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RICHARD T. MAUGHAN
DAVIS COUNTY, UTAH RECORDER
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DEP RT REC'D FOR LAYTON CITY

**DECLARATION OF PROTECTIVE COVENANTS, AGREEMENTS,
CONDITIONS, AND RESTRICTIONS
AFFECTING THE REAL PROPERTY OF
OAK HILLS PATIO HOMES SUBDIVISION
DAVIS COUNTY, STATE OF UTAH**

11-762-0001 thru 0012

THIS DECLARATION is made effective January _____, 2015, by Elite-Craft Homes, LLC, a Utah limited liability company, hereinafter referred to as "**Declarant**."

WITNESSETH:

WHEREAS, Declarant is the legal and beneficial Owner of the following described real property (referred to herein collectively as the "**Subdivision**") located in Layton City, Davis County, State of Utah:

A. All of Lots R1 and R2 inclusive, Oak Hills Patio Homes P.R.U.D., according to the official Subdivision plat recorded at the Davis County Recorder's office (referred to herein as "**Parcel A**"); and

B. All of Units 1 through 8, inclusive, Oak Hills Patio Homes P.R.U.D., according to the official Subdivision plat recorded at the Davis County Recorder's office (referred to herein as "**Parcel B**");

WHEREAS, Declarant wishes to subject the Subdivision to the effect of certain covenants, agreements, conditions, and restrictions set forth in this Declaration; and

WHEREAS, this Declaration is intended to impose upon the Subdivision mutually beneficial covenants, agreements, conditions, and restrictions to create mutual and equitable servitudes upon each and every Lot in favor of every other Lot, to create reciprocal rights and obligations between the respective Owners of all such Lots, to operate as covenants running with the land for the benefit of all other Lots within the Subdivision, and to create reciprocal rights and obligations among all parties having any right, title, or interest in the Subdivision, including with respect to the Private Road (hereinafter defined); and

WHEREAS, this Declaration is also intended to impose upon only the Lots within only Parcel B of the Subdivision mutually beneficial covenants, agreements, conditions, and restrictions to create mutual and equitable servitudes upon each and every Lot within Parcel B in favor of every other Lot within Parcel B, to create reciprocal rights and obligations between the respective Owners of all such Lots within Parcel B, to operate as covenants running with the land

for the benefit of all other Lots within Parcel B, and to create reciprocal rights and obligations among all parties having any right, title, or interest in Parcel B.

NOW, THEREFORE, Declarant does hereby subject the Subdivision to the effect and operation of the covenants, agreements, conditions, and restrictions set forth herein for the purpose of protecting the value and desirability of the Subdivision. The covenants, agreements, conditions, and restrictions herein shall run with the land and real property included within the Subdivision and shall be binding upon all parties having any right, title, or interest in the Subdivision. The Subdivision (and any Lot therein) shall be held, sold, conveyed, leased, occupied, resided upon, hypothecated, and mortgaged subject to the applicable covenants, agreements, conditions, and restrictions set forth in this Declaration.

ARTICLE I DEFINITIONS

Unless the context clearly requires the application of a more general meaning, the following terms, when used in this Declaration, shall have the following meanings:

“Association” means the homeowners association for Parcel B only, known as Oak Hills Patio Homes (Parcel B) Homeowners Association. There is no homeowners association for Parcel A.

“Bylaws” means the bylaws of the Association, as amended from time to time.

“City” means Layton City.

“Board” means the board of directors of the Association.

“Committee” means the Architectural Control Committee created under Article III of this Declaration.

“Common Areas” means those areas (and any improvements on such areas) within the Subdivision intended for the common use and enjoyment of the Owners and their tenants and guests, as designated on the Plat or established by this Declaration. Without limiting the generality of the previous sentence, Common Areas include the areas labeled as “common areas” on the Plat and the Private Road.

“Common Expenses” means the actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate.

“Developer” means and refers to Elite-Craft Homes, LLC, a Utah limited liability company.

“Declarant” means and refer to Elite-Craft Homes, LLC, a Utah limited liability company.

“Declaration” means this Declaration of Covenants, Agreements, Conditions, and Restrictions, together with any subsequent amendments or additions.

“ Dwelling” means the single family residence built or to be built on any Lot.

“Governing Documents” means this Declaration, the Bylaws, the Association’s Articles of Incorporation, as amended, and such rules and regulations as the Board of Directors of the Association may adopt from time to time.

