

**AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**

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Cache County, UT
Michael Gleed, Rec. - Filed By GC
For NORTH RIDGE PUD HOMEOWNERS

FOR

North Ridge, P.U.D.
Hunter Meadow Subdivision Phase 12

A PLANNED UNIT DEVELOPMENT

IN

CACHE COUNTY, UTAH

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**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

FOR

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NORTH RIDGE, PUD

THIS AMENDED AND RESTATED DECLARATION is adopted this 22 day of October, 2013 by the Board of Trustees of the North Ridge PUD Homeowners' Association, and is effective as of the date it is recorded in the Cache County Recorder's Office.

RECITALS

1. Capitalized terms in this Declaration are defined in Article 1 or in other sections of this Declaration.
2. This document affects the real property located in Cache County, Utah, described with particularity on Exhibit A, attached hereto and incorporated here by reference ("the Property").
3. On March 17, 2008, a DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR North Ridge, PUD, Hunter Meadow Subdivision Phase 12, a Planned Unit Development, was recorded by North Ridge, LLC in the office of the Cache County Recorder as Entry No. 966865, Book 1507, beginning at Page 1564.
4. The Association, through the Owners, desires to update the March 2008 Declaration to adopt recent changes in applicable state law, to eliminate ambiguity, to clarify the rights of the Association and Owners, to eliminate provisions related to Declarant rights which have now expired, to provide for a general plan for managing the Project and Property, and in furtherance of the Association's efforts to efficiently and economically provide a quality living environment and protect and enhance the value of the Units and the Project.
5. The Association, through its Owners, hereby desires to establish the Terms and Conditions for the mutual benefit and burden of the Association and all current and future Owners, Occupants, Lenders, and others acquiring any interest in the Project and/or Property.
6. As certified below, and in accordance with section 24 of the March 2008 Declaration, this Declaration and the attached Bylaws were approved and consented to by no less than 66.6% of the members of the Association.

NOW, THEREFORE, for the reasons recited above and subject to the Terms and Conditions set forth below, the Association, through the Owners, hereby amends and replaces the prior declaration and any amendments thereto with the following:

ARTICLE 1

DEFINITIONS

As used herein, unless the context otherwise requires:

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- 1.1 “Act” shall mean the Community Association Act codified beginning at Section 57-8a-101, Utah Code Annotated, as in effect on the date this Declaration is recorded.
- 1.2 “Allocated Interest” shall mean the interest of that Owner (expressed as a percentage in Exhibit C to this Declaration) in the Common Expense liability and for the purposes of voting in the Association.
- 1.3 “Articles” shall mean the Articles of Incorporation or the chartering document of any other legal entity, if any shall be formed for the Association.
- 1.4 “Assessments” shall mean any monetary charge imposed or levied on an Owner by the Association as provided for in this Declaration.
- 1.5 “Association” shall refer to the NORTH RIDGE PUD HOMEOWNERS’ ASSOCIATION, the membership of which shall include each Owner in the Project. The Association is currently incorporated as a Nonprofit Corporation. If the Owners are ever organized as another type of entity or if the Owners act as a group without legal organization, “Association” as used in this Declaration shall refer to that entity or group.
- 1.6 “Board of Trustees” shall mean the entity with primary authority to manage the affairs of the Association.
- 1.7 “Bylaws” shall mean the bylaws of the Association attached as Exhibit B, and all valid amendments and supplements thereto. No amendment to the Bylaws shall be effective until it is recorded.
- 1.8 “Common Area” shall, unless otherwise more specifically provided in this Declaration, mean everything and everywhere in the Project, except to the extent any fixture, structure, or other area is within the boundaries of or a part of a Unit, including but not limited to:
 - (a) all real property included within the Project, including any air space or subsurface rights, whether leasehold or in fee simple;
 - (b) all foundations, columns, beams, supports, main walls, roofs;
 - (c) all parking areas or other structures;
 - (d) all fixtures and equipment related to the provision of electricity, gas, water, television, internet, and electronic services, and the removal of waste water;
 - (e) as applicable, all apparatus and installations clearly intended and existing for common use;
 - (f) all Limited Common Areas; and

