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**AMENDED AND RESTATED MASTER DECLARATION  
OF  
COVENANTS, CONDITIONS, RESTRICTIONS  
AND RESERVATION OF EASEMENTS  
FOR  
TRAVERSE MOUNTAIN  
A MASTER PLANNED COMMUNITY**

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**AMENDED AND RESTATED MASTER DECLARATION OF**  
**COVENANTS, CONDITIONS, RESTRICTIONS AND**  
**RESERVATION OF EASEMENTS**  
**FOR**  
**TRAVERSE MOUNTAIN**

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**AMENDED AND RESTATED**  
**MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS**  
**AND RESERVATION OF EASEMENTS**  
**FOR**  
**TRAVERSE MOUNTAIN**

This Master Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Traverse Mountain is made by MOUNTAIN HOME DEVELOPMENT, CORP., a Utah corporation, ("**Declarant**"). The capitalized terms used in the Preamble are defined in Article I.

**P R E A M B L E:**

A. The Declarant is the Owner of the First Subdivision, which is real property in Lehi City, County of Utah, Utah, described as follows:

***Boundary Description Lot 9***

Commencing at a point which is West 5263.91 feet and North 1482.13 feet from the Southeast corner of section 30, township 4 South, range 1 East, Salt Lake base and meridian; thence as follows:

N38°48'18" W at 66.89' Thence; along an arc at 168.75 along a 150.00' radius curve to the left through a central angle of 64° 27'30", bearing N71°02'03" W 159.99'; Thence S76°44'12"W at 185.80' Thence; S13°15'48"W at 10.00' Thence; along an arc at 69.00' along a 110.00' radius curve to the right through a central angle of 35°56'30", bearing N85°17'33"W 67.88'; Thence N67°19'18"W at 279.90' Thence; along an arc 79.19' along a 185.00' radius curve to the right through a central angle of 24°31'30", bearing N55° 03'33"W; Thence N42°47'48"W at 6.40' Thence; along an arc at 85.56' along a 185.00' radius curve to the right through a central angle of 26°30'00", bearing N29°32'48"W 84.80'; Thence N16°17'48"W at 4.60' Thence; along an arc 95.35' along a 360.00' radius curve to the right through a central angle of 15°10'30", bearing N08°42'33" W 95.07'; Thence N01° 07'18"W at 84.40' Thence; along an arc 95.31' along a 200.00' radius curve to the left through a central angle of 27°18'13", bearing N14°46'24"W 94.41'; Thence N40° 02'54"E at 263.72' Thence;

N63° 05'56"E at 211.00' Thence; N43° 42'05" E 446.03' Thence; N58°27' 56" E at 173.72' Thence; S62°51'52" E at 348.62' Thence; along an arc 561.54' along a 1165.00' radius curve to the right through a central angle of 27°37'01", bearing S49°03'21" E 556.12'; Thence S43°01'07" W 1023.71' to the point of beginning

Area = 26.850 Acres

Basis of Bearing: N00°17'58" W along the section line from the Southeast corner of section 30, township 4 South, range 1 East, Salt Lake Base and meridian to the East 1/4 corner of said section.

***Boundary Description Lot 11***

A parcel of Land lying and situate in sections 25 and 30, Township 4 South, Range 1 East, Salt Lake Base and Meridian, Lehi City, Utah County, Utah. Comprising the 37.08 acres of Lot 11, Traverse Mountain Plat "A", recorded as Entry Number 88404:2002, Map Number 9220-105 in the Office of the Utah County Recorder. Basis of Bearing for subject parcel being North 00°17'58" West 2648.83 feet (measured) between the Utah County brass cap monuments monumentalizing the East line of the Southeast Quarter of said Section 30. Subject parcel being more particularly described as follows:

BEGINNING at a the Northeast corner of said Lot 11, Traverse Mountain Plat "A", according to the official Plat thereof, said point being located WEST 5295.82 and North 2754.04 feet from the Utah County brass cap monument monumentalizing the Southeast corner of said Section 30; Thence the following 4 (four) courses coincident with the perimeter of said Lot 11 (1) South 58°27'56" West 173.72 feet; (2) South 43°42'05" West 446.03 feet; (3) South 63°05'56" West 211.00 feet; (4) South 40°02'54" West 263.72 feet to a point on the arc of a 200.00 foot radius curve and a point on the Northerly Boundary line of the Provo Reservoir Canal as shown on that certain Record of Survey certified by John B. Stahl, Corner Stone Professional Surveys, project number PRW9601, filed a survey number 98-186 in the office of the Utah County Surveyor; Thence the following 18 (eighteen) courses coincident with the northerly boundary of said canal and the perimeter of said Lot 11 (1) Northwesterly 56.74 feet along the arc of said 200.00 foot radius curve to the left (center bears South 61°34'29" West) thru a central angle of 16°15'17" to a point (2) North 44°40'48" West 136.10 feet to a point of curvature; (3) Southwesterly 171.64 feet along the arc of a 120.00 foot radius curve to the left (center bears South 45°19'12" West) thru a central angle of 81°57'00" to a point; (4) South 53°22'12" West 205.02 feet; (5) South 36°37'48" East 5.00 feet; (6) South 53°22'12" West 104.68 feet to a point of



curvature; (7) Northwesterly 54.47 feet along the arc of a 65.00 foot radius curve to the right (center bears North 36°37'48" West) thru a central angle of 48°01'00" to a point of tangency; (8) North 78°36'48" West 45.80 feet to a point of curvature; (9) Northwesterly 253.93 feet along the arc of a 490.00 foot radius curve to the right (center bears North 11°23'12" East) thru a central angle of 29°41'30" to a point of tangency; (10) North 48°55'18" West 323.80 feet to a point on the arc of a 65.00 foot radius curve; (11) Northeasterly 137.52 feet along the arc of said 65.00 foot radius curve to the right (center bears North 41°04'42" East) thru a central angle of 121°13'00" to a point of tangency; (12) North 72°17'42" East 5.00 feet to a point of curvature; (13) Northeasterly 82.78 feet along the arc of said 335.00 foot radius curve to the left (center bears North 17°42'18" West) thru a central angle of 14°09'30" to a point; (14) North 58°08'12" East 45.30 feet to a point of curvature; (15) Northeasterly 116.75 feet along the arc of a 135.00 foot radius curve to the left (center bears North 31°51'48" West) thru a central angle of 49°33'01" to a point on a radial line; (16) South 81°24'48" East 20.00 feet (17) North 08°35'12" East 340.36 feet; (18) North 89°46'48" West 325.57 feet; Thence the following 4 (four) courses coincident with the perimeter of said lot 11 (1) North 58°14'01" east 1157.87 feet; (2) South 32°03'41" East 153.40 feet to a point of curvature; (3) Southeasterly 663.95 feet along the arc of a 1235.00 foot radius curve to the left (center bears North 57°56'19" east) through a central angle of 30°48'11" to a point of tangency; (4) South 62°51'52" east 465.39 feet to the point of beginning.

Contains 37.08 acres more or less.

B. Declarant and all of the Neighborhood Builders have agreed or will agree that all of the Residential Area will be developed with certain common objectives, and that Owners of Lots or Condominiums within the Residential Area will have certain common interests. The Residential Area, Multi-Family Area, Commercial Area and any other area of the Annexable Territory added to Properties will be developed with objectives designed to benefit all the property within the Properties, even though the areas are of different character. This common development scheme created by Declarant and the Neighborhood Builders imposes reciprocal burdens and benefits on all of the Properties.

C. Declarant deems it desirable, for the efficient preservation of the amenities in the Properties, to create a planned unit development in a master planned community. The general plan of development of the Properties will include forming a corporation pursuant to the Utah Revised Nonprofit Corporations Act to which will be assigned the powers of (1) owning, maintaining and administering the Master Association Property, (2) administering and enforcing the Governing Documents, and (3) collecting and disbursing Assessments. The Members of the Master Association will be the Owners of Lots and Condominiums in the Properties, as further provided in Article III of this Master Declaration.

D. Declarant declares that the Properties will be transferred, encumbered, leased, used and improved subject to this Master Declaration, which is for the purpose of enhancing the attractiveness and desirability of the Properties, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Properties. The covenants, conditions, restrictions, reservations, easements and equitable servitudes in this Master Declaration will (1) run with and burden the Properties and be binding upon all Persons having or acquiring any interest in the Properties, their heirs, successors and assigns; (2) inure to the benefit of the Properties and all interests therein; (3) inure to the benefit of and be binding upon Declarant, the Neighborhood Builders, and their respective successors-in-interest, each Owner and each Owner's successors in interest; and (4) may be enforced by Declarant, any Neighborhood Builder, any Owner and the Master Association.

### INTRODUCTION TO THE PROPERTIES

*Declarant has established this Master Declaration to provide a governance structure for the community in the Properties. The Master Association is the homeowners association formed to manage, maintain and govern the Properties. The Master Association's powers are described in Sections 3.2 and 3.3. The majority of the Master Association's business is overseen by its Board of Directors. Day-to-day activities are supervised by the Master Association's officers and the Community Manager. The Aesthetic Review Committee is a committee of the Master Association formed to have jurisdiction over design, development and aesthetics in the Properties.*

*Certain issues cannot be decided by the Board of Directors of the Master Association. Instead, these issues will be presented to the Neighborhood Representatives or the Members of the Master Association. The Neighborhood Representatives are elected by each of the Neighborhoods in the Properties. The Neighborhood Representatives' job includes informing Members who live in their Neighborhoods of various events and activities. Information about the Neighborhood Representatives' powers and duties as well as information about their election, term of office and decision-making procedure is contained in the Bylaws. Procedures for calling Member meetings are also contained in the Bylaws.*

*In addition to this Master Declaration, some Neighborhoods may also be governed by Neighborhood Declarations. These Neighborhood Declarations may impose additional restrictions on Lots or Condominiums in the affected Neighborhoods. The Neighborhood Declarations may also create Neighborhood Associations which will be operated pursuant to their own articles of incorporation and bylaws. The Neighborhood Associations may have their own Aesthetic Review Committees and may adopt their own architectural guidelines or Neighborhood rules and regulations. The Neighborhood Declarations, the management documents of Neighborhood Associations, and rules and regulations or architectural or landscaping guidelines of various Neighborhoods may supplement or be more restrictive than the Governing Documents so long as they are consistent with the scheme of governance established by the Governing Documents. However, if they conflict with the Master Declaration, the Master Declaration will be the controlling document.*

*To encourage a sense of community in the Properties, this Master Declaration provides for Special Benefit Areas as an alternative to the creation of multiple Neighborhood Associations. The Special Benefit Areas permit Neighborhoods to receive extra services or other*

*benefits from the Master Association and to pay for these benefits above the basic level of the Common Assessments for the entire community.*

## ARTICLE I DEFINITIONS AND INTERPRETATION

The following defined terms shown in bold have the meanings given in this Article and are subject to the limitations described in this Article.

**1.1 AESTHETIC REVIEW COMMITTEE.** Aesthetic Review Committee means the Aesthetic Review Committee created pursuant to Article IV.

**1.2 ANNEXABLE TERRITORY.** Annexable Territory means the real property described in *Exhibit A*, all or any portion of which may be made subject to this Master Declaration by following the procedure established in Article XVI.

**1.3 ARCHITECTURAL GUIDELINES.** Architectural Guidelines mean the design standards, guidelines, procedures and rules adopted pursuant to Article IV.

**1.4 AREA PLAN.** Area Plan means the entire bound volume with sequentially numbered pages on file with the City Planning Office. The Area Plan is composed of a cover letter, a map or plan entitled "Mountain Home Development Area Plan" and the Development Agreement. The Area Plan was approved by the City Counsel and then filed with the City Planning Office. The Area Plan may only be modified by amendments approved by Declarant and the City.

**1.5 ARTICLES.** Articles mean the Articles of Incorporation of the Master Association as amended or restated. A copy of the initial Articles is attached as *Exhibit B*.

**1.6 ASSESSMENT.** Assessment means any Common Assessment, Capital Improvement Assessment, Compliance Assessment or Reconstruction Assessment.

**1.7 ASSESSMENT UNIT.** Assessment Unit means a unit of value assigned to Lots, Condominiums and Apartments that is used to calculate each Lot, Condominium and Apartment's share of Common Expenses and to establish the number of votes assigned to each Lot, Condominium and Apartment.

**1.8 BOARD OR BOARD OF DIRECTORS.** Board or Board of Directors means the Master Association's Board of Directors.

**1.9 BUDGET.** Budget means a written, itemized estimate of the Master Association's income and Common Expenses.

**1.10 BYLAWS.** Bylaws mean the Bylaws of the Master Association initially in the form of Exhibit C, as amended or restated.

**1.11 CAPITAL IMPROVEMENT.** Addition of an Improvement to a Common Area or Master Association Property which did not previously exist, or expansion of an existing Improvement to a Common Area or Master Association Property, or installation of a better

quality facility, product, or repair to an existing Improvement to a Common Area or Master Association Property.

**1.12 CAPITAL IMPROVEMENT ASSESSMENT.** Capital Improvement Assessment means a charge against the Owners and their Lots and Condominiums representing a portion of the cost to the Master Association for installing or constructing Capital Improvements on the Master Association Property. Capital Improvement Assessments will be levied in the same proportion as Common Assessments.

**1.13 CITY.** City means Lehi City, Utah, and its various departments, divisions, employees and representatives.

**1.14 CLOSE OF ESCROW.** Close of Escrow means the date on which a deed is Recorded conveying a Lot or Condominium to a member of the public. The term "Close of Escrow" does not include the Recordation of a deed (i) between Declarant and (a) any successor to any rights of the Declarant or (b) any Neighborhood Builder, (ii) between Neighborhood Builders, (iii) conveying any portion of the Multi-Family Area, or (iv) conveying any portion of the Commercial Area.

**1.15 COMMERCIAL AREA.** Commercial Area means the real property classified as a portion of the Commercial Area in a Supplemental Declaration, which is or will be developed with commercial or retail business Improvements.

**1.16 COMMON AREA.** Common Area means land within the Properties (a) designated in a Neighborhood Declaration as "common area," (b) owned or maintained by a Neighborhood Association for the primary benefit of the Owners within the jurisdiction of the Neighborhood Association, or (c) identified on a Neighborhood Association Plat as "common area."

**1.17 COMMON ASSESSMENT.** Common Assessment means a charge against the Owners and their Lots or Condominiums to be used to satisfy Common Expenses. Common Assessments are composed of a "General Assessment Component" and, possibly, a "Special Benefit Area Assessment Component," as provided in Section 7.4.

**1.18 COMMON EXPENSES.** Common Expenses means those expenses for which the Master Association is responsible under this Master Declaration, including, but not limited to, the actual and estimated costs of the following:

- Maintaining, managing and operating the Master Association Property and Common Area;
- Unpaid Capital Improvement Assessments, Common Assessments, Compliance Assessments and Reconstruction Assessments;
- Any commonly metered utilities or other commonly metered charges not paid for by a Neighborhood Association;
- Managing and administering the Master Association;

- Compensation paid by the Master Association to managers, accountants, attorneys and Master Association employees and contractors;
- All utilities, landscaping, trash pickup and other services benefiting the Master Association Property or Common Area;
- Maintaining address identification signs not provided for by a Neighborhood Association;
- Fire, casualty and liability insurance, worker's compensation insurance, and other insurance covering the Properties and the directors, officers and agents of the Master Association;
- Bonding the members of the Master Association Board of Directors, its officers and other representatives;
- Taxes paid by the Master Association;
- Amounts paid by the Master Association for discharge of any lien or encumbrance levied against the Properties;
- Reasonable reserves;
- Providing protective services for the Master Association Property or other portions of the Properties;
- Payments under contracts entered into by the Master Association;
- Expenses designated as Common Expenses in Supplemental Declarations;
- All other expenses incurred by the Master Association for any reason whatsoever in connection with the Properties, for the common benefit of the Owners.

**1.19 COMMUNITY GUIDELINES.** Community Guidelines mean the Community Guidelines adopted, amended or restated by the Board.

**1.20 COMPLIANCE ASSESSMENT.** Compliance Assessment means a charge against a particular Owner or Neighborhood Association directly attributable to or reimbursable by that Owner or Neighborhood Association equal to the cost incurred by the Master Association for corrective action performed pursuant to the Governing Documents, or a fine or penalty assessed by the Board, plus interest and other charges on such Compliance Assessments as provided for in the Governing Documents. Compliance Assessments may include any collection costs, expenses and reasonable attorneys' fees.

**1.21 CONDOMINIUM.** Condominium means a condominium as defined in the Utah Condominium Ownership Act, Utah Code Ann., Section 57-8-1 *et seq.* as amended or any successor statute.

**1.22 DECLARANT.** Declarant means MOUNTAIN HOME DEVELOPMENT, CORP., a Utah corporation, its successors and any Person to which it shall have assigned any rights hereunder by express written assignment. Any such assignment may include some or all of the rights of the Declarant and may be subject to such purposes, conditions or limits as MOUNTAIN HOME DEVELOPMENT, CORP., may impose in its sole and absolute discretion. As used in this Section, "successor" means a Person who acquires Declarant or substantially all of its assets, or who merges with Declarant, by sale, merger, reverse merger, consolidation, sale of stock or assets, operation of law or otherwise.

**1.23 DECLARANT'S NEIGHBORHOOD REPRESENTATIVE.** Declarant's Neighborhood Representative means the Neighborhood Representative appointed by Declarant to represent Declarant and all Neighborhood Builders and to cast the Class A and Class B votes of the Declarant and all Neighborhood Builders.

**1.24 DEVELOPMENT AGREEMENT.** Development Agreement means the Annexation and Development Agreement dated as of May 2, 1997, including Exhibits 1 through 4 thereto, originally entered into between Declarant's predecessor in interest, Utah Valley Land Company, and the City. (As of April 14, 200\_\_\_, Utah Valley Land Company assigned its rights under the Development Agreement to Declarant.)

**1.25 FAMILY.** Family means (a) one Person or a group of natural Persons related to each other by blood, marriage or adoption, or (b) a group of natural Persons defined by Lehi City Zoning Code to be a family.

**1.26 FHA.** FHA means the Federal Housing Administration of the United States Department of Housing and Urban Development and its successors.

**1.27 FHLMC.** FHLMC means the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970, and its successors.

**1.28 FIRST SUBDIVISION.** The First Subdivision is the real property described in Paragraph A of the Preamble to this Master Declaration.

**1.29 FISCAL YEAR.** Fiscal Year means the fiscal accounting and reporting period of the Master Association.

**1.30 FNMA.** FNMA means the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and its successors.

**1.31 GNMA.** GNMA means the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and its successors.

**1.32 GOVERNING DOCUMENTS.** Governing Documents mean this Master Declaration, all Supplemental Declarations, the Articles, Bylaws, the Architectural Guidelines and the Community Guidelines.

**1.33 IMPROVEMENT.** Improvement means any structure, vegetation or appurtenance including buildings, walkways, irrigation systems, garages, roads, driveways, parking areas, fences, walls, stairs, decks, landscaping, antennae, the paint on all exterior surfaces, windbreaks, patio covers, railings, gates, poles, exterior air conditioning and water-softening fixtures or equipment. The Architectural Guidelines may identify additional items that are Improvements.

**1.34 INCLUDES, INCLUDING.** Whether capitalized or not, includes and including mean "includes without limitation" and "including without limitation," respectively.

**1.35 LOT.** Lot means a lot or parcel of land shown on a Recorded subdivision plat of any portion of the Properties, including any Lot in a Multi-Family Area or Commercial Area, but not the Master Association Property and the Common Area. Lot will also mean any portion of a lot or parcel of land designated as a Lot in a Supplemental Declaration.

**1.36 MAINTENANCE FUNDS.** Maintenance Funds mean the accounts created for the Master Association receipts and disbursements pursuant to Article VII.

**1.37 MANAGER.** Manager means the Person who provides professional community management for the Master Association.

**1.38 MASTER ASSOCIATION.** Master Association means the Traverse Mountain Master Association, a Utah nonprofit corporation, its successors and assigns.

**1.39 MASTER ASSOCIATION PROPERTY.** Master Association Property means all the real property and Improvements, whether annexed to the Properties or not, which are owned in fee simple by the Master Association, or for which the Master Association has rights or obligations by easement, lease, encroachment permit, license or other agreement. Master Association Property may include areas on public property designated by a local government agency for maintenance by the Master Association pursuant to this Master Declaration, any Supplemental Declaration, any agreement or Recorded plat. The Master Association Property in each Phase of the First Subdivision will be identified in the Plat and/or designated in Recorded Supplemental Declarations. On the first Close of Escrow in the Properties, the Master Association Property will include all of the Improvements, including the landscaping, fencing and irrigation system (payment for the pressurized irrigation service bill on the common areas is the responsibility of the Master Homeowners Association), located (a) within the right of way along the entire length of Triumph Boulevard and between the street curb and the lot lines separating privately owned property from the Triumph Boulevard right of way, and (b) within the right of way along Traverse Mountain Boulevard between the street curb and the lot lines separating privately owned property from the Traverse Mountain Boulevard right of way and starting from the intersection of Traverse Mountain Boulevard and Triumph Boulevard running northwest for approximately 4,800 feet to the intersection of Traverse Mountain Boulevard and Chapel Ridge Road. Additional Master Association Property may be annexed to the Properties pursuant to Article XVI. Moreover, and notwithstanding anything to the contrary herein, the Master Association Property shall include the property described on *Exhibit D* hereto.

**1.40 MASTER DECLARATION.** Master Declaration means this entire instrument, and its exhibits, as amended or restated.

**1.41 MEMBER.** Member means any Person owing a Membership and the Declarant.

**1.42 MEMBERSHIP.** Membership means the property, voting and other rights and privileges, duties and obligations of Members.

**1.43 MORTGAGE.** Mortgage means any instrument Recorded against one or more Lots, Condominiums, or other portions of the Properties to secure the performance of an obligation and includes a mortgage and a deed of trust.

**1.44 MORTGAGEE.** Mortgagee means a Person to whom a Mortgage is made and includes the beneficiary under a Mortgage or the assignees of such Mortgage identified in a Recorded assignment of rights under the Mortgage, or a beneficiary of a deed of trust.

**1.45 MULTI-FAMILY AREA.** Multi-Family Area means the real property classified as a portion of the Multi-Family Area in this Master Declaration or in a Supplemental Declaration, which is or will be developed with Improvements suitable for multi-Family rental apartment use.

**1.46 NEIGHBORHOOD.** Neighborhood means an area in the Properties in which a single Neighborhood Representative represents the voting power of all Members owning Lots or Condominiums within such area, except Declarant and Neighborhood Builders. As each portion of the Annexable Territory is added to the Properties, the Supplemental Declaration adding the property will identify the Neighborhood to which the property is assigned.

**1.47 NEIGHBORHOOD ASSOCIATION.** Neighborhood Association means any Utah corporation or unincorporated association, or its successor, established in connection with a Neighborhood Declaration, the membership of which is composed of Owners of Lots or Condominiums within a portion of the Properties. The Master Association is not a Neighborhood Association. Neighborhood Associations may also be referred to as "sub-associations" herein.

**1.48 NEIGHBORHOOD BUILDER.** Neighborhood Builder means a Person designated by Declarant as a Neighborhood Builder in a Recorded document. Some of the Persons Declarant intends to designate as Neighborhood Builders are Persons who acquire a portion of the Properties for the purpose of (i) developing such portion for resale to the general public, or (ii) in the case of a Multi-Family Area or Commercial Area, developing such portion for sale, lease, investment or occupancy. Upon the first occupancy of a building in a Multi-Family Area and a Commercial Area, the owner of the building ceases to be a Neighborhood Builder for purposes of that building. The term "Neighborhood Builder" does not include Declarant.

**1.49 NEIGHBORHOOD DECLARATION.** Neighborhood Declaration means any declaration of covenants, conditions and restrictions which affects solely a portion of the Properties. Neither the Master Declaration nor a Supplemental Declaration is a Neighborhood Declaration. Declarant may require the use of uniform covenants, conditions and restrictions and reserves the right to approve the content thereof. Neighborhood Declarations may also be referred to as "sub-association declarations" herein.



