

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,  
AND RESERVATION OF EASEMENTS  
FOR  
COURTYARDS AT ANGEL STREET,  
an Expandable Utah Town Home Development**

Tax Serial N6(s)  
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DAVIS COUNTY, UTAH RECORDER  
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FEE \$140.00 PGs: 62  
DEP RT REC'D FOR BARTLETT  
TITLE IN S AGENCY INC

**DECLARANT  
ANGEL STREET PARTNERS, LLC  
A Utah limited liability company**

**WHEN RECORDED RETURN TO:  
ANGEL STREET PARTNERS,LLC  
1156 S State Street, Suite 105  
Orem, Utah 84097**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,  
AND RESERVATION OF EASEMENTS  
FOR  
COURTYARDS AT ANGEL STREET,  
{an Expandable Utah Town Home Development}**

This Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street, an Expandable Utah Town Home Development, is made and executed by ANGEL STREET PARTNERS, LLC, a Utah limited liability company, of 1156 S. State Street Suite 105 Orem, Utah 84097 (the "Declarant").

**RECITALS:**

- A. The Property is an area of unique natural beauty, featuring distinctive terrain;
- B. By subjecting the Property to this Declaration, it is the desire, intent and purpose of Declarant to create a community in which beauty shall be substantially preserved, which will enhance the desirability of living on that real estate subject to this Declaration, and which will increase and preserve the attractiveness, quality and value of the lands and improvements therein.
- C. This Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements affects that certain real property located in the City of Layton, Davis County, Utah described with particularity in Article II below (the "Property").
- D. Declarant is the Owner of the Property.
- E. Declarant has constructed, is in the process of constructing, or will construct upon the Property a residential Town Home Development which shall include certain Buildings, Town Homes, Common Area and Facilities, and other improvements. All of such construction has been, or is to be, performed in accordance with the plans contained in the Final Plat to be recorded concurrently herewith.
- F. Declarant intends to sell to various purchasers the fee title to the individual Town Homes contained in the Property, together with an appurtenant ownership interest in the Association.
- G. Since the completion of the Project may be in phases, the completed Project will consist of the original phase and all subsequent phases.
- H. Declarant desires, by filing this Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements to submit Phase 1 of the Project and all improvements now or hereafter constructed thereon to this Declaration.

- I. The Project is to be known as "Courtyards at Angel Street".

### AGREEMENT

NOW, THEREFORE, Declarant hereby declares that the Property is and shall henceforth be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to the following uniform covenants, conditions, restrictions and equitable servitudes. The said covenants, conditions, restrictions and equitable servitudes are in furtherance of, and the same shall constitute a general plan for the ownership, improvement, sale, use and occupancy of the Property; they are also in furtherance of and designed to accomplish the desires, intentions, and purposes set forth above in the Recitals. The City of Layton is intended to be a third party beneficiary of this agreement.

### I. DEFINITIONS

When used in this Declaration, including in that portion hereof entitled "Recitals," each of the following terms shall have the meaning indicated.

1. Additional Land shall mean and refer to additional real property subject to Declarant's unilateral right of annexation as provided elsewhere in this Declaration.
2. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Association.
3. Assessment shall mean and refer to any amount imposed upon, assessed or charged an Owner or Permittee at the Project.
4. Association shall mean and refer to all of the Owners at Courtyards at Angel Street taken as or acting as, a group in accordance with the Declaration.
5. Board of Directors shall mean and refer to the governing board of the Association.
6. Building shall mean and refer to any of the structures constructed or placed in the Project.
7. Business Use and Trade shall mean and refer to any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefore.
8. Bylaws shall mean and refer to the Bylaws of the Association, a copy of which is attached to and incorporated in this Declaration by reference as Exhibit "B<sup>11</sup>".

9. Capital Improvement shall mean and refer to all new improvements intended to add to, enhance or upgrade the nature, scope, utility, value, or beauty of the Project, as opposed to Repairs and ordinary maintenance.

10. City shall mean and refer to the City of Layton, Utah.

11. Class B Control Period shall mean and refer to the period of time during which the Class B Member is entitled to appoint all of the members of the Board of Directors. The Class B Control Period is also referred to herein as the "Period of Declarant's Control".

12. Common Areas shall mean and refer to all real property in the Project owned in common by the Owners including but not limited to the following items:

a) The real property and interests in real property submitted hereby, including the entirety of the Property and all improvements constructed thereon, excluding the individual Town Homes.

b) All Common Areas and Facilities designated as such in the Final Plat;

c) All Private Yard Areas designated as such in the Final Plat;

d) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Owners, such as water, power, gas and sewer;

e) The Project's outdoor grounds, open space, recreational areas, private roads, driving lanes and parking amenities, sidewalks, entry and entry monument;

f) All portions of the Project not specifically included within the individual Town Homes; and

g) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the Property owned by the Association for the common benefit of the Owners.

Provided, however, utility installations such as water, power, gas and sewer may be dedicated to the City and, if so, this definition shall not be construed to allow the Association to-exclude the City from the ownership and control of the utility systems so dedicated.

13. Common Expense shall mean and refer to: (a) The expense of all irrigation water; (b) All sums lawfully assessed against the Owners; (c) Expenses of administration of the Association; (d) Expenses of maintaining the Common Area; (e) Expenses allocated by the Association among the Owners; (f) Expenses agreed upon as common expenses by the Association; and (g) Expenses declared common expenses by the Declaration.

14. County Recorder shall mean and refer to the Davis County Recorder in the State of Utah.

15. Declarant shall mean and refer to Angel Street Partners, LC, a Utah limited liability company.

16. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street, a Utah Town Home Development.

17. Developer shall mean the Declarant, to wit: Angel Street Partners, LLC, a Utah limited liability company, and any Person or Persons who might acquire title from it to all or some of the unsold Town Homes through purchase, assignment or other transfer including foreclosure or deed in lieu of foreclosure; or, in the situation where, any person purchases all, or some of the remaining Town Homes in a sale in the nature of a bulk sale. The person acquiring any of such property from the Declarant shall be considered a Declarant with respect to that portion of the property so acquired and shall have the right to develop the property and/or sell such property in accordance with the terms and provisions of this Declaration and any Supplemental Declaration applicable to the property; provided, however, a notice of succession shall be recorded in the Office of the County Recorder signed by both the current Declarant, or its successor in interest, and the Declarant, or its successor in interest, with respect to such property.

18. Design Guidelines shall mean and refer to the architectural and engineering plans and specifications and guidelines prepared by the Declarant and approved by the City for the construction of the Buildings, Town Homes, Common Area and Facilities, and other physical improvements in the Project, including by way of illustration but not limitation all structural components and Exterior Materials. The City shall assume no responsibility for enforcement of the Design Guidelines, but reserves the right to and may enforce any Design Guideline at any time and in its sole discretion.

19. Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

20. Eligible Mortgagee shall mean and refer to a mortgagee, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.

21. Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or the Board of Directors. A vote which is for any reason suspended is not an "eligible vote".

22. Exterior Materials shall mean and refer to stone, rock, stucco, wood, finished lumber, brick, or other similar materials but shall not mean cinder block or concrete block or

aluminum or vinyl siding. Exterior residence materials shall be of a noncombustible material as approved by the City. The City shall assume no responsibility for enforcement of the External Materials, but reserves the right to and may enforce any External Material requirement at any time and in its sole discretion. The determination whether any specific material constitutes an acceptable Exterior Material shall be made by Declarant or its designee.

23. Family shall mean one of the following: (1) a single person living alone; (2) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, with an additional person as domestic help or as a caretaker; or (3) a group of not more than three unrelated persons living and cooking together as a single housekeeping unit and maintaining a common household, but not as a boarding or rooming house.

24. Final Plat shall mean and refer to the "Final Plat of the Courtyards at Angel Street" on file in the office of the County Recorder, as amended or supplemented from time to time.

25. Guest shall mean and refer to a guest, visitor, invitee, or any other person whose presence within the Project is approved by or is at the request of a particular Owner or Permittee.

26. Individual Charges shall mean and refer to a charge levied by the Board of Directors against an Owner or Permittee for all expenses resulting from the act or omission of such Owner or Permittee, excepting the Owner's failure to pay any Assessment. Individual Charges shall include, by way of illustration but not limitation, any expense resulting from the act or omission of any Owner or Permittee;

a) The cost to repair any damage to any portion of the Project on account of loss or damage caused by such Owner or Permittee; or

b) The cost to satisfy any expense to any other Owner or Owners or to the Association due to any intentional or negligent act or omission of such Owner or Permittee, or resulting from the breach by such Owner or Permittee of any provisions of the Project Documents;

c) Any transient occupancy tax, sales tax, use tax or other tax levied pursuant to the laws of the State of Utah and payable by any Owner or Permittee which the Association is or shall be required or entitled to collect on behalf of the levying authority, although this subsection is not considered an acknowledgment that any such tax may be levied;

d) Administrative costs and expenses incurred by the Board of Directors in enforcing the Project Documents;

e) Default charges and expenses;

f) Attorney fees, interest, and other charges relating thereto as provided in this Declaration;

g) Any individual services provided; and

h) Any other fine, charge, fee, due, expense, or cost designated as an Individual Charge in the Project Documents or by the Board of Directors;

While Individual Charges are not Assessments, they are secured by a lien in the same manner as Assessments, as set forth below. The Association and Board of Directors also shall have all other remedies, both legal and equitable, described in this Declaration available against any Owner for nonpayment of such Owner's other monetary obligations.

27. Land shall mean and refer to all of the real property subject to this Declaration.

28. Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

29. Management Board of Directors shall mean and refer to the Board of Directors.

30. Manager shall mean and refer to the person or entity appointed or hired by the Association to manage and operate the Project and/or assist in the administration of the Association.

31. Map shall mean and refer to the Final Plat.

32. Mortgage shall mean and refer to both a first mortgage or first deed of trust on any Town Home, but shall not mean or refer to an executory contract of sale.

33. Mortgagee shall mean and refer to a mortgagee under a first mortgage or a beneficiary under a first deed of trust on any Town Home.

34. Owner shall mean and refer, unless otherwise proven in a court of competent jurisdiction, to the person who is the owner of record in the office of the County Recorder of a fee or an undivided fee interest in a Town Home, excluding a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

35. Period of Declarant's Control shall mean and refer to a period of time commencing on the date this Declaration is recorded and terminating on the occurrence of the earliest of the following events: (a) five (5) years from the effective date of this Declaration, (b) not less than one hundred and twenty (120) days after (i) all of the Additional Land has been added to the Project and (ii) up to 75% of the Town Homes have been conveyed, or (c) the Declarant executes and records a written Waiver of his right to control. The Period of Declarant's Control is also referred to as the Class B Control Period.

36. Permanent Resident shall mean and refer to anyone who resides in the Project for more than four (4) consecutive weeks or for more than eight (8) total weeks in any calendar year.

37. Permittee shall mean and refer to a Guest, tenant, renter or lessee of the Owner of a Town Home.

38. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.

39. Phase shall mean and refer to a particular stage or area of development within the Project so designated by the Declarant.

40. Private Yard Area shall mean and refer to those Common Areas designated in this Declaration or in the Final Plat as reserved for the use of a certain Owner to the exclusion of the other Owners. Any private area, portico, colonnade, entry, doorstep, landing, porch, balcony, deck, patio, garage, assigned parking space, or other improvements intended to serve only a single Town Home shall be considered a Private Yard Area appertaining to that Town Home exclusively, whether or not the Final Plat makes such a designation.

41. Project shall mean and refer to this the Courtyards at Angel Street project.

42. Project Documents shall mean and refer to the Declaration, Bylaws, Rules and Regulations, and Articles of Incorporation, as amended or supplemented.

43. Property shall mean and refer to all of the land or real estate, improvements and appurtenances submitted to this Declaration.

44. Recreational, Oversized or Commercial Vehicle shall mean and refer to any recreational, commercial or oversized vehicle, oversized pick-up truck, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational or commercial transportation device of any kind.

45. Repair shall mean and refer to merely correcting the damage done sometimes by accident or fire or other cause, but more often due to the ravages of time and the deterioration resulting from ordinary wear and tear, by substituting for the damage, decayed or worn-out parts, new material, usually similar to that replaced, and so restoring the structure to its original sound condition. The Board of Directors may determine the monetary cutoff for a repair to be considered a "Major Repair," and the determination of the Board of Directors shall be final, binding and conclusive.

46. Resident shall mean and refer to any person residing at the Project.

47. Single Family shall mean one Family unit



48. Single Family Residence shall mean and refer to both the architectural style of a Town Home and the nature of the residential use permitted.

49. Total Votes shall mean and refer to the total number of votes appertaining to all Town Homes at the Project.

50. Town Home shall mean and refer to a separate physical part of the Property intended for independent use, including the ground beneath the unit and the air space above the unit, the exterior shell of the unit, and one or more rooms or spaces located in one or more floors or part or parts of floors in a Building. Mechanical equipment and appurtenances located within any one Town Home, or located without said Town Home but designated and designed to serve only that Town Home, such as appliances, electrical receptacles and outlets, air conditioning compressors, furnaces, water heaters, apparatus, systems or equipment, fixtures and the like, shall be considered part of the Town Home; so shall all decorated surfaces of interior walls, floors and ceilings, including but not limited to all paint, wallpaper, wall coverings, windows, window units and window frames, doors, door units and door frames, trim, carpeting, tile, linoleum and so forth. All pipes, wires, conduits, or other utility lines or installations constituting a part of the Town Home or serving only the Town Home, and any structural members, parts, components or any other property of any kind, including fixtures or appliances within any Town Home, which are removable without jeopardizing the integrity, soundness, safety or usefulness of the remainder of the Building within which the Town Home is located shall be deemed to be part of the Town Home. A Town Home may also be referred to as a "Lot," "Unit," or "Town Home Unit".

51. Town Home Number shall mean and refer to the number, letter or combination thereof designating a particular Town Home. This may also be called the "Lot Number".

52. Use Restrictions shall mean and refer to the use restrictions to which the Property is subject.

53. Visible From a Neighboring Property shall mean with respect to any object, that such object is or would be visible to an individual 6' tall, standing at ground level on any portion of the neighboring property.

## II. SUBMISSION

The Land described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference is hereby submitted to the Declaration and the Utah Community Association Act, Utah Code Ann., §§57-8a-101 et seq. (2004) (the "Act").

The Land is hereby made subject to, and shall be governed by this Declaration, and the covenants, conditions and restrictions set forth herein. The Land is also subject to the right of the City to access the roads within the Project for emergency vehicles, service vehicles, and to all of the utility installations up to the residential meters.

The Land is SUBJECT TO the described easements and rights of way. Easements and rights-of-way in favor of the City include any dedicated roadways and public utility easements and are depicted on the Final Plat.

TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property, including by way of illustration and not limitation all easements and rights-of-way in and to the Common Area and Facilities.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all Patent reservation and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Property or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights of-way, encroachments, or discrepancies shown on or revealed by the Final Plat or otherwise existing; an easement for each and every common area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the above-described Property; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such common area improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

### **III. COVENANTS, CONDITIONS, AND RESTRICTIONS**

The foregoing submission is made upon, under and subject to the following covenants, conditions, and restrictions:

1. Description of Improvements. It is intended that the Project will consist of up to 7 Buildings and 35 Town Homes, if all of the intended improvements are made. Each Town Home will have Private Yard Area, including an appurtenant patio, and a garage, carport or other assigned parking space. The Buildings will be constructed principally of concrete foundations with exterior walls of stucco veneer, Asphalt Shingle roofing, interior walls of wood studs, plywood, and dry wall plaster. The Common Area and Facilities will include open space, recreational amenities, roads, walkways, entry and entry monument, and other improvements of a less significant nature. The location and configuration of the improvements referred to in the foregoing sentence are depicted on the Final Plat.

2. Description and Legal Status of the Property.

a) The Final Plat shows the number of each Town Home, its location, those Private Yard Areas which are reserved for its exclusive use, and the Common Areas and Facilities to which it has immediate access.

b) All Town Homes shall be capable of being independently owned, encumbered and conveyed, subject to the rights of Declarant and the City, and all easements of record.

c) Each Town Home shall have an appurtenant ownership interest in the Association.

d) Title to the Common Area and Facilities is hereby granted to the Association for and in behalf of the Owners.

3. Membership in the Association. Membership in the Association is mandatory. Each Owner is considered a member of the Association. Membership may not be partitioned from the ownership of a Town Home.

4. Allocation of Profits, Losses and Voting Rights.

a) Except as set forth below, each Town Home shall have one (1) vote on each matter.

b) The ownership interest of each Town Home and Owner in the Association shall have a permanent character and shall not be altered without the express affirmative consent of at least two-thirds (2/3) of the Owners memorialized in an amendment to the Declaration duly recorded.

c) The Association shall have two (2) classes of membership -- Class A and Class B.

d) Class A Members shall be all Owners with the exception of the Class B Members.

e) No vote shall be cast or counted for any Town Home not subject to assessment;

f) When more than one person or entity holds such interest in a Town Home, the vote for such Town Home shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Town Home shall be suspended in the event more than one person or entity seeks to exercise it.

g) Any Owner who has leased his Town Home may, in the lease or other written instrument, assign the voting right appurtenant to that Town Home to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.

h) The Class B Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale of Town Homes, and who is designated as such in a recorded instrument executed by Declarant.

i) Anything to the contrary notwithstanding, the Class B Member shall be entitled to three (3) votes per Town Home owned; provided, however, the Class B Member shall always have at least one more vote than the Class A Members. The Class B membership and the Class B Control Period shall terminate, and Class B membership shall convert to Class A membership upon the happening of the earlier of the following (which is hereinafter referred to as the "Event" or "Events"):

(1) Four (4) months after seventy five percent (75%) of the Town Homes have been sold; or

(2) Five (5) years from the effective date of this Declaration; or

(3) When, in its sole discretion, Declarant so determines and records a written "Notice of Termination of Class B Control Period."