“Improvement” means all structures and appurtenances of every type and kind, including but not limited to, buildings, dwellings, garages, storage buildings, walkways, retaining walls, sprinklers, pipes, driveways, fences, landscaping, pools, decks, stairs, poles, lighting, signs, satellites dishes, or other antennas, and any mechanical equipment located on the exterior of any building.

“Lots” means any numbered building Lot shown on any official Plat of all or a portion of the Subdivision.

“Limited Common Areas” means the areas designated as “limited common areas” on the Plat.

“Owner” mean the person or persons having title to any Lot. Owner shall mean the person holding fee simple title, including the Declarant and buyers under any contract for deed, but shall exclude any person or entity holding title for purpose of securing performance of any obligation, including the trustee and/or beneficiary under a deed of trust or mortgagee under a mortgage.

“Parcel A” has the meaning shown in the first recital shown above.

“Parcel B” has the meaning shown in the first recital shown above.

“Plat” means the official ownership Plat of Oak Hills Patio Homes as approved by the City and recorded in the Office of the Davis County Recorder, as it may be amended from time to time.

“Private Road” means the private road running along the northern edge of the Subdivision, as shown on the Plat.

“Reserve Fund” means a fund established for the replacement of Common Area improvements, as described in Section 3.24(G).

“Road Access” means the access at the northern edge of the Property from the Private Road to Oak Hills Drive.

“Subdivision” means the Oak Hills Patio Homes Subdivision and all Lots and other property within the Subdivision as shown on the Plat.

“Subdivision Improvements” means all Subdivision improvements to be installed outside of the boundaries of Lots or within easements as identified on the Plats that are necessary to provide public road access and utility service to the Lots, including other construction work required to comply with any conditions of the City or other governmental agencies to the approval of the Subdivision or any Plat thereof.

“Unit” has the same meaning as Dwelling.

ARTICLE II COVENANTS, CONDITIONS, AND RESTRICTIONS AFFECTING ALL OF THE SUBDIVISION

2.1 Road Access Maintenance. The Owners in the Subdivision shall be responsible for the costs of maintaining the Road Access, including without limitation repairs, improvements, and snow removal as follows:

(A) The Owners of Lots in Parcel A shall be responsible for 20% of such costs; and

(B) The Owners of Lots in Parcel B shall be responsible for 80% of such costs.

2.2 Private Road and utility Maintenance. The costs of maintaining the Private Road and utilities, other than the Road Access, including without limitation repairs, improvements, and snow removal shall be borne as follows:

(A) The Owners in Parcel A shall be responsible for the costs of maintaining the portion of Private Road that fronts their respective Lots; and Sewer Manhole station 1+72 designed to receive the pressure sewer from lots 1 and 2. It will also include the 8” sewer line to Manhole station 1+79

(B) The Owners in Parcel B, through the Association, shall be responsible for the costs of maintaining the portion of the Private Road located within Parcel B. Owners of Parcel B will also be responsible for all water lines except for the 8” fire hydrant line. Owners are responsible for all other utility lines Sanitary sewer, Storm drain.

2.3 Cooperation. The Owners in Parcel A and the Association shall cooperate in arranging for contractors to provide the maintenance services needed for the Private Road and the Road Access, as described in this Article II, so as to: (A) avoid duplicate or overlapping contracts or services, and (B) encourage efficiencies and cost savings.

2.4 Sensitive Land Notice to all Unit and Lot Owners. **Certain Lots herein may require measures due to sensitive land issues. Each individual Unit or Lot Owner/builder/purchaser is responsible for complying with the geotechnical/soils reports. Refer to “Geotechnical Study” Oak Hills Patio Homes. Further details may be obtained**

from Y2 Geotechnical PC at PO Box 983 Layton UT 84041, telephone 801-546-6505 or e-mail mudbunny@y2geotech.com. Additional reference is "Geotechnical Engineering Report" Ponds At Oak Hills Development. Further details may be obtained from Terracon at 14850 So. Pony Express DR. #150 Bluffdale Utah, 84065. These soil reports and reviews may be accessed at the Layton City Offices. Layton City is not responsible for any engineering or inspection failure or any damages resulting therefrom.