**1.50 NEIGHBORHOOD REPRESENTATIVE.** Neighborhood Representative means both (i) Declarant's Neighborhood Representative, and (ii) each Person selected pursuant to the Bylaws to represent and vote on behalf of all of the Members in a Neighborhood (except Declarant and the Neighborhood Builders).

**1.51 NOTICE AND HEARING.** Notice and Hearing means written notice and a hearing before the Board as provided in the Bylaws, this Master Declaration or Community Guidelines.

**1.52 OWNER.** Owner means the Person or Persons, including Declarant and the Neighborhood Builders, holding fee simple interest of record to any Condominium or Lot. The term "Owner" includes a seller under an executory contract of sale but excludes Mortgagees. A Supplemental Declaration may change the definition of the term "Owner" as it applies to a Neighborhood. For example, the term "Owner" may include a ground lessee under a long-term ground lease if so designated in the Supplemental Declaration for such property.

**1.53 PERSON.** Person means a natural individual or any entity with the legal capacity to hold title to real property.

**1.54 PHASE.** Phase means any portion of the Properties defined as a Phase in a Supplemental Declaration.

**1.55 PLAT, PLAT MAP, OR MAP.** A final subdivision plat covering any real property in the Area Plan, as recorded in the office of the County Recorder, Utah County, Utah, as the same may be amended by duly recorded amendments thereto.

**1.56 PROPERTIES.** Properties mean all of the real property encumbered by this Master Declaration. References in this Master Declaration to the Properties are to the Properties as a whole and to portions of the Properties.

**1.57 RECONSTRUCTION ASSESSMENT.** Reconstruction Assessment means a charge against the Owners and their Lots or Condominiums representing a portion of the Master Association's cost to reconstruct any Improvements on the Master Association Property. Reconstruction Assessments will be levied in the same proportion as Common Assessments.

**1.58 RECORD OR FILE.** Record or File means, with respect to any document, entry of such document in the records of the Recorder for the County.

**1.59 RESERVES.** Reserves mean Master Association funds set aside for funding periodic painting and maintaining of the components of the Master Association Property which would not reasonably be expected to recur on an annual or more frequent basis and for payment of deductible amounts for insurance policies which the Master Association obtains. The amount of Reserves will be determined annually by the Board pursuant to reserve cost guidelines established in accordance with prudent property management practices.

**1.60 RESIDENCE.** Residence means the structure intended for use and occupancy by one Family and located in a unit of an apartment building in a Multi-Family Area, on a Lot in the Residential Area or in the unit of a Condominium in the Residential Area.

**1.61 RESIDENTIAL AREA.** Residential Area means the real property which is so classified in this Master Declaration or a Supplemental Declaration. The Residential Area is designated for development as Lots or Condominiums. The Residential Area may include Master Association Property as well as Common Area.

**1.62 SPECIAL BENEFIT AREA.** Special Benefit Area means a group of Lots or Condominiums that share the costs of either (i) maintaining specified Improvements, or (ii) receiving certain services. The additional administrative costs of administering each Special Benefit Area shall be a part of the Common Expenses allocated to the Special Benefit Area Component of Common Assessments. Special Benefit Areas may be identified by Declarant in this Master Declaration or any Supplemental Declaration when Declarant, in its sole discretion, determines that a group of Lots or Condominiums benefits more from the specified Improvements or services than the Properties as a whole. The Board may also identify Special Benefit Areas as authorized in this Master Declaration or a Supplemental Declaration.

**1.63 SUPPLEMENTAL DECLARATION.** Supplemental Declaration means an instrument Recorded to annex additional real property to the Properties or to supplement this Master Declaration, as such instrument is amended or restated.

**1.64 TELECOMMUNICATIONS FACILITIES.** Telecommunication Facilities means (1) Improvements, equipment and facilities for (i) telecommunications, (ii) transfer of audio, video and data signals, (iii) transfer of any other signals used for transmission of intelligence by electrical, light wave, wireless frequencies or radio frequencies, and (iv) any other methods of communication and information transfer; (2) all associated Improvements, equipment and facilities, including but not limited to outside plant ducts, manholes, riser cables, protection equipment, communications rooms, antennas, power outlets, power conditioning and back-up power supplies, cross connect hardware, copper, fiber, and coaxial cables, towers, broadcasting and receiving devices, conduits, junction boxes, wires, cables, fiber optics, and any other necessary or appropriate enclosures and connections; and (3) power generation serving the Improvements, equipment and facilities described in subparts (1) and (2) of this sentence. Declarant intends to have the term "Telecommunication Facilities" be interpreted as broadly as possible and to include relocated facilities, expansion of facilities, and/or facilities used for any and all new technology that replaces any Telecommunication Facilities. If there is a doubt as to whether an item fits within the definition of Telecommunication Facilities, the term is to be interpreted to include that item.

**1.65 TELECOMMUNICATIONS SERVICES.** Telecommunications Services means Telecommunication Facilities, Improvements, and services for cable television, communications, telecommunications, antenna, high-speed data, telephony and all related vertical services, intranet, internet, information transfer (including wireless transfer), transmission, video and other similar services. Declarant may expand this definition in any Supplemental Declaration.

**1.66 VA.** VA means the Department of Veterans Affairs of the United States of America and its successors.

**1.67 INTERPRETATION OF MASTER DECLARATION.**

**1.67.1 General Rules.** This Master Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a master planned community and for the maintenance of the Master Association Property. Any violation of this Master Declaration is a nuisance. The Governing Documents shall be interpreted so as to be consistent with applicable laws and regulations, including ordinances and regulations of the appropriate Local Governmental Agencies. The Article and Section headings are for convenience only, and may not be considered or referred to in resolving questions of interpretation or construction. As used in this Master Declaration, the singular includes the plural and the plural the singular; and the masculine, feminine and neuter each include the other, unless the context dictates otherwise. Except as otherwise expressly provided in this Master Declaration, any reference in this Master Declaration to time for performance of obligations or to elapsed time means consecutive calendar days, months, or years, as applicable. *Exhibit A* is incorporated in this Master Declaration by this reference. All references made in this Master Declaration to statutes are to those statutes as amended or restated or to subsequently enacted replacement statutes. Unless otherwise indicated, references to Articles, Sections and Exhibits are to Articles, Sections and Exhibits of this Master Declaration.

**1.67.2 Statements in Italics.** The portions of the Governing Documents printed in italics are provided as simplified, general explanations of the purposes of the Articles, Sections or paragraphs of the Governing Documents and the scheme of governance for the Properties. The statements in italics are provided for convenience and may not be considered in resolving questions of interpretation or construction of the Governing Documents.

**1.67.3 Intent of Declarant.** Declarant intends that the Properties be developed for one-Family residential, multi-Family residential apartment uses, commercial uses and other uses defined in Supplemental Declarations, all consistent with this Master Declaration and any applicable Supplemental Declarations. In addition, Declarant, at its option, may designate areas for maintenance, recreational, institutional or other purposes.

**1.67.4 Relationship to Other Declarations.** As each Phase is developed, Declarant or Declarant and a Neighborhood Builder may Record one (1) or more Supplemental Declarations which may designate the use classifications within the areas affected and which may supplement this Master Declaration with such additional covenants, conditions, restrictions and easements as Declarant may deem appropriate for the real property being annexed thereby. The provisions of any Supplemental Declaration may impose such additional, different or more restrictive conditions, covenants, restrictions, easements and limits as Declarant may deem advisable, taking into account the particular requirements of each Phase. If there is any conflict between any Supplemental Declaration and the Master Declaration, the Supplemental Declaration shall control with respect to the real property annexed by such Supplemental Declaration. If there is any conflict between any Neighborhood Declaration and the provisions of the Master Declaration or applicable Supplemental Declaration, the Master Declaration and applicable Supplemental Declaration shall control.

**1.67.5 Relationship to Other Governing Documents.** If there are conflicts or inconsistencies between this Master Declaration and the Articles, Bylaws, Architectural Guidelines or Community Guidelines then the provisions of this Master Declaration shall prevail.

**1.67.6 Relationship of Development Agreement to Area Plan and Other Planning Documents.** The Governing Documents do not transfer to the Members or the Master Association any rights acquired by Declarant pursuant to the Area Plan and/or the Development Agreement; all of these rights are retained by Declarant. Declarant has the right to pursue to completion any electric energy facilities, improvements, roads and/or infrastructure that Declarant deems necessary to benefit Declarant and to entitle and allow Declarant to realize the full potential of the 2650 acres that front the Alpine Highway (SR-92) and that are owned by Declarant in Lehi City. This provision cannot be altered or amended except in writing that is approved by the City and the Declarant, and this provision supersedes all other documents, agreements and ordinances related thereto.

**1.67.7 Severability.** The provisions hereof are independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction does not affect the validity or enforceability of any other provision.

## ARTICLE II RESIDENTIAL AREA USE RESTRICTIONS

*This Article establishes limits on the use of Lots and Condominiums in the Residential Area. The Master Association has the power to enforce the use restrictions. Potential purchasers of Lots and Condominiums in the Residential Area should read these use restrictions closely to make sure they can use their property as they intend, without violating these use restrictions. In some cases, the Master Association is given the power to delegate its authority to enforce certain use restrictions to the Owners or to Neighborhood Associations. This is to allow the Master Association to limit the scope of its involvement in matters that the Master Association determines are best resolved by neighbors and in matters where a competent third party (the Neighborhood Association) is available to address the grievance. However, if the Master Association determines that the neighbors or Neighborhood Association are not dealing with issues adequately, the Master Association can revoke its delegation of powers and regain control over enforcement of all of the use restrictions. Some of the use restrictions apply not only to the Properties, but to public areas adjacent to the Properties. This is to prevent Owners and occupants from circumventing the use restrictions by placing items that are prohibited in the Properties (such as an unsightly, inoperable vehicle) on adjacent public property and leaving other Lots and Condominiums that are negatively impacted without a remedy.*

The Residential Area shall be held, used and enjoyed subject to the following restrictions. Real property added to the Properties that is not part of the Residential Area is exempt from the restrictions established in this Article unless the Supplemental Declaration annexing the property to the Properties indicates that the property being annexed is subject to the restrictions in this Article. Neighborhood Declarations may establish supplementary or more restrictive use restrictions for the property the Neighborhood Declarations encumber so long as the restrictions are consistent with the scheme of governance established in the Master Declaration and any applicable Supplemental Declaration. Supplemental Declarations may add use restrictions or replace the use restrictions contained in this Article for the property the Supplemental Declarations encumber.

**2.1 SINGLE FAMILY OCCUPANCY.** Each Residence shall be used only for (a) residential purposes, or (b) business or commercial activities authorized by this Section. Subject to Article II, Section 2.12 of this Master Declaration, an Owner may rent his Residence to a single Family provided that the Residence is rented pursuant to a lease or rental agreement which is (a) in writing and (b) subject to all of the provisions of the Governing Documents. Residences may be used for business or commercial activities so long as the following requirements are met:

**2.1.1 Compliance With Law.** The activities are conducted in conformance with all applicable Local Governmental Agency ordinances, including the Area Plan and the City Code;

**2.1.2 Streets and Parking Areas.** The patrons or clientele do not overburden the streets or parking areas in the Properties, considering the streets and parking areas are a part of a residential community, not a commercial development;

**2.1.3 Exterior Effects.** The existence or operation of such activities does not produce sounds, odors or materials outside the boundaries of the Lot, Condominium or Neighborhood Property that are excessive or inappropriate for a residential community;

**2.1.4 Insurance.** The activity does not increase the Master Association's liability or casualty insurance obligation or premium; and

**2.1.5 Consistent.** The activities are consistent with the character of the Residential Area and the Properties as a whole and conform to the other provisions of this Master Declaration, as determined by the Board.

Offices operated by the manager of a Neighborhood Association, for the sole purpose of managing the Neighborhood Association, and the Master Association, are exempt from the restrictions contained in this Section.

Except as authorized in this Section 2.1, no part of the Residential Area may be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including any activity for which the provider is compensated or receives any consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license.

**2.2 NUISANCES.** No noxious or offensive activities may be carried on upon the Properties or on any public street abutting or visible from the Properties. No Owner may (a) permit or cause anything to be done or kept on the Properties or on any public street abutting the Properties which may (i) increase the rate of insurance in the Properties, (ii) result in the cancellation of such insurance, or (iii) obstruct or interfere with the rights of other Owners, or (b) commit or permit any nuisance thereon or violate any law. Each Owner shall comply with all requirements of the local or state health authorities and with all other applicable governmental ordinances regarding occupancy and use of a Condominium or Lot, including the Residence thereon. Each Owner is accountable to the Master Association and other Owners for the conduct and behavior of Persons residing in or visiting his Lot or Condominium. The Master Association has the power to require that any damage to the Master Association Property, personal property of the Master Association, or property of another Owner caused by such Persons shall be repaired at the sole expense of the Owner of the Lot or Condominium where such Persons are residing or visiting. The Master Association is entitled to determine if any noise, odor, or activity

producing such noise or odor constitutes a nuisance. The Board has the right to delegate responsibility for enforcing any of the restrictions on nuisances contained in this Section to the Owners or Neighborhood Associations. Any violation of this Master Declaration is a nuisance.

**2.3 SIGNS.** All signs, posters, billboards, balloon advertising devices and other displays of any kind must comply with the Area Plan and City Code. In addition, they shall not be displayed within the Properties except as follows:

**2.3.1 Declarant and Neighborhood Builder Signs.** Signs of any size or configuration used by Declarant or the Neighborhood Builders in connection with the development of the Properties and the sale, lease or other disposition of Lots, Condominiums and the Annexable Territory;

**2.3.2 Entry Monuments.** Entry monuments and similar community identification signs either maintained by the Master Association or approved by the Aesthetic Review Committee and maintained by the Neighborhood Associations;

**2.3.3 Lots or Condominiums.** Subject to the Architectural Guidelines, one (1) nameplate or similar Owner name identification, and one (1) sign advising of the existence of security services protecting a Lot or Condominium;

**2.3.4 Sale or Lease.** One (1) sign which may be displayed on each Lot or Condominium advertising the Lot or Condominium for sale or lease; however, such sign must comply with the Community Guidelines and Architectural Guidelines; and

**2.3.5 Other Approved Displays.** Other displays such as decorative flags or holiday displays authorized in the Community Guidelines.

**2.4 PARKING AND VEHICULAR RESTRICTIONS.** The Master Association may delegate the responsibility for enforcing the restrictions in this Section to any Neighborhood Association. If the Master Association notifies a Neighborhood Association that the Master Association has delegated its responsibilities, the Neighborhood Association must enforce these restrictions as they apply to the property subject to the Neighborhood Association's jurisdiction. If a Neighborhood Association fails to enforce these restrictions, the Master Association may take any or all of the following actions: (a) revoke the delegation, (b) impose a Compliance Assessment on the Neighborhood Association, and/or (c) enforce those restrictions, subject to Article XII.

**2.4.1 Authorized Vehicles.** The following vehicles are Authorized Vehicles: standard passenger vehicles, including automobiles, passenger vans designed to accommodate ten (10) or fewer people, motorcycles and pick-up trucks having a manufacturer's rating or payload capacity of one (1) ton or less. Authorized Vehicles may be parked in any portion of the Properties intended for parking of motorized vehicles, subject to the restrictions in the other portions of the Governing Documents. No Owner may park any vehicle in a manner which extends beyond the boundaries of a parking space or into streets or sidewalks within the Properties. The Master Association has the power to identify additional vehicles as Authorized Vehicles.

**2.4.2 Restricted Vehicles.** The following vehicles are Restricted Vehicles:

- (i) recreational vehicles (e.g., motor homes, travel trailers, camper vans, snowmobiles and boats),
- (ii) commercial-type vehicles (e.g., stake bed trucks, tank trucks, dump trucks, step vans, concrete trucks, and limousines),
- (iii) buses or vans designed to accommodate more than ten (10) people (unless the vehicle is operated by the Master Association or a Neighborhood Association),
- (iv) vehicles having more than two (2) axles,
- (v) trailers, inoperable vehicles or parts of vehicles,
- (vi) aircraft,
- (vii) other similar vehicles, or
- (viii) any vehicle or vehicular equipment deemed a nuisance by the Board.

Restricted Vehicles may not be parked, stored or kept on any public or private street within, adjacent to or visible from the Properties or any other Master Association Property parking area unless (a) they are owned and used by the Master Association or a Neighborhood Association, (b) they are parked for limited periods in specified locations, as authorized in the Community Guidelines, or (c) they are parked within an Owner's fully enclosed garage with the door closed. If a vehicle qualifies as both an Authorized Vehicle and a Prohibited Vehicle, then the vehicle is presumed to be a Prohibited Vehicle, unless the vehicle is expressly classified as an Authorized Vehicle in writing by the Board. The Master Association has the power to identify additional vehicles as Restricted Vehicles. Some areas of the Properties may be developed so that Prohibited Vehicles may be stored on Lots. These areas may be exempted from this restriction in the Supplemental Declarations for the areas. Supplemental Declarations may establish additional or different restrictions on parking Prohibited Vehicles.

**2.4.3 General Restrictions.** All vehicles owned or operated by or within the control of an Owner or a resident of an Owner's Lot or Condominium and kept within the Properties must be parked in the assigned carport, parking space or garage of that Owner to the extent of the space available. Each Owner shall ensure that any such carport, parking space or garage accommodates at least the number of Authorized Vehicles for which it was originally constructed by Declarant or a Neighborhood Builder. No repair, maintenance or restoration of any vehicle may be conducted on the Properties except as authorized by the Community Guidelines provided such activity is not undertaken as a business, and provided that such activity may be prohibited entirely by the Board if the Board determines that it constitutes a nuisance.

**2.4.4 Parking and Street Regulations.** The Board may establish regulations in the Community Guidelines regarding any private streets and parking areas not assigned to individual Lots or Condominiums. These regulations may include setting speed limits, restricting types of vehicles that may be used in different areas, designating "parking," "guest parking," "temporary Owner parking" and "no parking" areas, setting time limits for parking vehicles in the Master

Association Property parking areas, and requiring registration of vehicles or use of parking permits. The Master Association has the power, subject to the City Traffic Code, to enforce all parking and vehicle use regulations applicable to the Properties, including removing violating vehicles from the Properties without advance notice to the owner of the vehicle. Nothing in this Section 2.4 shall be construed as prohibiting enforcement of City Code and Area Plan parking restrictions by the City.

**2.5 ANIMAL RESTRICTIONS.** The only pets that may be raised, bred or kept in the Residential Area are animals that comply with the Area Plan and the City Code and that are either (i) domestic dogs, cats, fish, birds and other usual household pets, or (ii) animals authorized to be kept on the Properties in the Community Guidelines. Animals cannot be raised, bred or kept for commercial purposes in violation of the Governing Documents. The Board may prohibit any pet which, in the Board's opinion, constitutes a nuisance, or threat to the health, safety, or welfare of the community. Animals within the Properties must be either kept within an enclosure or on a leash held by a Person capable of controlling the animal. Any Person shall be liable to each and every other Person for any unreasonable noise or damage to Person or property caused by any pets brought or kept upon the Properties by such Person. Persons shall clean up after their pets use any portion of the Properties or public street abutting or visible from the Properties. Any Person who keeps any animal, insect or reptile within the Properties, whether in compliance with or in violation of the Governing Documents, shall indemnify, defend and hold harmless the Master Association, its officers, directors, contractors, agents and employees from any claim brought by any Person against the Master Association, its officers, directors, agents and employees for personal injuries or property damage caused by such animal, insect or reptile. The Master Association may elect to only enforce this Section in connection with the Master Association Property, leaving for the Owners or the Neighborhood Associations the power to enforce this Section as it applies to other areas of the Properties.

**2.6 EXTERIOR ITEMS.** Weeds, rubbish, debris, items designated as unsightly in the Community Guidelines and trash may not be kept or permitted upon the Properties or on any public area abutting or visible from the Properties. Trash may be kept in sanitary containers located in appropriate areas screened from view in accordance with the Community Guidelines and Architectural Guidelines, and no odor may be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Trash containers for individual Owners may be exposed to view only when set out for a reasonable period of time not to exceed twelve (12) hours before and after scheduled trash collection hours. Trash containers for Neighborhood Associations may be kept on Common Area so long as they are contained within an enclosure installed by Declarant or a Neighborhood Builder or approved by the Aesthetic Review Committee. No exterior fires are permitted, except barbecue fires contained within receptacles therefore and fire pits in enclosed areas and designed so that they do not create a fire hazard.

**2.7 TEMPORARY BUILDINGS.** Outbuildings, sheds, tents, shacks, or other temporary buildings or Improvements may not be placed upon any portion of the Properties, without the prior written consent of the Aesthetic Review Committee. Garages, carports, trailers, campers, motor homes, recreation vehicles or other vehicles may not be kept or used as residences in the Properties.



**2.8 MASTER ASSOCIATION PROPERTY.** Owners or Neighborhood Associations shall not alter the Master Association Property without the prior written consent of the Board.

**2.9 INSTALLATIONS.** Projections of any type, except those allowed in this Master Declaration, are not permitted above the roof of any building within the Properties, except chimneys and vent stacks originally installed, by Declarant or a Neighborhood Builder. Portable and fixed basketball backboard and other sports apparatus are subject to regulation by the Community Guidelines. No fence or wall may be erected, altered or maintained around any Residence or on any Lot except with the Aesthetic Review Committee's prior approval. No patio cover, wiring, or air conditioning fixture, or other Improvement may be installed on the exterior of a Residence or be allowed to protrude through the walls or roof of the Residence except those items installed during the original construction of the Residence without the Aesthetic Review Committee's prior written approval. The Master Association has the power to prohibit or restrict use of aluminum foil, newspaper, paint, reflective tint or any other material as window coverings.

**2.10 ANTENNAE AND SATELLITE DISHES.** Owners (excluding Declarant and Neighborhood Builders) are prohibited from placing any Telecommunications Facilities, or from permitting any Telecommunications Facilities to be placed, on any portion of the Properties for any purpose, except for an "Approved Antenna," as is more fully defined below.

In order to preserve the aesthetic and visual integrity of the Properties, but subject to any contrary provisions of applicable law, no Telecommunications Facilities, including but not limited to exterior radio antenna, television antenna, "C.B." antenna, satellite dish, over-the-air reception device, microwave transmitting shall be constructed, placed or maintained anywhere within the Properties except as more fully set forth below.

Any Antenna equal to or less than one (1) meter in diameter, that falls within the scope of, or is otherwise covered by Telecommunications Act of 1995, and the provisions of 47 C.F.R. 1.400, as may be amended from time to time, or any subsequent federal or state law applicable to common-interest communities ("Approved Antenna"), shall be permitted upon any Lot, Condominium, Apartment, Master Association Property or Common Area. Installation of any Approved Antenna shall comply with any and all requirements and guidelines adopted by the City of Lehi, as well as any and all applicable Architectural Guidelines or Community Guidelines, including, but not limited to, any preferred placement locations; provided, however, that such Architectural Guidelines or Community Guidelines may not unreasonably increase the cost of installing, maintaining, or using the Approved Antenna, unreasonably delay installation of the service, or unreasonably interfere with the quality of reception. Subject to the requirements of 47 C.F.R. 1.4000, the Aesthetic Review Committee may prohibit the installation of any Approved Antennae if the installation, location or maintenance of such Approved Antenna unreasonably affects the safety of Owners, or of agents or employees of the Master Association or Neighborhood Association for any other safety related reason. The Board of Directors may require that the Approved Antenna be relocated consistent with the established preferred placement locations so long as the location does not: (a) unreasonably delay or prevent installation, maintenance use of an Approved Antenna, (b) unreasonably increase the cost of an Approved Antenna, or (c) unreasonably interfere with acceptable quality reception.