From and after the happening of these Events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Town Home owned. At such time, the Declarant shall call a meeting, in the manner described in the By Laws of the Association for special meetings, to advise the membership of the termination of Class B status and, if it has not already occurred, to schedule transition of the operation and management of the entire Project to the Association.

5. Private Yard Areas. A Private Yard Area may not be partitioned from the Town Home to which it is appurtenant. The exclusive use of Private Yard Area is reserved to the Town Home to which it is assigned on the Final Plat, as amended from time to time, subject to the right of the Board of Directors to restrict the use and regulate the maintenance thereof.

6. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Town Home shall describe the interest or estate involved substantially as follows:

All of Town Home No. \_ in Building No. \_\_\_\_ contained within Phase \_\_\_\_\_ Courtyards at Angel Street, as the same is identified in the Final Plat recorded in Davis County, Utah as Entry No. in Book \_\_\_\_ at Page \_\_\_\_ of the official records of the County Recorder of Davis County, Utah (as said Final Plat may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions for Courtyards at Angel Street recorded in Davis County, Utah as Entry No. \_\_\_\_ . in Book at Page \_ of the official records of the County Recorder of Davis County, Utah (as said Declaration may have heretofore been

supplemented), together with an ownership interest in the Association.

Regardless of whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Town Home. Neither the membership in the Association, nor the right of exclusive use of a Private Yard Area shall be separated from the Town Home to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Town Home to which they relate.

7. Architectural and Design Guidelines. The Declarant has prepared Design Guidelines for the Project, which have been approved by the City. The City shall assume no responsibility for enforcement of the Design Guidelines, but reserves the right to and may enforce any Design Guideline at any time and in its sole discretion. The approved Design Guidelines shall apply to all construction activities within the Project. The Declarant shall have sole and full authority to change, amend, and supplement the Design Guidelines as long as it owns any of the Property; provided, however, the approved Design Guidelines may not be at any time changed, amended, or supplemented without the express written consent of the City. The Declarant or, after transition of the Project, the Association must stamp all proposed plans and specifications to construct or remodel a Building or Town Home "approved and in compliance with the Declaration and Design Guidelines" before presenting such plans and specifications to the City for the issuance of a Building permit.

8. Nature of Ownership . Each Owner shall have and enjoy the privileges of fee simple ownership of his Town Home. There shall be no requirements concerning who may own a Town Home, it being intended that they may, and shall be owned as any other property rights by persons. The Common Areas shall only be used in a manner consistent with the residential nature of the Project. Title to the Common Area and Facilities shall be and hereby is vested in the name of the Association. Each purchaser of a Town Home, by virtue of accepting a deed or other document of conveyance thereto, shall automatically become a member of the Association. Every Member of the Association shall as an Owner have the right and non-exclusive easement to use and enjoy the Common Area. Such right and easement shall be appurtenant to and shall pass with the title to every Town Home, subject to the following restrictions:

a) The right of the Association to limit the number of Guests, and to adopt administrative rules and regulations from time to time governing the use and enjoyment of the Common Area;

b) The right of the Association to temporarily suspend the voting rights and the privilege to use the recreational amenities by a member for: (a) any period during which his Assessment remains delinquent, and (b) for any, each and every infraction of the Project Documents for a period not to exceed ninety (90) days after notice and hearing;

c) Subject to the prior written consent of Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA) (where appropriate), the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for the purpose of providing utilities and similar or related purposes; provided, however, during the Declarant's Period of Control, any such dedication or transfer shall be effective only if approved in writing by the Declarant; and

d) The right of the Association to charge a reasonable admission or other user fee for the use of any recreational facility situated upon the Common Area.

e) The Rules and Regulations adopted by the Board of Directors.

9. Use Restrictions. The Property is subject to the following initial use restrictions, which are subject to change:

a) Nuisance. It shall be the responsibility of each Owner to prevent the creation or maintenance of a nuisance in, on or about the Project. The term "nuisance" includes but is not limited to the following:

(1) The development of any unclean, unhealthy, unsightly, or unkempt condition on, in or about his Town Home or the Common Areas;

(2) Maintaining any plants, animals, devices or items, instruments, equipment, machinery, fixtures, or things of any sort whose activities or existence in any way is illegal, noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community by other residents, their guests or invitees;

(3) Unreasonable amounts of noise or traffic in, on or about any Town Home or the Common Area, especially after 10:00 p.m. and before 7:00 a.m. during the week and midnight and 8:00 a.m. during weekends; and

(4) Drug houses and drug dealing; Party Houses; The unlawful sale, manufacture, service, storage, distribution, dispensing or acquisition occurs of any controlled substance; gambling; criminal activity; parties which occur frequently which bother, annoy or disturb other reasonable residents or interfere with their quiet and peaceful enjoyment of the premises; prostitution; or other violation of U.C.A., Section 78B-6-1107 as amended or supplemented.

b) Removing Garbage, Dust and Debris. All rubbish, trash, refuse, waste, dust, debris and garbage shall be deposited in sealed plastic bags or other authorized containers, shall be regularly removed from the Town Home, not being allowed to accumulate therein so as

to create a sanitation, health or safety hazard, and shall be disposed of within dumpsters provided by the Association.

c) Subdivision of a Town Home. No Town Home may be subdivided.

d) No Severance. The elements of a Town Home and other rights appurtenant to the ownership of a Town Home, including any Private Yard Areas or assigned parking, are inseparable, and each Owner agrees that he shall not, while this Declaration is in effect, make any conveyance of less than an entire Town Home and such appurtenances. Any conveyance made in contravention of this Subsection, including under any conveyance, encumbrance, judicial sale or other transfer (whether voluntary or involuntary) shall be void.

e) Firearms, Incendiary Devices and Graffiti. The use of firearms and incendiary devices, or the painting or graffiti, within the Project is prohibited. The term firearms includes but is not limited to all guns, pistols, handguns, rifles, automatic weapons, semi-automatic weapons, BB guns, pellet guns, sling shots, wrist-rockets, blow-dart guns, and other firearms of all types, regardless of size.

f) Temporary Structures. No Owner or occupant shall place upon any part of the Project any temporary structures, including but not limited to dog runs, storage units, tents, trailers and sheds or their equivalent, without the prior written consent of the Board of Directors; provided, however, tents may be allowed for up to forty-eight (48) hours by Owners in their Private Yard Areas or the Common Area immediately adjacent to their Buildings.

g) Business Use. No Business Use and Trade may be conducted in or from any Town Home unless: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (b) the business activity conforms to all home occupation ordinances and zoning requirements for the Project; (c) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of residents of the Project; and (d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Project, as may be determined in the sole discretion of the Board of Directors. The decision of the Board of Directors shall be final, binding and conclusive. Notwithstanding the above, the leasing of a Town Home shall not be considered a trade or business within the meaning of this subsection.

h) Storage and Parking of Vehicles. Motor vehicles shall be subject to the following:

(1) The parking rules and regulations adopted by the Board of Directors from time to time;

(2) No motor vehicle or trailer may be parked or stationed in such a manner so as to create a potentially dangerous situation.

(3) Residents may only park their motor vehicles within their designated garages, covered parking spaces, or in other designated Common Area parking stalls.

(4) Residents may not park their motor vehicles in red zones, fire lanes, guest or visitor parking, or other unauthorized areas.

(5) Persons visiting the Project shall park their motor vehicles in Common Areas designated for "Guest" or "Visitor" parking.

(6) No Owners or Residents shall repair or restore any vehicle of any kind in, on or about any Town Home or the Common Area, except for emergency repairs, and then only for a seventy-two (72) hour period to enable movement thereof to a proper repair facility.

(7) No garage may be altered in such a manner that the number of motor vehicles which may reasonably be parked therein after the alteration is less than the number of motor vehicles that could have been reasonable parked in the garage as originally designed and constructed.

(8) No motor vehicle shall be parked in such a manner as to inhibit or block access to a Town Home, garage, covered parking space, uncovered parking space, entrance, exit, or parking area.

(9) All parking areas shall be used solely for the parking and storage of motor vehicles used for personal transportation.

(10) Unless otherwise permitted by rule, all Recreational, Commercial and Oversized Vehicles shall be parked outside the Project, except for purposes of loading and unloading.

i) Aerials, Antennas, and Satellite Systems. Antennas and satellite dishes are permitted in accordance with FCC Guidelines.

j) Window Coverings, Awnings and Sun Shades. No-aluminum foil, newspapers, reflective film coatings, or any other similar materials may be used to cover the exterior windows of any residential structure on a Town Home. Sun shades are not allowed on the exterior of any Building, unless the color, style, construction material and uniformity of appearance is approved by the Board of Directors.

j) Windows. All windows and window panes in the Project shall be harmonious, and comparable in size, design and quality so as not to detract from uniformity in appearance and quality of construction.

k) Pets. No pets, animals, livestock or poultry of any kind shall be bred in, on or about the Project. Up to two (2) domestic pets per Town Home are allowed. All pets must be



properly licensed and registered with the appropriate governmental agency, abide by all pet rules and regulations adopted by the Board of Directors from time to time. Pets may not create a nuisance. The following acts of an animal shall be considered a nuisance: (a) it causes damage to the property of anyone other than its Owner; (b) it causes unreasonable fouling of the air by odors; (c) it causes unsanitary conditions; (d) it defecates on any common area and the feces are not immediately cleaned up by the responsible party; (e) it barks, whines or howls, or makes other disturbing noises in an excessive, continuous or untimely fashion; or (f) it molests or harasses passersby by lunging at them or chasing passing vehicles. Pets may not be tied or tethered in the Common Area. The Board of Directors may require a pet deposit or a pet registration fee.

1) Chimes and Musical Sound Makers. Chimes, dream catchers, bells, tubes or other objects which ring, strike or otherwise produce musical sounds or harmony heard by other residents may not be hung outside the interior space of the Town Home, including the patio, balcony or deck area, and are prohibited.

m) Structural Alterations. Except in the case of an emergency repair, no structural alterations, plumbing, electrical or similar work within the Common Areas or Private Yard Areas shall be done or permitted by any Owner without the prior written consent of the Board of Directors.

n) Insurance. Nothing shall be done or kept in, on or about any Town Home or in the Common Areas or Private Yard Areas which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Property, over what the Board of Directors, but for such activity, would pay.

o) Laws. Nothing shall be done or kept in, on or about any Town Home, Private Yard Area or the Common Area and Facilities, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

p) Damage or Waste. No damage to, or waste of, the Common Areas or Private Yard Areas shall be committed by any Owner or Permittee. Each Owner and Permittee shall indemnify and hold the Board of Directors and the other Owners in the Project harmless against all loss resulting from any such damage or waste caused by that Owner or Permittee; provided, however, that any invitee of the Declarant shall not under any circumstances be deemed to be an invitee or any other Owner.

10. Views. Neither the Declarant nor the Association guarantees or represents that any view over and across any property, including any Town Home, Lot or Building will be preserved without impairment. Neither the Declarant nor the Association shall have the obligation to prune or thin trees or other landscaping except as set forth herein. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

· 11. Leases. Any agreement for the leasing, rental, or occupancy of a Town Home (collectively, "lease") shall be in writing and a copy thereof shall be delivered to the Board of Directors upon request. By virtue of taking possession of a Town Home, each lessee agrees to be subject to and abide by these restrictive covenants, and that any covenant violation shall be deemed to constitute a default under the lease. No Owner shall be permitted to lease his Town Home for transient, vacation, hotel, seasonal, or short-term purposes, which by way of illustration and not limitation includes any rental with an initial term of less than one (1) year. Daily or weekly rentals are prohibited. No Owner may lease individual rooms to separate persons or less than his entire Town Home without the express written consent of the Board of Directors. Within ten (10) days after delivery of written notice to an Owner/Landlord that his tenant has created a nuisance or is guilty of criminal behavior, the Owner/Landlord shall, at his sole expense, commence an eviction action in accordance with the laws of the State of Utah and diligently prosecute the action. Other than as stated in this Section, there is no restriction on the right of any Owner to lease or otherwise grant occupancy rights to a Town Home.

12. Damages. Each Owner shall be liable to the Association, other Owners and/or Residents for damages to person or property, and waste, caused by him or the Residents of his Town Home.

13. Easements. The Property is subject to the following easements and rights of way:

a) Declarant hereby reserves to its If and grants to the Association, a non-exclusive, perpetual right-of-way and easement over, across and through the Property, together with the right to use, operate, maintain, repair and replace the Common Areas and Facilities. The easement created is intended to be used as a private non-exclusive easement for the exclusive use and benefit of Declarant and the Association.

b) Declarant hereby grants to each Owner the non-exclusive right to use and enjoy the Common Area and Facilities, and to access his Town Home. The easement created is intended to be used as a private non-exclusive easement for the exclusive use and benefit of the Owners.

c) If any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon a Building or Suite, an easement for such encroachment and for the maintenance of the same shall and does exist. If any part of a Building or Suite encroaches or shall hereafter encroach upon the Common Areas and Facilities, or upon an adjoining Building or Suite, an easement for such encroachment and for the maintenance of the same shall and does exist. Such easements shall extend for whatever period the encroachment exists. Such encroachments shall not be considered to be encumbrances either on the Common Areas and Facilities, Buildings or Suites Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of any improvement constructed or to be constructed within the Project, by error in the Condominium Plat, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the Project or any part thereof.

d) Improvements, including Buildings, Suites, Common Areas and Facilities, Exclusive Common Area, Limited Common Area and Restricted Limited Common Area constructed as subsequent phases of the Project may encroach upon portions of the Common Areas and Facilities of earlier phases of the Project. A perpetual easement for such encroachment necessary to repair, maintain and operate such improvements is hereby granted.

e) Each Owner shall have the right to ingress and egress over, upon and across the Common Areas and Facilities as necessary for access to the Building and Suite he is occupying and to any Limited Common Area appurtenant to his Suite, and he shall have the right to the horizontal, vertical and lateral support of his Suite.

f) The Declarant hereby reserves to itself, and its affiliates and assignees, an exclusive easement to make such use of the Common Areas and Facilities as may be necessary or convenient to perform the duties and functions that each is obligated or permitted to perform pursuant to the Master Declaration and/or this Declaration, including, without limitation, the right to construct and maintain the Common Areas and Facilities for use by the Association and Owners.

g) The Declarant hereby reserves for itself and its affiliates and assignees a temporary construction easement over the Common Areas and Facilities for the purpose of doing all things that are reasonably necessary as a part of constructing any new improvements for the Project including all physical improvements as well as all Buildings and Suites. The Owners by acceptance of a deed or other document of conveyance to a Suite do hereby acknowledge and agree that there will be construction activities, traffic, noises, odors and vibrations which may temporarily disrupt their quiet enjoyment of their property until all improvements are complete, and such Owners do hereby waive any right to object to such construction activity; provided, however, Declarant shall endeavor to use reasonable efforts to minimize the adverse impact of such construction activities on the Owners. Declarant's construction activities pursuant to the easement granted hereunder shall not be considered a violation of the Use Restrictions.

h) Declarant hereby reserves to itself a non-exclusive easement for itself and its affiliates and assignees to construct, operate, maintain, repair and replace all types of telecommunication facilities, including but not limited to roof antennas, within suitable locations for such facilities (the "Locations of Facilities") within the Project. Declarant further reserves a right of access to the Locations of Facilities over, across, and through all other Common Areas and Facilities in order to access the Locations of Facilities to exercise the rights established herein. Declarant reserves the perpetual right to transfer by easement, license agreement or other conveyance the rights reserved hereunder to one or more telecommunication facilities providers. Declarant may exercise all of such rights unilaterally and without the consent of any Owner, Mortgagee or the Association. The Association, for itself and on behalf of all Owners, agrees to execute such further and additional instruments as may be requested by Declarant documenting the rights hereunder, in form satisfactory to the Declarant, and any assignee of its rights hereunder.

i) Entry Monument Easement. Easements the Entry Monument and corresponding utility and drainage systems and facilities, and irrigation are reserved hereby and on the recorded Condominium Plat. An Owner may not do any landscaping, grading or work, or install any structure, building, improvement, planting, or other object, natural or artificial, or materials which may damage or interfere with the installation and maintenance of utilities, Entry Monument, or which may change the direction of flow of drainage channels in, on or about the easements and rights of way, or which may obstruct or retard the flow of water through the drainage channels in the easements and rights of way. If a drainage channel is altered by an Owner, the Declarant and/or the Association expressly reserve the right to enter onto the property to restore the area at the cost of the Owner, and without being guilty of a trespass.