ARTICLE III COVENANTS, CONDITIONS, AND RESTRICTIONS

The provisions of this Article III affect only Parcel B:

3.1 Architectural Standards. It is the intention and purpose of this Declaration to impose architectural standards on the Improvements to any Lot within Parcel B of a type and nature that result in buildings which are architecturally compatible in terms of Lot coverage, proportion, materials, colors and general appearance, while at the same time allowing for appropriate diversity in style and design. To accomplish this goal, the Declarant hereby establishes the Architectural Control Committee which is empowered to oversee and enforce the architectural design standards set forth in the Declaration applicable to Parcel B.

(A) Architectural Control Committee Created. The Architectural Control Committee (the "**Committee**") will consist of three (3) members. The initial Committee will consist of Jerry Preston, Trent Preston, and Gordon Boothe. After 90% of the Lots in Parcel B have been built on (i.e., certificates of occupancy have been issued by the City): (1) any Committee member may be removed at any time by the vote of a majority of the Owners (determined by the number of Lots) in Parcel B; (2) any vacancy on the Committee will be filled by a vote of the Owners of Lots in Parcel B by majority vote (determined by the number of Lots); and (3) all Committee members must be Owners of Lots in Parcel B.

The Committee may, if it wishes, retain (at the Association's expense) a qualified planning or architectural professional to handle the day-to-day work of the Committee.

(B) Approval by Committee Required. Improvements of any kind, including without limitation, the construction of any Dwelling, garage, or out-building in excess of 100 square feet shall require approval of the Committee. Approval of the Committee will be sought in the following manner:

(1) Plans Submitted. Plans for the construction of any new Dwelling or other structure on the Lot must be submitted to the Committee for review. The plan must be in sufficient detail to show the location on the Lot of the exterior walls of the Dwelling or other structure. The plan shall also include a detailed drawing of all elevations of all buildings, showing locations of windows, doors, roof pitches, decks, and other exterior elements. In the case of an addition or modification of an existing Dwelling, the Committee may waive any of the foregoing if it feels are unnecessary to its review of the remodel or addition.

(2) Review Fee. The applicant may be asked to pay a review fee to the Committee in an amount necessary to cover the cost of review and administration of the program in an account to be established from time to time by the Committee. The initial fee shall be \$100.00 for each new Dwelling and \$50.00 for each addition or remodel. The Committee may increase these fees, from time to time, to take into account inflation and other appropriate factors.

(3) Review. Within 15 days from receipt of a complete submission, the Committee will review plans and make an initial determination whether or not the plans comply with the conditions imposed by this Declaration. If they do not, the plans will be rejected. If the plans are in compliance, the Committee will approve the plans. The Committee may also approve the plans subject to specific modifications or conditions. The Owner may desire to submit preliminary plans for review. The Committee will review preliminary plans and make its comments known to the Owner; provided, however, that no preliminary approval is to be considered a final approval and no final approval will be granted on less than a complete submission. Upon approval, the Committee and the Owner will each sign a copy of the plans, one of which shall be left with the Committee. No construction that is not in strict compliance with the approved plans will be permitted.

(4) Failure to Act. If the Committee has not approved or rejected any submission within 45 days after submission of complete plans, the submission shall be deemed to have been disapproved.

(C) Variances. Variances to the design standards contained in this Declaration may be granted when strict application would create an unforeseen or unreasonable hardship to the Owner of any Lot; provided, however, that any variance granted pursuant to this Section 3.1(C) must be consistent with the intent of this Declaration. The Committee cannot grant any variance that has the effect of modifying applicable zoning or building code regulations. The burden of obtaining a variance is entirely on the applicant.

(D) General Design Review. The Committee will use its best efforts to provide a consistent pattern of development and consistent application of standards of this Declaration. These standards are, of necessity, general in nature, and it is the Committee's responsibility to apply them in a manner that results in a high quality, attractive, and well designed community.

(E) Declarant and Committee not Liable. The Declarant, the Committee, and its members shall not be liable to the applicant or to the Owners for any damages to the Owners of any Lots within the Subdivision for their actions, inactions, or approval or disapproval of any set of plans submitted to the Committee for review. In the absence of bad faith or malicious actions, the Owners shall have no claim against the Declarant or Committee as a result of the performance or failure to perform the duties created by this Declaration.

(F) Limitation on Review. The Committee's review is limited to those matters expressly granted in this Declaration. The Committee shall have no authority over the

enforcement of building codes, zoning ordinances, or other statutes, laws, or ordinances affecting the development or improvement of real property and shall have no liability to any Owner whose plans were approved in a manner that included any such violation. Corrections or changes in plans to bring them into conformity with applicable codes must be approved by the Committee prior to construction.