The Master Association may also (A) prohibit an Owner from installing an Approved Antenna on property which such Owner does not own or is not entitled to exclusively use or control under the Governing Documents or (B) allow an Owner to install an antenna other than an Approved Antenna subject to the Architectural Guidelines and review by the Aesthetic Review Committee.

The Aesthetic Review Committee may prohibit the installation of any Antenna that does not fall within the scope of the Telecommunications Act of 1995 and the provisions of 47 C.F.R. 1.4000, as may be amended from time to time ("Unapproved Antenna"). In order for an Owner to install an Unapproved Antenna, the Owner must submit a written request to the Aesthetic Review Committee and satisfy all of the terms, conditions and requirements of Article IV of the Master Declaration, which governs design control within the Master Association.

Notwithstanding anything in this Section to the contrary, master antennae or cable television antennae may, but need not, be provided by Declarant, and Declarant may grant easements for the installation and maintenance of any such master or cable television service. This Section 2.10 shall not apply to, nor restrict, wireless Antennae, master Antennae, cable television Antennae, microcell or head end system for any cable television system, installed or approved by Declarant or by a franchised or licensed cable television operator approved by Declarant, or to any Telecommunications Facilities installed or approved by Declarant; provided, however, that the location of any of the aforementioned Antennae shall not unreasonably affect the safety of the Owners, or of agents or employees of the Master Association or any Neighborhood Association. Roof mounted satellite dishes, cellular (cell) towers and related exterior equipment located outside the Residential Areas shall be permitted, provided the same have been approved by the Declarant or by the Master Association.

This Section is intended to be a restatement of the authority granted to the Master Association under applicable law. All amendments, modifications, restatements and interpretations of the law applicable to the installation, use or maintenance of an antenna shall be interpreted to amend, modify, restate or interpret this Section.

**2.11 DRILLING.** No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind may be conducted upon the Properties, nor are oil wells, tanks, tunnels or mineral excavations or shafts permitted upon the surface of any Lot or below the surface of the Properties. Except as required for development of City water sources, no derrick or other structure designed for use in boring for water, oil, geothermal heat or natural gas may be erected, maintained or permitted in the Properties.

## **2.12 LEASES AND TIMESHARES.**

**2.12.1 General Rule.** It is intended that the Association shall be subject to specific rental restrictions in an attempt to protect property values. All Owners who own Lots or Units within the Association, at the date this amended document is recorded, are "grandfathered" from the following rental restrictions until such time as they sell or otherwise transfer/convey their Lot or Unit. In other words, "grandfathered" status does not extend to subsequent Owners. However, anyone purchasing a Lot or Unit after the recordation date of this document is subject to all rental restrictions contained herein. If a Lot or Unit is purchased after the recordation of this document, then the Association and Owners shall strictly adhere to the following rental

restrictions. The number of permissible rentals, after the recording of this document, shall be based on the total number of Lots and Units within the Association, notwithstanding those Lots and Unit that have been grandfathered. Except as otherwise provided in this Master Declaration, no Owner may further partition or subdivide his Lot or Condominium, including any division of such Owner's Lot or Condominium into time-share estates or time-share uses. This restriction against time-share estates or time-share uses does not prohibit an Owner from leasing his Lot or Condominium. At no time shall more than ten percent (10%) of the Owners within the Master Association lease or rent their Lot or Condominium to any third party. However, at no time may the number of non-owner occupied Lots or Units (i.e., rental Lots or Units) within a Neighborhood Association exceed five percent (5%) of all lots in such Neighborhood Association. Notwithstanding the foregoing, and as stated above for emphasis, no more than ten percent (10%) of the Owners within the Master Association may lease or rent their Lot or Condominium to any third party. Subject to the above, a Lot or Condominium may be leased only after the Board of Directors determines that the Lot or Condominium is eligible for lease. A Lot or Condominium is eligible for lease only if an Owner submits an "Application for Approval to Offer a Lot or Condominium for Lease" to the Board. "Leasing or renting" of a Lot or Condominium means the granting of a right to use or occupy a Lot or Condominium for a specific term or indefinite term (with rent stated on a periodic basis), in exchange for the payment of rent (money, property or other goods or services of value); but shall not mean and include joint ownership of a Lot or Condominium by means of joint tenancy, tenancy-in-common or other forms of co-ownership where the occupant of the Lot or Condominium has an ownership interest of 50% or more. There shall be a minimum Lease Term of six (6) months and a maximum Lease Term (including all lease extensions) of sixty (60) months. During any Lease Term, any subleases, if permitted, shall follow the pattern of eligibility described in this Section 2.12.1 and neither the lessee/tenant nor the occupants of any Lot or Condominium shall change. At the end of each Lease Term and prior to entering into a new lease contract for a Lot or Condominium, Owner shall resubmit the above-mentioned application entitled "Application for Approval to offer a Lot or Condominium for Lease" to the Board or its managing agent, which, if granted, will be based on the eligibility requirements described in this Section 2.12.1 and the Lease form approval requirements referenced in Section 2.12.5 herein.

**2.12.2 Limitation on Subleasing or Assignment of Lots or Condominiums.**

No subleasing or assignment of a lease or rental agreement (the "Lease") is permitted except with the prior written approval of the Board of Directors in accordance with subsection 2.12.1 above.

**2.12.3 Prospective Application.** The lease restriction set forth in subsection 2.12.1, above, shall only have prospective application. This restriction does not prevent an Owner that is leasing or contemplating leasing his Lot or Condominium prior to the recordation of this Master Declaration, from leasing his Lot or Condominium to new tenants after recordation of this Master Declaration. However, the lease restriction shall apply to all Owners and their Lots or Condominiums purchased after recordation of this Master Declaration;

For purposes hereof, "Owner Occupied" shall mean either of the following:

- (1) The Owner or any member of the Owner's Family occupies the Lot or Condominium for a period of at least seven days; or

- (2) Any person occupies the Lot or Condominium with the consent of the Owner other than pursuant to a Lease which complies with the terms hereof.

Notwithstanding anything to the contrary herein, if an Owner sells his Lot or Condominium at a time when a Lease is in effect with respect to that Lot or Condominium, the Lease shall continue to its termination. However, subject to subsection 2.12.1 above, the purchaser of the Lot or Condominium shall not have the right to lease the Lot or Condominium after the purchaser takes title to the Lot or Condominium except for the remainder of the term of the Lease in place at the time the Owner acquired title to the Lot or Condominium.

**2.12.4 Authorization to Enter Lease.** Prior to offering a Lot or Condominium for lease, the Owner must receive written notice from the Association that the Lot or Condominium is eligible for lease in accordance with subsection 2.12.1 above.

**2.12.5 Submission of Lease.** All leases shall be in writing, executed by all parties to the Lease, shall provide that the Lease is subject in all respects to the terms and provisions of this Master Declaration and the Association's Governing Documents and any restrictions or provisions therein, as may be amended from time to time, and shall state that any failure by the tenant to comply with the terms of the Governing Documents shall constitute a default under the Lease. All Owners who entered Leases prior to the recordation of this Master Declaration shall submit copies of their existing Lease of their Lot or Condominium to the Board of Directors or its managing agent, within thirty (30) days after notice of recordation of this Master Declaration. For all other Owners interested in Leasing a Lot or Condominium Unit after the recordation of this Master Declaration, the form of the contemplated Lease document that will be entered into shall be submitted for approval to the Board of Directors, or its managing agent, not less than ten (10) calendar days before any Lease contract for the Lot or Unit is entered into. Within ten (10) calendar days of submission, the Board of Directors or its managing agent shall respond to the Owner with a written approval or disapproval of the form of the Lease document and a statement of lease eligibility or non-eligibility based on the lease eligibility requirements of Section 2.12.1 above. Without a written statement from the Board of Directors or its managing agent giving approval of the lease form and confirming lease eligibility, an Owner shall not be permitted to enter into a Lease contract for a Lot or Condominium Unit. Within thirty (30) days after a Lease contract has been entered into, Owners shall submit a fully executed copy of the Lease to the Board of Directors or its managing agent. All Leases, and the tenants thereunder, shall be registered with the Master Association and the Master Association shall have the right to charge a registration fee to each Owner, in an amount determined by the Board of Directors, for each new tenant registered with the Master Association.

**2.12.6 Hardship Exemption.** Notwithstanding anything in this Master Declaration to the contrary, any Owner of a Lot or Condominium may apply to the Board of Directors for an exemption from the lease restriction set forth in subsection 2.12.1 above, upon a showing of hardship. A hearing before the Board on this matter shall be consistent with the Board's standards for providing notice and a hearing, as set forth in the Governing Documents and consistent with Utah law, as may be amended.

**2.12.7 Enforcement.** The Board of Directors is empowered with the right to enforce the lease restrictions set forth in subsection 2.12.1 above. Any Owner who fails to

obtain prior written authorization to offer a Lot or Condominium for lease, as set forth in subsection 2.12.1 above, or to provide the Association with a copy of the Lease on a Lot or Condominium, within the time set forth in subsection 2.12.5 above, shall be subject to a reasonable fine as determined by the Board and consistent with the Governing Documents; additionally, the Board shall have standing to and may initiate eviction proceedings to remove the tenant, after first giving the Owner an opportunity to cure the violations.

Any Owner who fails to disclose the existence of a Lease on a Lot or Condominium is subject to the percentage lease restriction at the time of disclosure or discovery of the Lease. Thus, if the Lease was actually executed and entered at the time when less than ten percent (10%) of the Lots or Condominiums are leased, but not disclosed to or discovered by the Master Association until more than ten percent (10%) of the Lots or Condominiums are leased, then the Owner will be in violation of the lease restrictions set forth in subsection 2.12.1 above. Any Owner that leases his Lot or Condominium in violation of the lease restriction set forth in subsection 2.12.1 above shall be subject to a reasonable fine as determined by the Board of Directors; additionally, the Board shall have standing to and may initiate eviction proceedings to remove the tenant, after first giving the Owner an opportunity to cure the violations.

**2.12.8 Liability of Owner for Tenant Conduct.** It shall be the obligation of any Owner who rents or leases his Lot or Condominium to provide the tenant with copies of the

**2.12.9 Master Association's Governing Documents.** It shall also be the obligation of any Owner to assure compliance with all of the covenants, conditions and restrictions in the Governing Documents. Notwithstanding the execution of a Lease, the Owner shall be fully responsible and liable to the Master Association for all violations of the Governing Documents by his tenants, and without limitation, shall be responsible for payment of any assessments or fines incurred by his tenants. A tenant shall have no obligation to the Master Association to pay assessments imposed by the Master Association. The Board shall have the power and standing to initiate eviction proceedings to remove the tenant for violations of the Master Association's Governing Documents, after first giving the Owner an opportunity to cure the violations.

**2.12.10 No Transient or Hotel Purposes.** No Owner shall lease his/her Lot or Condominium for transient motel or hotel purposes. Any Lease which is either for a period of less than six (6) months or pursuant to which the lessor provides any services normally associated with a motel or hotel shall be deemed to be for transient or hotel purposes.

**2.12.11 Entire Lot or Condominium Parking Space.** No Owner shall lease less than the entire Lot or Condominium, including but not limited to, basements, rooms, garages, etc. No Owner may lease the exclusive use areas or restricted Common Areas the Owner has the exclusive right to use separate and apart from the Lot or Condominium to which it is appurtenant, including but not limited to any assigned parking spaces.

**2.12.12 Exemptions for Apartment Multi-Family; Condominium and Certain Single Family.** The leasing restriction set forth in subsection 2.12.1 shall not apply to any (i) Multi-Family Areas established for rental apartment use, (ii), high density areas where condominiums are built and all common area landscaping and maintenance is maintained by the condominium Neighborhood Association, or (iii) single-family Neighborhood Associations where the front yard landscaping and maintenance for all of the Lots or Units is maintained by

the Neighborhood Association in a manner acceptable Master Association, thus in determining the total number of Lots or Condominiums that may be leased at any one time the number of units described in this paragraph 2.12.12 shall not be included.

**2.13 DRAINAGE.** Rain gutters, down spouts, drainage systems or the established drainage pattern for a Lot, Condominium or Common Area originally installed or established by Declarant or a Neighborhood Builder, may not be altered or interfered with unless an adequate alternative provision is made with the Board's prior written approval, which must be consistent with the geotechnical report produced for each development pod identified in the Area Plan. "Established" drainage means the pattern and drainage Improvements which exist at the time that such Lot, Condominium or Common Area is conveyed to a purchaser or Neighborhood Association from Declarant or a Neighborhood Builder, and includes drainage from the Lots, Condominiums and Common Area and Master Association Property onto adjacent Lots, Condominiums, Common Area and Master Association Property.

**2.14 WATER SUPPLY SYSTEMS.** Individual water supply or water softener systems are prohibited on any Lot or in any Condominium unless such system is designed, located, constructed and equipped in accordance with the requirements of any applicable water district, and all other Local Governmental Agencies with jurisdiction.

**2.15 VIEW OBSTRUCTIONS.** Each Owner acknowledges that any construction or installation by Declarant, any Neighborhood Builder or the Master Association may impair the view of such Owner and consents to such impairment. Each Owner acknowledges that there are no guaranteed views within the Properties, and no Lot or Condominium is assured the existence or unobstructed continuation of any particular view unless a Supplemental Declaration specifically provides otherwise.

**2.16 SOLAR ENERGY SYSTEMS.** Each Owner may install a solar energy system which serves his Lot or Condominium so long as (a) the design and location of the solar energy system meet the requirements of all applicable governmental ordinances, (b) said design and location receive the prior written approval of the Aesthetic Review Committee and (c) the solar energy system complies with the Governing Documents, as amended from time to time.

**2.17 URBAN WILDLIFE INTERFACE CODE COMPLIANCE.** The Master Association will be responsible for complying with Urban Wildlife Interface Code requirements imposed on the Master Association Property. Areas subject to the Urban Wildlife Interface Code ("*Protected Areas*") will be designated on exhibits to Supplemental Declarations. Construction or maintenance of structural Improvements in the Protected Areas, construction or maintenance of any combustible structural Improvements on or adjacent to the Protected Areas and installation, maintenance or modification of any landscaping Improvements in the Protected Areas which are inconsistent with any landscape palette required by the City are prohibited. City setback requirements must also be complied with.

**2.18 INSTALLATION LANDSCAPING.** Front yard landscaping, including wing wall fencing, must be installed prior to occupancy of a Residence, Lot, or Unit. Front yard landscaping requirements, plan submittal, and approval process shall be governed by the design guidelines of the Neighborhood Association where the Residence, Lot, or Unit is located. If any landscaping or fencing on a Lot has not been installed by Declarant or a Neighborhood Builder, each Owner shall submit landscaping plans to the Aesthetics Review Committee within the time

frame set in the Architectural Guidelines and complete the installation of any landscaping in accordance with a plan approved by the Aesthetics Review Committee within the time frame set in the Architectural Guidelines.

### ARTICLE III THE MASTER ASSOCIATION

*The success of the community is dependent upon the support and participation of each Owner in its governance and administration. This Master Declaration and the Master Association's Articles of Incorporation and Bylaws establish the Master Association as the mechanism through which each Owner is able to provide that support and participation. This Article briefly describes the organization of the Master Association, its powers, duties, authorized activities and prohibited activities. (These items are spelled out in detail in the Master Association's Articles of Incorporation and Bylaws.) This Article also identifies the standards of care used to govern the Properties.*

**3.1 ORGANIZATION.** The homeowners association organized to manage and maintain the Properties is or shall be incorporated under the name of "Traverse Mountain Master Association," as a corporation not for profit organized under the Utah Revised Nonprofit Corporation Act, Utah Code Ann. §§ 16-6a-101, *et seq.*, as amended.

**3.2 DUTIES AND POWERS.** The Master Association has the duties and powers set forth in the Articles, Bylaws, this Master Declaration and the Supplemental Declarations, which include the general and implied powers of a nonprofit corporation, generally to do all things that a corporation organized under the laws of the State of Utah may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limit upon the exercise of such powers set forth in the Articles, Bylaws, this Master Declaration and the Supplemental Declarations. Subject to Section 5.3 of this Master Declaration, the powers and duties of the Master Association include but are not limited to, the following:

- (a) Adopt and amend Community Guidelines for the use of the Common Areas and Master Association Property;
- (b) Adopt and amend Architectural Guidelines;
- (c) Adopt and amend budgets for revenues, expenditures and reserves and collect Assessments for Common Expenses from the Owners;
- (d) Hire and discharge managing agents and other employees, agents and independent contractors;
- (e) Subject to Section 12.1.4 of the Master Declaration, institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Properties;
- (f) Make contracts and incur liabilities;

- (g) Regulate the use, maintenance, repair, replacement and modification of Common Areas and Master Association Property;
- (h) Cause additional Improvements to be made as part of the Common Areas and Master Association Property;
- (i) Subject to applicable provisions of Utah law, acquire, hold, encumber and convey in its own name any right, title or interest to real estate or personal property;
- (j) Grant easements, leases, licenses and concessions through or over the Common Areas and Master Association Property;
- (k) Impose and receive any payments, fees or charges for the use, rental or operation of the Common Areas or Master Association Property and for services provided to the Owners;
- (l) Impose charges for late payment of Assessments;
- (m) Impose construction penalties when authorized pursuant to the Architectural Guidelines;
- (n) Impose reasonable fines for violations of the Governing Documents of the Master Association;
- (o) Impose reasonable charges for the preparation and recordation of any amendments to the Master Declaration or any statements of unpaid Assessments, and impose reasonable fees for preparing and furnishing the documents for resale of any Lot or Condominium in the Properties.
- (p) Provide for the indemnification of its officers and directors and maintain directors' and officers' liability insurance.
- (q) Assign its right to future income, including the right to receive Assessments for Common Expenses, but only to the extent the Master Declaration expressly so provides;
- (r) Exercise any other powers conferred by the Master Declaration or By-laws;
- (s) Subject to applicable provisions of Utah law, direct the removal of vehicles improperly parked on the Master Association Property or Common Areas or improperly parked on any road, street, alley or other thoroughfare within the Properties and subject to the Master Declaration, in violation of the Governing Documents.
- (t) Exercise any other powers necessary and proper for the governance and operation of the Master Association.



All of the Master Association's powers shall be exercised by its Board of Directors except those powers reserved in specific provisions of the Articles, Bylaws, this Master Declaration or the Supplemental Declarations to the Members, Neighborhood Representatives or Aesthetic Review Committee.

**3.3 SPECIFIC DUTIES AND POWERS.** In addition to its general powers and duties, the Master Association has the specific powers and duties listed in the Articles and Bylaws, some of which are summarized below.

**3.3.1 Master Association Property.** The power and duty to accept, maintain and manage the Master Association Property.

**3.3.2 Sewers and Storm Drains.** The power and duty to maintain any private sewer systems and any private storm drains or drainage facilities within the Master Association Property if the drains and systems are not maintained by a Neighborhood Association, a local governmental agency or a utility company.

**3.3.3 Utilities.** The power and duty to obtain, for the benefit of the Properties, all commonly metered water, gas and electric services, and the power but not the duty to provide for refuse collection and other utilities serving Lots and Condominiums if the utilities are not individually metered and are not obtained by a Neighborhood Association.

**3.3.4 Granting Rights.** The power to grant exclusive or nonexclusive easements, licenses, rights of way or fee interests in portions of the Master Association Property, to the extent any such grant is reasonably required (i) for public or private utilities facilities to serve the Master Association Property, Common Area and the Lots or Condominiums, (ii) for purposes of conformity with the as-built location of Improvements installed by Declarant or Neighborhood Builders, (iii) in connection with any lawful lot line adjustment, (iv) for purposes consistent with the intended use of the Properties as a master planned community, or (v) for any other purpose permitted under this Master Declaration. Any easement grants made pursuant to this Section shall not interfere with previously designated utility easements. The Board may deannex Master Association Property from the encumbrance of the Master Declaration in connection with any lot line adjustment.

**3.3.5 Telecommunications/Fiber Optic/ Related Contracts.** The Board shall have the power to enter into, accept an assignment of, or otherwise cause the Master Association to comply with contracts with Telecommunication Service providers and Telecommunication Facilities owners (both, a "Telecommunication Provider"), pursuant to which the Telecommunication Provider serves as the exclusive provider of Telecommunication Services and/or Telecommunication Facilities to each Apartment, Condominium and Lot in the Properties. The Board shall also have the power to enter into or contract on behalf of the Master Association for similar bulk rate service contracts of any nature deemed in the Master Association's best interests.

**3.3.6 Right of Entry.** The power but not the duty to enter upon any Lot, Condominium or Common Area, as necessary, for the purpose of inspecting any portion of the Properties and to enforce the Governing Documents.

### **3.4 COMMENCEMENT OF MASTER ASSOCIATION MAINTENANCE OBLIGATIONS.**

**3.4.1 General Rule.** The Master Association's obligation to maintain the Master Association Property shall commence on conveyance of such property to the Master Association. The Declarant or Neighborhood Builder shall be responsible for paying all expenses related to the Master Association Property which are incurred before or simultaneously with the conveyance of the Master Association Property to the Master Association. The initial nature, design, quantity, quality and all other attributes of the Master Association Property shall be determined (i) in Declarant's sole and absolute discretion, or (ii) by a Neighborhood Builder which owns or controls the Master Association Property with Declarant's written consent.

**3.4.2 Offers of Dedication.** Portions of the Master Association Property may be or become subject to an unaccepted offer of dedication to a Local Governmental Agency. Master Association Property subject to such offers of dedication shall be maintained by the Master Association in the same manner as all other Master Association Property until the offer of dedication is accepted. Once the dedication is accepted, (i) the dedicated Master Association Property shall be maintained by the accepting Local Governmental Agency pursuant to the offer of dedication, and (ii) the dedicated Master Association Property shall no longer constitute a part of the Master Association Property.

**3.5 CONVEYANCE OF MASTER ASSOCIATION PROPERTY.** Within every Phase, conveyance of any Master Association Property to the Master Association therein shall occur (i) for Residential Areas, before the first Close of Escrow for a Lot or Condominium in such Phase, or (ii) for a Multi-Family Area, before the later to occur of (a) the first to occur of issuance of a certificate of occupancy or its equivalent by a Local Governmental Agency for an apartment Residence in the Phase or occupancy or issuance of a Certificate of Occupancy (or its equivalent) by the Local Governmental Agency, whichever occurs first, for an apartment Residence within such Phase, or (b) the first day of the first month following the month in which a Multi-Family Area Phase becomes subject to this Master Declaration, and (iii) for the Commercial Area or any other area, on the first day of the first month following the month in which the Phase becomes subject to this Master Declaration. The Master Association must accept title to and maintenance responsibility for each portion of Master Association Property when title and maintenance responsibility is tendered by Declarant or a Neighborhood Builder, whether in fee simple, by easement or otherwise, and the Master Association shall execute each deed and any accompanying escrow instructions if requested to do so by Declarant or a Neighborhood Builder. No Owner shall interfere with the exercise by the Master Association, Declarant or a Neighborhood Builder of rights under this Section.

## **ARTICLE IV DESIGN CONTROL**

*Jurisdiction over design, construction and aesthetic aspects of the Properties is given to the Aesthetic Review Committee. The Aesthetic Review Committee is a three to five person committee initially appointed by the Declarant and eventually appointed by the Board of Directors of the Master Association. The Aesthetic Review Committee must approve all plans for architectural or landscaping modifications in the Properties before the modifications are made. The Aesthetic Review Committee also has the right to review modifications as they are constructed and give final approval of completed modifications.*

*In addition to establishing the Aesthetic Review Committee, this Article establishes the procedures for pre-approving certain Improvements, granting variances and appealing decisions of the Aesthetic Review Committee.*

**4.1 MEMBERS OF COMMITTEE.** The Aesthetic Review Committee shall be composed of no fewer than three (3) nor more than five (5) members, with the exact number of members set by the Board. The Aesthetic Review Committee has the right to recommend adoption of Architectural Guidelines or amendments thereto, containing standards, guidelines, procedures and rules, against which to examine any request made pursuant to this Article. The Board of Directors shall act on any recommendation made by the Aesthetic Review Committee and is responsible for adopting and amending the Architectural Guidelines. Board members may also serve as Aesthetic Review Committee members.