14. Governing Board of Directors. The Association shall be managed by a Board of Directors. Until the termination of the Class B Membership, the members of the Board shall be appointed by the Declarant. After the termination of the Class B Membership, the members of the Board shall be elected by the Owners.

15. Status and General Authority of Board of Directors. Any instrument executed by the Board of Directors that recites facts which, if true, would establish the Board of Directors's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated in subparagraphs (a) through (m) below, constitute a legal entity capable of dealing in its Board of Directors name. The Board of Directors shall have, and is hereby granted, the following authority and powers:

a) Access. The right, power and authority to have access to each Town Home: (1) from time to time during reasonable hours and after reasonable notice to the occupant of the Town Home being entered, as may be necessary for the maintenance, repair or replacement of any of the Common Areas and Facilities; or (2) for making emergency repairs necessary to prevent damage to the Common Areas and Facilities or to another Town Home or Town Homes, provided that a reasonable effort is made to provide notice to the occupant of the Town Home prior to entry.

b) Grant Easements. The right, power and authority, without the vote or consent of the Owners, Mortgagees, insurers or guarantors of any Mortgage, or of any other person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and non-exclusive easements over, under, across, and through the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

c) Execute Documents. The right, power and authority to execute and record, on behalf of all Owners, any amendment to the Declaration or Final Plat which has been approved by the vote or consent necessary to authorize such amendment.

d) Standing. The power to sue and be sued.

e) Enter Into Contracts. The right, power and authority to enter into contracts which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

f) Transfer Interests in Real Property. The right, power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least sixty-seven (67%) of the Total Votes.

g) Purchase Property. The right, power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as it has been approved by at least sixty-seven (67%) percent of the Total Votes.

h) Add Property. The right, power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (g) above to the Project, so long as it has been approved by at least sixty-seven (67%) of the Total Votes.

i) Borrow Money and Pledge Collateral. The right, power and authority to borrow money and pledge collateral so long as it has been approved by at least sixty-seven (67%) of the Total Votes.

j) Promulgate Rules. The right, power and authority to promulgate, interpret and enforce reasonable rules and regulations.

k) Corporate Status. The right, power and authority to establish and reinstate the corporate status of the Association.

l) Delegation of Authority. The right, power and authority to delegate its responsibilities over the management and control of the Common Areas and regulation of the Project to a professional manager, reserving the right, power and authority, however, to control and oversee the administration thereof.

m) All other Acts. The right, power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Board of Directors to perform its functions on behalf of the Owners.

Anything to the contrary notwithstanding, while Declarant controls the Association and before the end of the Period of Declarant's Control, any amendments to the Declaration or mergers must (where appropriate) be approved in writing and in advance by Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA).

16. Delegation of Management Responsibilities: The Board of Directors may delegate some of its management responsibilities to either a professional management company, an experienced on-site manager, an independent contractor, through service contracts, or any combination thereof (the "Manager"). The Manager may be an employee or an independent contractor. The termination provision of any such contract must not require a termination penalty or any advance notice of any more than sixty (60) days, and no such contract or agreement shall be for a term greater than one (1) year. The Board of Directors may also employ general laborers, grounds crew, maintenance, bookkeeping, administrative and clerical personnel as necessary to perform its management responsibilities. Provided, however, any management contract may be terminated for cause on thirty (30) days notice in accordance with Title 38, Code of Federal Regulations, Section 36.4360a (f), as it may be amended from time to time. Anything to the contrary notwithstanding, a Manager whose services are terminated shall return to the Association ALL of its books and records, including by way of illustration but not limitation all financial statements, check registers, hard and electronic copies of all documents, ledgers and accounts, within ten (10) days after delivery of a "Notice of Termination". Any Personal failing or refusing to return the books and records of the Association, in whole or in part, shall be personally, jointly and severally liable to the Association for the cost of obtaining and/or reproducing said books and records, including any reasonable attorney's fees.

17. Lists of Owners, Renters, Eligible Mortgagees, Insurers and Guarantors. The Board of Directors shall maintain *up* to date lists of the name, address and phone number of all Owners, Renters, Eligible Mortgagees, Insurers and Guarantors, who shall have a duty to provide this information to the Board of Directors.

18. Capital Improvements. All expenses for Capital Improvements shall be governed by and subject to the following conditions, limitations and restrictions:

a) Discretionary Expenditure Limit. Any capital improvement to the Project which costs ten percent (10%) or less of the Total Annual Budget, and does not alter the nature of the Project, may be authorized by the Board of Directors alone (the "Capital Improvement Ceiling"<sup>11</sup>).

b) Owner Approval/Expenditure Limit. Any capital improvement, the cost of which will exceed the Capital Improvement Ceiling, must, prior to the commencement of construction, be authorized by at least a majority of the Owners. -

c) Owner Approval/Changing the Nature of the Project. Any capital improvement which would materially alter the nature of the Project (e.g., changing the roofing materials, the construction of the external Building surfaces, color scheme, etc.) must, regardless of its cost and prior to being constructed or accomplished, be authorized by at least sixty-seven (67%) percent of the Total Vote.

19. Operation, Maintenance and Alterations. The Property shall be maintained, repaired, and replaced in accordance with the following covenants, conditions and restrictions:

a) Minimum Standard. The Property shall be maintained in a usable, clean, functional, safe, sanitary, attractive and good condition, consistent with Community Standards.

b) Landscaping. All landscaping in the Project shall be maintained and cared for in a manner consistent with the standards of design and quality originally established by Declarant and in accordance with any City landscaping maintenance plans or ordinances. Specific additional written guidelines, standards, controls, and restrictions on landscaping may be adopted or amended by the Board of Directors from time to time. All landscaping shall be maintained in a safe, sanitary, aesthetic and orderly condition. Aily weeds or diseased or dead lawn, trees, ground cover or shrubbery shall be removed and replaced. All lawn areas shall be neatly mowed and trees, shrubs and bushes shall be neatly trimmed. All landscaping shall be tasteful, so as not to affect adversely the value or use of any other Town Home, or to detract from the uniform design and appearance of the Project. Anything to the contrary notwithstanding, all landscaping must abide by and strictly comply with all soils report recommendations and City requirements.

c) Area of Common Responsibility. Unless otherwise expressly noted, the Association shall maintain, repair and replace all of the Common Area and Facilities within or serving the Project and the Buildings, including by way of illustration but not limitation the exterior surfaces, roofs, foundations; columns, girders, beams, supports, main walls, driveways, private roads, driving lanes and parking amenities, sidewalks and walkways, and the entry and entry monument.

d) Initial Private Yard Area Improvements. The Declarant shall initially at its sole expense install all Private Yard Area improvements.

e) Area of Personal Responsibility. Unless otherwise expressly noted, each Owner shall maintain, repair and replace his Town Home and Private Yard Area improvements, including without limitation all interior spaces and improvements, individual services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning, fixtures, windows and window systems, glass, doors and door systems, garage doors and garage door systems, patios, balconies and decks, including any flooring, cement, concrete, tiles, decking, gates, latches and rails, plumbing fixtures, systems and lateral pipes or valves servicing only his Town Home, including any damage thereto and any claims not covered by insurance. The Private Yard Area shall be kept broom clean and free of debris. Any and all maintenance, repairs and replacements to a Private Yard Area are subject to the approval of the Board of Directors as to construction materials, quality of construction and installation, and uniformity of appearance. No Owner shall allow his Town Home, Private Yard Area to detract from the health, safety or uniform appearance or design of the Project.

f) Default Provisions. If (except in the case of an emergency) after written notice and a hearing, it is determined that any responsible party has failed or refused to discharge properly his obligation with regard to the maintenance, repair, or replacement of the real property and improvements described herein, or that the need for maintenance, repair, or replacement thereof is caused through the willful or negligent act of any person, then the Association,' or

Board of Directors may, but is not obligated to, provide such maintenance, repair, or replacement at the defaulting or responsible party's sole cost and expense (the "Default Maintenance Cost"). The term "emergency" as used here means a situation or condition in which there is a threat of imminent and substantial harm to person or property. The Default Maintenance Cost is the debt of such defaulting or responsible party at the time the expense is paid and shall be collectible as such. In addition, it may be considered a "Fine" against an Owner.

g) Alterations to the Common Area. The Declarant may make changes to the design and construction of the improvements located in or on the Common Areas without additional approval required, including without limitation the consent of the Board of Directors or Members of the Association; provided, however, no Owner or Permittee may make any structural alterations to the Common Area (including the Private Yard Area), without the express prior written consent of the Board of Directors.

h) Certain Work Prohibited. No Owner shall do any work or make any alterations or changes which would jeopardize the soundness or safety of the Property, reduce its value or impair any easement or hereditament, without in every such case the unanimous written consent of all the other Owners being first had and obtained.

i) Ice and Snow Accumulations. The Association shall remove all snow and ice accumulations from the Common Area. Each Owner shall remove all snow and ice accumulations from his Town Home.

j) Heat Tape. Heat Tape may be required by the Board of Directors on a particular Town Home at the Town Home Owner's sole expense.

20. Common Expenses and Assessments. Each Owner shall pay his share of the Common Expenses and his Assessments, subject to and in accordance with the procedures set forth herein.

a) Declarant . Anything to the contrary notwithstanding, the Declarant shall not be obligated to pay Assessments on any Town Homes owned by it until such time as: (1) the physical structures are substantially completed; (2) a certificate of permanent occupancy is issued and the Town Home is sold or rented; or (3) Declarant and/or Declarant elects in writing to pay the Assessment on a Town Home or Homes, whichever first occurs.

b) Purpose of Common Expenses. The Common Expenses and Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and residents, including the maintenance of any real and personal property owned by the Association, and regulating the Community, all as may be more specifically authorized from time to time by the Board of Directors.

c) Creation of Assessments. Since the Assessments are required to pay for the Common Expenses of the Association, as shall be determined by the Board of Directors from



time to time, each Owner, by acceptance of a deed to a Town Home, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments assessed by the Board of Directors.

d) Budget. At least thirty (30) days prior to the Annual Owners Meeting, the Board of Directors shall prepare and deliver to the Owners a proposed Budget which:

(I) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the twelve (12) month calendar year, commencing with the following January I.

(2) . Basis. Shall be based upon advance estimates of cash requirements by the Board of Directors to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Areas and regulation of the Association, which estimate shall include but is not limited to expenses of management, irrigation water, grounds maintenance, taxes and special assessments, premiums for all insurance which the Board of Directors is required or permitted to maintain, common lighting and heating, water charges, trash collection, sewer service charges, carpeting, painting, Area of Common Responsibility, replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for Board of Directors employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve, surplus or sinking fund, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration. Until the Project is completed, and all Phases are added, this estimate may need to be adjusted periodically as each new Phase is completed.

e) Apportionment. The voting rights shall be distributed among and the Common Expenses shall be charged equally and uniformly to all of the Town Homes.

f) Approval of Budget and Assessments. The proposed Budget and the Assessments shall become effective unless disapproved at the Annual Meeting by a vote of at least a majority of the Owners. Notwithstanding the foregoing, however, if the membership disapproves the proposed budget and Assessments or the Board of Directors fails for any reason to establish the Budget and Assessments for the succeeding year, then and until such time as a new budget and new Assessment schedule shall have been established, the Budget and the Assessments in affect for the then current year shall continue for the succeeding year.

g) Payment of Assessments. The Board of Directors has the sole authority and discretion to determine how and when the annual Assessments are paid.

h) Additional Services. The Board of Directors may but is not obligated to add to the Assessment of any particular Town Home or Owner additional charges for individual services offered or provided, not a Common Expense.

i) Personal Obligation of Owner. Owners are liable to pay all Assessments assessed and Additional Charges; provided, however, no first mortgagee or beneficiary under a first deed of trust (but not the Seller under a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Town Home pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Assessments which accrued prior to the acquisition of title. For purposes of this Section, the term "Owner" shall mean and refer jointly and severally to: (1) the Owner of both the legal and equitable interest in any Town Home; (2) the Owner of record in the offices of the County Recorder of Davis County, Utah; and (3) both the Buyer and Seller under any executory sales contract or other similar instrument.

j) Equitable Changes. If the aggregate of all monthly payments on all of the Town Homes is too large or too small as a result of unanticipated income or expenses, the Board of Directors may from time to time effect an equitable change in the amount of said payments. Owners shall be given at least thirty (30) days written notice of any changes.

k) Dates and Manner of Payments. The dates and manner of payment shall be determined by the Board of Directors and are subject to change.

l) Reserve Account. The Board of Directors shall establish and maintain a reserve account or accounts to pay for unexpected operating expenses, Repairs, Major Repairs, and Capital Improvements.

m) Analysis Report. The Board of Directors shall prepare and update at least annually a written Capital Asset Replacement and Reserve Account Analysis, and make the report available to the Owners at the annual meeting of the Association.

n) Acceleration. The Board of Directors may but is not obligated to accelerate the entire annual Assessment of a delinquent Owner who has not cured his default within thirty (30) days after written notice.

o) Statement of Assessments Due. Upon written request, the Board of Directors shall furnish to any Owner a statement of Assessments due, if any, on his Town Home. Failure to provide the certificate within ten (10) days after a written request is received by the Secretary, shall be deemed conclusive evidence that all Assessments are paid current. The Association may require the advance payment of a processing charge not to exceed \$15.00 for the issuance of such certificate.

p) Superiority of Assessments. All Assessments and liens created to secure the obligation to pay Assessments are superior to any homestead exemptions to which an Owner may be entitled which insofar as it adversely affects the Association's lien for unpaid Assessments and each Owner, by accepting a deed or other document of conveyance to a Town Home, waives his right to claim his homestead exemption has priority.

q) Suspension of Right to Vote for Non-Payment. At the discretion of the Board of Directors, the right of an Owner to vote on issues concerning the Association may be

suspended temporarily if the Owner is delinquent in the payment of his Assessments, and has failed to cure or make satisfactory arrangements to cure the default after reasonable notice of at least ten (10) days.

21. Special Assessments. In addition to the other Assessments authorized herein, the Association may levy special assessments in any year, subject to the following:

a) Board Based Assessment. So long as the special assessment does not exceed the sum of Five Hundred and 00/100th Dollars (\$500.00)<sup>1</sup> per Town Home in any one fiscal year (the "Special Assessment Limit"), the Board of Directors may impose the special assessment without any additional approval.

b) Association Approval. Any special assessment which would exceed the Special Assessment Limit shall be effective only if approved by a majority of the members of the Association. The Board of Directors in its discretion may allow any special assessment to be paid in installments.

22. Benefit Assessments. If an Owner has the choice to accept or reject the benefit, then the Board of Directors shall have the power and authority to assess an Owner in a particular area as follows:

(1) Benefit only To Specific Town Home. If the expense benefits less than all of the Town Homes, then those Town Homes benefited may be specifically assessed, and the specific assessment shall be equitably apportioned among those Town Homes according to the benefit received.

(2) Unequal or Disproportionate Benefit. If the expense benefits all Town Homes, but does not provide an equal benefit to all Town Homes, then all Town Homes shall be specifically assessed, but the specific assessment shall be equitably apportioned among all Town Homes according to the benefit received.

Failure of the Board of Directors to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board of Directors's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board of Directors has not previously exercised its authority under this Section.

23. Individual Charges. Individual Charges may be levied by the Board of Directors against a Town Home and its Owner and shall be due not earlier than thirty (30) days after the date written notice is sent to the Owner.

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<sup>1</sup> Or a percentage of the Annual Operating Budget provided the ratio between the initial Annual Operating Budget in the first fiscal year after the termination of the Period of Declarant's Control and \$500.00, and the ratio between any new amount and the current Annual Operating Budget remains the same.