(G) Penalty for Failure to File Plans with Committee. The Committee is authorized to retain legal counsel and to instigate legal proceedings against any Owner, contractor, or any other person or entity who proceeds with construction on any Lot without first applying for and receiving the approval of the Committee. The Committee may give 10 days written notice of such failure to file plans and then may proceed with any and all legal remedies. Or, if the Committee believes that more prompt action is required, the Committee may forego the 10-day notice and proceed immediately to pursue legal remedies.

3.2 Building Restrictions. No building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family Dwelling. Lots shall be used only for private residential purposes. No prefabricated home or structure of any kind shall be moved upon a Lot. Detached garages and storage sheds shall be permitted, but must be expressly approved by the Committee, with such approval being warranted by Lot size and topography. No trailer, temporary structure, or other outbuilding shall be permitted, with the exception that the Developer shall be permitted to maintain a temporary, portable sales office in Parcel B until 100% of the Lots in Parcel B are sold. No building shall remain incomplete for a period of time in excess of one year from the date the building was started, unless expressly permitted by the Committee.

(A) Architectural Control. No building shall be placed or altered on any Lot until the construction plans, plot plan, elevation plan, and specifications of the proposed structure have been approved by the Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finished grade elevation. No fence, wall, or outbuilding shall be erected, placed, or altered on any Lot unless similarly approved before construction begins.

(B) Dwelling Quality and Size. The building side and building materials shall be restricted as follows:

Parcel A (1) In a one-story home, which is one story above the curb level, the floor, exclusive of porches, garages, patios, and basement, shall not be less than 1,750 square feet with a (2) car garage.

Parcel B (1) In a one-story home, which is one story above the curb level, the floor, exclusive of porches, garages, patios, and basement, shall not be less than 1,400 square feet with a (2) car garage.

Parcel A (2) In a two-story home, which is two stories above the curb level, the total floor area shall not be less than 2,500 square feet, exclusive of porches, garages, patios and basements.

Parcel B (2) In a two-story home, which is two stories above the curb level, the total floor area shall not be less than 1,900 square feet, exclusive of porches, garages, patios and basements.

Parcel A (3) In a multi-level home, (i.e. three or four level split) the levels above the curb level, exclusive of porches, garages, patios, and basements shall not be less than 2,100 square feet with a (2) car garage.

Parcel B (3) In a multi-level home, (i.e. three or four level split) the levels above the curb level, exclusive of porches, garages, patios, and basements shall not be less than 2,000 square feet with a (2) car garage.

Parcel A (4) All homes shall have, as a minimum, a two car garage with not less than 575 square feet.

Parcel B (4) All homes shall have, as a minimum, a two car garage with not less than 440 square feet.

(5) No Dwelling shall exceed two stories above the curb level.

(6) All exterior materials must be approved by the Committee prior to commencement of construction.

(7) Aluminum, steel, and vinyl siding shall be allowed in soffit and fascia areas only. All fascia must be a minimum of 6" in height.

(8) Exterior veneer may be stone, brick, stucco, or wood combination, but at least 75% of the front shall be brick, if brick is used, and at least 50% of front shall be rock. Side and rear of home shall be stone, brick, stucco, or wood combinations, or 7" prodigy vinyl or equivalent, or any one individually. No aluminum siding is allowed on the vertical walls of the home.

(9) Roofing material shall be cedar shake, tile, or architectural grade asphalt shingles with a minimum of a 30 year warranty and with a built-up type finish (high profile hip and ridge) on all roof ridges. All roofing materials shall be approved by the Committee. The roof pitch has to be not less and 6 to 12.

(10) All Dwellings shall be located on the Lot unless it complies with applicable zoning ordinances and the setback requirements established by such ordinances.

(11) The minimum square footage cited in this paragraph can be waived if prior written approval of the Committee is obtained and the Lot size and topography justify the waiver.

(12) No more than 3 feet of foundation wall shall be exposed above final grade. All exposed foundation shall have a plaster finish.

(13) All fireplace vents shall be enclosed in a chimney chase except those ending in a direct vent.