**4.2 POWERS AND DUTIES.**

**4.2.1 General Powers and Duties.** The Aesthetic Review Committee shall consider and act upon all plans and specifications submitted for its approval under the Governing Documents, including inspection of work in progress to assure conformance with plans approved by the Aesthetic Review Committee, and shall perform such other duties as the Board assigns to it. The Aesthetic Review Committee shall not have the power to enforce the Governing Documents. This power is reserved to the Board.

**4.2.2 Issuance of Architectural Guidelines.** The Board of Directors shall issue, regularly review, and, if necessary, amend its Community and Architectural Guidelines. The Architectural Guidelines and all changes thereto must be approved by the Board. The Architectural Guidelines shall include procedures for submitting plans for approval, may require a fee to accompany each application for approval, and may identify additional factors which the Aesthetic Review Committee will consider in reviewing submissions. The Aesthetic Review Committee may provide that fees it imposes be uniform, or that fees will be determined in any other reasonable manner, such as by the reasonable cost of consultants or the cost of the construction, alterations or installations contemplated. The Aesthetic Review Committee may charge applicants for the cost of consultants the Aesthetic Review Committee uses in reviewing applications. The Aesthetic Review Committee may require such detail in plans and specifications submitted for its review as it deems proper.

**4.2.3 Retaining Consultants.** The Board of Directors has the power but not the duty to retain Persons to advise the Aesthetic Review Committee in connection with decisions; however, the Aesthetic Review Committee does not have the power to delegate its decision-making power.

**4.3 RIGHTS OF APPOINTMENT.**

**4.3.1 By Declarant.** The members of the Aesthetic Review Committee shall be appointed by Declarant until Close of Escrow for all of the Lots and Condominiums in the Properties and the Annexable Area, after which time, members of the Aesthetic Review Committee shall be appointed by the Board. Aesthetic Review Committee members appointed by the Board must be Members, but Aesthetic Review Committee members appointed by

Declarant are not subject to this limit. Declarant may, by written assignment, at any time, transfer its right to appoint one or more Aesthetic Review Committee Members to the Board.

**4.3.2 By the Board.** Subject to Section 4.3.1 above, the Board may appoint and remove those members of the Aesthetic Review Committee that Declarant does not appoint. Aesthetic Review Committee members appointed by the Board shall serve for terms determined by the Board or until their respective successors are appointed.

**4.3.3 Notice of Appointment.** If an Aesthetic Review Committee member is appointed or removed while both Declarant and the Board have rights of appointment, written notice of such appointment or removal must be given by the appointing party to the other party.

#### **4.4 REVIEW OF PLANS AND SPECIFICATIONS.**

**4.4.1 Improvements Requiring Approval.** Even if the Lot, Condominium, or Common Area is located in a Neighborhood Association, no exterior construction, installation or alteration of an Improvement in the Properties by an Owner or a Neighborhood Association may be commenced until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location thereof have been submitted to and approved in writing by the Aesthetic Review Committee; however, any Improvement may be repainted without Aesthetic Review Committee approval so long as the Improvement is repainted its original color or another color that has been approved by the Aesthetic Review Committee.

**4.4.2 Application Procedure.** Until changed by the Board, the address for submission of plans and specifications is the Master Association's principal office. The form of application used by the Aesthetic Review Committee and shall be determined by the Board of Directors and shall include spaces allowing "Adjacent Owners" to sign or initial the application confirming that they have been notified of the application. The Board of Directors shall establish a definition of "Adjacent Owners" in its Architectural Guidelines for use by the Aesthetic Review Committee. Applications will be complete even if all of the Adjacent Owners do not initial the applications so long as the Applicant states in writing to the Board that the Applicant requested that the Adjacent Owners sign the applications. The Board of Directors shall determine the meaning of Adjacent Owners in the Architectural Guidelines.

If the Aesthetic Review Committee receives plans and specifications it determines are not complete, the Aesthetic Review Committee may reject the application. The Aesthetic Review Committee shall give notice of its decision and the reasons therefor to the Owner submitting the plans and specifications ("**Applicant**") at the address set forth in the application within forty-five (45) days after the Aesthetic Review Committee receives all required materials and information. Any application submitted shall be deemed denied if the Aesthetic Review Committee fails to transmit written approval or a request for additional information or materials to the Applicant within forty-five (45) days after the Aesthetic Review Committee receives all required material. No construction or installation shall commence until written approval is obtained from the Aesthetic Review Committee.

**4.4.3 Standard for Approval.** The Aesthetic Review Committee shall approve plans and specifications submitted for its approval only if it determines that:

- (a) the installation, construction or alteration contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Properties as a whole,
- (b) the appearance of any structure affected thereby will be in harmony with the surrounding structures,
- (c) the installation, construction or alteration will not detract from the beauty and attractiveness of the Master Association Property or the enjoyment thereof by the Members,
- (d) if applicable, the maintenance thereof will not become a burden on the Master Association, and
- (e) the installation, construction or alteration is consistent with the Architectural Guidelines.

The Aesthetic Review Committee may condition its approval of plans and specifications for any Improvement upon any of the following:

- (1) the Applicant's furnishing the Master Association with security acceptable to the Master Association against any mechanic's lien or other encumbrance which may be Recorded against all or any portion of the Properties as a result of such work,
- (2) such changes therein as the Aesthetic Review Committee considers appropriate,
- (3) (if applicable) the Applicant's agreement to grant appropriate easements to the Master Association for the maintenance of the Improvements,
- (4) the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption,
- (5) (if applicable) the Applicant's agreement to reimburse the Master Association for the cost of such maintenance, or
- (6) the Applicant's agreement to complete the proposed work within a stated period of time.

The Applicant shall meet any review or permit requirements of all Local Governmental Agencies and other regulatory agencies having jurisdiction prior to making any construction, installation or alterations permitted hereunder. The Applicant must obtain Aesthetic Review Committee approval before submission to the City for a building permit.

**4.4.4 Relationship to Neighborhood Associations.** The Aesthetic Review Committee may require that all plans and specifications be approved by any Neighborhood Association having jurisdiction before the Aesthetic Review Committee reviews the plans and

specifications. Conditions and requirements imposed by the Aesthetic Review Committee supersede all conflicting conditions or requirements which may be imposed by a Neighborhood Association. Approval from a Neighborhood Association does not satisfy the requirement of Aesthetic Review Committee Approval as set forth in this Article IV. The Aesthetic Review Committee's determination of the existence of a conflict or discrepancy between the conditions or requirements imposed by the Aesthetic Review Committee and those imposed by a Neighborhood Association are binding and conclusive upon the Neighborhood Association and any affected Applicant.

**4.4.5 Traverse Mountain Architectural Guidelines.** All new construction in the Properties must comply with the Traverse Mountain Architectural Guidelines. The Traverse Mountain Architectural Guidelines may be changed or amended at any time at the discretion of the Board of Directors. The Traverse Mountain Architectural Guidelines currently in effect can be obtained from the Association at their principal office.

**4.5 MEETINGS OF THE AESTHETIC REVIEW COMMITTEE.** The Aesthetic Review Committee shall meet as necessary to perform its duties. The vote or written consent of a majority of the Aesthetic Review Committee constitutes an act of the Aesthetic Review Committee.

**4.6 NO WAIVER OF FUTURE APPROVALS.** The Aesthetic Review Committee's approval of any plans and specifications for any work done or proposed or in connection with any matter requiring the Aesthetic Review Committee's approval does not waive any right to withhold approval of any similar proposals, plans and specifications subsequently submitted for approval.

**4.7 COMPENSATION OF MEMBERS.** The Aesthetic Review Committee's members shall receive no compensation for services rendered, other than reimbursement for reasonable expenses incurred in performing their duties.

**4.8 INSPECTION OF WORK.** The Aesthetic Review Committee or its duly authorized representative may inspect any work for which approval of plans is required under this Article ("Work"). The right to inspect includes the right to require any Owner to take such action as is necessary to remedy any noncompliance with the Aesthetic Review Committee-approved plans consistent with governmental approvals for the Work or with the requirements of the Governing Documents ("Noncompliance").

**4.8.1 Time Limit.** The Aesthetic Review Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the Aesthetic Review Committee has received written notice from the Owner that the Work is complete.

**4.8.2 Remedy.** If an Owner fails to remedy any Noncompliance within sixty (60) days after the date of notification of Noncompliance from the Aesthetic Review Committee, the Aesthetic Review Committee shall notify the Board in writing of such failure, and the Master Association shall proceed in accordance with Section 12.1.1 of this Master Declaration.

**4.9 SCOPE OF REVIEW.** Subject to Section 4.4.3 above, the Aesthetic Review Committee shall review and approve, conditionally approve or disapprove all plans submitted to

it for any proposed construction, installation or alteration solely on the basis of aesthetic considerations, consistency with the Governing Documents, height of landscaping materials at maturity, and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The Aesthetic Review Committee shall consider the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Aesthetic Review Committee is not responsible for reviewing, nor may its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with law.

**4.10 VARIANCE.** The Aesthetic Review Committee may authorize variances from compliance with any of the architectural and landscaping provisions of the Governing Documents, including restrictions on height, size, materials, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be approved and signed by a majority of the Aesthetic Review Committee Members and become effective upon Recordation. If a variance is granted, no violation of the covenants, conditions and restrictions contained in the Governing Documents shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance does not waive any of the terms and provisions of the Governing Documents for any purpose except as to the particular property and particular provision hereof covered by the variance, nor does it affect the Owner's obligation to comply with all laws affecting the use of his Residence, Lot or Condominium, including all zoning and land use laws of Lehi City as set forth in the Lehi City Development Code or as modified by the Area Plan.

**4.11 PRE-APPROVALS.** The Aesthetic Review Committee may pre-approve types or classes of construction activities if, in the exercise of the Aesthetic Review Committee's judgment, pre-approval of such types or classes of Improvements is appropriate in carrying out the purposes of the Governing Documents and the type or class of Improvement has been approved by the Board of Directors and is included in the Architectural Guidelines.

#### **4.12 APPEALS.**

**4.12.1 Persons Who Have Appeal Rights.** Only an Applicant may appeal rejection of an application. The Persons granted appeal rights by this Section 4.12.1 are referred to in Sections 4.12.2 and 4.12.3 as "Appellants."

**4.12.2 Appeals of Neighborhood Association Decisions.** Appeals (if any) of decisions by the Neighborhood Association's Aesthetic Review Committee to the board of directors of the Neighborhood Association shall be in accordance with the appropriate Neighborhood Declaration. Decisions made by a Neighborhood Association's board are appealable to the Master Association Board of Directors. Each Neighborhood Association's board shall adopt procedures for appeals of Aesthetic Review Committee decisions to the Neighborhood Association's board.

**4.12.3 Appeals of Decisions of Aesthetic Review Committee.** Subject to the policies and procedures adopted by the Board, the Applicant has the right to appeal decisions by the Aesthetic Review Committee to the Board of Directors of the Master Association. The Aesthetic Review Committee is only responsible for ensuring that the Applicant is advised of its decision. Decisions made by the Master Association Board are not appealable. This limit on

appeals from Master Association Board decisions is not a limit on the Master Association Board's ability to amend or modify a decision it has issued under circumstances it considers appropriate. The Board shall further adopt policies and procedures for appeals of Aesthetic Review Committee decisions.

## ARTICLE V OWNERS' MEMBERSHIP AND VOTING RIGHTS

*Each Person who purchases a Lot or Condominium in the Properties becomes a Member of the Master Association with certain rights and privileges. Membership rights, limits on Memberships and transfer of Memberships, voting rights and rights of co-owners are all described in detail in the Articles and Bylaws. Some Membership information is summarized here. Declarant's veto rights are also described in this Article. Declarant is given the right to veto certain actions by the Master Association because of Declarant's long term financial and philosophical commitment to development of the Properties.*

*As described in the Articles and Bylaws, the Declarant has the right to appoint a majority of the Directors of the Master Association. This system is used to allow Declarant, who will be extensively involved in the Properties for a long period of time, to ensure that the Master Association fulfills its purposes. By allowing the Members to elect increasing numbers of representatives to the Board on a gradual basis, the Declarant encourages Member participation and trains the Members in operation of the Master Association so that when the Declarant is no longer involved with the Properties, the Members can effectively operate the Master Association.*

**5.1 MEMBERSHIP INFORMATION.** Every Owner automatically acquires a Membership and retains the Membership until the Owner's Lot or Condominium ownership ceases, at which time such Owner's Membership shall automatically cease. Ownership of a Lot or Condominium is the sole qualification for Membership. Neither the issuance nor the holding of shares of stock is necessary to evidence Membership in the Master Association. The classes of voting Membership shall be as set forth and described in the Bylaws. All Memberships in the Master Association are appurtenant to the Lots and Condominiums and shall not be separated from the Lot or Condominium to which the Memberships appertain.

**5.2 DECLARANT'S VETO RIGHT.** So long as Declarant owns any portion of the Properties or Annexable Territory, Declarant has a right to veto any of the actions listed in Section 5.3 if proposed to be taken by the Master Association. This right shall terminate on the date on which Declarant no longer owns or has a Mortgage interest in any portion of the Properties or Annexable Territory.

**5.3 ACTIONS SUBJECT TO DECLARANT'S VETO.** The following actions are subject to Declarant's veto:

**5.3.1 Change in Design.** Any change in the general, overall architectural and landscaping design of the Properties or the Master Association Property;

**5.3.2 Aesthetic Review Committee.** All decisions of the Aesthetic Review Committee, decisions made on appeal to the Board, and any decision to terminate the Aesthetic Review Committee;



**5.3.3 Community Guidelines.** Adoption of any change to the Community Guidelines or Architectural Guidelines;

**5.3.4 Reduction in Services.** Any significant reduction of Master Association Property services, the amount of Common Assessments or entering into contracts for maintenance or other goods and services benefiting the Master Association or the Master Association Property at contract rates which are fifteen percent (15%) or more below the reasonable cost for such maintenance, goods or services;

**5.3.5 Special Benefit Areas.** Creation of or modification of a Special Benefit Area;

**5.3.6 Annexations.** Annexation to the Properties of real property pursuant to Section 16.5;

**5.3.7 Amendments.** All proposed amendments to this Master Declaration.

## ARTICLE VI OWNERS' PROPERTY RIGHTS AND PROPERTY EASEMENTS

*Living or working in a master planned community involves sharing and cooperation. The various types of properties and uses in the Properties require the creation of special property rights and provisions to address the needs of the variety of Persons living and working in the Properties. The property rights acquired by Owners and other Persons are described in this Article along with limits on the exercise of those rights.*

**6.1 OWNERS' EASEMENT OF ENJOYMENT OVER MASTER ASSOCIATION PROPERTY.** Every Owner has a right and easement of ingress and egress and of enjoyment in, to and over the Master Association Property, and such easement is appurtenant to and shall pass with title to every Lot or Condominium, subject to the following:

**6.1.1 Master Association Exercise of Powers.** The Master Association's exercise of its powers.

**6.1.2 Suspension of Privileges.** Subject to Utah law, as amended, the Master Association's right to enforce provisions of the Governing Documents by suspending the Membership rights and other rights and easements of any Owner (and of the Persons deriving rights and easements from an Owner) to use the Master Association Property. The suspension of an Owner's right to use the Common Area and Master Association Property does not prohibit the Owner, resident, tenant or guest of the Owner from using any vehicular or pedestrian ingress or egress to or from the Residence including any area used for parking.

**6.1.3 Transfer of Property.** Subject to the limits established in the Articles and Bylaws and applicable provisions of Utah law, the Master Association's right to transfer all or a part of the Master Association Property.

**6.1.4 Declarant's Right to Access.** The right of Declarant, the Neighborhood Builders and their respective sales agents, representatives and prospective purchasers to the nonexclusive use of the Master Association Property and Common Area, without cost, for access

and use to market and dispose of the Properties and the Annexable Territory, until neither Declarant nor any Neighborhood Builder owns any portion of the Properties or the Annexable Territory; however, such use shall not unreasonably interfere with the rights of enjoyment of the other Owners established by this Master Declaration.

**6.1.5 Declarant and Neighborhood Builder Rights.** The easements, rights and reservations of Declarant and the Neighborhood Builders established in this Master Declaration.

**6.1.6 Restricting Access.** The Master Association's right to reasonably restrict access to slopes and other landscaped areas, maintenance facilities, open space areas and other areas of the Master Association Property designated by the Board. A Supplemental Declaration may designate exclusive use areas in portions of the Master Association Property for the exclusive use or maintenance by one or more Owners (such as common driveway areas).

**6.1.7 Master Association Property Improvements.** The Master Association's right to maintain, reconstruct and refinish any Improvement on the Master Association Property.

**6.1.8 Access to Public.** The Master Association's right to make portions of the Master Association Property available for use by Persons who are not residents or Owners in the Properties on such terms and at such times as are negotiated by the Master Association.

**6.1.9 Other Easements.** The easements reserved in the other Sections of this Article.

**6.2 EASEMENTS FOR VEHICULAR/PEDESTRIAN TRAFFIC.** Declarant reserves, for the benefit of all Owners and the Neighborhood Associations, nonexclusive easements appurtenant to all the Lots, Condominiums and Common Area in the Properties for vehicular and pedestrian traffic over the private streets and walkways within the Master Association Property, subject to the parking and street restrictions in Article II.

**6.3 EASEMENTS FOR EMERGENCY VEHICULAR ACCESS AND PUBLIC SERVICE PURPOSES.** Declarant reserves easements over the Properties for public services of the Local Government Agencies, including the right of law enforcement and fire protection personnel to enter upon any part of the Properties for the purpose of carrying out their official duties and for emergency vehicle access.

**6.4 EASEMENTS FOR PRIVATE AND PUBLIC UTILITY PURPOSES.** Declarant reserves easements over the Master Association Property for public and private utility purposes, including the right of any public utility of access over the Master Association Property for purposes of reading and maintaining meters, and using and maintaining fire hydrants located in the Properties. Declarant also reserves reciprocal, nonexclusive easements over all Lots, Condominiums, Common Area and the Master Association Property, for installation and maintenance of utility Improvements.

**6.5 EASEMENT FOR DECLARANT AND NEIGHBORHOOD BUILDERS.** Declarant reserves for its benefit, for the benefit of the Neighborhood Builders, and their agents, employees, contractors, customers and invitees and for the benefit of their successors and assigns, a nonexclusive easement appurtenant to the Annexable Territory, over the Master

Association Property for access, use and enjoyment, to show the Properties and Annexable Territory to prospective purchasers, or to develop, market, sell, lease or otherwise dispose of the Properties and the Annexable Territory. Such easement shall continue for so long as Declarant or a Neighborhood Builder owns any portion of the Properties or the Annexable Territory.

## **6.6 MASTER TELECOMMUNICATIONS EASEMENTS.**

**6.6.1 Reservation of Master Telecommunication Easements.** The term "Telecommunication Easement Area" used in this Section 6.6 means the Common Area, Master Association Property and the portion of each Lot with a width measured from each Lot line and extending two feet into the Lot and with a length equal to each Lot line. To the maximum extent allowed by law, Declarant excepts and reserves from the Telecommunication Easement Area and retains the right to transfer and assign exclusive and nonexclusive easements in gross for the purposes of installing, maintaining, operating and relocating Telecommunication Facilities and conducting Telecommunication Services in the Properties. Declarant also reserves, together with the right to grant and transfer all or a portion of the same, exclusive and nonexclusive easements in gross over and under the Telecommunication Easement Area for the purpose of access for the Telecommunication Services and to the Telecommunication Facilities. The easements reserved in this Section 6.6 are referred to as "Master Telecommunication Easements."

**6.6.2 Rights in Connection with Master Telecommunication Easements.** The holder of any Master Telecommunication Easements has the right to trim and remove landscaping whenever, in easement holder's reasonable judgment, it is necessary for the convenient and safe use of the Master Telecommunication Easements. The Telecommunication Facilities will not be deemed to be affixed to or a fixture of the Properties unless otherwise indicated in a Recorded instrument. No one other than the holder of the Master Telecommunication Easements has the right to access, operate, or move the Telecommunication Facilities.

**6.6.3 Limits on Use of the Properties.** No Person shall alter any Telecommunication Facilities without the prior consent of owner of the Telecommunication Facilities. No Person shall grant or dedicate any easements, licenses or other rights on, across, under or over or affecting the Properties that interfere, compete or conflict with the terms of any Recorded grants of Telecommunication Easements. Master Association, the Owners and the Sub Associations shall execute and allow to be Recorded against the Properties such documents as are reasonably required in connection with exercise or protection of rights as established in a Recorded grant of Master Telecommunication Easements.

**6.7 MISCELLANEOUS EASEMENTS.** Declarant reserves the following easements, along with the right to transfer them, for the benefit of all of the Properties, and for the benefit of all of the Owners:

**6.7.1 Drainage.** Reciprocal, nonexclusive easements for drainage of water over, across and upon Lots, Condominiums, Common Areas and Master Association Property (excluding the buildings and areas proposed to include a building) resulting from the normal use of the Lots, Condominiums, Common Areas or Master Association Property.

**6.7.2 Maintenance and Repair.** Nonexclusive easements over the Properties for access to perform necessary maintenance, repair or replacement of any Improvement constructed by Declarant or a Neighborhood Builder.

**6.7.3 Easements on Plats.** Easements as shown on any Recorded subdivision plat of any portion of the Properties.

**6.7.4 Encroachments.** Easements for minor encroachment and maintenance if any Improvement in a Lot, Condominium or Common Area encroaches upon the Master Association Property or if Master Association Property Improvements encroach upon any Lot, Condominium or Common Area as a result of construction by Declarant or a Neighborhood Builder or as a result of construction or reconstruction approved by the Aesthetic Review Committee, repair, shifting, settlement or movement of any portion of the Properties.

**6.8 DELEGATION OF USE.** Any Owner may delegate the Owner's right to use the Master Association Property to such Owner's tenants, contract purchasers or subtenants who reside in such Owner's Residence, subject to reasonable regulation by the Board. Each Multi-Family Area Owner may delegate its right to use the Master Association Property to tenants or subtenants, and such tenants or subtenants may further delegate their rights to the members of their Family and their guests, subject to the Governing Documents. Each Commercial Area Owner may delegate its right to use the Master Association Property to tenants or subtenants, and such tenants or subtenants may further delegate such right to tenants or subtenants.

**6.9 WAIVER OF USE.** No Owner may exempt himself from personal liability for Assessments levied by the Master Association, nor release his Lot or Condominium from the liens and charges hereof, by waiving use of the Master Association Property or any facilities thereon or by abandoning such Owner's Lot or Condominium.

**6.10 RIGHT TO GRANT ADDITIONAL EASEMENTS.** Declarant reserves easements over the Master Association Property for the exclusive use by an Owner or Owners of contiguous property as a yard, recreational, gardening, or landscaping area. Any such easement may be transferred by Declarant prior to conveying the last Lot or Condominium in the Properties and the Annexable Territory. The transfer must be approved in advance by the Board. The purpose of the easement, the portion of the Master Association Property affected, the Lot or Condominium to which the easement is appurtenant, and any restrictions on use of the easement area shall be identified in the Recorded document used to transfer the easement. Nothing in this Master Declaration shall be construed as giving the Declarant the right to alter existing utility easements.