- (g) all other parts of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

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- 1.9 "Common Expenses" shall mean the actual and estimated costs for: (a) maintenance, management, operation, repair and replacement of the Common Area which is maintained by the Association; (b) maintenance, repair, and replacement of those aspects of the Units which are maintained by the Association; (c) management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, consultants, trustees, and employees; (d) utilities (other than utilities that are separately metered and charged to the Units), extermination, security, gardening and other related services; (e) insurance and bonds required or allowed by this Declaration; (f) the establishment of reserves; (g) other miscellaneous charges incurred by the Association as provided for or allowed in the Act or the Governing Documents; and (h) any other expenses of the Association arising from the operation of the Association and not otherwise precluded by the Governing Documents or any applicable law.
- 1.10 "Declaration" shall mean this Declaration, including all attached exhibits which are incorporated by reference, and any and all amendments to this Declaration.
- 1.11 "Governing Documents" shall refer to this Declaration, the Plat, the Bylaws, the Rules, any Articles, and any other documents or agreements binding upon all of the Owners.
- 1.12 "Lender" shall mean a holder of a mortgage or deed of trust on a Unit.
- 1.13 "Limited Common Area" shall mean a portion of the Common Area specifically designated in this Declaration or the Plat as a Limited Common Area allocated for the exclusive use of one or more Owners to the exclusion of other Owners. Conveyance of a Unit includes the use of the Limited Common Area appurtenant to the Unit.
- 1.14 "Manager" shall mean any entity or person engaged by the Board of Trustees to manage the Project.
- 1.15 "Occupant" shall mean a Person or Persons, other than an Owner, in possession of, using, entering into, or living in a Unit or the Project, including, without limitation, family members, tenants, guests, and invitees of an Owner or an Occupant. Occupants shall include any trespassers or previously lawful occupants if the Owner fails to secure the Unit against trespass, fails to take action necessary and appropriate to remove trespassers or previously lawful occupants immediately upon notice of the trespass or occupancy, or fails to take reasonable measures to become aware of any unauthorized Occupants in the Unit or of any unauthorized entry and use of the Unit (which shall include the duty to verify the physical condition and occupancy of the Unit at least monthly if it is left unoccupied).
- 1.16 "Owner" shall mean the Person or Persons who are vested with record title to a Unit, and

whose interest in the Unit is held (in whole or in part) in fee simple, according to the records of the County Recorder of Cache County, Utah; however, Owner shall not include a trustee for a deed of trust.

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- 1.17 "Person" shall mean a natural individual, corporation, estate, partnership, trustee, association, joint venture, government, governmental subdivision or agency, or any other legal entity with the legal capacity to hold title to real property.
- 1.18 "Plat" shall mean the record of survey map or maps of the Project recorded in the records of the County Recorder of Cache County, Utah and all amendments and supplements thereto.
- 1.19 "Project" shall mean the Property and all structures and improvements thereon including the Units, the Common Area, and the Limited Common Areas. The Project is named "North Ridge P.U.D." and is located entirely in Smithfield, Cache County.
- 1.20 "Property" shall mean the property legally described in Exhibit A and all easements and rights appurtenant thereto.
- 1.21 "Reserve Analysis" shall mean an analysis to determine (a) the need for a reserve fund to accumulate money to cover the cost of repairing, replacing, and restoring Common Area that has a useful life of three years or more, but excluding any cost that can reasonably be funded from the general budget or other funds of the Association; and (ii) the appropriate amount of any reserve fund.
- 1.22 "Rules" shall mean and refer to the rules and regulations adopted by the Association.
- 1.23 "Terms and Conditions" shall mean any one or all of the terms, covenants, rights, obligations, and restrictions set forth in the Governing Documents.
- 1.24 "Trustee" shall mean a duly qualified and elected or appointed member of the Board of Trustees.
- 1.25 "Unit" shall mean and refer to any one of the individual townhomes in the Project, and may be designated on the Plat as a "Lot" or a "Unit." Except where the context specifically requires otherwise, reference to a Unit shall include reference to the Allocated Interest appurtenant to such Unit.

ARTICLE 2

THE PROJECT

- 2.1 Binding Effect of Governing Documents. The Association hereby confirms that the Property is part of the Project and declares and agrees that the Project and all of the Units shall be held, transferred, mortgaged, encumbered, occupied, used, and improved subject

to the Terms and Conditions, which Terms and Conditions shall, to the extent they are included in recorded documents, constitute equitable servitudes and covenants and conditions running with the land and shall be binding upon and inure to the benefit of the Association and each Owner, including their respective heirs, executors, administrators, personal representatives, successors and assigns. By acquiring any interest in a Unit such Owner consents to, and agrees to be bound by, each and every Term and Condition in the Governing Documents.

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- 2.2. Nature of the Project. The Project is a town home style community that includes six (6) two-story buildings containing five (5) Units each and three (3) two-story buildings containing six (6) Units each, for a total of 48 Units in nine separate buildings. The buildings are constructed principally of concrete foundations with exterior walls of brick and stucco, asphalt shingle roofing, and interior walls of wood studs, plywood, and dry wall plaster. The Project includes roadways, parking areas, and open space, as shown on the Plat. The Project is not a cooperative.
- 2.3. Project Name. The Project shall be named, identified, and known as North Ridge P.U.D., unless otherwise changed as provided for in this Declaration.
- 2.4. Identification of Units. All of the Units are referenced specifically and identified by location on the Plat.
- 2.5. Registered Agent. The registered agent of the Association shall be as provided for in entity filings of the Association.
- 2.6. Registration with the State. In compliance with Utah Code Ann. § 57-8a-105, the Association shall be registered with the state Department of Commerce and shall promptly update its registration with any changes to the required information.

ARTICLE 3

DESCRIPTION OF THE UNITS, LIMITED COMMON AREA, AND ALLOCATED INTERESTS

- 3.1. The Unit.
 - (a) Each Unit is identified on the Plat by a distinct Unit number that identifies the Unit. That number may or may not be consistent with the mailing address of the Unit.
 - (b) Subject to further specification herein, each Unit consists generally of all space and structures on or within the boundary of the Unit, including but not limited to all interior walls, wall surfaces, floors, ceilings, and fixtures, including wallpaper, paint, and flooring (but not including roofs, exterior surfaces of the Unit and/or buildings in which the Unit exists, and any fences). In all walls shared with or

abutting another Unit, the Unit shall extend to the center of the wall, which shall form the boundary of the Units sharing that wall.