24. Collection of Assessments. The Owners must pay their Assessments in a timely manner. Payments are due in advance on the first of the month. Payments are late if received after the tenth day of the month in which they were due.

a) Late Fees. The Board of Directors may charge a reasonable late fee. A payment received by the Board of Directors ten (10) days or more after its due date shall be considered late for purposes of this subsection.

b) Default Interest. The Board of Directors may charge reasonable default interest on the outstanding balance of all delinquent accounts.

c) Lien. If any Owner fails or refuses to make any payment of any Assessment or his portion of the Common Expenses when due, that amount shall constitute a lien on the interest of the Owner in the Property, and upon the recording of notice of lien by the Manager, Board of Directors or their designee it is a lien upon the Owner's interest in the Property prior to all other liens and encumbrances, recorded or unrecorded, except: (1) tax and special assessment liens on the Town Home in favor of any assessing Town Home or special improvement district; and (2) encumbrances on the interest of the Owner recorded prior to the date such notice is recorded which by law would be a lien prior to subsequently recorded encumbrances.

d) Foreclosure of Lien and/or Collection Action. If the Assessments remain unpaid, the Association may, as determined by the Board of Directors, institute suit to obtain a personal judgment and/or foreclose the lien. The lien may be foreclosed judicially or non-judicially.

e) Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against him or her personally for the collection of the charges as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed.

f) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein, including but not limited to the non-use of Common Areas or the abandonment of his Town Home.

g) Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association or Board of Directors to take some action or perform some function required to be taken or performed by the Association or Board of Directors under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of each Owner.

h) Application of Payments. All payments shall be applied as follows: Additional Charges, Delinquent Assessments and Current Assessments.

i) Foreclosure of Lien as Mortgage or Trust Deed. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest therein by the Board of Directors. The sale or foreclosure shall be conducted in the same manner as foreclosures in deeds of trust or mortgages or in any other manner permitted by law, including a non-judicial foreclosure or a judicial foreclosure. If the Association elects to pursue a non-judicial foreclosure, the Owner of the Town Home, by acceptance of a deed or other document of conveyance, shall be considered to have expressly authorized the Board of Directors to appoint a trustee and record in the office of the County Recorder a Notice of Appointment in accordance with subsection (k) below. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, reasonable attorney's fees, and a reasonable rental for the Town Home during the pendency of the foreclosure action. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Board of Directors may bid for the Town Home at foreclosure or other sale and hold, lease, mortgage, or convey the same.

j) Appointment of Trustee. If the Association elects to foreclose the lien in the same manner as foreclosures in deeds of trust, then the Owner by accepting a deed to the Town Home hereby irrevocably appoints the attorney of the Association, provided s/he is a member of the Utah State Bar, as Trustee, and hereby confers upon said Trustee the power of sale set forth with particularity in Utah Code Annotated, Section 57-1-23 (1953), as amended. In addition, Owner hereby transfers in trust to said Trustee all of his right, title and interest in and to the real property for the purpose of securing his performance of the obligations set forth herein.

k) Attorney in Fact. Each Owner by accepting a deed to a Town Home hereby irrevocably appoints the Association as his attorney in fact to collect rent from any person renting his Town Home, if the Town Home is rented and Owner is delinquent in his Assessments. Rent due shall be paid directly to the Association, upon written demand, until such time as the Owner's Assessments are current; and the Owner shall credit the Renter, against rent due, for the amount of money paid to the Association.

l) Involuntary Sales and Lender Liability for Unpaid Assessments. Anything to the contrary notwithstanding, any first mortgagee who obtains title to a Town Home pursuant to the remedies in the mortgage or trust deed or through foreclosure will not be liable for more than six (6) months of the unpaid regularly budgeted assessments, dues or charges accrued before acquisition of the title to the property by the mortgage, although the first mortgagee will also be liable for any reasonable attorneys fees or costs related to the collection of the unpaid dues. **Anything to the contrary notwithstanding, the following lenders are NOT liable for any unpaid Assessments or Additional Charges in the event of foreclosure: The Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA),**

**Government National Mortgage Association (GNMA), the Department of Veterans Affairs (VA) or any other government lender, guarantor or insurer.**

m) Voluntary Sales. All other grantees who obtain title to a Town Home in a voluntary conveyance shall be jointly and severally liable with the grantor for all unpaid assessments, late fees, default interest and collection costs, including a reasonable attorneys fee, against the Town Home for its share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee.

n) Termination of Utilities and Right to Use Amenities for Non-Payment of Assessments. If an Owner fails or refuses to pay any assessment when due, the Board of Directors may (1) terminate the Owner's right to receive utility services paid as a common expense; and (2) terminate the Owner's right of access and use of recreational facilities., after giving notice and an opportunity to be heard. Upon payment of the assessment due, including any interest or late payment fee, the manager or Board of Directors shall immediately take action to reinstate the terminated utility services to the Town Home and right to use of recreational facilities.

o) Assignment of Rents. If the Owner of a Town Home who is leasing the Town Home fails to pay any assessment for a period of more than 60 days after it is due and payable, the Board of Directors may demand the tenant to pay to the association an future lease payments due the Owner, commencing with the next monthly or other periodic payment, until the amount due to the association is paid; provided, however, the manager or Board of Directors must give the Owner written notice, in accordance with the Declaration, Bylaws, or association rules, of its intent to demand full payment from the tenant. Within five (5) business days of payment in full of the assessment, including any interest *ot* late payment fee, the manager or Board of Directors must notify the tenant in writing that future lease payments are no longer due to the association. A copy of this notification must be mailed to the Owner. As used in this section, the terms "lease" or "leasing" shall mean and refer to regular, exclusive occupancy of a Town Home by any person or persons, other than the Owner, for which the Owner receives any consideration or benefit, including a fee, service, gratuity, or emolument.

25. Transfer Fee. The Board of Directors may charge a reasonable transfer fee when title to a Town Home is transferred or conveyed.

26. Impact Fee. The Board of Directors may charge a reasonable impact fee when a Town Home is rented.

27. Liability of Board of Directors. The Association shall indemnify every officer and member of the Board of Directors against any and all expenses, including but not limited to attorney's fees reasonably incurred by or imposed upon' any officer or member of the Board of Directors in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or member of the Board of Directors, unless he or

she is guilty of intentional misconduct. The officers and members of the Board of Directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual intentional misconduct. The officers and members of the Board of Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or members of the Board of Directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and member of the Board of Directors free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be exclusive of any other rights to which any officer or member of the Board of Directors, or former officer or member of the Board of Directors, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officer's and director's insurance coverage to fund this obligation, if such insurance is reasonably available.

28. Insurance. The Association, Owners and Renters shall maintain the following insurance coverage.

a) Association. The Association shall obtain (collectively, "Association Master Policy"):

1.) Public Liability. Public liability coverage for the Common Areas and Facilities;

2) Common Area and Facilities. Property, fire and extended hazard coverage for all Common Area and Facilities:

3) Buildings. Property, fire and extended hazard coverage for all Buildings that contain more than one Town Home, including any improvement which is a permanent part of a Building and is considered Common Area, Elements and Facilities;

4) D&O. Directors and officers coverage; and

5) Fidelity Bond. A fidelity bond.

b) Contents. The Association may but **IS NOT REQUIRED** to include in its Association Master Policy coverage of the contents of a Town Home or personal property belonging to any Owner or Permittee (as defined below), or their personal liability.

c) Loss of Business or Rental Income. The Association may but **IS NOT REQUIRED** to include in its Association Master Policy coverage of loss of business, rents or rental income.

d) Umbrella Liability Coverage. The Association may but **IS NOT REQUIRED** to include in its Association Master Policy umbrella liability coverage for bodily injury, death and/or property damage.

e) Amount of Insurance. The liability insurance purchased by the Association shall be in an amount not less than \$1,000,000.00 per occurrence and \$2,000,000.00 per aggregate.

f) Premiums. The premiums for the Association Master Policy are considered a Common Expense.

g) Other Insurance. The foregoing obligation and right of the Association to purchase insurance coverage DOES NOT preclude the right or negate the obligation of each Owner to insure his or her own Town Home for his or her benefit.

h) Deductible. Each Owner shall be required to pay the deductible, if any, on any claim he or she may make on the Association Master Policy if according to the express provisions of the Declaration he or she would be responsible for the loss or damage but for the insurance.

i) Adjusting of Claims/Deductible. The Board of Directors may adjust claims and is hereby granted the right to determine who shall be responsible for the deductible. The decision of the Board of Directors shall be final, binding and conclusive.

j) Use of Insurance Proceeds. Insurance proceeds shall be used to repair within a reasonable time the damage covered.

k) Duplication of Coverage. In the event of duplicate coverage of a claim, the Town Home Owner's Policy shall be considered **PRIMARY** coverage and Association Master Policy shall be considered **EXCESS** or **SECONDARY** coverage.

l) Subject to Change. The amounts of insurance are subject to change at any time and may be increased or decreased unilaterally by the Board of Directors.

2. Owner's Insurance. Each Owner shall maintain the following insurance coverage (collectively, "Town Home Owner Policy"):

a) Public Liability Insurance. **PUBLIC LIABILITY COVERAGE FOR HIS OR HER TOWN HOME. THE LIMITS OF THE PUBLIC LIABILITY INSURANCE POLICY SHALL BE IN AN AMOUNT NOT LESS THAN \$500,000.00 FOR BODILY INJURY, DEATH, AND PROPERTY DAMAGE.**

b) Coverage "A" Building. **Coverage "A" Building (as that term is defined by the standard homeowners insurance policy) on his or her Town Home;**

c) Fire and Extended Coverage. **EACH OWNER SHOULD PURCHASE INDIVIDUAL PROPERTY, FIRE AND EXTENDED COVERAGE IN THE AMOUNT RECOMMENDED BY THE OWNER'S INDEPENDENT INSURANCE AGENT.**



**WHICH SHOULD BE AN AMOUNT SUFFICIENT TO REPAIR ANY DAMAGE TO REAL AND/OR PERSONAL PROPERTY NOT COVERED BY THE ASSOCIATION MASTER POLICY. EACH OWNER IS STRONGLY ENCOURAGED TO SPEAK WITH HIS OR HER INDEPENDENT INSURANCE AGENT BEFORE DETERMINING THE AMOUNT OF THE TOWN HOME OWNER POLICY.**

d) Coverage C. Coverage C (as that term is defined by the standard homeowners insurance policy) - Personal Property/ Contents and Lost Business, Rents or Rental Income. **EACH TOWN HOME OWNER AND RENTER IS RESPONSIBLE TO PURCHASE COVERAGE C - PERSONAL PROPERTY INSURANCE COVERING HIS OR HER PERSONAL PROPERTY AND THE CONTENTS OF HIS OR HER TOWN HOME, AND LOST BUSINESS, RENTS OR RENTAL INCOME.** For use herein the term "contents" shall mean and refer to in the broadest possible sense all furniture, furnishings, appliances, accessories, dining and cooking ware, televisions, stereo equipment, electronic equipment and systems, computers, art, table lamps, linens, blankets, quilts, rugs, lost business, rents, income and profits, personal items not specified in the original design and specifications, and all personal property, belongings and effects in the Town Home, Building or Common Area and Facilities not covered by the Master Association Policy. The Owner and Renter by the act of failing to obtain the required insurance or being underinsured expressly assume all risk of damage or loss NOT covered by insurance and hereby agree to waive any such claims against the Association under any legal theory including negligence, tort and contract.

e) Premium. The insurance premium on the Town Home Owner Policy shall be the individual expense of the Town Home Owner and shall not be considered a Common Expense. •

f) Obligation to Maintain Insurance. Each Owner shall obtain and keep in full force and effect at all times the required insurance coverage provided by companies duly authorized to do business in Utah.

g) Other Insurance. The foregoing provisions shall not be construed to limit the power or authority of each Owner to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder, in such amounts and in such forms as he or she may deem necessary or appropriate.

h) Additional Insured. Each Town Home Owner Policy shall name the Association as an "Additional Insured."

i) Certificate of Insurance. Each Town Home Owner shall provide the Association with a "Certificate of Insurance" upon request.

j) Use of Insurance Proceeds. Insurance proceeds shall be used to repair the damage covered within a reasonable time.

k) Bad Faith. The failure of an Owner to submit a claim to his or her insurance carrier upon the delivery of a written request from the Board of Directors shall be considered bad faith. The failure of a carrier of a Town Home Owner's Policy to diligently process a claim submitted by the Owner shall be considered bad faith.

l) Subject to Change. The amounts of insurance are subject to change at any time and may be increased or decreased unilaterally by the Board of Directors.

29. Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

a) Definitions. Each of the following terms shall have the meaning indicated:

(1) "Substantial Destruction" shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(2) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(3) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is Twenty five (25%) percent or more of the estimated restored value of the Project.

(4) "Partial Condemnation" shall mean any other such taking by eminent domain or grant or conveyance in lieu thereof.

(5) "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(6) "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(7) "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

(8) "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

(9) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any uncommitted funds of the Board of Directors or Association. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Town Home in which they are interested.

b) Determination by Board of Directors. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Board of Directors shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Board of Directors shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Board of Directors may retain and rely upon one or more qualified appraisers or other professionals.

c) Restoration of the Project. Restoration of the Project shall be undertaken by the Board of Directors promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent of the ownership interest in the Association and is further consented to by Eligible Mortgagees holding Mortgages on Town Homes which have appurtenant at least fifty-one (51%) percent of the ownership interest in the Association which is then subject to Mortgages held by Eligible Mortgagees.

d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Board of Directors has determined that Substantial Destruction, Substantial Condemnation, "or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration.

e) Excess Insurance. In the event insurance proceeds, condemnation awards, or payments in lieu of condemnation actually received by the Board of Directors or Association exceed the cost of Restoration when Restoration is undertaken, the excess shall be paid and distributed to the Owners in proportion to their respective ownership interests in the Association. Payment to any Owner whose Town Home is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

t) Inadequate Insurance. If the cost of Restoration exceeds Available Funds, the Board of Directors may elect to make a special assessment in accordance with Article III, Section 21 above to pay for the deficiency.

g) Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Town Homes will not be the subject of Restoration (even though the Project will continue as a Town Home Development project) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the ownership interest in the Association shall be immediately reallocated to the remaining Town Homes.

h) Sale of Project. Unless Restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, Town Home Development ownership under this Declaration and the Final Plat shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Board of Directors to the Owners in proportion to their respective ownership interests in the Association. Payment to any Owner whose Town Home is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

i) Authority of Board of Directors to Represent Owners in Condemnation or to Restore or Sell. The Board of Directors, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas and Facilities.

j) Settlement Proceeds. The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

k) Restoration Power. The Board of Directors, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Town Home therein whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided.

l) Right of Entry. Such authority shall include the right and power to enter into any contracts, deeds or other instruments which may be necessary or appropriate for Restoration or sale, as the case may be.

m) Termination of Legal Status. Any action to terminate the legal status of the Project after Substantial Destruction or Condemnation occurs shall be agreed to by Owners who represent at least sixty-seven (67%) percent of the total allocated votes in the Association and by Eligible Mortgage holders who represent at least fifty-one (51%) percent of the votes of the Town Homes that are subject to mortgages held by eligible holders.

The termination of the legal status of the Project for reasons other than Substantial Destruction or Condemnation of the property shall be agreed to by Eligible Mortgage holders that represent at least sixty-seven (67%) percent of the votes of the mortgaged Town Homes. However, implied approval may be assumed when an Eligible Mortgage holder (except (where appropriate) the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA)) fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

30. Consent in Lieu of Vote.<sup>2</sup> In any case in which this Declaration requires the vote of an Owner for authorization or approval of an act or a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Owners who collectively hold the required ownership interests in the Association, subject to the following conditions:

- a) Sixty-Day Limit. All necessary consents must be obtained prior to the expiration of sixty (60) days from the time the first written consent is obtained; and
- b) Change In Ownership. Aily change in ownership of a Town Home which occurs after consent has been obtained from the Owner having an interest therein shall not be considered or taken into account for any purpose; and
- c) Notice. If approved, written notice of the approval must be given to all Owners at least ten (10) days before any action is required by them.

31. Mortgagee Protection. Nothing herein contained, and no violation of these covenants, conditions and restrictions, shall invalidate or impair the lien of any mortgage or deed of trust, given in good faith and for value. Mortgagees are excluded from any leasing or rental restrictions when obtaining or after obtaining a Town Home in foreclosure. In addition:

- a) Effects of Voluntary and Involuntary Sale. The lien or claim against a Town Home for such unpaid Assessments shall not be affected by any sale or transfer of such Town Home, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Town Home or the exercise of a power of sale available there under shall extinguish any debt payable prior to such sale or transfer, except as expressly set forth in Section 24(1) above. Nevertheless, any such unpaid Assessments which are extinguished in accordance with the foreclosure or power of sale shall not relieve the purchaser or transferee of such Town Home from liability for, nor such Town Home the lien of any Assessments becoming due thereafter.

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<sup>2</sup> If Association is incorporated, the Utah Revised Nonprofit Corporation Act may require a meeting.

b) Books and Records Available for Inspection. The Board of Directors or the Association shall make available to the Owners, to Mortgagees, and lenders, and to holders, insurers, or guarantors of any Mortgage current copies of the Project Documents, as well as the books, records, and financial statements of the Board of Directors and the Association. For use herein the term "available" shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

c) Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

d) Management Contracts. Any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Board of Directors shall provide, or be deemed hereby to provide that:

(1) Either party may terminate the contract with cause upon at least thirty (30) days prior written notice to the other party;

(2) No contract may be for an initial term greater than one (1) year;  
and

(3) The Manager shall return to the Association all of its books and records within ten (10) days after the delivery of a written "Notice of Termination."

e) Eligible Mortgagee Designation. Upon written request to the Board of Directors or the Association by the holder, insurer, or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Town Home Number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer" or "Eligible Guarantor," as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

(1) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Town Home on which there is a Mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

(2) Delinquency. Any delinquency in the payment of Assessments owed by an Owner of a Town Home subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty (60) days.

(3) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Board of Directors or the Association.

(4) Consent Required. Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees.

f) Approval of Proposed Action or Transaction. Any Mortgagee who receives, by certified or registered mail, a written request, with a return receipt requested, to approve any act, transaction or amendment to the Declaration, and who does not return a negative response within thirty (30) days shall be deemed to have approved such request; provided, however and anything to the contrary notwithstanding, so long as Declarant is in control of the Owner's association, such action or transaction must be approved in writing by the Department of Veterans Affairs (VA) pursuant to CFR, Title 38, Section 36.4357(b)(4) and, if any financing or the guaranty of any financing of a Town Home is provided by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), by such agencies.