## ARTICLE VII ASSESSMENT COLLECTION

*One of the obligations of Owners is to contribute financially to support the operations of the Master Association. The Master Association funds its operations through collection of different kinds of assessments: Common Assessments, Capital Improvement Assessments, Reconstruction Assessments, Compliance Assessments and Transfer Fees. This Article describes how the different types of assessments are collected and used by the Master Association. This Article also sets limits on the amount of certain assessments that can be charged to Owners.*

**7.1 CREATION OF ASSESSMENT OBLIGATION.** Declarant and each Neighborhood Builder, for each Lot or Condominium owned by Declarant or a Neighborhood Builder, covenants to pay, and each Owner of a Lot, Condominium or Apartment is deemed to covenant to pay to the Master Association (a) Common Assessments, (b) Capital Improvement Assessments, (c) Compliance Assessments, (d) Reconstruction Assessments and (e) Transfer Fees. All Assessments, together with interest, late fees, costs, transfer fees and reasonable attorneys' fees for the collection thereof, are a charge and shall be and become a lien upon the Lot or Condominium against which such Assessment is made. Each Assessment, together with interest, late fees, costs, transfer fees and reasonable attorneys' fees, is also the personal obligation of the Owner of the Lot or Condominium at the time when the Assessment fell due.

No Owner may except himself from liability for his Assessment obligation by any waiver of the use or enjoyment of, or by the abandonment of his portion of the Properties, but an Owner will not be liable for Assessments accruing after consummation of a transfer of his portion of the Properties accomplished in accordance herewith.

**7.2 MAINTENANCE FUNDS.** The Maintenance Funds may be established as trust accounts at a banking or savings institution and may be combined so long as the funds are treated as separate funds for accounting purposes. The Board shall budget, establish and keep at least the following accounts (the "Maintenance Funds"):

**7.2.1 General Operating Fund.** A General Operating Fund for current expenses of the Master Association, exclusive of current expenses attributable to the Special Benefit Areas, if any.

**7.2.2 General Reserve Fund.** General Reserve Fund for the deposit of Reserves, exclusive of Reserves attributable to the Special Benefit Areas, if any.

**7.2.3 Special Benefit Area Operating Fund.** For each Special Benefit Area, if any, a separate Special Benefit Area Operating Fund for current expenses of the Special Benefit Area.

**7.2.4 Special Benefit Area Reserve Fund.** For each Special Benefit Area, if any, a separate Special Benefit Area Reserve Fund for the deposit of Reserves attributable to the Special Benefit Area.

**7.2.5 Miscellaneous Maintenance Funds.** Other Maintenance Funds as the Board deems necessary.

**7.3 PURPOSE OF ASSESSMENTS.** Assessments and any other amounts deposited into the Maintenance Funds shall be used exclusively to (a) promote the Owners' recreation and welfare, (b) improve and maintain the Master Association Property, and (c) discharge any other Master Association obligations. Disbursements from the particular Maintenance Funds shall be limited to specific purposes as follows:

**7.3.1 General Operations.** Disbursements from the General Operating Fund shall be made for payment of Common Expenses which are not Budgeted to a Special Benefit Area.

**7.3.2 General Reserves.** Disbursements from the General Reserve Fund shall be made solely for payment of those Reserve expenditures which are not Budgeted to a Special Benefit Area.

**7.3.3 Special Benefit Area Operations.** Disbursements from each Special Benefit Area Operating Fund shall be made solely for payment of the current operating Common Expenses of the Special Benefit Area for which the fund was created.

**7.3.4 Special Benefit Area Reserves.** Disbursements from each Special Benefit Area Reserve Fund shall be made solely for payment of Reserve expenditures attributable to the Special Benefit Area for which the fund was created.

**7.4 ASSESSMENT COMPONENTS, RATES AND EXEMPTIONS.** Each annual Common Assessment is an aggregate of separate assessments for each of the Maintenance Funds, reflecting an itemization of the amounts of prospective deposits into the General Operating and Reserve Funds, Special Benefit Area Operating and Reserve Funds, and other Maintenance Funds established by the Master Association. Common Assessments shall be assessed against the Owners of Lots or Condominiums as follows:

**7.4.1 Assessment Units.** Each Owner shall pay to the Master Association a proportionate share of all Assessments provided for in this Master Declaration, as may be amended from time to time, as follows:

(a) **Lots in Residential Area.** Each Lot in a Residential Area improved with Residence or designated for residential use, and the Owner thereof, shall be allocated one (1) Assessment Unit, on the first calendar day of the calendar month following the date of recordation of this Master Declaration. For the purpose of assessment allocation, townhomes are considered Lots in a Residential Area. Condominiums shall not be treated as Lots in a Residential Area for the purpose of assessment allocation.

(b) **Condominiums in Residential Area or Multi-Family Area.** Each Condominium in a Residential Area or Multi-Family Area, and the Owner thereof, shall be allocated one-half (1/2) of an Assessment Unit, on the first day of the calendar month following the date of recordation of this Master Declaration.

(c) **Apartments.** Each Apartment in a Multi-Family Area, and the Owner thereof, shall be allocated seven (7) Assessment Units for each one (1) acre of land constituting the Apartments, on the first day of the calendar month following the date of recordation of this Master Declaration. If any Apartments are converted to Condominiums, then converted Condominiums shall be allocated Assessment Units as set forth in subsection (b) above. The Condominium Assessment Unit and rate of assessment shall commence on a building-by-building basis such that any given building will not be assessed until the first day of the first month after the first recorded sale (by deed) of a Condominium in a particular building. Thereafter, all the units in that building will be considered Condominium units rather than Apartment units, and will be billed assessments as Condominium units, as more fully set forth in subsection (b) above, and will have voting rights as Condominium units, as set forth in the Bylaws. In addition, the Owner of the remaining Apartments shall continue to pay assessments for the Apartments it still owns based on a formula which is the product of the total dollar amount of Apartment Assessments (before the first conversion and sale thereof) multiplied by a

fraction, the denominator being the total number of Apartments in the original buildings and the numerator being the total number of Apartments in the original building less the number of Apartments that have been converted to and are being assessed as Condominiums.

EXAMPLE: If the number of Apartments is 551 and the total acreage is 22 acres (always rounded up to the next whole number), then the number of Assessment Units attributable to the Apartments would be 154 Assessment Units (22 acres X 7 Assessment Units per acre). If each Assessment Unit is \$125.00 per unit per month, then the Assessments for the owner of the Apartments is \$19,250.00 per month, which is the equivalent of \$34.94 per Apartment per month.

EXAMPLE: If 24 of the 551 Apartments have been converted to Condominiums, either because escrow has closed for that Apartment or they are in a building where at least one Apartment has been deeded to a new owner as a Condominium, then those 24 units pay assessments at the Condominium rate which would be \$62.50 per unit per month ( $\$125.00 \times \frac{1}{2}$  the Assessment Unit). The balance of the Apartments 527 (551-24) would continue to be charged at the Apartment rate of 7 Assessment Units per acre. However, since it is virtually impossible to determine the actual acreage of the remaining Apartments that have not yet been converted to Condominiums, the Apartment owner shall pay a fraction of the \$19,250 per month. The fraction would be  $\frac{527}{551}$ , or a total of \$18,411.52, which is the equivalent of \$34.94 per Apartment per month.

Notwithstanding the foregoing, if the total Assessment Units for the converted Condominiums is less than the Assessment Units imposed against the previously existing Apartments, then the converted Condominiums are responsible for the payment of the additional Assessment Units. For example, if the Apartments are being assessed one hundred (100) Assessment Units and the converted Condominiums would be assessed seventy-five (75) Assessment Units under subsection (b) above, then the additional twenty-five (25) Assessment Units shall be shared equally by the Owners of the converted Condominiums.

(d) Commercial Area Lots and Condominiums. Each Lot improved with the Commercial product type (including, but not limited to, Condominiums designated as a Commercial product type), and the Owner thereof, shall be allocated one (1) Assessment Unit for every five hundred (500) square feet, or portion thereof, of "interior floor area" of the building which is constructed on such Lot for which a certificate of occupancy or other comparable final authorization permitting occupancy or use of such building has been issued by applicable governmental authorities, commencing on the date of issuance thereof. For the purpose of this subsection, "interior floor area" shall include delivery and service, outside food and beverage and snack areas, including patios, but shall not include common areas of multi-tenant structures, parking areas, walkways or landscaped areas.

(e) Other Areas. If a Phase includes Lots or Condominiums that are not a part of the Residential Area, the Supplemental Declaration annexing that Phase to this Master Declaration shall designate the number of Assessment Units assigned to each Lot or Condominium in the area.

(f) Special Allocation. Declarant may identify any Common Expense which is an element of the General Assessment Component as subject to a special allocation. The Common Expense and special allocation must be identified in this Master Declaration or a

Supplemental Declaration. A special allocation is made when all Lots and Condominiums subject to assessment are obligated to pay an expense, but the expense is allocated in a proportion based on something other than Assessment Units. If Telecommunication Services are provided through the Master Association, they may be subject to a special allocation.

(g) **Combining Lots or Condominiums.** If two (2) or more Lots or Condominiums owned by an Owner are combined into fewer Lots or Condominiums, the resulting Lot(s) or Condominium(s) shall be allocated the same number of assessment units as were allocated to the original separate Lots or Condominiums. Accordingly, two (2) or more Lots or Condominiums which might be under the same ownership shall be deemed separate Lots or Condominiums for the purpose of imposing Assessments and determining voting power, regardless whether such Lots or Condominiums are combined, joined or otherwise used for the same Residence.

**7.4.2 General Assessment Component.** The General Assessment Component is composed of Common Expenses of the Master Association exclusive of Common Expenses Budgeted to the Special Benefit Areas and shall be allocated among all of the Residential Area Lots and Condominiums, Multi-Family Area Residences, Commercial Area Lots and Condominiums and any other areas in the Properties based upon the number of Assessment Units chargeable to each Lot, Condominium and Residence. The proportionate share of the General Assessment Component of Common Expenses chargeable to Residential Area and Multi-Family Area Residences, Commercial Area Lots and Condominiums, and other area Lots shall be a fraction, the numerator of which shall be the number of Assessment Units allocated to such Residence or Lot, and the denominator of which shall be the total number of Assessment Units allocated to all Residential Area and Multi-Family Area Residences, Commercial Area Lots and Condominiums and other area Lots in the Properties.

**7.4.3 Special Benefit Area Assessment Component.** The Special Benefit Area Assessment Component is that portion of the Common Expenses of the Master Association composed of Special Benefit Area Operating and Reserve Funds Budgeted exclusively to any particular Special Benefit Area and shall be assessed to the Lots or Condominiums designated in a Supplemental Declaration as Lots or Condominiums to which the exclusive or disproportionate maintenance of such Special Benefit Area has been allocated. Unless otherwise provided in such Supplemental Declaration, the proportionate share of the Special Benefit Area Assessment Component of Common Expenses chargeable to each Lot or Condominium located in such Special Benefit Area shall be a fraction, the numerator of which shall be the number of Assessment Units allocated to the Lot or Condominium in the Special Benefit Area, and the denominator of which shall be the total number of Assessment Units allocated to all Lots or Condominiums located in such Special Benefit Area.

**7.4.4 Excess Funds.** During the term of any subsidy agreement between Declarant or any Neighborhood Builder and the Master Association, all funds remaining in the Maintenance Funds in excess of the amounts used for the operation and payment of Common Expenses of the Properties (including Reserves) shall be accumulated to fund future Maintenance Fund deficits. After the termination of any subsidy agreement, the Board of Directors may determine that funds remaining in the Operating Funds, in excess of the amounts used for the operation of the Properties, may, in the discretion of the Board, be used to reduce the following year's Common Assessment attributable to such Maintenance Funds or transferred into the Reserve Fund.



## 7.5 LIMIT ON COMMON ASSESSMENT INCREASES.

**7.5.1 Increases in the General Assessment Component.** During the Fiscal Year in which Common Assessments commence, the Board may increase the General Assessment Component by more than twenty percent (20%) of the General Assessment Component disclosed for the Properties in the Budget provided by Declarant on the first Close of Escrow in the Properties only if the Board first obtains the approval of the Neighborhood Representatives. After the Fiscal Year in which Common Assessments commence, the Board may unilaterally increase the General Assessment Component up to twenty percent (20%) of the General Assessment Component for the immediately preceding Fiscal Year. All other increases must be approved in advance by the Neighborhood Representatives.

**7.5.2 Increases in the Special Benefit Area Component.** During the Fiscal Year in which Common Assessments commence, the Board may increase any Special Benefit Area Component by more than twenty percent (20%) of the Special Benefit Area Component disclosed for the Properties in the Budget provided by Declarant on the first Close of Escrow in the Properties only if the Board first obtains the approval of the Neighborhood Representatives representing the Lots and Condominiums in the Special Benefit Area. After the Fiscal Year in which Common Assessments commence, the Board may unilaterally increase any Special Benefit Area Component up to twenty percent (20%) of the Special Benefit Area Component for the immediately preceding Fiscal Year. Any other increases must be approved in advance by the Neighborhood Representatives representing the Lots and Condominiums in the Special Benefit Area.

### 7.5.3 Provisions Applicable to All Components of Common Assessments.

(a) **Supplemental Common Assessments.** If the Board determines that Common Expenses may be properly paid by collection of a Common Assessment in an amount less than the maximum authorized Common Assessment, the Board may levy a Common Assessment which is less than the maximum authorized amount. If the Board determines that the Common Assessment being collected is or will become inadequate to pay all Common Expenses, the Board shall immediately determine the approximate amount of the inadequacy and levy a supplemental Common Assessment, subject to the limitations described in subsections 7.5.1 and 7.5.2 above.

(b) **Automatic Assessment Increases.** Notwithstanding any other provisions of this Section 7.5, upon annexation of any portion of the Annexable Territory, the Common Assessment shall be automatically increased by the additional amount, if any, necessary to maintain the Master Association Property. To minimize the need for frequent adjustments in the amount of the Common Assessments during the development of the Properties, the Board may level the amount of the Common Assessments invoiced to the Owners an amount calculated to defray the Common Expenses of the Master Association during the time that Common Assessments are fluctuating due to the periodic annexation of Lots, Condominiums and Master Association Property.

## 7.6 SPECIAL ASSESSMENTS.

**7.6.1 Authorization.** The Board may levy, in any Fiscal Year, a Capital Improvement Assessment or Reconstruction Assessment (each, a "Special Assessment" for purposes of this Section 7.6) applicable to that Fiscal Year only for purposes authorized in this Master Declaration or any Supplemental Declaration.

**7.6.2 Limit Outside of Special Benefit Areas.** No Special Assessment in any Fiscal Year for an Improvement not included in a Special Benefit Area which, if added to the Special Assessments already levied during such Fiscal Year (excluding Special Assessments for Special Benefit Areas), exceed ten percent (10%) of the Master Association's Budgeted gross expenses for such Fiscal Year (excluding Budgeted gross expenses for Special Benefit Areas), may be levied without the approval of the Neighborhood Representatives.

**7.6.3 Limit for Special Benefit Areas.** No Special Assessments in any Fiscal Year for an Improvement in a Special Benefit Area which, if added to the Special Assessments already levied during such Fiscal Year solely for that Special Benefit Area, exceed ten percent (10%) of the Master Association's Budgeted gross expenses for the Special Benefit Area for such Fiscal Year, may be levied without the approval of the Neighborhood Representatives representing the Lots and Condominiums in the Special Benefit Area.

**7.7 COMMENCEMENT OF COMMON ASSESSMENTS.** Common Assessments shall commence as to each Lot or Condominium in any Phase containing Residential Area on the first day of the first month after the Close of Escrow in such Phase. Assessments shall commence as to each Lot in a Multi-Family Area Phase on the later to occur of (i) the day of the first residential occupancy of any portion of such Multi-Family Area Phase occurs or following the issuance of a temporary or final certificate of occupancy by applicable Local Governmental Agency, whichever occurs first, or (ii) the day such Phase becomes subject to this Master Declaration. Common Assessments shall commence on each Lot or Condominium in a Commercial Area on the day such Phase becomes subject to this Master Declaration. Notwithstanding the foregoing, Common Assessments shall not commence on any Apartment or Commercial Area until the first Close of Escrow in the Properties. The first Common Assessment for each Phase shall be prorated for the number of months remaining in the Fiscal Year.

**7.8 COLLECTION OF COMMON ASSESSMENTS.** The Board shall fix the amount of the Common Assessment against each Lot at least thirty (30) days in advance of each Common Assessment period. Common Assessments shall be calculated annually based on a budget adopted at least annually by the Master Association in accordance with any requirements, if any, imposed by Utah law. The Board may at any time ratably increase or decrease the Common Assessments to such levels as shall be reasonably necessary in the judgment of the Master Association Board to cover the obligations of the Master Association hereunder, including provision for reasonable reserves for replacements. The Master Association is obligated to maintain Common Assessments at a level sufficient to enable payment of all costs of maintenance of the Common Areas. Written notice of any change in the amount of any Common Assessment, Capital Improvement Assessment or Reconstruction Assessment shall be sent via first-class mail to every Owner subject thereto not less than thirty (30) days prior to the increased Assessment becoming due. The due dates and late fees shall be established by resolution of the Board. The Master Association shall, upon demand and for a reasonable

charge, furnish a certificate setting forth whether the Assessments on a specified Lot or Condominium are current. The Master Association may use any method of collecting Assessments allowed by law including charging credit cards or electronic transfers. At the Master Association's discretion, the additional cost of any method of collection may be collected from the Owner electing the method of collection and does not have to be divided equally among all Owners.

**7.9 EXEMPT PROPERTY.** The following property is exempt from the obligation to pay Assessments:

**7.9.1 Public Property.** All portions of the Properties dedicated to and accepted by a Local government agency.

**7.9.2 Master Association Property.** The Master Association Property.

**7.9.3 Common Area.** All Common Area.

**7.9.4 Other.** Any areas exempted from Assessments in a Supplemental Declaration.

## **7.10 CAPITALIZATION OF ASSOCIATION.**

**7.10.1 Sale By Declarant or Neighborhood Builder.** Upon the sale of a Lot or Condominium by Declarant or Neighborhood Builder to an Owner other than Declarant or Neighborhood Builder, the Owner shall be obligated to pay the Master Association an amount equal to two (2) months Common Assessments in proportion to their respective liabilities for Common Expenses (the "Transfer Fee"). The Transfer Fee shall be collected from the Owner of each Lot at the Close of Escrow for the purchase of the Lot or Condominium. The Transfer Fee provision shall not be considered as an advance payment of Assessments or a transfer fee. Each Lot's or Condominium's Transfer Fee may be collected and then contributed to the Master Association by the Declarant or Neighborhood Builder. Until paid to the Master Association, the Transfer Fee due pursuant to this provision shall be considered an unpaid Common Assessment, with a lien on the Declarant's or Neighborhood Builder's unsold Lots or Condominiums.

**7.10.2 Sale By Owner Other Than Declarant or Neighborhood Builder.** Upon the sale of a Lot or Condominium by an Owner other than the Declarant or a Neighborhood Builder, each new Owner shall be obligated to pay to the Master Association a Transfer Fee, as defined in Section 7.10.1 above. The Transfer Fee shall be deposited by the purchaser (prospective Owner) into the purchase and sale escrow and distributed therefrom, at the Close of Escrow to the Master Association. Until paid to the Master Association, the Transfer Fee due pursuant to this provision shall be considered an unpaid Common Assessment, with a lien on the new Owners unsold Lots or Condominiums.

## **ARTICLE VIII RESIDENTIAL AREA MAINTENANCE OBLIGATIONS**

*To protect the aesthetics of the Properties, the Declarant has established standards for maintaining the various types of property in the Residential Area. This Article describes these standards.*

## **8.1 MAINTENANCE OBLIGATIONS OF OWNERS.**

Each Owner of a Lot or Unit in a Residential Area shall maintain his Residence and Lot or Unit in accordance with this Section 8.1 unless this Section 8.1 is explicitly superseded in a Supplemental Declaration.

**8.1.1 General Responsibilities - Lots.** Each Owner, at the Owner's sole expense, shall maintain and restore all Improvements located on the Owner's Lot and the Lot itself, in a neat, sanitary and attractive condition. Such maintenance responsibilities include the maintenance of the entire Residence on the Lot, as well as any fence or wall constructed on the Lot along the Lot Line abutting any Master Association Property. Each Owner whose Lot uses a private drainage system installed by Declarant or a Neighborhood Builder is responsible for its maintenance. Each Owner whose Lot uses a sewer system lateral, water system lateral, or any other utility line exclusively servicing the Lot, is responsible for the maintenance of that portion of the lateral which exclusively serves such Owner's Lot. Each Owner is also responsible for maintaining the mailbox that serves the Owner's Lot. If any Owner permits any Improvement which such Owner is responsible for maintaining to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate the Governing Documents, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner's Lot to perform such maintenance and charge the cost thereof to the Owner as a Compliance Assessment.

**8.1.2 General Responsibilities - Units.** Each Owner, at the Owner's sole expense, shall maintain and restore the Owner's Unit, in a neat, sanitary and attractive condition. If an Owner permits his Unit to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate the Governing Documents, the Board may seek any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Owner's Unit to perform such maintenance and charge the cost thereof to the Owner as a Compliance Assessment.

**8.1.3 Insurance Obligations.** Each Owner is also responsible for carrying public liability insurance in the amount such Owner deems desirable to cover such Owner's individual liability for damage to person or property occurring inside such Owner's Residence or elsewhere upon such Owner's Lot or Unit.

**8.1.4 Damage to Residences-Reconstruction.** If all or any portion of any Lot or Residence is damaged or destroyed by fire or other casualty, the Owner of such Lot shall either (i) rebuild, repair or reconstruct the Lot and the Residence thereon in a manner which will restore them substantially to their appearance and condition immediately prior to the casualty or as otherwise approved by the Aesthetic Review Committee, or (ii) install landscaping on the Lot without rebuilding the Residence as approved by the Aesthetic Review Committee. The Owner of any damaged Lot or Residence and the Aesthetic Review Committee shall proceed with all due diligence. The Owner shall cause construction or landscaping to commence within six (6) months after the damage occurs and to be completed within twelve (12) months after damage occurs, unless prevented by causes beyond such Owner's reasonable control. A transferee of the Lot which is damaged or upon which is located a damaged Residence shall commence and complete construction or landscaping in the respective periods which would have remained for the performance of such obligations if the Owner of the Lot at the time of the damage still held title to the Lot. However, no such transferee may be required to commence or complete such

construction in less than thirty (30) days from the date such transferee acquired title to the Lot.

**8.1.5 Party Walls.** Each wall or fence which is placed on the dividing line between the Lots (the "Party Wall") is a party wall. The cost of the initial installation, reasonable maintenance, and subsequent replacement of a Party Wall shall be shared equally by the Owners of the Lots divided by the Party Wall. However, each Owner is responsible for repainting the side of any Party Wall facing his Lot. If a Party Wall is destroyed or damaged, any Owner whose Lot is affected thereby may restore it, and the Owner of the other Lot which is affected thereby shall contribute equally to the cost of restoration. An Owner who by his negligent or willful act causes a Party Wall to require repair or replacement shall bear the whole cost of the necessary repairs or replacement. The right of any Owner to contribution from any other Owner under this Subsection is appurtenant to each Owner's Lot and passes to such Owner's successors in title. An Owner's contribution to the initial installation of a Party Wall shall be made within twelve (12) months from the date of completion of work. All other contributions for maintenance, restoration, or subsequent replacement shall be made within sixty (60) days from completion of work. If an Owner fails to make his contribution, the harmed Owner shall have the right to initiate a legal or equitable action to recover the monies owed. Neither the Master Association nor the Neighborhood Association shall be party to an action to collect contributions for Party Walls.

**8.2 NEIGHBORHOOD ASSOCIATION RESPONSIBILITIES.** Each Neighborhood Association shall maintain all Improvements on its Common Area in a neat, sanitary and attractive condition. However, each Neighborhood Association is not responsible for performing those items of maintenance, repair or Improvement of the Condominiums or exclusive use areas appurtenant to the Condominiums, the maintenance of which is the responsibility of the Owners. If any Neighborhood Association permits any Improvement which such Neighborhood Association is responsible for maintaining, to fall into disrepair or to become unsafe, unsightly or unattractive, or to otherwise violate this Master Declaration, the Board may pursue any remedies at law or in equity which it may have. In addition, the Board may, after Notice and Hearing, enter upon such Common Area to make such repairs or to perform such maintenance and charge the cost thereof to the Neighborhood Association. Said cost shall be a Compliance Assessment enforceable as set forth in this Master Declaration.