(14) Fences shall be kept to a minimum to encourage the use of natural habitat and aesthetics. See also Section 4.1

(15) No roof antennas are permitted. No large, ground mounted satellite dishes are permitted. Small satellite dishes may be mounted on the roof, but out of view from the street, if possible. Any other type of receiving or sending device, such as those needed for ham radio, citizen band, or radio antenna can only be permitted by approval of the Committee.

(16) Within one year after final inspection for occupancy, the front and side yards shall be planted in lawn or other acceptable landscaping so as not to negatively impact the aesthetics of the Subdivision. Trees, lawns, shrubs, or other planting shall be property nurtured and maintained or replaced at the Owner's expense.

(17) Owners must contact the U.S. Postal Service to find location and requirements for all mailboxes.

3.3 Zoning Regulations. The lawfully enacted zoning regulations of the City and any building, fire, and health codes are in full force and effect in Parcel B and no Lot there may be occupied in a manner that is in violation of any statute, law, or ordinance.

3.4 No Mining Uses. The property within Parcel B shall be used for residential purposes only and no mining, drilling, prospecting, mineral exploration, or quarrying activity will be permitted.

3.5 No Business or Commercial Use. No portion of the Subdivision may be used for any commercial business use; provided, however, that nothing in the provision is intended to prevent (a) the Declarant from using one or more Lots in Parcel B for purposes of a construction office or sales office during the actual period of construction of the Subdivision Improvements or until 100% of the Lots are sold, whichever occurs later or (b) the use by any Owner of his or her Lot for a home occupation pursuant to City ordinance.

3.6 Restriction of Signs. The Subdivision shall be identified by the permanent sign which will be constructed as part of the entry structure. No signs will be permitted on any Lot or within Parcel B, except for traffic control signs placed by the City, temporary signs warning of some immediate danger, or signs not in excess of four square feet identifying the contractor and/or architect of any Dwelling unit while it is under construction. Signs indicating the Lot is for sale may be placed in accordance with City sign regulations and no such sign may exceed four square feet. The Declarant may erect a sign at the entrance to the Subdivision until 100% of the Lots have been sold, announcing the availability of Lots and giving sales information. No

permanent sign stating the address or the name of the Owner of any Lot within Parcel B may be installed without the advance consent of the Committee.

3.7 Completion Required Before Occupancy. No Dwelling may be occupied prior to its completion and issuance of a certificate of occupancy by the City.

3.8 Dwelling to be Constructed First. No garage, storage unit, or other out building may be constructed prior to the construction of the Dwelling on the Lot.

3.9 Livestock, Poultry, and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot within Parcel B, except that dogs, cats, or other household pets may be kept provided that they are not bred or maintained for any commercial purpose and are restricted to the Owner's control; provided further that no more than two such household pets shall be kept on any Lot. "**Control**" for the above purposes shall only mean on a leash or lead, within a vehicle, within the residence of the Owner, or within the fenced confines on the premises of the Owner. Fierce, dangerous, or vicious animals, or animals that cause a nuisance by barking or other offensive activity, shall not be permitted.

3.10 Underground Utilities. All gas, electrical, telephone, television, and any other utility lines in the Subdivision are to be underground, including lines within any Lot which service installations entirely within that Lot. No propane tanks or oil tanks may be installed on any Lot except for temporary heat during construction.

3.11 Service Yards. There shall be no clothes lines. With the exception of air conditioning units, exterior mechanical equipment must be screened in a manner approved by the Committee so that it is not visible from adjoining Lots.

3.12 Maintenance of Property. All Lots and the Improvements on them shall be maintained in a clean, sanitary, and attractive condition at all times. No Owner shall permit his or her Lot or the Improvements on it to fall into disrepair.

3.13 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried out on any Lot, including the creation of loud, offensive noises, or odors that detract from the reasonable enjoyment of nearby Lots.

3.14 No Hazardous Activity. No activity may be conducted on any Lot that is or would be considered by a reasonable person to be unreasonably dangerous or hazardous and which would cause the cancellation of a conventional homeowner's property & casualty or liability insurance policy. This includes, without limitation, the storage of caustic, toxic, flammable, explosive, or hazardous materials in excess of those reasonable and customary for household uses, the discharge of firearms or dangerous fireworks, and setting open fires (other than properly supervised and contained barbecues).