32. Amendment. This Declaration may be amended as follows:

a) General. Except as provided elsewhere in this Declaration, including by way of illustration but not limitation to sections pertaining to the addition or annexation of any land, any amendment to this Declaration shall require the affirmative written vote or consent of at least sixty-seven percent (67%) of the total ownership interest in the Association cast either in person or by proxy at a meeting duly called for such purpose or otherwise approved in writing by such Owners without a meeting.

b) Initial Declarant Right to Amend. Notwithstanding anything contained in this Declaration to the contrary, the Declarant may unilaterally amend or terminate this Declaration prior to the closing of a sale of the first Town Home.

c) Unilateral Right to Amend Under Certain Conditions. Notwithstanding anything contained in this Declaration to the contrary, this Declaration may be amended unilaterally at any time and from time to time by Declarant if such Amendment is (1) necessary to correct typographical errors or inadvertent omissions; (2) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; or (3) reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Town Homes subject to this Declaration; provided, however, any such amendment shall not materially adversely affect the title to any Town Home unless the Owner of said Town Home shall consent thereto in writing.

d) Declarant's Right to Amend Unilaterally Prior to Termination of Declarant's Right to Control. Prior to the expiration of the Period of Declarant's Control, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to any property without the express written consent of said Town Home Owner.

e) To Satisfy Requirements of Lenders. Anything to the contrary notwithstanding, Declarant reserves the unilateral right to amend all or any part of this Declaration to such extent and with such language as may be requested by a State Department of Real Estate (or similar agency), FHA, VA, the FHLMC or FNMA and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration or approval of the sale of Town Homes, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Town Home, or any portions thereof. Any such amendment shall be effected by the recordation by Declarant of an Amendment duly signed by the Declarant, specifying the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such an Amendment shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Amendment, when recorded, shall be binding upon all Town Homes and all persons having an interest therein. It is the desire of Declarant that Declarant retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of hereof deletes, diminishes or alters such control in any manner whatsoever in the opinion of Declarant, then Declarant shall have the unilateral right to amend this Declaration to restore such control.

f) Rights of Declarant. Notwithstanding anything contained in this Declaration to the contrary, no provision of this Declaration reserving or granting to Declarant and/or Declarant any unexpired rights, including by way of illustration but not limitation any and all developmental rights, may be amended, including by way of illustration but not limitation a modification which would terminate or decrease any such rights, without the prior express written consent of Declarant, which consent may be withheld, conditioned or delayed for any reason or for no reason at Declarant's sole and exclusive discretion.

g) Execution of Amendments.

1) An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder.

2) An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association, who shall certify that all of the voting requirements



have been satisfied, and the Declarant, if the Declarant's consent is also required, and recorded in the office of the County Recorder.

h) Consent of Eligible Mortgagee to Terminate Legal Status of Project. The consent of at least sixty-seven percent (67%) of the Eligible Mortgagees shall be required to any amendment which would terminate the legal status of the Project.

i) Consent of Eligible Mortgagees to Add or Amend Any Material Provision. The consent of Eligible Mortgagees holding at least fifty-one (51%) percent of the ownership interest in the Association shall be required to add to or amend any material provision of this Declaration or the Final Plat which establishes, provides for, governs, or regulates any of the following:

- o Voting rights;
- o Increases in Assessments that raise the previously assessed amount by more than 25%, Assessment liens, or the priority of Assessment liens;
- o Reductions in reserves for maintenance, repair, and replacement of Common Areas, Facilities and Elements;
- o Responsibility for maintenance and repairs;
- o Reallocation of interests in the Common Area, Private Yard Area, and general or Private Yard elements, or rights to their use;
- o Redefinition of any Town Home boundaries;
- o Convertibility of Town Homes into Common Area or Elements, or vice versa;
- o Expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project;
- o Hazard or fidelity insurance requirements;
- o Imposition of any restrictions on the leasing of Town Homes;
- o Imposition of any restrictions on an Owner's right to sell or transfer his Town Home;
- o A decision by the Association (if the Project consists of more than 50 Town Homes) to establish self-management if professional management had been required previously by the Project Documents or by an Eligible Mortgage holder;
- o Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the documents; and
- o Any provisions that expressly benefit Mortgage holders, insurers or guarantors.

Any addition or amendment shall not be considered material for purposes of this paragraph if it is for the clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Final Plat is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Board of Directors or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to

have approved the proposal. The foregoing consent requirements, however, shall not be applicable to amendments to this Declaration and the Final Plat or the termination of the legal status of the Project. If such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding Condemnation or Substantial Obsolescence.

33. Declarant's Sales Program. Anything to the contrary notwithstanding, until Declarant has sold all Town Homes owned by it, or the expiration of five (5) years following the date on which the Declaration is filed for record in the Office of the County Recorder, whichever first occurs, the following provisions shall be deemed to be in full force and effect. Neither the Owners, the Association, nor the Board of Directors shall interfere with the completion of improvements and sale of Declarant's Town Homes, and Declarant shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Town Homes owned by Declarant:

a) Sales Office and Model Town Homes. Declarant shall have the right to maintain one (1) or more sales offices and one (1) or more model Town Homes at any one time. Such office and/or models may be one or more of the Town Homes owned by the Declarant, one or more separate structures or facilities placed on the Property for the purpose of aiding Declarant's sales effort, or any combination of the foregoing;

b) Promotional. Declarant shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the Property in accordance with city ordinances.

c) Common Area Use. Declarant shall have the right to use the Common Areas of the Project including but not limited to the right to use the Clubhouse as a sales office and in any other way necessary to facilitate sales.

d) Relocation and Removal. Declarant shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the happening of the Event, Declarant shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Declarant's sales effort.

e) Restrictions in Favor of the Declarant. The recreational amenities or facilities at the Project may not be subject to any restriction or reservation in favor of the Declarant or any of its affiliates.

t) Leasing of Model Home. Notwithstanding anything contained in this Declaration to the contrary, the Owner of a Town Home leased to the Declarant shall not be required to pay an Assessment on the Town Home so long as it is being used as a model home.

34. Limitation on Improvements by Association. Until such time as the earlier of the following events occur: (a) all of the Additional Land has been added and the Declarant has sold or rented all of the Town Homes, or (b) five (5) years following the date on which the Declaration is filed for record in the Office of the County Recorder, or (c) such time as Declarant chooses, neither the Association nor the Board of Directors shall, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Declarant, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Declarant.

35. Completion Obligation. Declarant hereby covenants in favor of each Owner that within two {2} years from the date of any contract of sale:

a) Town Homes. Each Town Home which an Owner has contracted to purchase, the Building within which such Town Home is contained or is to be contained, and the appurtenant Private Yard Area shall be substantially constructed, and ready for use or occupancy (as the case may be); and

b) Common Area. There shall be substantially completed and usable as part of the Common Areas all planned landscaping, green space, sidewalks, parking facilities, roads, fences, outdoor lighting, and utility lines and conduits adjacent to the Town Home or Building in which a Town Home is located, and necessary for its use.

36. Rights Assignable. All of the rights of Declarant and/or Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Town Homes or Buildings in the Project title to which is vested in the name of Declarant and/or Declarant shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, • privileges, protections and controls which ate accorded to Declarant (in its capacity as Declarant) or Declarant (in its capacity as Declarant) herein.

37. Mortgagee Approval. If this Project has been approved by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA), then until the termination of the Period of Declarant's Control, the Declarant shall not annex additional properties or amend the Declaration without the prior written consent (where appropriate) of the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home, Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA).

38. Transfer of Management. Anything to the contrary notwithstanding, Declarant may at any time relinquish its reserved right to select the Members of the Board of Directors and may elect to transfer the management of the Project to a Board of Directors elected by the Owners. Upon the termination of the Period of Declarant's Control, or sooner if the Declarant so elects, Declarant shall notify Owners in writing of the effective date of such transfer (the "Transfer Date"). Thereupon, the Owners shall call a meeting to elect the Members of the Board of Directors to take office as of the Transfer Date; provided, however, if for any reason the Owners fail or refuse to meet or elect a governing board, the Declarant hereby reserves the right to appoint three (3) Owners as the initial members of the post-transition Board of Directors. Declarant to serve until their successors are duly elected. The Declarant covenants to cooperate with the Owners in effecting an orderly transition of management. Declarant shall cause all obligations for Common Expenses of the Association prior to the Transfer Date to be paid in full on or before such date, and shall transfer any Association funds to the newly elected Board of Directors.

39. Working Capital Fund. A working capital fund shall be established by the Declarant. The initial contributions to the working capital fund shall be equal to or greater than the amount of two (2) months' Assessments for each Town Home. Each Town Home's share of the working capital fund shall be collected from the buyer and transferred to the Board of Directors at the time of closing of the sale of each Town Home. The purpose of the working capital fund is to insure that the initial post-transition Board of Directors will have cash available to satisfy unforeseen expenses or to acquire additional equipment or services necessary for the administration of the Association, management of the Common Area, and enforcement of the Project Documents. Sums paid into the working capital fund are not to be considered as the advance payments of any Assessments or an Owner's share of the Common Expenses. When all of the Town Homes have been sold by the Declarant, the Board of Directors may continue the working capital fund by charging a reasonable transfer or impact fee when the Town Homes are subsequently sold or rented.

40. Separate Taxation. Each Town Home and its appurtenant ownership interest in the Association shall be considered to be a parcel and shall be subject to separate assessment and taxation by each assessing Town Home and special district for all types of taxes authorized by law, including ad valorem levies and special assessments. Neither the Building or Buildings, the property nor any of the Common Areas and Facilities may be considered a parcel for tax purposes.

41. Interpretation. To the extent Utah law is consistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions which precede the Articles and Sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

42. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other signatories hereto, all parties who hereafter acquire any interest in a Town Home or in the Project, and their respective grantees, transferees, heirs, devisees, personal representative, successors, and assigns. Each Owner or occupant of a Town Home shall comply with, and all interests in all Town Homes shall be subject to, the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Town Home in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

43. Enforcement and Right to Recover Attorneys Fees. All Owners or Permittees of an Owner, and persons under Owner's control, shall strictly comply with the provisions of the Project Documents. The Association and any aggrieved Owner shall have a right of action against Owners who fail to comply with provisions of the Declaration or the decisions of the Association. Owners shall have a similar right of action against the Association. Failure to so comply shall be grounds for: (a) an action to recover sums due for damages, including a reasonable attorney's fee, or injunctive relief or both, maintainable by the Board of Directors, or its agent or designee on behalf of the Owners, or in an appropriate case, by an aggrieved Owner; and/or (b) the Board of Directors to impose monetary penalties, temporary suspensions of an Owner's right to the use of a Unit or the Common Areas and Facilities, or other appropriate discipline so long as any such Owner has been given notice and has had an opportunity to present a written or oral defense to the charges in a hearing. The Board of Directors shall determine whether the Owner's defense shall be oral or written. After the hearing, but before any disciplinary action is taken, the Owner shall be notified of the decision of the Board of Directors. The Board of Directors may delegate to the Common Area Manager, the power and authority to carry out disciplinary actions duly imposed. The Association shall not be empowered to cause the absolute forfeiture of an Owner's right, title or interest in the Project on account of the Owner's failure to comply with the provisions of the Declaration or the rules and regulations for the Project except pursuant to: (1) The judgment of a court; or (2) A foreclosure for the failure of an Owner to pay assessments duly levied by the Association. The Association shall only be empowered to cause or require alteration or demolition of any construction to enforce any restrictions contained in this Declaration pursuant to judicial proceedings.

44. Agent for Service of Process. The President of the Association is the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent is Robin McCulloch and the initial office of the Registered Agent is 1156 S. State Street Suite 105 Orem, Utah 84097.

45. Expansion of the Project.

a) Reservation of Option to Expand. Declarant hereby reserves the option to expand the Project to include additional Town Homes in the Project. This option to expand may be exercised from time to time, at different times and in any order, without limitation, provided

however, the option shall expire five (5) years following the date on which the Declaration is filed for record in the Office of the County Recorder unless sooner terminated by Declarant's recorded Waiver of such option, there being no other circumstances which will cause the option to expire prior to said five (5) years. Such right may be exercised without first obtaining the consent or vote of Owners and shall be limited only as herein specifically provided. Such Town Homes shall be constructed on any or all portions of the Additional Property.

b) Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Declarant in the office of the County Recorder of Davis County, Utah, no later than five (5) years from the date this Declaration is recorded, a Supplement or Supplements to this Declaration containing a legal description of the site or sites for new Town Homes, together with supplemental Map or Maps containing the same information with respect to the new Town Homes as was required on the Map with respect to the Phase I Town Homes. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

c) Expansion of Definitions. In the event of such expansion the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Project as so expanded. The term "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Land added to the Project by a Supplemental Declaration or by Supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of Town Homes after such expansion shall be effective to transfer rights in the Project, with additional references to the Supplemental Declaration and the Supplemental Map. The recordation in the office of the County Recorder of a Supplemental Map incident to any expansion shall operate automatically to grant, transfer, and convey to then Owners of Town Homes in the Project as it existed before such expansion the respective ownership interests in the Association as a result of such expansion. Such recordation shall also operate to vest in any then mortgagee of any Town Home in the Project as it existed, a corresponding ownership interest in the Association as a result of such expansion.

d) Declaration Operative on New Town Homes. The new Town Homes shall be subject to all the terms and conditions of this Declaration and of a Supplemental Declaration, and the Town Homes therein shall be subject to Town Home Development ownership with all the incidents pertaining thereto as specified herein, upon recording the Supplemental Map and Supplemental Declaration in the said office of the County Recorder.

e) Right of Declarant to Adjust Ownership Interests in Association. Each deed of a Town Home shall be deemed to irrevocably reserve to the Declarant the power to appoint to Owners, from time to time, a corresponding ownership interest in the Association. The ownership interest of each Owner in the Association after any expansion of the Project shall be an ownership interest in the Association as the Project has been expanded. A power coupled with an interest is hereby granted to the Declarant, its successors and assigns, as attorney in fact to shift ownership interests in the Association in accordance with Supplemental or Declarations recorded pursuant hereto and each deed of a Town Home in the Project shall be deemed a grant of such power to the Declarant. Various provisions of this Declaration and deeds and mortgages

of the Town Homes may contain clauses designed to accomplish a shifting of the ownership interest in the Association. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the ownership interest in the Association can be accomplished. Notwithstanding anything to the contrary herein, no change in the ownership interest in the Association may be effected more than five (5) years after the effective date of the Declaration without the express prior written consent of at least two-thirds of the Owners.

Accordingly, upon the recordation of a Supplemental Declaration and Supplemental Map incident to any expansion, the revised schedule of ownership interests in the Association shall automatically become effective for all purposes and shall fully supersede any previous schedule associated with any prior phase.

t) Other Provisions Concerning Expansion. If the Project is expanded as hereinbefore contained, then it is further provided that:

(1) All or any part of the Additional Land may be added to the Project without any limitations whatsoever save and except that all additional Town Homes created must be restricted to multi family residential housing limited to one family per Town Home.

(2) Portions of the Additional Land may be added to the Project at different times without any limitations.

(3) Declarant shall have the right without further conveyance or documentation to build roads and access ways to the Additional Property through the easement areas as shown on the Map. The Association of Owners shall not allow anything to be built upon or interfere with said easement areas.

(4) No assurances are made concerning:

a. The locations of any improvement that may be made on any portion of the Additional Land that may be added to the Project.

b. Type, kind or nature of improvement which may be created on any portion of the Additional Land, except that the common facilities, Buildings and Town Homes will be comparable to the Phase I facilities on a per Town Home basis and will be of a similar quality of materials and construction to Phase I and will be substantially completed prior to annexation.

c. Whether any Town Homes created on any portion of the Additional Land will be substantially identical to those within the initial Project except that Town Homes will be constructed of an equal or better quality of materials and construction than the Town Homes in Phase I.

d. Type, size, or maximum number of Private Yard Areas which may be created within any portion of the Additional Land added to the Project.

(5) Notwithstanding anything to the contrary which may be contained herein, the Declaration is not intended, and shall not be construed so as to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (a) the submission of any portion of the Additional Land to the provisions of the Act as Land under this Declaration; (b) the creation, construction, or addition to the Project of any additional property; (c) the carrying out in any particular way or within any particular time of any development which may be undertaken except as herein mentioned; or (d) the taking of any particular action with respect to the Additional Land, the Project, or any Land.

(6) Assuming that only Phase 1 of the Project is completed, there would be 2 Buildings, and the minimum number of Town Homes would be 9 and the maximum ownership interest of each Town Home in the Association would be 1/9 or 1.11%. Assuming all Phases in the Project are completed and all of the Additional Land is added to the Project (a) the maximum number of Buildings would be 7; (b) the maximum number of Town Homes would be 35; (c) there would be approximately 2.75 acres; (d) the maximum number of Town Homes per net acre would be about 2.55 and (e) the minimum ownership interest of each Town Home in the Association would be 1/35 or 2.85714%. Provided, however, the number of Town Homes actually constructed and the actual ownership interest of each Town Home in the Association may actually be somewhere in between the numbers and percentages set forth above.

g) General Liability Insurance Policy for Expansion of Project. If this Project has been approved by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Department of Veterans Affairs (VA), then pursuant to Title 38, CFR Section 36.4360 (a) (5), which is incorporated herein by this reference, the Declarant shall purchase at its own expense and maintain a general liability insurance policy in the sum of not less than \$1,000,000.00 to cover any liability which Owners of previously sold Town Homes are exposed to as a consequence of further and future expansion of the project pursuant hereto.