### **8.3 MAINTENANCE OBLIGATIONS OF THE MASTER ASSOCIATION.**

**8.3.1 Responsibilities.** The Master Association shall maintain all Improvements on the Master Association Property in an attractive condition and in good order and repair. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Master Association Property. The Master Association may add or remove any landscaping Improvements to or from the Master Association Property and shall keep the landscaping thereon free of weeds and disease.

**8.3.2 Inspection.** The Board shall have the Master Association Property and all Improvements thereon inspected at least once every year in order to (a) determine whether the Master Association Property is being maintained in accordance with the standards of maintenance established in the Governing Documents, (b) determine the condition of the Master Association Property and any Improvements thereon, including the existence of any hazards or defects, and the need for performing additional maintenance, refurbishment, replacement, or repair, and (c) recommend preventive actions to reduce potential maintenance costs to be

incurred in the future. The Board shall keep Declarant fully informed of the Board's activities under this Section 8.3.2. The Board may employ such experts and consultants as necessary to perform the inspection and make the report required by this Section. The Board shall prepare a report of the results of the inspection required by this Section. The report shall be furnished to Owners and to Declarant within the time set forth for furnishing Owners with the Budget. The report must include at least the following:

- (a) a description of the condition of the Master Association Property, including a list of items inspected, and the status of maintenance, repair and need for replacement of all such items;
- (b) a description of all maintenance, repair and replacement planned for the ensuing Fiscal Year and included in the Budget;
- (c) if any maintenance, repair or replacement is to be deferred, the reason for such deferral;
- (d) a summary of all reports of inspections performed by any expert or consultant employed by the Board to perform inspections;
- (e) a report of the status of compliance with the maintenance, replacement and repair needs set forth in the inspection report for preceding years; and
- (f) such other matters as the Board deems appropriate.

**8.3.3 Damage to Master Association Property.** After Notice and Hearing, the Board may levy the cost of any maintenance, repairs and replacements by the Master Association within the Master Association Property arising out of or caused by the willful or negligent act of an Owner, other Person or any Neighborhood Association as a Compliance Assessment against the responsible Owner, Person or Neighborhood Association.

## ARTICLE IX DAMAGE AND CONDEMNATION OF MASTER ASSOCIATION PROPERTY

*This Article establishes the procedure for repairing or reconstructing damaged Master Association Property and for obtaining funds from condemnation of Master Association Property.*

Damage to or destruction of all or any portion of the Master Association Property and condemnation of all or any portion of the Master Association Property shall be handled in the following manner:

**9.1 REPAIR AND RECONSTRUCTION.** If the Master Association Property is damaged or destroyed, the Master Association shall cause the Master Association Property to be repaired and reconstructed in accordance with plans and specifications approved by the Board. If the cost of effecting total restoration of the Master Association Property exceeds the available insurance proceeds, then the Master Association shall levy a Reconstruction Assessment against the Lots and Condominiums and their respective Owners equal to the difference between the total restoration cost and the insurance proceeds.

**9.2 OWNERS' RESPONSIBILITIES.** Each Owner is liable to the Master Association for all expenses of repairing damage to the Master Association Property which may be sustained due to the negligence or willful misconduct of said Owner or the Persons deriving their right to use the Master Association Property from said Owner. The Master Association may, after Notice and Hearing, (i) charge the Owner for the cost of repairing the damage, (ii) determine whether any claim shall be made upon the insurance kept by the Master Association and (iii) levy against such Owner a charge equal to any deductible paid and the increase, if any, in the insurance premium directly attributable to the damage caused by such Owner or the Persons for whom such Owner may be responsible. If a Lot or Condominium is jointly owned, the liability of its Owners is joint and several, except to the extent that the Master Association has previously contracted in writing with such joint Owners to the contrary.

**9.3 EMINENT DOMAIN.** If all or any portion of the Master Association Property is taken by exercise of the power of eminent domain or by purchase in lieu thereof, the award in condemnation shall be paid to the Master Association and deposited in the Operating Fund. No Owner may participate as a party, or otherwise, in any proceedings relating to such condemnation.

## **ARTICLE X INSURANCE OBLIGATION OF MASTER ASSOCIATION**

*This Article establishes minimum requirements for insurance kept by the Master Association.*

**10.1 CASUALTY INSURANCE.** The Board shall obtain all risk property insurance for loss or damage to all insurable Improvements on the Master Association Property with an agreed amount endorsement for no less than one hundred percent (100%) of the full replacement cost (new without deduction for depreciation) of the cost of Improvements, fixtures and other property, without deduction for coinsurance, and may obtain insurance against such hazards and casualties as the Master Association may deem desirable if commercially reasonable and held by reasonably prudent owners of similar properties. The Master Association may also insure any other real or personal property it owns against loss or damage by fire and such other hazards as the Master Association may deem desirable, with the Master Association as the owner and beneficiary of such insurance. The policies insuring the Master Association Property must be written in the name of, and the proceeds thereof must be payable to the Master Association. Unless the applicable insurance policy provides for a different procedure for filing claims, all claims made under such policy must be sent to the insurance carrier or agent, as applicable, by certified mail and be clearly identified as a claim. The Master Association shall keep a record of all claims made.

**10.2 INSURANCE OBLIGATIONS OF OWNERS.** Each Owner is responsible for insuring his personal property and all other property and Improvements within his Lot or Condominium as required by the applicable Supplemental Declaration or applicable Neighborhood Declaration. Such policies shall not adversely affect or diminish any coverage under any insurance obtained by or on behalf of the Master Association. Duplicate copies of such other policies shall be deposited with the Board upon the Board's request. If any loss intended to be covered by insurance carried by or on behalf of the Master Association occurs and the proceeds payable thereunder are reduced due to insurance carried by any Owner, such Owner

shall assign the proceeds of such insurance to the Master Association, to the extent of such reduction.

**10.3 WAIVER OF SUBROGATION.** All policies of property insurance held by the Master Association or the Owners must provide, if available on commercially reasonable terms, for a waiver of: (a) any defense based on coinsurance, and (b) any claim for subrogation and other rights of recovery as they might have against each other and their respective agents, employees, invitees and insurers with respect to all perils covered by whatever casualty insurance is in effect. As to each policy of insurance the Master Association keeps which will not be voided or impaired thereby, the Master Association waives and releases all claims against the Board, the Owners, the Manager, Declarant, the Neighborhood Builders and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by such Persons, but only to the extent that insurance proceeds are received in compensation for such loss.

**10.4 LIABILITY AND OTHER INSURANCE.** The Master Association shall obtain commercial general liability insurance, including coverage for medical payments and malicious mischief, in such limits as it deems desirable, insuring against liability for bodily injury, death and property damage arising from the Master Association's activities or with respect to property the Master Association maintains or is required to maintain including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The Master Association may also obtain Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Master Association, the Board and Manager, against liability in connection with the Master Association Property. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity insurance and other insurance as it deems advisable, insuring the Board, the Master Association's officers and the Manager against liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. However, fidelity insurance coverage which names the Master Association as an obligee must be obtained by or on behalf of the Master Association for any Person handling the Master Association funds, including, but not limited to, Master Association officers, directors, employees and agents and Manager employees, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the Master Association's or Manager's custody during the term of the insurance. The aggregate amount of such insurance coverage may not be less than one-fourth (1/4) of the Annual Common Assessments on all Lots and Condominiums in the Properties, plus reserve funds. In addition, the Master Association shall continuously keep in effect such casualty, flood and liability insurance and fidelity insurance coverage meeting the requirements for developments such as the Properties established by FNMA, GNMA and FHLMC, so long as any of them is a Mortgagee or an Owner of a Lot or Condominium in the Properties, except to the extent such coverage is not reasonably available or has been waived in writing.

**10.5 NOTICE OF EXPIRATION REQUIREMENTS.** If available, each insurance policy the Master Association keeps must contain a provision that said policy may not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) to thirty (30) days' prior written notice to the Board, Declarant, and to each Owner and Mortgagee, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice, and every other Person in interest who requests such notice of the insurer.



**ARTICLE XI  
RIGHTS OF MORTGAGEES**

*This Article gives various rights to lenders.*

**11.1 GENERAL PROTECTIONS.** Notwithstanding any other provision of this Master Declaration, no amendment or violation of the Master Declaration defeats or renders invalid the rights of the Beneficiary under any Mortgage made in good faith and for value, provided that after the foreclosure of any such Mortgage such Lot or Condominium will remain subject to this Master Declaration. For purposes of the Governing Documents, "first Mortgage" means a Mortgage with first priority over other Mortgages on a Lot or Condominium, and "first Mortgagee" means the Mortgagee of a first Mortgage. For purposes of any provisions of the Governing Documents which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval is determined based upon one (1) vote for each Lot or Condominium encumbered by each such first Mortgage. In order to induce VA, FHA, FHLMC, GNMA and FNMA to participate in the financing of the sale of Lots and Condominiums, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration or any other of the Governing Documents, these added provisions control):

**11.2 WRITTEN NOTIFICATION.** Each Mortgagee, insurer and guarantor of a first Mortgage encumbering at least one Lot or Condominium, upon filing a written request for notification with the Board, is entitled to written notification from the Master Association of:

- (a) any condemnation or casualty loss which affects either a material portion of the Properties or the Lots or Condominiums securing the respective first Mortgage; and
- (b) any delinquency of sixty (60) days or more in the performance of any obligation under the Governing Documents, including the payment of Assessments or charges owed by the Owner(s) of the Lots or Condominiums securing the respective first Mortgage, which notice each Owner consents to and authorizes; and
- (c) a lapse, cancellation, or material modification of any policy of insurance or fidelity insurance kept by the Master Association; and
- (d) any abandonment or termination of the Master Association.

**11.3 RIGHT OF FIRST REFUSAL.** Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot or Condominium which obtains title to such Lot or Condominium pursuant to the remedies provided in such Mortgage, or by foreclosure of such Mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Governing Documents.

**11.4 ACQUISITION BY MORTGAGEE.** Each first Mortgagee of a Mortgage encumbering any Lot or Condominium who obtains title to such Lot or Condominium pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage shall take title to such Lot or Condominium free of any claims for unpaid Assessments or charges against such Lot or Condominium which accrued prior to the time such Mortgagee acquires title to such Lot or Condominium.

**11.5 RIGHTS UPON REQUEST.** All Beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Master Association, shall have the right to:

- (a) examine current copies of the Master Association's books, records and financial statements and the Governing Documents during normal business hours; and
- (b) receive written notice of all meetings of Neighborhood Representatives; and
- (c) designate in writing a representative who shall be authorized to attend all meetings of Neighborhood Representatives.

**11.6 PAYMENTS OF DELINQUENT AMOUNTS.** First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Master Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for Master Association Property and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Master Association.

**11.7 CONTRACTS.** The Board may enter into such contracts or agreements on behalf of the Master Association as are required in order to satisfy the guidelines or requirements of VA, FHA, FHLMC, FNMA, GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Lots and Condominiums. Each Owner agrees that it will benefit the Master Association and its Members, as a class of potential Mortgage borrowers and potential sellers of their Lots and Condominiums, if such agencies approve the Properties as a qualifying subdivision under their respective policies, Community Guidelines. Each Owner authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot or Condominium.

## ARTICLE XII ENFORCEMENT

*This Article establishes procedures for enforcing the Governing Documents, collecting delinquent assessments and resolving disputes with the Declarant.*

**12.1 ENFORCEMENT OF RESTRICTIONS.** All disputes arising under the Governing Documents, other than those described in Section 12.2, Section 12.4, shall be resolved as follows:

**12.1.1 Violations Identified by the Master Association.** If the Board determines that there is a violation of the Governing Documents, or the Aesthetic Review Committee determines that an Improvement which is the responsibility of an Owner or Neighborhood Association needs installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner or Neighborhood Association identifying (i) the condition or violation complained of, and (ii) the length of time the Owner or Neighborhood Association has to remedy the violation including, if applicable, the length of time the Owner or Neighborhood Association has to submit plans to the Aesthetic Review Committee and the length of time the Owner or Neighborhood Association has to complete the work

proposed in the plans submitted to the Aesthetic Review Committee. If an Owner or Neighborhood Association does not perform such corrective action as is required by the Board within the allotted time, the Board, after Notice and Hearing, may remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner or Neighborhood Association as a Compliance Assessment.

If the violation involves nonpayment of an Assessment, then the Board may collect such delinquent Assessment pursuant to the procedures set forth in Section 12.2.

**12.1.2 Violations Identified by an Owner or Neighborhood Association.** If an Owner or Neighborhood Association alleges that another Owner, other Person, or Neighborhood Association is violating the Governing Documents (other than nonpayment of an Assessment), the complaining Owner or Neighborhood Association must first submit the matter to the Board for Notice and Hearing before the complaining Owner or Neighborhood Association may resort to litigation.

**12.1.3 Legal Proceedings.** Failure of a Neighborhood Association or an Owner, or any other Person, to comply with any of the terms of the Governing Documents is grounds for relief which may include imposition of a Compliance Assessment and/or an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; however, the procedures established in Sections 12.1.1 and 12.1.2 must first be followed, if they are applicable.

**12.1.4 Limitation on Expenditures.** The Master Association may not incur litigation expenses, including attorneys' fees, or borrow money to fund litigation, where the Master Association initiates legal proceedings or is joined as a plaintiff in legal proceedings, unless the Master Association first obtains the consent of a majority of the Members (excluding the voting power of any Owner who would be a defendant in such proceedings). Such approval is not necessary if the legal proceedings are initiated (i) to enforce any provision of the Governing Documents, (ii) to collect any unpaid Assessments levied pursuant to the Governing Documents, (iii) to enforce a contract with a vendor, (iv) for a claim, the total value of which is less than Two Hundred Thousand Dollars (\$200,000), (v) as a cross-complaint or counter-claim in litigation to which the Master Association is already a party, or (vi) to protect the health, safety and welfare of the Members of the Association.

If the Master Association decides to use or transfer reserve funds or borrow funds to pay for any litigation, the Master Association must notify its Members of the decision by mail. Such notice shall provide an explanation of why the litigation is being initiated or defended, why operating funds cannot be used, how and when the reserve funds will be replaced or the loan will be repaid, and a proposed budget for the litigation. The notice must state that the Members have a right to review an accounting for the litigation which will be available at the Master Association's office. The accounting shall be updated monthly.

**12.1.5 Additional Remedies.** The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner or Neighborhood Association for the failure of such Owner, or of a resident of or visitor to such Owner's Lot or Condominium, or Neighborhood Association to comply with the Governing Documents. The Board may Record a Notice of Noncompliance against an Owner's Lot or Condominium for any violation of the Governing Documents, if permitted by law.

**12.1.6 No Waiver.** Failure to enforce any provision of the Master Declaration hereof does not waive the right to enforce that provision, or any other provision of the Master Declaration.

**12.1.7 Right to Enforce.** The Board or any Owner (not at the time in default hereunder) may enforce the Governing Documents as described in this Article. Each remedy provided for in the Governing Documents is cumulative and not exclusive or exhaustive.

## **12.2 NONPAYMENT OF ASSESSMENTS.**

**12.2.1 Remedies.** Any installment of an Assessment is delinquent if not paid within ten (10) days of the due date established by the Board. Any Assessment installment not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges as provided in this Master Declaration bears interest at the maximum rate permitted by law commencing from the date the Assessment becomes due until paid. If an Assessment is payable in Installments, the full amount of the Assessment is a lien from the time the first installment becomes due. The Board may also require the delinquent Owner to pay a late charge as established in the Community Guidelines.

The Master Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot or Condominium. The Master Association may Record a notice of lien against the delinquent Lot or Condominium. The Master Association need not accept any tender of a partial payment of an Assessment installment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender does not waive the Master Association's right to demand and receive full payments thereafter.

### **12.2.2 The Association's Lien**

(a) **Priority of Association Lien.** Subject to any contrary provision in Utah Law, a lien in favor of the Master Association pursuant to this Master Declaration for any unpaid Assessments, is prior to all other liens and encumbrances on a Lot or Condominium except: (1) liens and encumbrances (other than first Mortgages) recorded before recordation of this Master Declaration; (2) a first Mortgage on the Lot or Condominium recorded before the date on which the Assessment sought to be enforced became delinquent, except that the Master Association's lien is prior to such first Mortgage to the extent and in the amount of the Common Assessments for Common Expenses based on the periodic budget adopted by the Master Association which would have become due, in the absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien; and (3) liens for real estate taxes and other governmental assessments or charges against the Lot or Condominium. This provision does not affect the priority of a lien for other Assessments made by the Association.

(b) **Recording of Lien.** Recording of the Master Declaration constitutes record notice and perfection of the Master Association's Lien. Further recording of a claim of lien for Assessment under this provision is not required.

(c) **Limitation of Lien/Effect of Bankruptcy.** A lien for unpaid Assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the Assessment becomes due, except that if an Owner of a Lot or Condominium subject to a lien files a petition for relief under the United States Bankruptcy Code ("Bankruptcy

Code”), the time period for instituting proceedings to enforce the Master Association’s lien shall be tolled until the later of the time period allowed hereunder or thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

**12.2.3 Foreclosure Sale.** The Master Association may exercise any non-judicial remedy available under Utah law to foreclose the lien, including exercising a private power of sale. A sale to foreclose a Master Association lien may be conducted in the same manner, prescribed by Utah law, as foreclosures of deeds of trust. The Master Association, through duly authorized agents, may bid on the Lot or Condominium at foreclosure sale, and acquire and hold, lease, encumber and convey the same. Upon completion of the foreclosure sale, the Master Association or the purchaser at the sale may file suit to secure occupancy of the defaulting Owner’s Lot or Condominium, and the defaulting Owner shall be required to pay the reasonable rental value of the Lot or Condominium during any period of continued occupancy by the defaulting Owner or any Persons claiming under the defaulting Owner. Unless otherwise provided by Utah law, there is no right of redemption by the former Owner after the non-judicial foreclosure sale is completed by the Master Association.

**12.2.4 Cumulative Remedies.** All remedies the Master Association has available in connection with collection of delinquent Assessments are cumulative and not exclusive. A suit to recover a money judgment against an Owner may be maintained without foreclosing or waiving the Master Association’s lien and right to foreclose the lien.

**12.2.5 Assessments After Foreclosure.** After a Mortgagee or other Person obtains title to a Lot or Condominium by judicial foreclosure or by means set forth in a Mortgage, the Lot or Condominium shall remain subject to the Master Declaration and the payment of all installments of Assessments accruing after the date the Mortgagee or other Person obtains title.

**12.2.6 Receivers.** In addition to the foreclosure and other remedies granted the Master Association in this Master Declaration, each Owner conveys to the Master Association all of such Owner’s right, title and interest in all rents, issues and profits derived from and appurtenant to such Lot or Condominium, subject to the right, power and authority of the Master Association to collect and apply such rents, issues and profits to any delinquent Assessments owed by such Owner, reserving to the Owner the right, prior to any default by the Owner in the payment of Assessments, to collect and retain such rents, issues and profits as they become due and payable. Subject to Utah law, as amended, upon any such default the Master Association may, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured by the lien described in this Master Declaration, (a) enter and take possession of the Lot or Condominium, (b) in the Master Association’s name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and (c) apply the same, less allowable expenses, to any delinquencies of the Owner hereunder, and in such order as the Master Association may determine. The entering upon and taking possession of the Lot or Condominium, the collection of rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

**12.3 DISPUTES WITH DECLARANT PARTIES.** Any disputes (each, a "Dispute") between (a) the Master Association, any Neighborhood Association or any Owners, and (b) the Declarant, any Neighborhood Builder, or any director, officer, partner, shareholder, member, employee, representative, contractor, subcontractor, design professional or agent of the Declarant or any Neighborhood Builder (collectively "Declarant Parties") arising under this Declaration or relating to the Properties, including disputes regarding latent or patent construction defects, but excluding actions taken by the Master Association against Declarant to collect delinquent Assessments, and disputes solely between Declarant and a Neighborhood Builder involving contracts for purchase and sale of any portion of the Properties, where the amount in controversy is greater than Five Thousand Dollars (\$5,000), shall be subject to the following provisions:

(a) **Notice.** Any Person with a Dispute shall give written notice of the Dispute by personal or mail service as authorized by the Utah Rules of Civil Procedure to the party to whom the Dispute is directed ("**Respondent**") describing the nature of the Dispute and any proposed remedy (the "**Dispute Notice**").

(b) **Right to Inspect and Correct.** Commencing on the date the Dispute Notice is delivered to the Respondent and continuing until the Dispute is resolved, the Respondent and its representatives have the right to (i) meet with the party alleging the Dispute at a reasonable time and place to discuss the Dispute, (ii) enter the Properties to inspect any areas that are subject to the Dispute, and (iii) conduct inspections and testing (including destructive or invasive testing) in a manner deemed appropriate by the Respondent. If Respondent elects to take any corrective action, Respondent and its representatives shall be provided full access to the Properties to take and complete the corrective action. Respondent is not obligated to take any corrective action. Respondent, with the consent of Declarant, has the right to select the corrective action Respondent believes is appropriate.

(c) **Mediation.** If the Dispute is not resolved within ninety (90) days after the Respondent receives the Dispute Notice, any party may submit the Dispute to mediation by delivering a request for mediation ("**Mediation Notice**") in the same manner as allowed for delivery of the Dispute Notice. The Dispute shall be mediated pursuant to (i) the American Arbitration Association ("**AAA**") mediation procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (ii) the mediation procedures of any successor to the AAA in existence when the Dispute Notice is delivered, as modified by this Section, or (iii) mediation procedures approved by the parties of any entity offering mediation services that is acceptable to the parties to the Dispute ("**Parties**"). Except as provided in Section 12.3(d), no Person shall commence litigation regarding a Dispute without complying with this Section 12.3.

(i) **Selection of Mediator.** The mediator shall be selected within sixty (60) days from delivery of the Mediation Notice. The mediator shall be selected by mutual agreement of the Parties. If the parties cannot agree on a mediator, the mediator shall be selected by the entity providing the mediation service. No Person shall serve as a mediator in any Dispute in which the Person has any financial or personal interest in the result of the mediation, except by the written consent of all Parties. Before accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process.

(ii) **Position Letter; Pre-Mediation Conference.** No later than sixty (60) days after selection of the mediator, each party to the Dispute shall submit a letter ("**Position Statement**") containing (i) a description of the party's position concerning the issues that need to be resolved, (ii) a detailed description of the defects allegedly at issue, and (iii) a suggested plan of repair, remediation or correction. The mediator may schedule a pre-mediation conference. All Parties shall attend unless otherwise mutually agreed. The mediation shall be commenced within twenty (20) days after submittal of all Position Statements and shall be concluded within fifteen (15) days after the mediation began unless either (a) the mediator extends the mediation period, or (b) the Parties mutually agree to extend the mediation period. The mediation shall be held in the City or another place mutually acceptable to the parties.

(iii) **Conduct of Mediation.** The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate to achieve the goal of settling the Dispute. The mediator is authorized to conduct joint and separate meetings with the Parties and to make oral and written recommendations for settlement. The mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties agree to and do assume the expenses of obtaining such advice. The mediator shall not have the authority to impose a settlement on the parties.

(iv) **Application of Utah Rules of Evidence.** The Utah Rules of Evidence shall be applicable to the mediation process. Use and disclosure of statements, evidence and communications offered or made in the course of the mediation shall be governed by these sections, including the sections which preclude use of material in future proceedings and the sections which provide for confidentiality of material.

(v) **Parties Permitted at Mediation.** Persons other than the parties, their liability insurers, Declarant, attorneys for the parties, the liability insurers and Declarant and the mediator may attend mediation sessions only with the permission of the parties and the consent of the mediator. Declarant has the right to attend the mediation session even if Declarant is not one of the parties.