3.15 No Unsightliness. No unsightliness is permitted on any Lot. This shall include, without limitation, the open storage of any building materials (except during construction of any Dwelling or addition), inoperable motor vehicles, accumulations of lawn or tree clippings

accumulations of construction debris or waste, household refuse or garbage except as stored in tight containers, and the storage or accumulation of any other material, vehicle, or equipment on the Lot in a manner that is unsightly to the other Owners. All vehicles and trailers that are not stored in the garage must be parked on a recreational vehicle parking slab behind an imaginary line parallel with the front of the garage.

3.16 No Annoying Lights. Any outdoor lighting shall be subject to prior approval by the Committee and not outdoor lighting shall be permitted except for the lighting that is designed to aim downward and limit the field of light to the confines of the Lot on which it is installed. This shall not apply to street lighting maintained by the City. A front yard security light for each residence is allowed.

3.17 No Annoying Sounds. No loud sounding devices may be used or maintained on any Lot that would create noise that might be unreasonable or annoyingly loud to adjoining Owners, except for security of fire alarms.

3.18 Sewer Connection Required. All Lots are served by sanitary sewer service and no cesspools, septic tanks, or other types of waste disposal systems are permitted on any Lot. All Dwellings must be connected to the sanitary sewer system.

3.19 House Footing Drain Connection Required. All Lots are served by a footing drain service. It is required that each Dwelling constructed in the Subdivision be connected to the drainage system.

3.20 No Fuel Storage. No fuel oil, gasoline, propane, or other fuel storage tanks may be installed or maintained on any Lot. Dwellings shall be heated with natural gas, solar, or electric heat. Propane and other such containerized fuels may be used only during construction of the Dwelling until the permanent heating system is installed and operational.

3.21 Drainage. No Owner shall alter the direction of natural drainage from his or her Lot, nor shall any Owner permit accelerated storm run-off to leave his or her Lot without first using reasonable means to dissipate the flow energy. Drainage easements for the Subdivision have been created for the express purpose to accommodate the flow of drainage water.

3.22 Vehicles Restricted to Roadways. No motor vehicle will be operated in Parcel B except on improved roads and driveways. No snowmobiles or motorcycles will be operated on any Lot except for ingress and egress or while loading the equipment for lawful transport on public streets.

3.23 No Re-Subdivision. No Lot in Parcel B may be re-subdivided without the consent of the Committee and no re-subdivision of any Lot may result in the construction of any additional Dwellings within Parcel B.

3.24 Assessments. The Assessments levied by the Association will be used exclusively to promote the recreation, health, safety, and welfare of the Owners and occupants of

Parcel B and for the improvement, operation, and maintenance of the Common Areas and the Lots, and to meet obligations under Article II of this Declaration.

(A) Types of Assessments. The Association may levy Annual Assessments, Special Assessments, and Individual Assessments, all as more particularly described below.

(B) Apportionment of Assessments. Each Lot within Parcel B will be assessed its pro rata share of the Annual Assessments and Special Assessments, except that each Lot owned by Declarant will be assessed 30% of its pro rata share until the Lot is occupied for residential use, at which point the Lot will be assessed 100% of its pro rata share, whether owned by Declarant or otherwise. The pro rata share will be calculated by dividing the total dollar amount of each such Assessment by the total number of Lots in Parcel B. The manner of billing and collecting Assessments will be as provided in the Governing Documents.

(C) Annual Budget. The Board will prepare an annual budget for the Association each fiscal year, taking into account the Common Expenses, contributions to be made to the Reserve Fund, any surplus from previous fiscal years, and any income expected from sources other than Assessments. The annual budget prepared by the Board will not require approval by the Owners unless the Common Expenses under the proposed budget exceed the Common Expenses under the previous fiscal year's budget by more than 3%. If the proposed annual budget is rejected by the Owners, the previous fiscal year's budget will be deemed renewed for the next fiscal year and will remain in effect until (a) the Board adopts a budget that does not require Owner approval or (b) the Owners approve a subsequent annual budget proposed by the Board.

(D) Annual Assessments. Based on the annual budget, the Board will determine the amount of the Annual Assessment, which will be apportioned among the Lots as provided in Section 3.24(B). At the closing of the sale of each Lot, the Owner purchasing the Lot will pay an amount equal to the prorated portion of the Annual Assessment and any Special Assessment due for the fiscal year in which the closing occurs. An Owner who sells its Lot will not be entitled to a refund from the Association of any Assessments paid in advance. However, the purchasing Owner will be entitled to a credit for any Assessments paid in advance by a previous Owner, and the selling Owner may seek a corresponding credit from the purchasing Owner.

