to any third party for any damages, loss, prejudice suffered or claimed on account of (a) the approval or disapproval of such plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development of any portion of the Project, (d) the execution and filing of an estoppel certificate pursuant to Section 10.6 or (e) the execution and filing of a notice of

noncompliance or noncompletion pursuant to Section 10.4.4, whether or not the facts therein are correct, if the Declarant, the Board, the Committee or such member has acted in good faith on the basis of such information as may be possessed by them. Specifically, but not by way of limitation, it is understood that neither the Committee, the members thereof, the Master Association, the Members, the Board nor Declarant assumes liability or responsibility for any defects in any plans or specifications for Improvements, or for any defect in any structure constructed from such plans and specifications.

ARTICLE XI

GENERAL PROVISIONS

11.1 Notices. Notices provided for in the Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or 48 hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Master Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the Owner's Lot. Notices to the Master Association shall be addressed to the address designated by the Master Association by written notice to all owners.

11.2 Notice of Transfer. No later than five (5) days after the sale or transfer of any Lot, the transferee shall notify the Master Association in writing of such sale or transfer. Such notice shall set forth: (i) the Lot involved; (ii) the name and address of the transferee and transferor; and (iii) the date of sale. Unless and until such notice is given, the Master Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Master Association. Prior to receipt of any such notification by the Master Association, any and all communications required or permitted to be given by the Master Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

11.3 Construction Headings. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a planned community and for the maintenance of the Project. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

11.4 Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or provisions contained herein shall not invalidate any other provision hereof.

11.5 Exhibits. All exhibits referred to are incorporated herein by such reference.

11.6 Easements Reserved and Granted. Any easements referred to in this Declaration shall be deemed reserved or granted, as applicable, or both reserved and granted, by reference to this Declaration in a deed to any Lot.

11.7 Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

11.8 Violations and Nuisance. Every act or omission, whereby a covenant, condition or restriction of this Declaration is violated in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Master Association or any Owner or Owners.

11.9 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any of the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth.

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

11.11 Conflict of Project Documents. If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Articles, Bylaws, Rules and Regulations of the Master Association and Architectural Control Guidelines.

11.12 Termination of Declaration. This Declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this Declaration is recorded. After that time, this Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Declaration is revoked by an instrument executed by Owners of not less than three-fourths (3/4) of the Lots in the Project, and recorded in the Office of the Grand County Recorder within one year prior to the end of said 50-year period or any succeeding 10-year period.

ARTICLE XII

AMENDMENT

12.1 Amendment. Except as provided elsewhere in this Declaration, any amendment to this Declaration shall require the affirmative vote or written approval of at least a majority of the total votes of the Master Association. Any amendment authorized pursuant to this Section shall be accomplished through the recordation in the office of the Grand County Recorder of an instrument executed by the Association. In such instrument an officer or Trustee of the Association shall certify that the vote required by this Section for amendment has occurred. Anything in this Section or Declaration to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by the lending guidelines FNMA, FHA, VA or similar agency, and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of the Declaration, or by any lending institution as a condition precedent to lending funds upon the security of any Lot, Parcel or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an amendment duly signed by or on behalf of the authorized officers of Declarant with their signatures acknowledged, specifying the federal, state or local governmental agency or the lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such amendment, when recorded, shall be binding upon all of the Project and all persons having an interest therein. It is the desire of Declarant to retain control of the Master Association and its activities during the anticipated period of planning and development of the Project. If any amendment requested deletes, diminishes or alters such control, Declarant alone shall have the right to amend this Declaration to restore such control. Within ten (10) years from the date of recording this Declaration, and so long as the Declarant is the Owner of any Lot or Parcel in the Project, this Declaration may be amended or terminated only with the written approval of the Declarant. The Declarant alone may amend or terminate this Declaration prior to the closing of a sale of any Lot.

The undersigned, being the Declarant herein, has executed this Declaration on February 27, 1997.

ROBERTSON DEVELOPMENT, INC., a
Utah corporation

By: Joyce H. Robertson
Joyce H. Robertson, President

STATE OF UTAH)
 : ss.
COUNTY OF GRAND)

The foregoing instrument was acknowledged before me this 27 day of February, 1997, by Joyce H. Robertson, the President of Robertson Development, Inc, a Utah corporation.

Sharon Nelson
Notary Public

My Commission Expires:
7/17/2000

Residing at: Grand, Utah

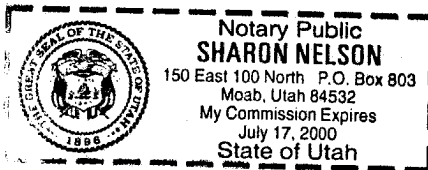


EXHIBIT A

LEGAL DESCRIPTION OF THE PROJECT

DESCRIPTION OF A PARCEL OF LAND WITHIN THE SE1/4 OF SECTION 15, T26S, R22E, SLB&M, GRAND COUNTY, UTAH, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Beginning at the NE Corner of the SE1/4 of Section 15, T26S, R22E, SLB&M, and proceeding thence with the East line of said SE1/4 S 0°02'W 1323.8 ft. to the SE Corner NE1/4 SE1/4, thence N 89°34'W 899.9 ft. along the South line of said NE1/4 SE1/4, thence along a 250.0 ft. radius curve to the right 205.2 ft. (said curve has a chord which bears N 66°03'W 199.4 ft.), thence N 42°33'W 221.9 ft., thence along a 316.0 ft. radius curve to the left 261.7 ft. (said curve has a chord which bears N 66°16'W 254.2 ft.), thence West 185.5 ft. to the SE Corner of Lot 1, Block 4, Solano Vallejo Estates Phase 1, thence along the East line of said Solano Vallejo Estates Phase 1 N 0°06'E 330.0 ft. to the NE corner of Solano Vallejo Estates Phase 1, thence N 0°06'E 646.5 ft. to the North line SE1/4 said Section 15, thence along the North line of the SE1/4 of said Section 15 S 89°47'E 1649.3 ft. to the point of beginning.

EXHIBIT B

MAP

E # 439 136

Pages 411 - 413

are plot maps

see complete plot

in cabinet