(vi) **Record.** There shall be no stenographic, video or audio record of the mediation process.

(vii) **Expenses.** Each party shall bear its own attorneys' fees and costs incurred in connection with the mediation. All other expenses of the mediation including the fees charged by the mediator and the cost of any proof or expert advice requested by the mediator shall be shared equally by the parties unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

(d) **Judicial Reference.** If a Dispute remains unresolved after the mediation required by Section 12.3(c) is completed, any of the Parties may file a lawsuit, provided that the Master Association, or the Neighborhood Association, as applicable, must obtain the vote or written consent of Owners other than Declarant who represent not less than sixty-seven percent (67%) of the voting power (excluding the voting power of Declarant) of the Master Association or the Neighborhood Association, as the case may be, prior to filing a lawsuit in a Dispute with Declarant or a Declarant Party. All lawsuits regarding Disputes must be resolved by binding

arbitration, as modified by this Section 12.3(d). The Parties shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the arbitration proceeding. The Dispute shall be arbitrated pursuant to (i) the American Arbitration Association ("AAA") arbitration procedures in existence when the Dispute Notice is delivered, as modified by this Section, or (ii) the arbitration procedures of any successor to the AAA in existence when the Dispute Notice is delivered, as modified by this Section, or (iii) arbitration procedures approved by the parties of any entity offering mediation services that is acceptable to the parties to the Dispute ("**Parties**").

(i) **Place.** The proceedings shall be heard in the City.

(ii) **Arbitrators.** The parties to the arbitration proceeding shall meet to select the arbitrators no later than thirty (30) days after service of the initial complaint on all defendants named in the complaint. The arbitrators shall be selected by mutual agreement of the Parties. No Person shall serve as an arbitrator in any Dispute in which the Person has any financial or personal interest in the result of the arbitration, except by the written consent of all Parties. Before accepting any appointment, the prospective arbitrators shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the arbitration process. Any dispute regarding selection of the arbitrators shall be resolved by the court in which the complaint is filed.

(iii) **Commencement and Timing of Proceeding.** The referee shall commence the proceeding at the earliest convenient date and shall conduct the proceeding without undue delay.

(iv) **Record.** A stenographic record of the hearing shall be made which shall remain confidential except as may be necessary for post-hearing motions and any appeals.

(v) **Limit on Remedies/Prohibition on the Award of Punitive Damages.** The arbitrators may not award punitive damages. In addition, as further provided below, the right to punitive damages is waived by the parties. The arbitrators may grant all other legal and equitable remedies and award compensatory damages in the arbitration proceeding.

(vi) **Appeals.** The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

(vii) **Expenses.** Each party shall bear its own attorneys' fees and costs incurred in connection with the arbitration proceeding. All other expenses of the arbitration proceeding including the cost of the stenographic record shall be shared equally by the parties to the arbitration proceeding unless they agree otherwise. This provision does not modify any provision of a contract between Declarant and any Declarant Party requiring indemnification or establishing a different allocation of costs between the Declarant and the Declarant Party.

(e) **Statutes of Limitation.** Nothing in this Section 12.3 shall be considered to toll, stay, reduce or extend any applicable statute of limitations, provided, however, that Declarant, the Declarant Parties, the Master Association, any Neighborhood Association and any Owner may commence a legal action which in the good faith determination of that Person is



necessary to preserve that Person's rights under any applicable statute of limitations so long as no further steps in processing the action are taken except those authorized in this Section 12.3.

(f) Agreement to Dispute Resolution; Waivers of Jury Trial and Award of Punitive Damages. Declarant, the Master Association and each Owner agree to use the procedures established in this Section 12.3 to resolve all Disputes and waive their rights to resolve Dispute in any other manner. Declarant, the Master Association, each Neighborhood Association and each Owner acknowledge that by agreeing to resolve all disputes as provided in this Section 12.3, they are giving up their right to have Disputes tried before a jury and waiving their rights to an award of punitive damages.

### ARTICLE XIII DISCLOSURES

Because much of the information included in this Article has been obtained from other sources (e.g., governmental and other public agencies and public records) and because much of the information is subject to change for reasons beyond the control of Declarant, the Neighborhood Builders and the Master Association, the Declarant, the Neighborhood Builders and the Master Association do not guarantee the accuracy or completeness of any of the information disclosed in this Article. Further, neither Declarant nor any Neighborhood Builder nor the Master Association undertakes any obligation to advise Owners or prospective purchasers of any changes affecting the disclosures in this Article. All persons should make specific inquiries or investigations to determine the current status of the following information.

**13.1 NO REPRESENTATIONS OR WARRANTIES.** No representations or warranties of any kind, express or implied, have been given or made by Declarant, the Neighborhood Builders, the Master Association or their agents or employees in connection with the Properties, its physical condition, zoning, compliance with laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation as a master planned community, except (i) as specifically and expressly set forth in this Master Declaration, and (ii) as expressly agreed in writing between the parties to the contrary.

**13.2 OFFERS OF DEDICATION.** Certain areas of the Master Association Property are or will be subject to irrevocable offers of dedication as shown on the recorded plats for the Properties. The Local Governmental Agency may accept an offer of dedication and assume responsibility for these portions of the Master Association Property at any time.

**13.3 NONLIABILITY.** Each Owner acknowledges and agrees that neither the Declarant nor any Neighborhood Builder nor the Master Association shall be liable or responsible for any damage to Improvements that have been constructed or modified by another Owner or that is the result of Improvements that have been constructed or modified by another Owner. Improvements may not be installed, constructed or modified without the assistance of qualified consultants.

**13.4 INTRANET.** Declarant may establish a community-wide intranet network for the Properties (the "Intranet"). If established, the Intranet will most likely be developed, hosted, maintained, serviced and updated by a provider pursuant to a contract to be entered into between the Master Association and (directly or indirectly) such provider. The Declarant, its

affiliates and related parties may have an ownership interest of any kind in the provider. It is the intent as of the date of recordation of this Master Declaration that, if established, such Intranet shall provide "peer to peer" connectivity among Owners and Owners and occupants of the Properties with appropriate firewall protections between commercial users and residents of the Properties. If established, users of the Intranet may have access to, and be able to engage in commercial transactions with merchants or others who are participating in such Intranet through a local area network without having to access the Internet. Costs incurred by the Master Association in developing, maintaining and operating the Intranet will most likely be included in the Assessments payable to the Master Association by each Owner. If such costs are included, each Owner will be responsible for paying his or her portion of Assessments attributable to the Intranet regardless of whether such Owner intends to or actually uses or derives any significant benefit or consideration from the services offered by such Intranet; provided, however, that property located within a Multi-Family Area may be exempted from paying such portion in the Supplemental Declaration therefor executed by Declarant. The development and establishment of the Intranet will be dependent on installation and integration of sophisticated Telecommunications Facilities, and accordingly, no representations or warranties are made in this Master Declaration by the Declarant or the Master Association regarding the actual network that may ultimately be established for the Properties.

**13.5 NATURE OF THE COMMUNITY.** The Properties are a master planned community being developed in accordance with rights granted to Declarant by the Area Plan and/or the Development Agreement. The community is planned to be composed of many housing types and possibly commercial and other properties. Many, but possibly not all, of these properties will be encumbered by the Master Declaration and managed by the Master Association. The Declarant, in its discretion, will determine which properties are annexed to the real property encumbered by the Master Declaration and which properties are developed separately.

Completion of the Properties will take many years. Buyer preferences, economic conditions and government approvals can change. Accordingly, Declarant cannot guarantee that the Properties will be completed in the form originally proposed or in accordance with any interim modifications of the original planning concept. Declarant gives no assurance that any area presently planned for a particular housing type or use will actually be developed with that housing type or use or in accordance with any planned time schedule. Declarant has the right to build different housing types and different uses in connection with exercising Declarant's rights granted in the Area Plan and/or the Development Agreement, all of which can be amended but only with Declarant's consent and approval of the City. Declarant also has the right to construct energy projects at the higher elevations of the Properties. Declarant has the right to pursue to completion any electric energy facilities, roads and infrastructure that Declarant deems necessary to use the full potential of the 26 acres that front the Alpine Highway (SR-92).

The form, nature and extent of all future development of both private and public facilities within the Properties is subject to regulation by all applicable government agencies, which may or may not exercise their authority in accordance with the desires of Declarant and which are, in any case, not within the control of the Declarant. Accordingly, all plans, models, displays and other materials are illustrative only and do not constitute a representation on the part of Declarant that any particular improvements will, in fact, be built or, if built, that such Improvements will be of the type and in the location shown in any plans, models, displays and other materials.

Declarant only intends to sell to Neighborhood Builders and buyers who (a) support construction and development of the Properties, (b) understand that Declarant has the right to make changes to any plans for the Properties or the Annexable Area without the consent of the Neighborhood Builders, Owners and buyers, (c) understand that Declarant has the right to exercise all rights granted under the Area Plan and/or the Development Agreement, in Declarant's sole discretion, and (d) agree that Declarant has relied on their representation to Declarant that they understand and agree to everything listed in this sentence. Owners and Neighborhood Builders agree that they will support and not oppose (a) future applications for government approvals or future development of the Properties, which are consistent with Declarant's plan, as modified from time to time, and (b) future exercise of Declarant's rights granted under the Area Plan and/or the Development Agreement.

**13.6 MASTER ASSOCIATION BUDGETS.** Initial Master Association budgets are prepared by an independent professional and are based on information available at the date of preparation. Budgets will change from time to time due to changing maintenance requirements, geographic impacts that are not anticipated when the budgets were prepared, the demand by Owners for different, higher, or enhanced services or standards of maintenance and/or unforeseen or unanticipated circumstances. In addition, actual maintenance costs may vary from the costs allocated in the Declarant's Budget; therefore, there is no representation that the initial budgets reflect actual costs of operating the Master Association.

#### **ARTICLE XIV GENERAL PROVISIONS**

*Communities are dynamic and constantly evolving as circumstances, technology, needs, desires and laws change, and as the surrounding area changes. The Properties and the Governing Documents must be able to adapt to these changes while protecting the things that make the Properties unique. This Article includes provisions that will allow the Properties to adapt to different changes.*

**14.1 TERM.** This Master Declaration continues in full force unless a Declaration of Termination satisfying the requirements of an amendment to the Master Declaration as set forth in Section 14.2 is Recorded.

**14.2 TERMINATION AND AMENDMENT.** Notice of the subject matter of a proposed amendment to, or termination of, this Master Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Master Association at which a proposed amendment or termination is to be considered.

**14.2.1 City Approval.** Amendments to Sections 1.4, 2.1.1, 2.17, 4.4.3, 4.10, 13.5, 14.2.5, 14.2.8, 14.2.9, 16.4.2 and 17.2.9 must be reviewed by the Lehi City Planning Commission and consented to by the Lehi City Council.

**14.2.2 Neighborhood Representative Approval.** All amendments except those listed in Section 14.2.3 can be adopted by Neighborhood Representatives holding at least a majority of the voting power of the Master Association.

**14.2.3 Member Approval.** Any amendment terminating this Master Declaration or the Master Association, and any amendment that, by law, cannot be adopted with the approval of the Neighborhood Representatives, must be approved by the Members.

**14.2.4 Mortgagee Approval.** In addition to the required notice and consent of Members and Declarant, the Beneficiaries of fifty-one percent (51%) of the first Mortgages who have requested the Master Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve the following amendments to the Governing Documents.

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers and guarantors of first Mortgages in this Master Declaration.

(b) Any amendment which would require a Mortgagee after it has acquired a Lot or Condominium through foreclosure to pay more than its proportionate share of any unpaid Assessment accruing before such foreclosure.

(c) Any amendment which would or could result in a Mortgage being canceled by forfeiture or in a Condominium not being separately assessed for tax purposes.

(d) Any amendment relating to the insurance provisions as set out in Article X, or to the application of insurance proceeds as set out in Article IX, or to the disposition of any money received in any taking under condemnation proceedings.

(e) Any amendment which would or could result in partition or subdivision of a Condominium in any manner inconsistent with this Master Declaration.

(f) Any amendment which would subject any Owner to a right of first refusal or other such restriction if such Lot or Condominium is proposed to be sold, transferred or otherwise conveyed.

(g) Any amendment concerning:

(A) Reductions in reserves for maintenance, repair and replacement of the Master Association Property;

(B) Redefinition of boundaries of any Condominium unit;

(C) Reallocation of interests in the Master Association Property or rights to its use;

(D) Convertibility of Master Association Property into Condominium units or Condominium units into Master Association Property;

(E) Expansion or contraction of the Properties or addition, annexation or deannexation of real property to or from the Properties;

(F) Restoration or repair of the Properties (after damage or partial condemnation) in a manner other than that specified in this Master Declaration;

#### **14.2.5 Termination.**

No termination of this Master Declaration is effective unless it is also approved in advance (a) by the review of the Lehi City Planning Commission and consent of the Lehi City Council and (b) either by fifty-one percent (51%) of the Beneficiaries of the first Mortgages on all of the Lots and Condominiums in the Properties who have submitted a written request to the Master Association that they be notified of proposed actions requiring the consent of a specified percentage of such Beneficiaries (if termination is proposed due to substantial destruction or condemnation of the Properties) or by sixty-seven percent (67%) of such Beneficiaries (if termination is for reasons other than such substantial destruction or condemnation).

#### **14.2.6 Notice to Mortgagees.**

Each Mortgagee of a first Mortgage which is sent written notice of a proposed amendment or termination of this Master Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Mortgagee fails to submit a response to the notice within thirty (30) days after the date of the mailing receipt.

**14.2.7 Certification of Amendments.** A copy of each amendment (excluding those amendments made pursuant to Section 14.2.7 and Section 14.2.8) shall be signed by at least two (2) Master Association officers. The amendment will be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by at least two (2) officers of the Master Association that the requisite number of Owners or Neighborhood Representatives have either voted for or consented in writing to any termination or amendment adopted as provided above, when Recorded, is conclusive evidence of that fact. The Master Association shall keep in its files the record of all such votes or written consents for at least four (4) years. The certificate of any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages must include a certification that the requisite approval of such first Mortgagees has been obtained. The certificate of any termination or amendment which requires the written consent of Declarant or is subject to Declarant's veto right must include Declarant's signature.

**14.2.8 Amendment Before First Close of Escrow.**

Notwithstanding any other provisions of this Section 14.2, at any time prior to the first Close of Escrow for a Lot or Condominium in the Residential Area, Declarant may amend or terminate all or a portion of this Master Declaration by (a) obtaining the review of the Lehi City Planning Commission and consent of the Lehi City Counsel, and (b) Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant alone.

**14.2.9 Other Amendments.** Notwithstanding any other provisions of this Section 14.2, Declarant (for so long as Declarant or a Neighborhood Builder owns any portion of the Properties or the Annexable Territory) may unilaterally amend all or a portion of this Master Declaration by Recording a written instrument signed by Declarant and reviewed by the Lehi City Planning Commission and consented to by the Lehi City Council in order to (i) conform this Master Declaration to applicable law, (ii) conform this Master Declaration to the guidelines or requirements of VA, FHA, FNMA, GNMA, FHLMC or the City, , (iv) change any exhibit to this Master Declaration or portion of an exhibit depicting property that is not part of a Phase for which assessments have commenced,

**14.2.10 Amendment by the Board.** Notwithstanding any other provisions of this Section 14.2, the Board may amend this Master Declaration by Recording a written instrument signed by two officers of the Master Association certifying that the Board approved the amendment in order to (i) conform this Master Declaration to applicable law, (ii) correct typographical errors, and (iii) change any exhibit to this Master Declaration or portion of an exhibit to conform to as-built conditions. So long as Declarant or a Neighborhood Builder owns any portion of the Properties or the Annexable Territory, the Board must obtain Declarant's consent to any amendment the Board approves pursuant to this Section.

**14.3 NO PUBLIC RIGHT OR DEDICATION.** Nothing in this Master Declaration constitutes a gift or dedication of all or any part of the Properties to the public, or for any public use.

**14.4 CONSTRUCTIVE NOTICE AND ACCEPTANCE.** Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or Condominium or other portion of the Properties does consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained in this Master Declaration, whether or not any reference to the Governing Documents is contained in the instrument by which such Person acquired an interest in the Properties.

**14.5 NOTICES.** Except as otherwise provided in this Master Declaration, notice to be given to an Owner must be in writing and may be delivered to the Owner or Mortgagee personally or by any system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Delivery of such notice to one (1) or more co-owners of a Lot or Condominium, to any general partner of a partnership or to a member of a limited liability company, constitutes delivery to all co-owners, the partnership or the limited liability company. Delivery of such notice to any officer or agent for the service of process on a corporation constitutes delivery to the corporation. Alternatively, notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner or Mortgagee

at the most recent address furnished by such Owner or Mortgagee to the Master Association. If an Owner does not furnish an address, notice may be sent to the street address of an Owner's Lot or Condominium. Such notice is deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board, in which case the notice provisions of the Bylaws control. Any notice to be given to the Master Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Master Association at such address fixed and circulated to all Owners or sent by any system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means to such address or telephone number as the Board may establish.

**14.6 ADDITIONAL PROVISIONS.** Notwithstanding the provisions contained in the Governing Documents, there may be provisions of various laws, including the federal Fair Housing Act codified at Title 42 United States Code, Sections 3601 et seq., which may supplement or override the Governing Documents. Declarant and the Neighborhood Builders make no representations or warranties regarding the enforceability of any portion of the Governing Documents.

**14.7 MERGERS OR CONSOLIDATIONS.** Upon a merger or consolidation of the Master Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Master Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by the Governing Documents, together with the covenants and restrictions established upon any other property, as one (1) plan.

## ARTICLE XV LAND CLASSIFICATIONS

*The Properties are composed of many different types of properties. This Article describes the different classifications of land in the Properties. These classifications are used to establish use restrictions and various rights and obligations of the Owners of the different types of property in the Properties.*

The Properties, including each portion of Annexed Territory and of the First Subdivision described in a Supplemental Declaration, shall be assigned to one or more of the following land classifications: Residential Area, Multi-Family Area, Master Association Property, Common Area, Special Benefit Areas and Neighborhoods. The Declarant has the right to create other area designations in Supplemental Declarations.

## ARTICLE XVI ANNEXATION OF ADDITIONAL PROPERTY

*Because the Properties may eventually be composed of many different properties, the Declarant has reserved the right to annex additional property to the property subject to this Master Declaration. The Master Association is also given the power to add additional property to the property subject to this Master Declaration.*

Additional real property may be annexed to the Properties and such additional real property may become subject to this Master Declaration by any of the following methods:

**16.1 ANNEXATIONS.** Declarant and Neighborhood Builders may, but shall not be required to add to the Properties all or any portion of the Annexable Territory by Recording a Supplemental Declaration encumbering the portion of the Annexable Territory annexed thereby ("Annexed Territory"). Annexable Territory may be added to the Properties pursuant to Sections 16.4.1 and 16.4.2 without the approval of the Owners, Neighborhood Representatives, or the Board or the Master Association. All real property that is annexed to the Properties must be within the corporate limits of the City and within the Area Plan boundaries.

**16.2 SUPPLEMENTAL DECLARATION CONTENT.** Each Supplemental Declaration annexing real property to the Properties shall contain at least the following provisions:

**16.2.1 Master Declaration Reference.** A reference to this Master Declaration, which reference shall state the date of Recordation hereof and its Instrument number and relevant Recording data.

**16.2.2 Extension of Comprehensive Plan.** A statement that the provisions of this Master Declaration shall apply to the Annexed Territory.

**16.2.3 Description/Phases of Development.** A description of the Annexed Territory, including any Master Association Property. A Supplemental Declaration may cover one (1) or more Phases, as designated in such Supplemental Declaration.

**16.2.4 Land Classifications.** The land classifications of the Annexed Territory as required by Article XV. The Supplemental Declaration may create new land classifications, areas of the Master Association Property reserved for the exclusive use of Owners, or areas of individually owned Lots or Condominiums to be maintained by the Master Association.

**16.2.5 Special Benefit Areas.** The Supplemental Declaration covering a Lot or Condominium subject to a Special Benefit Area Assessment Component shall: (i) identify the Special Benefit Area, if existing, or describe the Special Benefit Area if proposed; (ii) identify the Lots or Condominiums covered by the Supplemental Declaration which are entitled to use the facilities of the Special Benefit Area or which are obligated to bear the exclusive or disproportionate maintenance of such Special Benefit Area and which shall be obligated to pay the Special Benefit Area Assessment Component attributable to such Special Benefit Area; and (iii) specify the Common Expenses comprising the Special Benefit Area Assessment Component attributable to such Special Benefit Area.

**16.3 APPROVAL OF ANNEXATIONS.** Each Supplemental Declaration shall be signed by Declarant and by each Record owner of the Annexed Territory. For any annexation of property outside of the Annexable Territory, each Supplemental Declaration must be signed by the Record owner of the Annexed Territory and by an officer of the Master Association, certifying that the approval of the requisite percentage of Neighborhood Representatives (as applicable) has been obtained.



## 16.4 DEANNEXATION AND AMENDMENT.

**16.4.1 By Declarant.** Declarant, with the consent of the City Planning Commission, may amend a Supplemental Declaration or delete all or a portion of a Phase from coverage of this Master Declaration and the jurisdiction of the Master Association, so long as Declarant is the Owner of all of such Phase. Declarant may also unilaterally delete any portion of the Annexable Territory from the Annexable Territory by Recording a Notice of Deletion.

**16.4.2 By Neighborhood Builder.** A Neighborhood Builder may amend a Supplemental Declaration or delete all or any portion of a Phase from coverage of this Master Declaration and the jurisdiction of the Master Association, so long as (a) such Neighborhood Builder or Declarant and such Neighborhood Builder together are the Owners of all of such Phase, and (b) Declarant or the Board (after turnover) has consented in writing to such amendment or deletion by executing the appropriate Notice of Deletion or amendment to the Supplemental Declaration, as applicable, and (c) has been reviewed by the Lehi City Planning Commission and consented to by the Lehi City Council.

**16.5 OTHER ADDITIONS.** Unless covered by the authority in Sections 16.4.1 and 16.4.2, additional real property may be annexed to the Properties and brought within the general plan of this Master Declaration upon the approval by Neighborhood Representatives representing at least two-thirds (2/3) of the voting power of the Master Association.

**16.6 RIGHTS OF ANNEXED TERRITORY MEMBERS.** Upon the Recording of a Supplemental Declaration containing the provisions as set forth in this Section, all provisions contained in this Master Declaration will apply to the Annexed Territory in the same manner as if it were originally covered by this Master Declaration, subject to the provisions of the applicable Supplemental Declaration. Thereafter, the rights, powers and responsibilities of the parties to this Master Declaration with respect to the Annexed Territory will be the same as with respect to the property originally covered.

## ARTICLE XVII

### DECLARANT AND NEIGHBORHOOD BUILDER RIGHTS AND EXEMPTIONS

*Declarant reserves various rights in this Article to facilitate the smooth, orderly development of the Properties and to accommodate changes in the development plan that inevitably occur as a community the size of the Properties grows and matures.*

**17.1 INTEREST OF DECLARANT.** First Subdivision is a portion of a considerable amount of land which Declarant intends to develop into a master planned community. Declarant, in cooperation with the City, has created a comprehensive plan for the development of the Properties which includes modern master-planning objectives which have been formulated for the common good within the community. Declarant, the Neighborhood Builders, or their successors and assigns intend, but are not obligated, to construct Residences and develop all of the Lots in the Properties. The completion of that work and sale, resale, rental and other disposal of Lots is essential to the establishment and welfare of the Properties as a quality master planned community. Each Owner of a Lot which is part of the Properties acknowledges that Declarant has a substantial interest in assuring compliance with, and enforcement of, the covenants, conditions, restrictions and reservations contained in this Master Declaration and any

Supplemental Declarations. This Article supersedes and controls over all other provisions of the Governing Documents as applied to Declarant and the Neighborhood Builders. Declarant reserves the right to approve or deny any Neighborhood Declaration, prior to its Recording.