(E) Special Assessments. In addition to the Annual Assessments authorized in Section 3.24(D), the Board may levy during any fiscal year a Special Assessment applicable to that year only, for the purpose of deferring all or any part of the cost of unbudgeted expenses, expenses in excess of those budgeted, or other unanticipated, extraordinary, or emergency expenses. Special Assessments which in the aggregate in any fiscal year exceed an amount equal to 15% of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by at least 67% of the Owners, and by Declarant, so long as Declarant owns any Lots. Special Assessments will be apportioned as provided in Section 3.24(B) and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board.

(F) Individual Assessments. The cost of any service benefiting less than all of the Lots may, in the discretion of the Board, be assessed exclusively against the Lots benefited as an "Individual Assessment". Individual Assessments will also include fines imposed for violation of the Governing Documents and charges against a Lot to reimburse the Association for costs incurred in bringing the Lot or its Owner into compliance with the Governing Documents. Unless otherwise provided by the Board, an Individual Assessment will be due 30 days after the Board has notified the Owner subject to the Individual Assessment.

(G) Reserve Fund. The Association may establish a Reserve Fund for replacement of Common Area improvements. When budgeting for the Reserve Fund, the Board will take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repairs or replacement cost. The Board may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from Annual Assessments or Special Assessments. The Association may prudently invest the Reserve Fund.

(H) Creation of Lien and Personal Obligation of Assessments. Declarant covenants, and each Lot Owner is deemed to covenant, for each Lot owned by it within Parcel B, to pay to the Association all Assessments as may be fixed, established, and collected from time to time pursuant to this Declaration. Such Assessments, together with any interest, expenses, or attorneys' fees incurred by the Association will be a continuing lien upon the Lot against which each such Assessment or charge is made.

3.25 Enforcement. The Board may give written notice to any Owner of any violation of the Governing Documents for which the Owner is responsible, including violations caused by a tenant or guest of the Owner, and will specify any necessary remedial action.

(A) Enforcement. If the Owner (A) has not begun and diligently pursued the remedial action within 10 days of notification; (B) the Owner and the Association cannot agree to a mutually acceptable solution consistent with the Governing Documents; and (C) the Association has given the Owner reasonable opportunity to be heard; then the Association may do any or all of the following:

(1) Impose reasonable fines as an Individual Assessment upon the Owner;

(2) Suspend the Owner's voting rights and right to use the Common Areas for the period that the violation remains uncured;

(3) Where applicable, enter the offending Owner's Lot and remove the cause of the violation, or alter, repair, or change the item which is in violation of the Governing Documents in such a manner as to make it conform thereto, in which case the Association may assess the cost of the remedy as an Individual Assessment against the Owner and the Owner's Lot;

(4) Bring suit or action against the Owner to enforce the provisions of this Declaration;

- (5) Pursue any other remedy available at law or in equity.

Nothing in this Section will authorize the Association to deprive any Owner of access to and from its Lot.

(B) Fines. Only the Board may assess a fine against an Owner. A fine may be assessed only for a violation of a rule, covenant, condition, or restriction that is specifically listed in the Governing Documents. A fine must be in the amount specifically provided for in the Governing Documents for the specific type of violation, or in an amount commensurate with the nature of the violation.

(C) Enforcement of Assessment Lien. The Association will have a lien against each Lot for any Assessment levied against the Lot and the Owner thereof under the Governing Documents from the date on which the Assessment is due. If an Owner fails to pay an Assessment levied under the Governing Documents within 30 days of its due date, the Association may foreclose on the lien and may, through its duly authorized agents, bid on the Lot at such foreclosure sale and may acquire, hold, lease, mortgage, or convey the Lot. The Association may bring an action to recover a money judgment for unpaid Assessments without foreclosing or waiving the lien described in this Section. Recovery on any such action, however, will operate to satisfy the lien, or the portion thereof, for which recovery is made.

(D) Interest, Expenses and Attorneys' Fees. Any Assessment or other amount not paid to the Association when due in accordance with this Declaration will bear interest from the due date until paid at a rate 3 percentage points per annum above the prime rate published in the Wall Street Journal at the time, or such other rate as may be established by the Board. A late charge may be levied for each delinquent Assessment in an amount established from time to time by the Board; provided, such late charge may not exceed 20% of such Assessment. If the Association files a notice of lien, the lien amount will also include the recording fees associated with filing the notice and a fee for preparing the notice of lien, which fee will be established from time to time by the Board. If the Association prevails in any procedure to enforce the provisions of this Declaration, the Association is entitled to an award of its costs and reasonable attorneys' fees associated with the action.