46. Combination of Town Homes. An Owner of two or more adjoining Town Homes shall have the right upon approval of the Board of Directors and the mortgagees of said Town Homes, to combine one or more adjoining Town Homes or portions thereof and to alter or amend the Declaration and Final Plat to reflect such combination.

a) Such amendments may be accomplished by the Owner recording an amendment or amendments to this Declaration, together with an amended Final Plat containing the same information with respect to the altered Town Homes as required in the initial Declaration and Final Plat with respect to the initial Town Homes. All costs and expenses required in such amendments shall be borne by the Owner desiring such combination.



b) All such amendments to the Declaration and Final Plat must be approved by attorneys employed by the Board of Directors to insure the continuing legality of the Declaration and the Final Plat. The cost of such review by the attorneys shall be borne by the person wishing to combine the Town Homes.

c) Any amendments of the Declaration or Final Plat pursuant to this paragraph shall reflect the changes occasioned by the alteration. Such changes shall include a change in the ownership interest in the Association which are appurtenant to the Town Homes involved in the alterations. The remaining combined Town Home, if two or more Town Homes are totally combined, will acquire the total ownership interest in the Association appurtenant to the Town Homes that are combined. If a portion of one Town Home is combined with another, the resulting Town Homes shall acquire a proportionate ownership interest in the Association involved in the combination on the basis of area remaining in the respective, combined Town Homes. The ownership interest in the Association appurtenant to all other Town Homes shall not be changed. All such amendments must, in all instances, be consented to by the Board of Directors and also all other persons holding interest in the Town Homes affected. The consent of other Owners need not be obtained to make such amendments or alterations valid, providing the ownership interest in the Association of the other Owners remain unchanged.

47. Fines, Penalties and Sanctions. After written notice and the opportunity to be heard, the Board of Directors may charge a fine, charge a penalty or levy sanctions for a breach of the Project Documents. A lien may be filed against the Owner's interest in the Property to secure payment of a fine.

48. Security. Neither the Declarant, Declarant nor Association shall in any way be considered insurers or guarantors of security within the Project. Neither the Declarant, Declarant nor Association shall be held liable for any loss or damage, including malfunction, by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and Permittees acknowledge that neither the Declarant, Declarant, Association, Board of Directors nor Manager, or their employees, agents or representatives represent or warrant that any fire protection system or burglar alarm system designated by or installed in the Project may not be compromised or circumvented, that any fire protection or burglar alarm systems will prevent loss by fire, smoke, burglary, theft, hold up, or otherwise nor that the gate, fire protection or burglary alarm systems will in all cases provide the detection or protection for which the system is designed or intended. Each Owner for himself and his Guests and Permittees acknowledges and understands that the Declarant, Declarant, Association, Board of Directors and Manager, and their employees, agents or representatives are not insurers and that each Owner and his Permittees expressly, by accepting a deed or other document of conveyance or taking possession of a Town Home or entering the Project, assume all risks for loss or damage to persons or property within the Project and further acknowledges that Declarant, Declarant, Association, Board of Directors and Manager, and their employees, agents or representatives have made no representations or warranties nor has any Owner or his Permittees relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire and/or burglar alarm systems recommended or installed or any security measures undertaken within the Project.

49. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Final Plat shall take effect upon its being filed for record in the office of the County Recorder of Davis County, Utah.

Dated this 9<sup>th</sup> day of August, 2009.

ANGEL STREET PARTNERS, LLC

A Utah limited liability company

By: 

Name: Robin McCulloch

Title: Manager

By: 

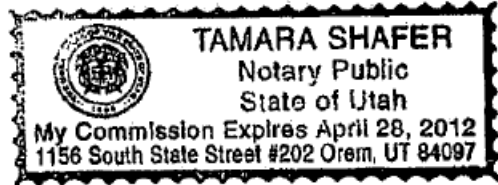
Name: Terril Mortensen

Title: Manager

STATE OF UTAH            )  
  ss:  
COUNTY OF UTAH        )

On the 9<sup>th</sup> of August, 2009, personally appeared before me Robin McCulloch and Terril Mortensen, who by me being duly sworn, did say that they are the Managers of Angel Street Partners, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Robin McCulloch and Terril Mortensen duly acknowledged to me that said Company executed the same.

  
NOTARY PUBLIC



*Exhibit "A"*

**Property Description**

The land referred to is located in **Davis** County, State of **Utah**, and is described as follows:

**PARCEL 1 TO 6: UNITS 1, 2, 3, 4, 5 AND 6, BUILDING 1, ANGEL STREET TOWNHOMES - PHASE 1, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE DAVIS COUNTY RECORDER'S OFFICE.**

**PARCEL 7 TO 9: UNITS 1, 2 AND 3, BUILDING 2, ANGEL STREET TOWNHOMES - PHASE 1, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE DAVIS COUNTY RECORDER'S OFFICE.**

**EXHIBIT "B"**

**BYLAWS  
FOR  
COURTYARDS AT ANGEL STREET HOMEOWNERS ASSOCIATION**

**ARTICLE I  
REGISTERED AGENT AND OFFICE**

1. Office and Registered Agent. The initial Registered Agent is Robin McCulloch and the initial office of the Registered Agent is 1156 S. State Street Suite 105 Orem, Utah 84097. After transfer of management and control of the Association is made by the Declarant to the members of the Association, the Registered Agent shall be the President of the Association and the Registered Office shall be the home of the President or such other place as shall be designated by him.

**ARTICLE II  
ASSOCIATION**

1. Composition. The Association is a mandatory home owners association consisting of all Owners at Courtyards at Angel Street.

2. Meetings. The Association shall meet at least annually.

3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place as may be designated by the Board of Directors from time to time and stated in the notice of meeting.

4. Notice of Meeting. It shall be the duty of the Secretary to hand deliver or mail to each Owner at his last known address, by regular U.S. mail postage prepaid, a notice of (a) each annual meeting of the Association not less than ten (10) and not more than thirty (30) days in advance of such meeting. The notice shall state the purpose, day, date, time and place of the meetings. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

5. Qualified Voters. An Owner shall be deemed to be in "good standing" and "entitled to vote" at any meeting of the Association if he is in full compliance with all of the terms, covenants, and conditions of the Project Documents, and shall have fully paid his share of the Common Expenses and all Assessments and/or Additional Charges due.

6. Proxies. The votes appertaining to any Town Home may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Town Home Owner, or in cases where the Owner is more than one person, by or on behalf of all such persons. Any proxy shall be void if it is not dated, if it purports to be revocable without notice, or if it is not signed by a person having

authority, at the time of the execution thereof, to execute deeds on behalf of that person. Unless it expressly states otherwise, a proxy shall terminate automatically (a) if the Owner attends the meeting in person, (b) it is revoked in writing and written notice of the revocation is given to the Secretary of the Association prior to the meeting, and (c) upon the adjournment of the first meeting held on or after the date of that proxy. Each proxy must be filed with the Secretary of the Association prior to the meeting. Only individual Owners or the legal representative of an institutional Owner may be proxies.

7. Quorum Voting. The members of the Association present at a meeting in person or by proxy shall constitute a quorum for the adoption of decisions. When a quorum is present at any meeting, the vote of the Owners representing a majority of the members of the Association in person or by proxy, shall decide any question brought before the meeting. If the Declaration requires a fixed percentage of Owners to approve any action, however, that percentage shall be required anything to the contrary notwithstanding.

8. Order of Business. The order of business at all meetings of the Association shall be as follows:

- a. roll call;
- b. proof of notice of meeting;
- c. reading of minutes of preceding meeting;
- d. reports of officers;
- e. report of special committees, if any;
- f. election of inspectors of election, if applicable;
- g. election of members of Board of Directors, if applicable;
- h. unfinished business; and
- i. new business.

9. Conduct of Meeting. The President shall, or in his absence the Vice-President, preside over all meetings of the Association; and the Secretary shall keep the minutes of the meeting as well as record of all transactions occurring thereat.

10. Action May Be Taken Without A Meeting. Any action to be taken at the meeting of the Association may be taken without a meeting if at least ten (10) days prior written notice of the proposed action has been sent to all Owners and thereafter consents in writing signed by the percentage required to approve the measure have been obtained.

### **ARTICLE III BOARD OF DIRECTORS**

1. Powers and Duties. The affairs and business of the Association shall be managed and directed by the Board of Directors. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association in accordance with the provisions of the Declaration and may do all such acts and things necessary to operate and maintain the Project. The Board of Directors shall have the power from time to time to adopt any Rules and Regulations deemed proper for the exercise of its management powers. The

Board of Directors may delegate its authority to a manager or managers. Subject to any limitations or provisions contained in the Declaration, the Board of Directors shall be responsible for at least the following:

- a) Preparing of an annual budget;
- b) Allocating the Common Expenses;
- c) Maintaining the Common Areas and Facilities.
- d) Collecting Assessments.
- e) Adopting and enforcing the Rules and Regulations.
- f) Creating bank accounts.
- g) Enforcing by legal means the Project Documents.
- h) Obtaining insurance.
- i) Keeping books and records.
- j) Paying for common utilities.
- k) Charging fines;
- l) Immobilizing, towing and/or impounding motor vehicles;
- m) Doing such other things and acts necessary to accomplish the foregoing and not inconsistent with the Project Documents, or to do anything required by a proper resolution of the Board of Directors or Association.

2. Composition of Board of Directors. The Board of Directors shall be composed of three (3) individuals.

3. Election and Term of Office of the Board of Directors. The term of office of membership on the Board of Directors shall be two (2) years; provided, however, at the first annual meeting of the Association after the termination of the Period of Declarant's Control, the odd number of members elected to serve on the Board of Directors shall serve a one (1) year term. Thereafter all members shall be elected to serve a two (2) year term. At the expiration of the member's term, a successor shall be elected by the majority vote of Owners present in person or by proxy at a meeting of the Association duly called for this purpose.

4. First Meeting. The first meeting of the members of the Board of Directors shall be immediately following the annual meeting of the Association or at such other time and place designated by the Board of Directors.

5. Regular Meetings. Regular meetings of the Board of Directors shall be held from time to time and at such time and place as shall be determined by a majority of the members of the Board of Directors, but no less often than monthly.

6. Special Meetings. Special meetings of the Board of Directors may be called by the President, Vice President or a majority of the members on at least forty-eight (48) hours prior notice to each member. Such notice shall be given personally, by regular U.S. Mail postage prepaid, or by telephone, and such notice shall state the time, place and purpose of the meeting. Any meeting attended by all members of the Board of Directors shall be valid for any and all purposes.

7. Waiver of Notice. Before or at any meeting of the Board of Directors, any member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board of Directors shall constitute a waiver of notice. If all the members are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

8. Board of Directors's Quorum. At all meetings of the Board of Directors, a majority of the members then in office shall constitute a quorum for the transaction of business, and the acts of the majority of all the Board of Directors members present at a meeting at which a quorum is present shall be deemed to be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time but for no longer than two days. At any such rescheduled meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Board of Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the total members remaining may constitute less than a quorum of the Board of Directors; and each person so elected shall be a member for the remainder of the term of the member so replaced. A vacancy created by the removal of a member by a vote of the Association shall be filled by the election and vote of the Association.

10. Removal of Board of Directors Member. A member of the Board of Directors may be removed with or without cause, and his successor elected, at any duly called regular or special meeting of the Association at which a quorum of the Association is present, by an affirmative vote of a majority of the members of the Association. Any member whose removal has been proposed by the Owners shall be given at least thirty days notice of the calling of the meeting and the purpose thereof and an opportunity to be heard at the meeting. Any Board of Directors

Member who misses twenty-five percent (25%) or more of the Board of Directors Meetings or who misses three (3) consecutive meetings, in any calendar year, shall be automatically removed from the Board of Directors.

11. Presiding Authority. The President shall preside over all meetings of the Board of Directors.

12. Minutes. The Secretary shall keep a Minute Book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

13. Report of Board of Directors. The Board of Directors shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Association.

14. Action May Be Taken Without A Meeting. Any action to be taken at the meeting of the Board of Directors or any action that be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting for the action so taken, shall be signed by all the members of the Board of Directors. An explanation of the action taken shall be posted at a prominent place or places within the common areas with three (3) days after the written consents of all of the members of the Board of Directors have been obtained.

#### **ARTICLE IV OFFICERS**

1. Designation. The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint assistant secretaries and such other officers as in its judgment may be necessary. The President, Secretary and Treasurer must be members of the Board of Directors. Two or more offices may be held by the same person, except that the President shall not hold any other office.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of each Board of Directors immediately following the annual meeting of the Association and shall hold office at the pleasure of the Board of Directors. Any vacancy in an office shall be filled by the Board of Directors at a regular meeting or special meeting called for such purpose.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purposes.



4. President. The President shall be the chief executive officer; he shall preside at meetings of the Association and the Board of Directors shall be an ex officio member of all Board of Directors; he shall have general and active management of the business of the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall have all of the general powers and duties which are usually vested in or incident to the use of president of a corporation organized under the laws of the State of Utah.

5. Vice-President. The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors or the President shall prescribe. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint a member of the Board of Directors to do so on an interim basis.

6. Secretary. The secretary shall attend all meetings of the Board of Directors and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for Board of Directors when required. He shall give, or cause to be given, notices for all meetings of the Association and the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors. The Secretary shall compile and keep current at the principal office of the Association, a complete list of the Owners and their last known post office addresses. This list shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same, at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the Minute Book of the Association, containing the minutes of all annual and special meetings of the Association and all sessions of the Board of Directors including resolutions.

7. Treasurer. The Treasurer shall have custody of all funds and securities that are not under the control of the Managing Agent, and with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements, shall prepare all required financial data, and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board of Directors. He shall disburse funds as ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and members, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Project.

#### **ARTICLE V FISCAL YEAR**

The fiscal year of the Association shall be the calendar year consisting of the twelve (12) month period commencing on January 1 of each year terminating on December 31 of the same year. The fiscal year herein established shall be subject to change by the Board of Directors should it be deemed advisable or in the best interests of the Association.

**ARTICLE VI  
INVESTMENT OF COMMON FUNDS**

Common funds may only be deposited into institutions which are federally insured.

**ARTICLE VII  
AMENDMENT TO BYLAWS**

1. Amendment. These Bylaws may be amended (a) unilaterally by the Declarant prior to the termination of the Period of Declarant's Control, (b) by a majority of the members of the Board of Directors, or (c) by a majority of Total Vote. So long as the Declarant owns a Town Home, any amendments to the Bylaws are expressly conditional upon its prior written consent. If there is a conflict, inconsistency or incongruity between a vote of the Board of Directors and the Association, the latter shall in all respects govern and control.

2. Execution of Amendments.

a) An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder.

b) An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association, who shall certify that all of the voting requirements have been satisfied, and the Declarant, if the Declarant's consent is also required, and recorded in the office of the County Recorder.

3. Effective Upon Recording. An amendment to these Bylaws shall become effective immediately upon recordation in the Office of the County Recorder.

**ARTICLE VIII  
NOTICE**

1. Manner of Notice. All notices, demands, bills, statements, or other communications provided for or required under these Bylaws (except as to notices of Association meetings which were previously addressed in Article II of these Bylaws) shall be in writing and shall be deemed to have been duly given if delivered personally or sent by regular U.S. Mail postage pre-paid, a) if to an Owner, at the address of his Town Home and at such other address as the Owner may have designated by notice in writing to the Secretary; or b) if to the Board of Directors or the Manager, at the principal office of the Manager or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section.

2. Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, the Declaration, or of these Bylaws, a waiver thereof, in writing, signed by the

person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto, unless such waiver is ineffective under the provisions of the Declaration.

**ARTICLE IX  
BOOKS AND RECORDS**

1. Books and Records. All books and records shall be kept in accordance with generally accepted accounting practices.

2. Financial Statements: Upon the written request of any Town Home Owner, the Board of Directors shall mail to such member its most recent financial statements showing in reasonable detail its assets and liabilities and the results of its operation, unless the member has already received the same.

3. Limitation of Liability. Neither the Association nor any director, officer, employee or agent of the Association shall be liable to the member or anyone to whom the member discloses the financial statement or any information contained therein for any error or omission therein, whether caused without fault, by negligence or by gross negligence, unless (1) the error or omission is material, (2) the director, officer, employee or agent in question knew of the error or omission and intended for the member or other person to rely thereon to his detriment, (3) the member or other persons did reasonably rely thereon, and, in addition, (4) he is otherwise liable under applicable law.