**17.2 RIGHTS.** Declarant and the Neighborhood Builders have the following rights. Nothing in the Governing Documents limits and no Owner or the Master Association will interfere with Declarant's or any Neighborhood Builder's exercise of these rights. However, the rights are subject to compliance with state and Local Ordinances and standards unless specifically amended by the Development Agreement and/or the Area Plan.

**17.2.1 Subdivision.** To subdivide and resubdivide any portion of the Properties and the Annexable Territory.

**17.2.2 Sales.** To sell, resell, rent or re-rent any portion of the Properties and the Annexable Territory.

**17.2.3 Development.** To complete excavation, grading, construction of Improvements and other development activities on the Properties and the Annexable Territory. Such activities may include, at Declarant's election, installing energy projects at the higher elevations of the Properties and exempting those projects from any provisions of the Governing Documents that may limit the projects' operations.

**17.2.4 Construction.** Subject to approval of any applicable governmental agency, to alter construction plans and designs, to modify Improvements and to construct such additional Improvements as Declarant or a Neighborhood Builder (subject to Declarant's approval) deems advisable.

**17.2.5 Signs.** To erect, construct and maintain on the Properties such structures, signs and displays reasonably necessary for the conduct of the business of completing the work and disposing of the Properties and the Annexable Territory.

**17.2.6 Creating Additional Easements.** At any time prior to acquisition of title to a Lot or Condominium by a purchaser from Declarant or a Neighborhood Builder, to establish on that Lot, additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as reasonably necessary to the proper development and disposal of the Properties and the Annexable Territory.

**17.2.7 Sales and Leasing.** To use the Master Association Property for access to the sales and leasing facilities of Declarant and Neighborhood Builders by prospective purchasers, sales agents, Declarant and Neighborhood Builders.

**17.2.8 Models and Offices.** To use any structures or trailers/ mobile homes owned or leased by Declarant or Neighborhood Builders in the Properties as model home complexes, real estate sales or leasing offices.

**17.2.9 Modifications.** To modify Declarant's or the Neighborhood Builders' development plan, without the consent of the Owners, for the Properties, the Annexable Territory, or any portion thereof, including designating and redesignating Phases of Development and constructing Residences of larger or smaller sizes, values or of different types. However, any such proposed re-phasing or modification of a development plan or construction

by a Neighborhood Builder must be approved in advance by Declarant and reviewed by the Lehi City Planning Commission and consented to by the Lehi City Council. .

**17.3 EXEMPTION.** Declarant and the Neighborhood Builders are exempt from all of the restrictions contained in Article II.

**17.4 EXEMPTION FROM DESIGN RESTRICTIONS.** Declarant, Neighborhood Builders and any Person Declarant designates in a Supplemental Declaration is not subject to Aesthetic Review Committee approval with respect to their construction or development activities. Declarant's approval rights in the preceding sentence are in addition to any other rights of Declarant under other written agreements between Declarant and Neighborhood Builders. Declarant may exclude portions of the Properties from jurisdiction of the Aesthetic Review Committee by Supplemental Declaration. Declarant may establish an additional architectural review committee for any area exempted from the jurisdiction of the Aesthetic Review Committee.

**17.5 ASSIGNMENT OF RIGHTS.** All or any portion of the rights of Declarant or a Neighborhood Builder in the Governing Documents may be assigned by Declarant or such Neighborhood Builder (with Declarant's consent), to any successor in interest to any portion of Declarant's or Neighborhood Builder's interest in any portion of the Properties or the Annexable Territory (including to any Neighborhood Builder) by an express written assignment which specifies the rights of Declarant or such Neighborhood Builder so assigned.

**17.6 EASEMENT RELOCATION.** Master Association Property easements over real property the fee title to which has not been made subject to the Master Declaration ("**Interim Easement Area**") may be relocated, modified or terminated by Declarant to accommodate the final plan of development for the future Phase in which the Interim Easement Area is located. Such relocation, modification or termination shall be set forth in the Recorded instrument annexing fee title to the Interim Easement Area to the Master Declaration. No such relocation, modification or termination shall prevent access to any Lot or Condominium. Public utility easements may not be altered or relocated without the consent of the utility company that uses the easement.

**17.7 DECLARANT'S REPRESENTATIVE.** The Master Association shall give Declarant all notices and other documents to which a Mortgagee is entitled pursuant to this Master Declaration. Commencing on the date on which Declarant no longer has an elected or appointed representative on the Board, and continuing until the date on which Declarant no longer owns a Lot or Condominium in the Properties or any portion of the Annexable Territory, the Master Association shall give Declarant written notice of all meetings of the Board as if Declarant were an Owner and Declarant shall be entitled to have a representative present at all such Board meetings ("**Declarant's Representative**"). The Declarant's Representative shall be present in an advisory capacity only and shall not be a Board member or have any right to vote on matters coming before the Board.

**17.8 CONVERSION OF MULTI-FAMILY AREA.** The Owner of a Multi-Family Area Lot or Lots, in its sole discretion, may elect to convert all or any portion of its Multi-Family Area to a portion of the Residential Area pursuant to then applicable laws. In such event, effective upon the first Close of Escrow for the sale of a Lot or Condominium in each Phase of such converted Multi-Family Area, such Phase shall be deemed Residential Area; the Owners of

Lots or Condominiums in such Phase of converted Multi-Family Area shall all be "Owners" as defined in this Master Declaration; such Lots or Condominiums shall be assessed in the same manner as other Residential Area Lots and Condominiums; the Owners of such Lots or Condominiums shall have the same voting rights as other Owners of the same class of Members; and such Lots and Condominiums, and the Owners thereof, shall be subject to all of the provisions of this Master Declaration in the same manner as the other Lots, Condominiums and Owners in the Residential Area. The conversion of Multi-Family Area pursuant to this Section shall not require the approval of the Neighborhood Representatives, the Master Association or the Members, nor require modifications to existing Multi-Family Area Improvements in order to conform them with the portions of the Governing Documents applicable to the Residential Areas. Any such proposed conversion must be approved in writing by Declarant for so long as Declarant owns (or holds a Mortgage on) any part of the Properties or Annexable Territory.

**17.9 RELATIONSHIP TO OTHER RESTRICTIONS.** If any portion of the Governing Documents conflicts with any provision of this Article, the provision of this Article shall control. Supplemental Declarations may add to the rights and exemptions created in this Article, but may not limit the rights and exemptions created in this Article.

This Master Declaration is dated for identification purposes MAY 4, 2007.

MOUNTAIN HOME DEVELOPMENT, CORP.,  
a Utah corporation.

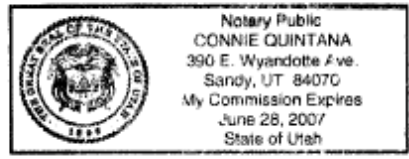
By: *Stephen L. Christensen*  
Print Name: STEPHEN L. CHRISTENSEN  
Title: CEO

**"Declarant"**

STATE OF UTAH )  
 ) ss.  
COUNTY OF Utah )

The foregoing instrument was acknowledged before me this 4 day of MAY, 2007, by Stephen L. Christensen, an individual residing in the State of Utah, as C.E.O. of MOUNTAIN HOME DEVELOPMENT, CORP., a Utah corporation. Said Stephen L. Christensen acknowledged before me that he executed the foregoing on behalf of MOUNTAIN HOME DEVELOPMENT, CORP., a Utah corporation.

*Connie Quintana*  
Notary Public



**EXHIBIT A**

**DESCRIPTION OR DEPICTION  
OF ANNEXABLE TERRITORY**

## Legal Description: FOX RIDGE

Beginning at intersection of the west line of the Micron property as described in a deed recorded in Book 3905, Page 444, Records of Utah County, Utah and the north right of way line of State Route 92, said point being South  $00^{\circ}09'13''$  West, 855.61 feet along the west line of section 32 and South  $89^{\circ}50'47''$  East, 1322.54 feet from the Southeast corner of Section 30, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence along the northerly right of way line of State Road 92 the following courses:

North  $87^{\circ}51'12''$  West, 893.86 feet to a non-tangent curve to the left having a radius of 5841.38 feet thence southwesterly along said curve 1266.52 feet (chord bears

South  $86^{\circ}01'47''$  West, 1264.04 feet) through a central angle of  $12^{\circ}25'22''$ ; thence

South  $79^{\circ}43'26''$  West, 752.26 feet to a curve to the right having a radius of 5646.95 feet; thence westerly along said curve 777.29 feet (chord bears South  $83^{\circ}40'02''$  West, 776.68 feet) through a central angle of  $7^{\circ}53'12''$ ; thence South  $87^{\circ}36'38''$  West, 2052.76 feet; thence leaving said right of way line North  $41^{\circ}37'36''$  West, 1115.22 feet; thence

North  $46^{\circ}15'16''$  West, 204.62 feet; thence North  $48^{\circ}31'00''$  West, 324.98 feet to a point on a line 100.00 feet easterly, measured at right angles, from the center of the rails of the Union Pacific Railroad; thence along said line North  $47^{\circ}38'31''$  West, 1554.54 feet to a curve to the right having a radius of 2742.42 feet; thence northwesterly along said curve 1358.55 feet through a central angle  $28^{\circ}23'00''$ ; thence continuing along said line 100.00 feet easterly from the center of the rails, North  $19^{\circ}15'31''$  West, 4.28 feet to a curve to the left having a radius of 2964.79 feet; thence northwesterly along said curve 228.51 feet through a central angle of  $4^{\circ}24'58''$ ; thence North  $23^{\circ}38'31''$  West, 202.17 feet to a curve to the left having a radius of 2964.79 feet; thence northwesterly along said curve 300.12 feet through a central angle of  $5^{\circ}48'00''$ ; thence North  $29^{\circ}26'31''$  West, 506.10 feet to curve to the right having a radius of 1332.39 feet; thence northwesterly along said curve 370.52 feet through a central angle of  $15^{\circ}56'00''$ ; thence

North  $13^{\circ}30'31''$  West, 1644.80 feet to a curve to the left having a radius of 1054.93 feet; thence northwesterly along said curve 196.24 feet through a central angle of  $10^{\circ}39'29''$  to the south line of the southeast quarter of Section 24, Township 4 South, Range 1 West, Salt Lake Base and Meridian; thence along said south line South  $89^{\circ}45'48''$  East, 953.25 feet to a point on said line thence North  $89^{\circ}45'08''$  West, 1326.04 feet from the southeast corner of said Section 24; thence North  $00^{\circ}05'33''$  West, 5074.46 feet; thence

North  $84^{\circ}44'27''$  East, 893.84 feet along the Salt Lake and Utah County line as historically describe thence North  $52^{\circ}04'27''$  East, 189.56 feet along said County line to the south line of the southeast quarter of Section 13; Township 4 South, Range 1 West, Salt Lake Base and Meridian; thence North  $89^{\circ}43'41''$  East, 315.65 feet along said line to the southeast corner of said section; thence North  $00^{\circ}38'43''$  East, 246.63 feet along the east line of said section; thence along said County line the following four courses:

North  $52^{\circ}04'27''$  East 7.76 feet; North  $36^{\circ}45'27''$  East, 2161.50 feet; North  $58^{\circ}40'27''$  East, 1109.46 feet; and North  $33^{\circ}59'27''$  East, 113.06 feet to the east-west centerline of Section 18, Township 4 South, Range 1 East, Salt Lake Base and Meridian; thence

North  $89^{\circ}36'48''$  East, 2940.15 feet to the east quarter corner of said section; thence

South  $00^{\circ}28'29''$  West, 2632.27 feet along the east line of said section to the Northwest corner of Section 20, Township 4 South, Range 1 East Salt Lake Base and Meridian; thence South

89°46'13"East, 3492.87 feet along the north line of said section 20; thence South 31°13'40"West, 1601.81 feet; thence South 13°06'50"West, 1532.30 feet; thence South 32°46'00"West, 816.58 feet; thence South 35°30'07"West, 490.30 feet; thence South 00°31'51"West, 836.45 feet; thence South 09°15'00"East, 545.34 feet to the northwest corner of Travis Ranch as described in Book 4205, Page 240, Official Records of Utah County, Utah; thence along the westerly line of said Travis Ranch the following four courses: South 01°54'25" West, 197.90 feet; South 31°59'51" East, 374.88 feet; South 33°29'51" East, 520.08 feet; and South 24°12'47" East, 454.17 feet to the northwest corner of the property of U. S. General as described in Book 3726, Page 439, Official Records of Utah County, Utah; thence South 00°04'40"East, 2663.69 feet along the west line of said U. S. General property to the northwest corner of the property of Micron as described in Book 3905, Page 444, Official Records of Utah County, Utah; thence South 00°03'21"East, 2187.62 feet along the west line of said Micron property to the point of beginning.

## PARCEL 1 B:

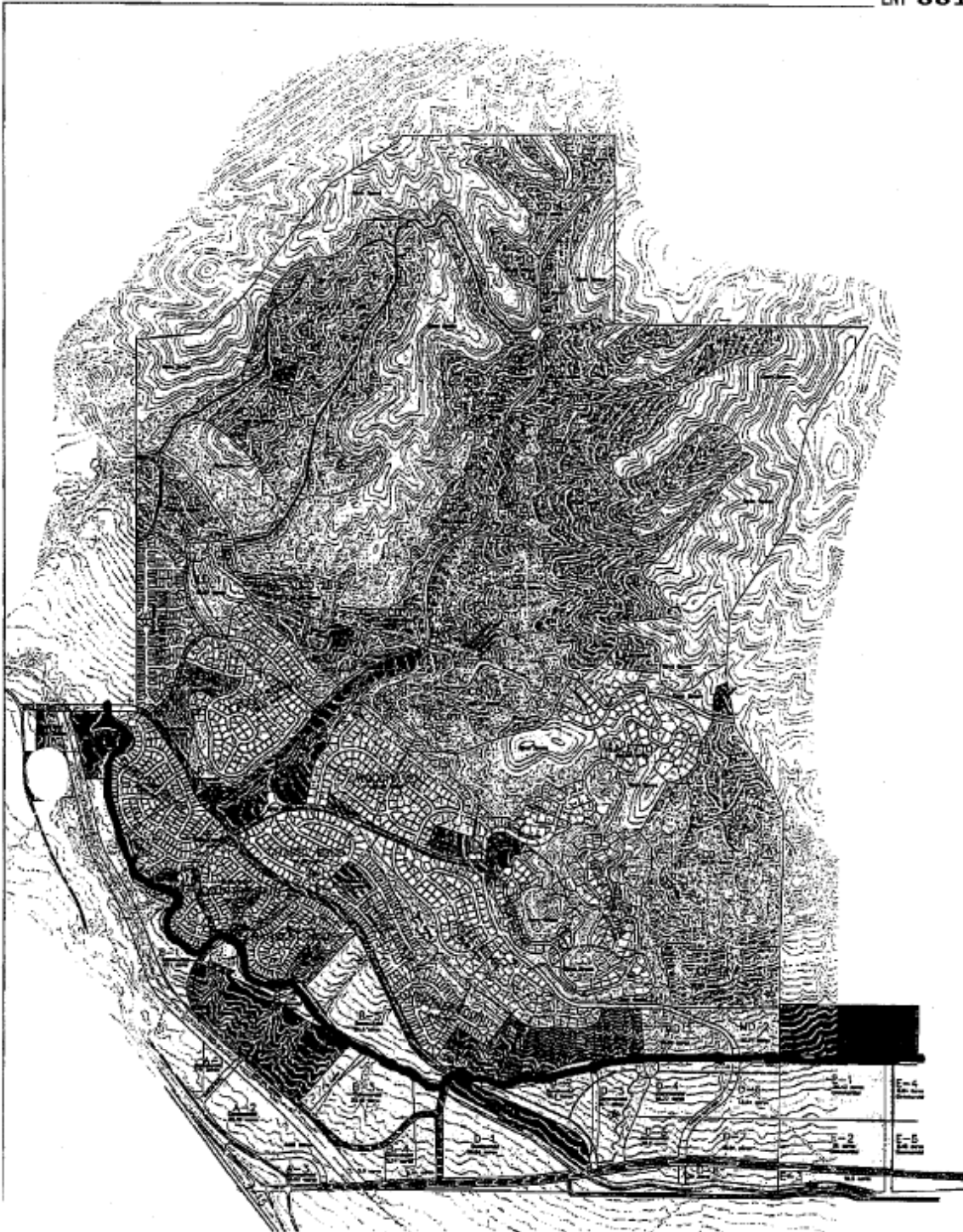
Beginning at a point South 56°54'46" East 1573.67 feet to a highway right - of - way monument and South 0°09'01" West 100.06 feet from the Southeast Corner of Section 30, Township 4 South, Range 1 East, Salt Lake Base and Meridian; and running thence South 0°09'01" West 358.47 feet; thence South 89°57'45" 1320.95 feet; thence North 89°49'47" West 4114.58 feet to the South line of highway; thence along said highway North 87°36'38" East 1777.66 feet to a right - of - way monument, thence Easterly along the arc of a 5746.95 foot radius curve to the left 791.058 feet (chord bears North 83°40'02" East 790.43 feet); thence North 79°43'26" East 752.15 feet; thence Easterly along the arc of a 5741.38 foot radius curve to the right 1244.837 feet (chord bears North 85°56'07" East 1242.40 feet); thence South 87°40'10" East 896.11 feet to the point of beginning.

LESS AND EXCEPTING any portion found lying within the bounds of the Union Pacific Railroad right - of - way.

ALSO LESS AND EXCEPTING any portion found lying within that certain right - of - way commonly known as 11000 North Street.

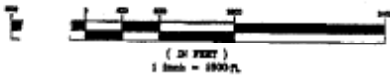
ALSO LESS AND EXCEPTING that portion deeded to the United States of America and Provo Reservoir Company by the following documents: Warranty Deed recorded June 7, 1939, as Entry No. 5657, in Book 348, at Page 245 of Official Records, and Warranty Deed recorded July 23, 1947, as Entry No. 8697, in Book 481, at Page 545 of Official Records.






Areas Below Line are NOT  
Included in Annexable  
Territory.

GRAPHIC SCALE



	100 200 300	<b>PSOMAS</b> <small>PLANNING &amp; SURVEYING INC.</small> <small>1775 S. WASHINGTON ROAD</small> <small>PO BOX 200, BOULDER, CO 80501</small> <small>(303) 440-2177 FAX (303) 440-5262 (TAC)</small>	<b>TRAVERSE MOUNTAIN</b> <b>REVISED AREA PLAN</b>	DATE 08-07-06 DRAWN BY 1" = 1000' SHEET ALP010101
	100 200 300			100 200 300

**EXHIBIT B**

**ARTICLES OF INCORPORATION  
OF THE MASTER ASSOCIATION**

RECEIVED

AUG 26 2002

Utah Div. of Corp. & Comm. Code

ARTICLES OF INCORPORATION OF TRAVERSE MOUNTAIN MASTER ASSOCIATION A Utah Non-Profit Corporation

Date: 08/26/2002 Receipt Number: 656616 Amount Paid: \$20.00



I

The name of this corporation ("Corporation" herein) is TRAVERSE MOUNTAIN MASTER ASSOCIATION.

II

- A. The Corporation is organized as a non-profit corporation and is not organized for the private gain of any person. It is organized under the Utah Revised Nonprofit Corporation Act (the "Act") for public purposes.
B. The purposes of the Corporation are to (i) promote the common good and general welfare of the Traverse Mountain community, (ii) manage the master planned community and planned unit development known as Traverse Mountain, and (iii) engage in any lawful act for which a non-profit corporation may be organized under the Act.

III

- A. The Corporation is organized and operated exclusively as a non-profit corporation within the meaning of the Act and shall have and exercise any and all powers, rights and privileges which a corporation organized under the Act may now or hereafter have or exercise, provided that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of the Corporation listed in Article II.B above. The Corporation's exercise of its powers is limited by its Bylaws and the Declaration of Development Covenants, Conditions and Restrictions for Traverse Mountain recorded in Official Records of Utah County, Utah.
B. No part of the activities of this Corporation shall consist of lobbying or propaganda, or otherwise attempting to influence federal, state or local legislation of any type. This Corporation shall not participate in or intervene in any political campaign (including publishing or distributing statements) on behalf of or in opposition to any candidate for political office or any proposed legislation.

IV

- A. The Corporation will have voting members. The classes of Membership and the voting and other rights and privileges of Members are forth in the Bylaws. The Corporation will not issue shares of stock.

08-26-02A09-5 RCVD

5180650

- B. Amendment of these Articles of Incorporation shall require the assent (by vote or written consent) of (i) a majority of the Board of Directors of the Corporation, and (ii) a majority of the Neighborhood Representatives representing the total voting power of each class of voting membership in existence when the amendment is proposed.

V

- A. The Corporation's principal office is located at 1520 West 3600 North, Lehi, Utah 84043.
- B. The names and street addresses of the four (4) persons who will act as the initial Board of Directors are:

Stephen L. Christensen  
1520 West 3600 North  
Lehi, Utah 84043

James M. Christensen  
1520 West 3600 North  
Lehi, Utah 84043

Kinnon Sandlin  
1520 West 3600 North  
Lehi, Utah 84043

Ted Heap  
1520 West 3600 North  
Lehi, Utah 84043

- C. The name and street address of the Incorporator is:

Ted Heap  
1520 West 3600 North  
Lehi, Utah 84043

- D. The name of the Corporation's initial Registered Agent and the street address of the Corporation's Initial Registered Office are:

Registered Agent: Ted Heap

Registered Office Address:  
1520 West 3600 North  
Lehi, Utah 84043

VI

- A. The assets of the Corporation are irrevocably dedicated to social welfare purposes and no part of the profits shall ever inure to the benefit of a director, officer, or any private shareholder, member or individual.
- B. On a dissolution or a winding up of the Corporation, its assets remaining after payment of, or provision for the payment of, all debts and liabilities of the Corporation shall be distributed to a non-profit organization that is organized and operated exclusively for

social welfare purposes and that has established its tax exempt status under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code.

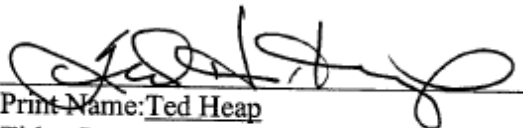
VII

- A. The term of this Corporation's existence is perpetual.

VIII

- A. To the fullest extent authorized by law, the Corporation has the power and duty to indemnify Board members, Corporation officers and Corporation committee members for all damages, pay all expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action brought because of performance of an act or omission within what such person reasonably believed to be the scope of the person's Corporation duties ("Official Act"). Board members, Corporation officers and Corporation committee members are deemed to be agents of the Corporation when they are performing Official Acts for purposes of obtaining indemnification from the Corporation pursuant to this Article. The entitlement to indemnification inures to the benefit of the estate, executor, administrator and heirs of any person entitled to such indemnification.
- B. To the fullest extent authorized by law, the Corporation has the power, but not the duty, to indemnify any other person acting as an agent of the Corporation for damages incurred, pay expenses incurred, and satisfy any judgment or fine levied as a result of any action or threatened action because of an Official Act.
- C. The Corporation also has the power, but not the duty, to contract with any Person to provide indemnification in addition to any indemnification authorized by law on such terms and subject to such conditions as the Corporation may impose.

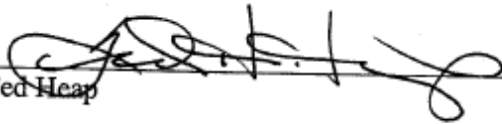
The undersigned, who is the incorporator of the Corporation, has executed these Articles of Incorporation on July 29, 2002.

  
Print Name: Ted Heap  
Title: Incorporator

Acceptance of Appointment by Registered Agent

Pursuant to the Act, the undersigned hereby accepts appointment as registered agent for  
TRAVERSE MOUNTAIN MASTER ASSOCIATION.

Dated July 29, 2002.

  
Ted Heap