(E) Nonexclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for in this Declaration will not prevent concurrent or subsequent exercise of another remedy permitted hereunder. The remedies provided in this Declaration are not exclusive but will be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law. Failure by the Association to enforce any provision of the Governing Documents will not be deemed a waiver of the right to do so thereafter. Any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate, or remedy any violation of the Governing Documents by appropriate legal proceedings.

ARTICLE IV GENERAL PROVISIONS APPLICABLE TO ENTIRE SUBDIVISION

4.1 Easement. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat. No structure, planting, or other material shall be placed or permitted to remain in such a way as to damage or interfere with the installation and/or maintenance of easements for utilities and drainage facilities.

4.2 Binding Effects/Terms. The covenants, agreements, conditions, and restrictions herein shall run with the land and shall be binding upon all Owners and all parties and all persons claiming under them for a period of twenty (20) years from the date these covenants are recorded, after which time, this Declaration shall be automatically extended for successive periods of ten (10) years.

4.3 Severability. It is expressly agreed that if covenant, agreement, condition, or restriction herein contained or any portion thereof is held invalid or void by a court of competent jurisdiction, such invalidity or voidance shall in no way affect remaining covenants, agreements, conditions, and restrictions and such void or invalid term shall be severed from this document and the remainder shall remain in full force and affect.

4.4 Acceptance of Restrictions. All purchasers of Lots shall, by acceptance of delivery of any deed, or by purchasing under a contract, or by acquiring any interest in any Lot, or any portion thereof, shall be deemed to have consented and agreed to abide by all of the applicable restrictions, conditions, covenants, and agreements set forth herein.

4.5 Accepted Declarant Activities. Nothing in this Declaration shall prevent Declarant or Declarant's employees, contractors, or sub-contractor from working on any part or parts of the Subdivision as they determine may be reasonably necessary or advisable in connection with the development of the Subdivision, including, but not limited to, construction and maintenance of such structures, including model homes, as may be reasonably necessary for the completion of the development of the Subdivision; conducting the business of establishing the Subdivision as a residential community for the sale of Lots; and the maintaining of such signs on any of the Lots owned or controlled by the Declarant or the Declarant's employees as may be reasonably necessary.

4.6 Amendment.

A. Articles I, II, and IV of this Declaration may be amended, abolished, or otherwise changed at any time by the vote of 2/3 of the Owners (determined by counting Lots) in Parcel B and all of the Owners in Parcel A, followed by recording the approved amendment or other action at the Davis County Recorder's Office, signed by all Owners who approved the action.

B. Article III of this may be amended, abolished, or otherwise changed at any time by the vote of 2/3 of the Owners (determined by counting Lots) in Parcel B only, followed by recording the approved amendment or other action at the Davis County Recorder's Office, signed by all Owners who approved the action.

4.7 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a PUD. Failure to enforce any provision hereof shall not constitute a waiver of the rights to enforce said provision or any other provision hereof.

4.8 Governing Law and Jurisdiction. Interpretation and enforcement of this Declaration shall be according to the laws of Utah. Jurisdiction and venue of any dispute hereunder shall be only in courts located in Davis County, Utah.


4.9 Default. If any party governed by the terms of this Declaration defaults under any provision hereof, that defaulting party shall pay all costs and attorneys' fees incurred by any other party to enforce the provisions hereof, whether incurred through formal lawsuit or otherwise.

4.10 Effective Date. This Declaration shall take effect upon recording.

4.11 Paragraphs, Numbers and Headings. Headings and paragraph numbers have been inserted herein solely for convenience and reference and shall not be construed to affect the meanings, construction or effect hereof.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal the day and year first above written.

ELITE-CRAFT HOMES, LLC

By: 
Name: Jerry Preston
Title: Managing Member

STATE OF UTAH :
: ss.
COUNTY OF DAVIS :

On the 20 day of January, ~~2008~~²⁰¹⁵, the foregoing instrument was acknowledged before me by Jerry Preston, as Manager of Elite-Craft Homes, LLC.




NOTARY PUBLIC