4. Independent Compilation, Review or Audit. Within 120 days of the end of the Association's fiscal year, the Board of Directors shall provide either a Compilation Report, Reviewed Financial Statement, or an Audited Financial Statement<sup>3</sup>, prepared by an independent CPA.<sup>4</sup> At least every third year, or whenever requested in writing by a majority of members of

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<sup>3</sup> The Board of Directors should be sensitive to the legal requirements for, and the costs involved in, preparing financial reports. The Board of Directors may require preparation of anything from merely compiled financial statements to a full audit. With compiled financial statements, the accountant simply takes information supplied by the Board of Directors of the association and puts it in proper financial statement form, without attempting to verify the information supplied. The accountant expresses no assurances regarding the financial statements. Reviewed financial statements involve certain inquiries and analytical procedures by the accountant concerning the association's accounting methods. A review should provide the accountant with a reasonable basis for expressing limited assurances to home owners that no material modification need be made to the financial statements. Audited financial statements require detailed examination, tests of accounting records and methods, and direct verification of assets and liabilities with banks, attorneys, creditors, and others. Generally, the accountant will give the association an unqualified opinion that the financial statements fairly represent the financial position of the association. Although audited financial statements may be the most thorough, they are also the most expensive financial report and may be unnecessary for the average association. A compilation is generally the least expensive type of report, but it gives the Owners no assurances that the Board of Directors is accounting for association monies in accordance with generally accepted accounting principles. For this reason, the Board of Directors may wish to require only a review, which should be adequate to fulfill the Board of Directors's fiduciary duty to account to the home owners.

<sup>4</sup> The CPA may not own or reside in a Unit, serve on the Board of Directors, be an officer, agent, representative or employee of the Association, or otherwise have a conflict of interest, real or apparent.

the Board of Directors or Owners, the Board of Directors shall provide an Audited Financial Statement. The cost of the Compilation Report, Reviewed Financial Statement, or an Audited Financial Statement shall be a common expense.

**ARTICLE X**  
**COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS**

1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provision of the Declaration shall control.

2. Waiver. No restriction, condition, obligation, or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

3. Captions. The captions contained in these Bylaws are for convenience only and are not part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

4. Interpretation. Whenever in these Bylaws the context so requires, the singular number shall refer to the plural and the converse; and the use of any gender shall be deemed to include both masculine and feminine; and the term "shall" is mandatory while the term "may" is permissive.

5. Severability. The invalidity of any one or more phrases, sentences, subparagraphs, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this document should be invalid or should operate to render this document invalid, this document shall be construed as if such invalid phrase or phrases, sentence or sentences, subparagraph or subparagraphs, paragraph or paragraphs, subsection or subsections, or section or sections had not been inserted.

Dated the 9<sup>th</sup> day of August, 2009.

ANGEL STREET PARTNERS, LLC  
A Utah limited liability company

By: 

Name: Robin McCulloch

Title: Manager

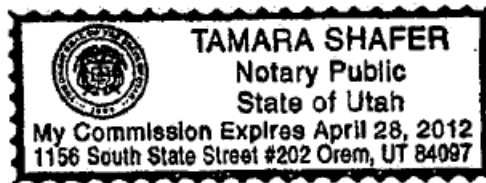
By: Terril D. Mortensen  
Name: Terril Mortensen  
Title: Manager

STATE OF UTAH            )  
                                  ss:  
COUNTY OF UTAH        )

On the 9<sup>th</sup> day of August, 2009, personally appeared before me Robin McCulloch and Terril Mortensen, who by me being duly sworn, did say that they are the Managers of Angel Street Partners, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Robin McCulloch and Terril Mortensen duly acknowledged to me that said Company executed the same.

[Signature]  
Notary Public

Commission Expires:



**BK 4898 PG 1132**

**EXHIBIT "C"**

**PERCENTAGES OF OWNERSHIP**

<u>Phase</u>	<u>Bldg. No.</u>	<u>Unit No.</u>	<u>Street Address</u>	<u>Type</u>	<u>Percentage</u>
1	1	1	1408 North 1150 West	Marseilles	1.11%
1	1	2	1412 North 1150 West	Calais	1.11%
1	1	3	1414 North 1150 West	Calais	1.11%
1	1	4	1418 North 1150 West	Calais	1.11%
1	1	5	1422 North 1150 West	Calais	1.11%
1	1	6	1426 North 1150 West	Marseilles	1.11%
1	2	1	1131 West 1450 North	Marseilles	1.11%
1	2	2	1127 West 1450 North	Calais	1.11%
1	2	3	1123 West 1450 North	Marseilles	1.11%
<b>TOTALS:</b>					
1	2	9			100%

WHEN RECORDED RETURN TO:  
ANGEL STREET PARTNERS, LLC  
758 South 400 East  
Orem, Utah 84097  
(801)447-5155

E 2512545 B 4965 P 397-401  
RICHARD T. MAUGHAN  
DAVIS COUNTY, UTAH RECORDER  
2/19/2010 12:58:00 PM  
FEE \$21.00 Pgs: 5  
DEP eCASH REC'D FOR BARTLETT TITLE INS AGENCY INC

Tax ID 10-284-0001  
10-284-0002  
10-284-0003  
10-284-0004

FIRST SUPPLEMENT TO  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,  
AND RESERVATION OF EASEMENTS  
FOR  
COURTYARDS AT ANGEL STREET  
(an Expandable Utah Town Home Development)

This First Supplement to Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street is made and executed by ANGEL STREET PARTNERS, LLC, a Utah limited liability company, of 758 South 400 East, Orem, Utah 84097 (the "Declarant").

**RECITALS**

Whereas, the original Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street was recorded in the office of the County Recorder of Davis County, Utah on November 9, 2009 as Entry No. 2492257 in Book 4898 at Pages 1071-1132 of the Official Records (the "Declaration").

Whereas; a Final Plat was also recorded in the office of the County Recorder of Davis County, Utah.

Whereas, pursuant to Article III, Section 32 of the Declaration, Declarant has the unilateral right to supplement the Declaration

Whereas, Declarant is the fee simple owner of record of that certain real property located in Davis County, Utah and described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

Whereas, under the provisions of the Declaration, Declarant expressly reserved the absolute right to add to the Project any or all portions of the Additional Land at any time and in any order, without limitation.

Whereas, under the provisions of the Declaration, Declarant expressly reserved the absolute right to develop the land submitted to the Act and the Declaration in phases, at any time and in any order, without limitation.

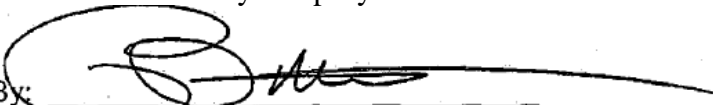
**AGREEMENT**

NOW, THEREFORE, for the reasons recited above, and for the benefit of the Project and the Unit Owners thereof, Declarant hereby executes this First Supplement to Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street.

1. **Legal Description.** The Property described in Exhibit "A" is hereby submitted to the provisions of the Act and said land shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Declaration, as amended or supplemented.
2. **Annexation.** Declarant hereby declares that the Property has been annexed to and is subject to the Declaration. The recordation of this First Supplement to the Declaration shall constitute and effectuate the contraction of the Project, making only the real property described in Exhibit "A" subject to the Declaration and the functions, powers, rights, duties and jurisdiction of the Association.
3. **Development Schedule.** Declarant intends to develop the real property known as Building 3 now and Buildings 1 and 2 will be developed later.
4. **Total Number of Town Homes Revised.** Because of the change in the development schedule and as shown on the recorded Plat 2 for Building No. 3, which is a 4-plex, there is one Building and there will be four (4) Town Homes in the Project. The number of Buildings and the number of Town Homes is subject to change.
5. **Percentage Interest Revised.** Because of the change in the development schedule and pursuant to the Act and the Declaration, Declarant is required, with the revision of the number of Town Homes to reallocate the undivided percentages of ownership interest in the Association. Exhibit "C" (Percentages of Undivided Ownership Interests) to the Declaration is hereby deleted in its entirety and "Revised Exhibit 'C,'" attached hereto and incorporated herein by this reference, is substituted in lieu thereof.
6. **Effective Date.** The effective date of this First Supplement to the Declaration and Plat 2 for Building 3 shall be the date on which said instruments are filed for record in the Office of the County Recorder of Davis County, Utah.

EXECUTED the 11 day of February, 2010.

ANGEL STREET PARTNERS, LLC  
a Utah limited liability company

By:   
Name: Robin McCulloch  
Title: Manager



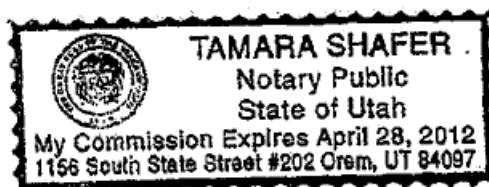
ANGEL STREET PARTNERS, LLC  
a Utah limited liability company

By: Terril P. Mortensen  
Name: Terril Mortensen  
Title: Manager

STATE OF UTAH            )  
                                  ss:  
COUNTY OF UTAH        )

On the *11* day of February, 2010, personally appeared before me Robin McCulloch and Terril Mortensen, who by me being duly sworn; did say that they are the Managers of Angel Street Partners, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Robin McCulloch and Terril Mortensen duly acknowledged to me that said Company executed the same.

T. Shafer  
Notary Public



**EXHIBIT "A"**

**COURTYARDS AT ANGEL STREET  
LEGAL DESCRIPTION**

The Property described in the foregoing document as Plat 2, Building 3 is located in Davis County, Utah and is described more particularly as follows:

UNITS 1, 2, 3 AND 4, BUILDING 3, ANGEL STREET TOWNHOMES - PHASE 2,  
ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE  
DAVIS COUNTY RECORDER'S OFFICE.

Together with the right and easement of use and enjoyment in and to the common areas as  
set forth on said plat.

APN: 10-284-0001  
10-284-0002  
10-284-0003  
10-284-0004

REVISED EXHIBIT "C"  
PERCENTAGES OF UNDIVIDED OWNERSHIP INTEREST

<b>Phase</b>	<b>Building No.</b>	<b>Unit No.</b>	<b>Percentage of Ownership Interest</b>
1	3	A	25%
1	3	B	25%
1	3	C	25%
1	3	D	25%
<b>TOTAL:</b>			100%

WHEN RECORDED RETURN TO:  
ANGELSTREETPARTNERS,LLC  
1156 S. State Street, Suite 105  
Orem, Utah 84097  
10-284-0001 thru 0003  
10-289-0001 thru 0010

E 2590-340 B 5235 P 158-162  
RICHARDT, MAUGHAN  
DAVIS COUNTY, UTAH RECORDER  
0.3/22/2011 10:26 AM  
FEE \$30.00 Pgs: 5  
DEP RTT REC'D FOR LAYTON CITY

S SECOND SUPPLEMENT TO D  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,  
E AND RESERVATION OF EASEMENTS  
FOR  
C COURTYARDS AT ANGEL STREET  
(an Expandable Utah Town Home Development)

This Second Supplement to Declarations of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street is made and executed by ANGEL STREET PARTNERS, LLC, a Utah limited liability company, of 1156 S. State Street, Suite 105, Orem, Utah 84097 (the "Declarant").

**RECITALS**

Whereas, the original Declaration of Covenants; Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street was recorded in the office of the County Recorder of Davis County, Utah on November 9, 2009 as Entry No. 2492257 in Book 4898 at Pages 1071-1132 of the Official Records (the "Declaration").

Whereas, the First Supplement to Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street was recorded in the office of the County Recorder of Davis County, Utah on February 19, 2010 as Entry No. 2512545 in Book 4965 at Pages 397-401 of the Official Records.

Whereas, a Final Plat was also recorded in the office of the County Recorder of Davis County, Utah.

Whereas, pursuant to Article III, Section 32 of the Declaration, Declarant has the unilateral right to supplement the Declaration.

Whereas, Declarant is the fee simple owner of record of that certain real property located in Davis county, Utah and described with particularity on Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

Whereas, under the provision of the Declaration, Declarant expressly reserved the absolute right to add to the Project any or all portions of the Additional Land at any time and in any order, without limitation.

Whereas, under the provision of the Declaration, Declarant expressly reserved the absolute right to develop the land submitted to the Act and the Declaration in phases, at any time and in any order, without limitation.

**AGREEMENT**

NOW, THEREFORE, for the reasons recited above, and for the benefit of the Project and Unit Owners thereof, Declarant hereby executes this Second Supplement to Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street.

1. **Legal Description.** The Property described in Exhibit "A" is hereby submitted to the provision of the Act and said land shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Declaration, as amended or supplemented.

2. **Annexations.** Declarant hereby declares that the Property has been annexed to and is subject to the Declaration. The recordation of this Second Supplement to the Declaration shall constitute and effectuate the expansion of the Project, making the real property described in Exhibit "A" subject to the Declaration and the functions, powers, rights, duties and jurisdiction of the Association.

3. **Development.** Declarant has developed the real property known as Plat 2, Building 3 and Angel Street Townhomes Phase 1 Amendment, Buildings 1 and 2.

4. **Total Number of Town Homes Revised.** Because of the change in development and as shown on the recorded Angel Street Townhomes Phase I Amendment, which includes Building 1 which is a 6-plex and Building 2 which is a 3-plex, there are three Buildings and there will be thirteen (13) Town Homes in the Project. The number of Buildings and number of Town Homes is subject to change.

5. **Percentage Interest Revised.** Because of the change in development and pursuant to the Act and the Declaration, Declarant is required, with revision of the number of Town Homes to reallocate the undivided percentages of ownership interest in the Association. Exhibit "C" (Percentages of Undivided Ownership Interest) to the Declaration is hereby deleted in its entirety and "Revised Exhibit 'C' ," attached hereto and incorporated by this reference, is substituted in lieu thereof.

6. **Effective Date.** The effective date of this Second Supplement to the Declaration and Angel Street Townhomes Phase 1 Amendment shall be the date on which said instruments are filed for record in the Office of the County Recorder of Davis County, Utah.

EXECUTED the\_ day of February, 2011.

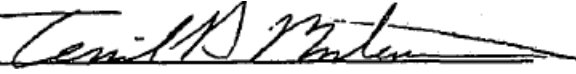
ANGELSTREETPARTNERS.LLC

          c a n y

Name: o m cCulloch


Title: Manager

ANGEL STREET PARTNERS, LLC  
a Utah limited liability company

By:   
Name: Terril Mortensen  
Title: Manager

STATE OF UTAH            )  
  ss:  
COUNTY OF UTAH        )

On the 9<sup>th</sup> day of February, 2011, personally appeared, before me Robin McCulloch and Terril Mortensen, who by me being duly sworn, did say that they are Managers of Angel Street Partners, LLC, a Utah limited liability company, and that the within and foregoing instrument was signed in behalf of said Company by authority of its Articles of Organization or a resolution of its Members, and said Robin McCulloch and ~~Terril Mortensen~~ duly acknowledged to me that said Company executed the same.

  
\_\_\_\_\_  
Notary Public



**EXHIBIT "N"**

**COURTYARDS AT ANGEL STREET  
LEGAL DESCRIPTION**

The Property described in the foregoing document as Plat 2, Building 3 and Angel Street Townhomes Phase 1 Amendment, Buildings 1 and 2, are located in Davis County, Utah and are described more particularly as follows:

UNITS 1, 2, 3, AND 4 BUILDING 3, ANGEL STREET TOWNHOMES - PLAT 2, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE DAVIS COUNTY REDORDER'S OFFICE.

UNITS 1, 2, 3, 4, 5, AND 6 BUILDING 1, ANGEL STREET TOWNHOMES PHASE 1 AMENDMENT, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE DAVIS COUNTY REDORDER'S OFFICE.

UNITS 1, 2, AND 3 BUILDING 2, ANGEL STREET TOWNHOMES PHASE 1 AMENDMENT, ACCORDING TO THE OFFICIAL PLAT THEREOF. ON FILE AND OF RECORD IN THE DAVIS COUNTY REDORDER'S OFFICE.

Together with the right and easement of use and enjoyment in and to the common areas as set forth on said plats.

APN: 10-284-001  
10-284-002  
10-284-003  
10-284-004  
10-283-001  
10-283-002  
10-283-003  
10-283-004  
10-283-005  
10-283-006  
10-283-007  
10-283-008  
10-283-009

*Previous No's  
(now deleted)*

**REVISED EXHIBIT "C"**  
**PERCENTAGES OF UNDIVIDED OWNERHISP INTEREST**

Phase	Building No.	Unit No.	Percentage of Ownership Interest
2	3	1	7.69%
2	3	2	7.69%
2	3	3	7.69%
2	3	4	7.69%
1	1	1	7.69%
1	1	2	7.69%
1	1	3	7.69%
1	1	4	7.69%
1	1	5	7.69%
1	1	6	7.69%
1	2	1	7.69%
1	2	2	7.69%
1	2	3	7.69%



WHEN RECORDED, MAIL TO:  
D.R. Horton, Inc.  
12351 South Gateway Park, Suite D-100  
Draper, UT 84020  
Attention: Boyd A. Martin

E 2698215 B 5641 P 23-33  
RICHARD T. NAUGHAN  
DAVIS COUNTY, UTAH RECORDER  
11/02/2012 08:25 AM  
FEE \$64.00 Pgs: 11  
DEP RTT REC'D FOR D R HORTON INC

**RETURNED**  
**NOV 02 2012**

**THIRD SUPPLEMENT TO  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,  
AND RESERVATION OF EASEMENTS  
FOR  
COURTYARDS AT ANGEL STREET  
(AN EXPANDABLE UTAH TOWNHOME DEVELOPMENT)**

This Third Supplement to Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street (this "Third Supplement") is made and executed by D.R. HORTON, INC., a Delaware corporation ("D.R. Horton"), and by COURTYARDS AT ANGEL STREET HOMEOWNERS ASSOCIATION, INC., a Utah nonprofit corporation (the "Association").

**RECITALS**

1. On August 9, 2009, Angel Street Partners, LLC, a Utah limited liability company (the "Original Declarant"), executed that certain document entitled Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street, an Expandable Utah Town Home Development (the "Original Declaration"), which Original Declaration was recorded in the Office of the Recorder of Davis County, Utah on November 9, 2009 as Entry No. 2492257 in Book 4898, at Pages 1071-1132. Capitalized terms that are defined in the Original Declaration shall have the same meanings when used in this Third Supplement, unless otherwise specifically provided herein.

2. The Original Declaration has subsequently been supplemented and amended by that certain First Supplement to Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street (the "First Supplement"), which First Supplement was executed by Original Declarant on February 11, 2010, and which First Supplement was recorded in the Office of the Recorder of Davis County, Utah on February 19, 2010 as Entry No. 2512545 in Book 4965, at Pages 397-401.

3. The Original Declaration, as supplemented and amended by the First Supplement, was further supplemented and amended by that certain Second Supplement to Declaration of Covenants, Conditions and Restrictions, and Reservation of Easements for Courtyards at Angel Street (the "Second Supplement"), which Second Supplement was executed by Original Declarant on March 9, 2011, and which Second Supplement was recorded in the Office of the

Recorder of Davis County, Utah on March 22, 2011 as Entry No. 2590340 in Book 5235, at Pages 158-162.

4. The Original Declaration, as supplemented and amended by the First Supplement and the Second Supplement, pertains to and affects that certain real property located in Davis County, Utah, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

5. The following three (3) plats pertaining to the Angel Street Townhomes have been recorded in the Office of the Recorder of Davis County, Utah: (1) Angel Street Townhomes Phase 1 Amendment recorded in the Office of the Recorder of Davis County, Utah on March 22, 2011 as Entry No. 2590330 in Book 5235, at Page 157 (the "Phase 1 Plat"); (2) Angel Street Townhomes Phase 2 recorded in the Office of the Recorder of Davis County, Utah on October 6, 2008 as Entry No. 2397166 in Book 4629, at Page 1181 (the "Phase 2 Plat"); and (3) Angel Street Townhomes Phase 3 recorded in the Office of the Recorder of Davis County, Utah on October 6, 2008 as Entry No. 2397167 in Book 4629, at Page 1182 (the "Phase 3 Plat").

6. D.R. Horton is the owner of twenty-two (22) of the Lots or Units within the Angel Street Townhomes, that are more particularly described on Exhibit "B" attached hereto and incorporated herein by this reference (referred to herein as the "D.R. Horton Units").

7. The Original Declarant executed, acknowledged and recorded in the Office of the Recorder of Davis County, Utah on September 6, 2012 as Entry No. 2685207 in Book 5600 at Pages 130 through 137 a document entitled Notice of Termination of Class **B** Control Period, Consent to Election of Members/Directors of the Management Committee/Board of Directors and Transfer of Control of Management and Withdrawal of Declarant for Courtyards at Angel Street Phases 1 and 2, pursuant to which the Original Declarant terminated its Class **B** Control Period and confirmed its withdrawal as the Declarant under the Original Declaration, effective as of March 21, 2012.

8. In light of the withdrawal of the Original Declarant as the Declarant under the Original Declaration, D.R. Horton, as the owner of the D.R. Horton Units, desires to subject the D.R. Horton Units to all of the terms and conditions of the Original Declaration, as supplemented and amended by the First Supplement and by the Second Supplement, and as further supplemented and amended by this Third Supplement, and to have the D.R. Horton Units deemed, for all purposes, to be a part of the Project.

9. At a meeting of the Members of the Association held on October 25, 2012, at which meeting the owners of the Units within the Project representing at least sixty-seven percent (67%) of the total ownership interests in the Association were either present or represented by proxy, the owners of Units within the Project representing at least sixty-seven percent (67%) of the total ownership interests in the Association adopted a resolution approving and consenting to the expansion of the Project, pursuant to Section 45 of the Original Declaration, as supplemented and amended by the First Supplement and by the Second Supplement, and as further supplemented and amended by this Third Supplement, to include all of the D.R. Horton Units.

## AGREEMENT

NOW, THEREFORE, for the reasons described in the foregoing Recitals, and for the benefit of the Project and the Unit Owners thereof, D.R. Horton and the Association hereby execute this Third Supplement and hereby covenant, agree and declare as follows:

1. D.R. Horton Units Added to the Project. D.R. Horton hereby declares that the D.R. Horton Units are hereby added to and included within the Project and shall be subject to the Original Declaration, as supplemented and amended by the First Supplement and by the Second Supplement, and as further supplemented and amended by this Third Supplement. For purposes of this Third Supplement, the term "Declaration" shall mean the Original Declaration, as supplemented and amended by the First Supplement, the Second Supplement and this Third Supplement. For purposes of this Third Supplement, the term "Project" shall mean all thirty-five (35) of the Units within the Angel Street Townhomes, as described, depicted and identified on the Phase 1 Plat, the Phase 2 Plat and the Phase 3 Plat. The recording of this Third Supplement in the Office of the Recorder of Davis County, Utah shall constitute and effectuate the expansion of the Project, making the D.R. Horton Units described in Exhibit "B" subject to the Declaration and subject to the powers, rights and jurisdiction of the Association as set forth in the Declaration. By executing this Third Supplement, the Association hereby evidences its consent and approval to the action taken by D.R. Horton to add the D.R. Horton Units to the Project and to subject the D.R. Horton Units to the Declaration.

2. Total Number of Townhomes Subject to the Declaration. As the result of the execution and recording of this Third Supplement, all of the thirty-five (35) Town Homes, Units or Lots that are depicted on the Phase 1 Plat, the Phase 2 Plat and the Phase 3 Plat are subject to the terms and conditions of the Declaration.

3. Percentage Interests Revised. Because of the addition to the Project of the D.R. Horton Units, it is necessary to adjust the undivided percentages of ownership interests of the Owners in the Association, as provided in Section 45(e) of the Declaration. Consequently, Exhibit "C" that is attached to the Original Declaration and that was subsequently amended by the First Supplement and by the Second Supplement, is hereby amended and restated in its entirety and is hereby replaced with the Revised Exhibit "C" attached to this Third Supplement and incorporated herein by this reference.

4. Certification of Action Taken by the Members of the Association. By executing this Third Supplement, the undersigned President and the undersigned Secretary of the Association hereby certify that at a meeting of the Members of the Association held on October 25, 2012 at which meeting the owners of the Units within the Project representing at least sixty-seven percent (67%) of the total ownership interests in the Association were either present or represented by proxy, the owners of Units within the Project representing at least sixty-seven percent (67%) of the total ownership interests in the Association adopted a resolution approving and consenting to the expansion of the Project, pursuant to Section 45 of the Declaration, to include all of the D.R. Horton Units.

5. Declaration Otherwise Unmodified. Except as herein expressly provided, the Declaration shall in all respects remain unmodified and shall continue in full force and effect.

IN WITNESS WHEREOF, D.R. Horton and the Association have caused this Third Supplement to be executed by persons duly authorized to execute the same with a reference date

of October 25, 2012.

D.R. HORTON, INC., a Delaware corporation

By: *Boyd A. Martin*  
Boyd A. Martin  
Title: Vice President  
Date: \_\_\_\_\_

COURTYARDS AT ANGEL STREET  
HOMEOWNERS ASSOCIATION, INC., a Utah  
nonprofit corporation

By: *Matthew C. [Signature]*  
Title: President  
Date: 11/1/2012

By: *[Signature]*  
Title: Secretary  
Date: 11/1/12

STATE OF UTAH            )  
  : ss.  
COUNTY OF UTAH        )

The foregoing instrument was acknowledged before me this 1<sup>ST</sup> day of November, 2012, by Boyd A. Martin, the Vice President of **D.R. Horton, Inc.**, a Delaware corporation.

*Delsa Sallal*  
NOTARY PUBLIC  
Residing at: *Han Court* *D.R. Horton, Inc.*  
*12051 S. Gateway Park Pl. #100*  
*Draper, UT 84020*

My Commission Expires:  
*June 9, 2013*



STATE OF UTAH )  
 : ss.  
COUNTY OF DAVIS )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of November, 2012, by Matthew Charles Griffin, as the President of Courtyards at Angel Street Homeowner Association, Inc., a Utah nonprofit corporation.



March 09, 2016

STATE OF UTAH )  
 : ss.  
COUNTY OF DAVIS )

The foregoing instrument was acknowledged before me this 1 day of November, 2012, by Jonathan Stoker Thornley, as the Secretary of Courtyards at Angel Street Homeowners Association, Inc., a Utah nonprofit corporation.

My Commission Expires:

March 09, 2016



Racheal Winter  
NOTARY PUBLIC  
Residing at: Zions Park  
1781 W. Antelope dr.  
Layton UT 84041

Racheal Winter  
NOTARY PUBLIC  
Residing at: Zions Park  
1781 W. Antelope dr.  
Layton UT 84041

**EXHIBIT "A"**  
**TO**  
**THIRD SUPPLEMENT TO**  
**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,**  
**AND RESERVATION OF EASEMENTS**  
**FOR**  
**COURTYARDS AT ANGEL STREET**  
**(AN EXPANDABLE UTAH TOWN HOME DEVELOPMENT)**

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**Legal Description of the Property that is Subject to the Original Declaration, as  
Supplemented and Amended by the First Supplement and the Second Supplement**

That certain real property located in Davis County, Utah more particularly described as follows:

UNITS 1, 2, 3, AND 4 IN BUILDING 3, CONTAINED WITHIN ANGEL STREET TOWNHOMES PHASE 2, AS IDENTIFIED ON THE OFFICIAL PLAT THEREOF THAT WAS RECORDED IN THE OFFICE OF THE RECORDER OF DAVIS COUNTY, UTAH ON OCTOBER 6, 2008 AS ENTRY NO. 2397166 IN BOOK 4629, AT PAGE 1181.

UNITS 1, 2, 3, 4, 5, AND 6 IN BUILDING 1, CONTAINED WITHIN ANGEL STREET TOWNHOMES PHASE 1 AMENDMENT, AS IDENTIFIED ON THE OFFICIAL PLAT THEREOF THAT WAS RECORDED IN THE OFFICE OF THE RECORDER OF DAVIS COUNTY, UTAH ON MARCH 22, 2011 AS ENTRY NO. 2590330 IN BOOK 5235, AT PAGE 157.

UNITS 1, 2, AND 3 IN BUILDING 2, CONTAINED WITHIN ANGEL STREET TOWNHOMES PHASE 1 AMENDMENT, AS IDENTIFIED ON THE OFFICIAL PLAT THEREOF THAT WAS RECORDED IN THE OFFICE OF THE RECORDER OF DAVIS COUNTY, UTAH ON MARCH 22, 2011 AS ENTRY NO. 2590330 IN BOOK 5235, AT PAGE 157.

Together with the right and easement of use and enjoyment in and to the common areas as set forth on said Plats.

Serial Numbers:	10-284-001	10-283-004
	10-284-002	10-283-005
	10-284-003	10-283-006
	10-284-004	10-283-007
	10-283-001	10-283-008
	10-283-002	10-283-009
	10-283-003	

**EXHIBIT "B"**  
**TO**  
**THIRD SUPPLEMENT TO**  
**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,**  
**AND RESERVATION OF EASEMENTS**  
**FOR**  
**COURTYARDS AT ANGEL STREET**  
**(AN EXPANDABLE UTAH TOWN HOME DEVELOPMENT)**

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**Legal Description of the D.R. Horton Units**

Units 1, 2, 3, 4, 5 and 6, in Building 4, contained within ANGEL STREET TOWNHOMES, PHASE 2, as identified on the official Plat thereof that was recorded in the Office of Recorder of Davis County, Utah, on October 6, 2008 as Entry No. 2397166, in Book 4629, at Page 1181.

TOGETHER WITH a nonexclusive right and easement of use and enjoyment in and to the Common Areas described and as provided for on said Plat.

Units 1, 2, 3, 4, 5 and 6, in Building 5, contained within ANGEL STREET TOWNHOMES, PHASE 2, as identified on the official Plat thereof that was recorded in the Office of Recorder of Davis County, Utah, on October 6, 2008, as Entry No. 2397166, in Book 4629, at Page 1181.

TOGETHER WITH a nonexclusive right and easement of use and enjoyment in and to the Common Areas described and as provided for on said Plat

Units 1, 2, 3 and 4, in Building 6, contained within ANGEL STREET TOWNHOMES, PHASE 3, as identified on the official Plat thereof that was recorded in the Office of Recorder of Davis County, Utah, on October 6, 2008, as Entry No. 2397167, in Book 4629, at Page 1182.

TOGETHER WITH a nonexclusive right and easement of use and enjoyment in and to the Common Areas described and as provided for on said Plat.

Units 1, 2, 3, 4, 5 and 6, in Building 7, contained within ANGEL STREET TOWNHOMES, PHASE 3, as identified on the official Plat thereof that was recorded in the Office of Recorder of Davis County, Utah, on October 6, 2008, as Entry No. 2397167, in Book 4629, at Page 1182.

TOGETHER WITH a nonexclusive right and easement of use and enjoyment in and to the Common Areas described and as provided for on said Plat.

**SERIAL NUMBERS:**

**Units Identified on Phase 2 Plat:**

Unit 1, Bldg 4  
Serial No. 10-284-0005

Unit 2, Bldg 4  
Serial No. 10-284-0006

Unit 3, Bldg 4  
Serial No. 10-284-0007

Unit 4, Bldg 4  
Serial No. 10-284-0008

Unit 5, Bldg 4  
Serial No. 10-284-0009

Unit 6, Bldg 4  
Serial No. 10-284-0010

Unit 1, Bldg 5  
Serial No. 10-284-0011

Unit 2, Bldg 5  
Serial No. 10-284-0012

Unit 3, Bldg 5  
Serial No. 10-284-0013

Unit 4, Bldg 5  
Serial No. 10-284-0014

Unit 5, Bldg 5  
Serial No. 10-284-0015

Unit 6, Bldg 5  
Serial No. 10-284-0016

**Units Identified on Phase 3 Plat:**

Unit 1, Bldg 6  
Serial No. 10-285 0001

Unit 2, Bldg 6  
Serial No. 10 285 0002

Unit 3, Bldg 6  
Serial No. 10-285-0003

Unit 4, Bldg 6  
Serial No. 10-285-0004



Unit 1, Bldg 7  
Serial No. 10-285-0005

Unit 2, Bldg 7  
Serial No. 10-285-0006

Unit 3, Bldg 7  
Serial No. 10-285-0007

Unit 4, Bldg 7  
Serial No. 10-285-0008

Unit 5, Bldg 7  
Serial No. 10-285-0009

Unit 6, Bldg 7  
Serial No. 10-285-0010

**REVISED EXHIBIT "C"**  
**TO**  
**THIRD SUPPLEMENT TO**  
**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS,**  
**AND RESERVATION OF EASEMENTS**  
**FOR**  
**COURTYARDS AT ANGEL STREET**  
**(AN EXPANDABLE UTAH TOWN HOME DEVELOPMENT)**

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**Percentages of Undivided Ownership Interests**

<u>Plat</u>	<u>Building No.</u>	<u>Unit No.</u>	<u>Percentage of Ownership Interest</u>
Phase 1 Plat	1	1	2.8571%
Phase 1 Plat	1	2	2.8571%
Phase 1 Plat	1	3	2.8571%
Phase 1 Plat	1	4	2.8571%
Phase 1 Plat	1	5	2.8571%
Phase 1 Plat	1	6	2.8571%
Phase 1 Plat	2	1	2.8571%
Phase 1 Plat	2	2	2.8571%
Phase 1 Plat	2	3	2.8571%
Phase 2 Plat	3	1	2.8571%
Phase 2 Plat	3	2	2.8571%
Phase 2 Plat	3	3	2.8571%
Phase 2 Plat	3	4	2.8571%
Phase 2 Plat	4	1	2.8571%
Phase 2 Plat	4	2	2.8571%
Phase 2 Plat	4	3	2.8571%
Phase 2 Plat	4	4	2.8571%
Phase 2 Plat	4	5	2.8571%
Phase 2 Plat	4	6	2.8571%
Phase 2 Plat	5	1	2.8571%
Phase 2 Plat	5	2	2.8571%
Phase 2 Plat	5	3	2.8571%
Phase 2 Plat	5	4	2.8571%
Phase 2 Plat	5	5	2.8571%
Phase 2 Plat	5	6	2.8571%
Phase 3 Plat	6	1	2.8571%
Phase 3 Plat	6	2	2.8571%
Phase 3 Plat	6	3	2.8571%
Phase 3 Plat	6	4	2.8571%
Phase 3 Plat	7	1	2.8571%
Phase 3 Plat	7	2	2.8571%
Phase 3 Plat	7	3	2.8571%

<u>Plat</u>	<u>Building No.</u>	<u>Unit No.</u>	<u>Percentage of Ownership Interest</u>
Phase 3 Plat	7	4	2.8571%
Phase 3 Plat	7	5	2.8571%
Phase 3 Plat	7	6	2.8571%