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- (c) All pipes, wires, conduits, chutes, flues, ducts, shafts, public utility, water or sewer lines, or any other similar fixtures lying inside the designated boundaries of a Unit and serving only that Unit shall be part of the Unit.
 - (d) All exterior and interior doors, door jams, windows, window sills, window frames and all components therein in or on the boundary of any Unit are part of the Unit.
 - (e) Mechanical equipment and appurtenances located within the Unit or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, furnaces, stoves, and fixtures, shall be considered part of the Unit.
 - (f) Variances between the Plat and as-built construction. The original construction shall be the controlling dimension for any Unit. The original construction shall be the first installation of foundations, framing, and wallboard. If the Board of Trustees determines (in its sole discretion) that the then current construction varies from the original as-built construction, then the Association may, at the expense of the Association or the Owner, in the Board of Trustees' discretion, require that the current construction be made to comply with the original construction. In exercising its discretion on this issue, the Board shall consider: (1) whether the Owner caused the nonconforming construction; (2) whether the Owner sought or obtained the Board of Trustees' approval for any nonconforming construction; (3) whether other Owners engaged in similar nonconforming construction; (4) the overall culpability of the Owner as it relates to the nonconforming construction; (5) the reason for the nonconforming construction.

3.2 Limited Common Area.

- (a) Specific Identification of Limited Common Areas. The Limited Common Area of each Unit shall consist of driveways, patios and porches, entryways and walkways, and backyard areas (whether open or fenced in) located in the Common Area that serve only that Unit, as designated on the Plat.
- (b) No Severance of Limited Common Area. The right to the exclusive use of the Limited Common Area shall be appurtenant to each respective Unit where so identified and may not be severed from the ownership of the Unit.

3.3 Allocated Interest of Each Unit in the Votes of the Association. The Owners of each Unit shall be entitled to their Allocated Interest for all matters related to the Association that Owners are permitted or required to vote or approve. The Allocated Interests shall be as provided for on Exhibit C.

- 3.4 Plat. The Plat and all dimensions, descriptions, and identification of boundaries therein are hereby incorporated into and made a part of this Declaration. If any conflict exists between the Plat and this Declaration, this Declaration shall control.

ARTICLE 4

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MAINTENANCE, REMODELING, AND UTILITIES

4.1 Owner Responsibility for Maintenance of Units.

- (a) Each Owner shall furnish and be responsible for, at the Owner's own expense, all of the maintenance, repair, and replacement of all of the following:
- (1) all interior and exterior doors, including thresholds, door jams, hinges, doorbells, chimes, handles, and locks;
 - (2) all paneling, tiles, wallpaper, paint, carpet, finished interior flooring, fireplaces, and any other materials constituting the finished interior surfaces of floors, ceilings, or walls;
 - (3) all drywall, wallboard, or similarly functioning materials within the Unit;
 - (4) all framing, insulation, and other materials associated with interior nonbearing walls;
 - (5) all windows, window sills, window screens, window frames, and skylights, including the interior and exterior cleaning of such windows and any door glass (the Association may elect to arrange and pay for the cleaning of exterior windows as a common expense or may require the Owners to pay a particular person or company to clean on a schedule determined by the Association);
 - (6) all sewer and drainage pipes, water, power, and other utility lines, and any wiring related to the provision of television, telephone, or internet services, to the extent that they are located within an Owner's Unit;
 - (7) all plywood decking and similar materials on interior floors; and
 - (8) any of the following located wherever they might be located (inside or outside of the Unit) that serve an Owner's Unit exclusively: lighting fixtures (including lighting particular to a porch or patio but not including exterior lighting attached to a Unit for the purpose of lighting common area outside of those areas), fans, plumbing fixtures (other than pipes located outside of a Unit), stoves, refrigerators, hot water heaters, air conditioning units (including compressors, condensers, ducting, and forced air units), intercoms, security systems, and such other appliances, fixtures, and decorations as an Owner may install as permitted in this Declaration;
- (b) The Owner shall be responsible for keeping the Unit and all porches and patios associated with an Owner's Unit in a clean and sanitary condition, free of pests and rodents, and uncluttered. The Board of Trustees may set forth in the Rules any limits, restrictions, or guidelines on what may or may not be left, stored, or installed on any porch or patio, which may include a prohibition on leaving,

installing, or storing any items in such places.

- 4.2 Association Responsibility for Maintenance of Units. The Association shall furnish and be responsible for, at the Association's expense, the maintenance, repair, and replacement of the following:

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- (a) all foundations (not including concrete pads within a Unit);
- (b) all framing and structural components in ceilings and floors (not including concrete pads or plywood decking);
- (c) all framing, structural components, and insulation in exterior and bearing walls;
- (d) except as otherwise provided herein, all framing, structural components, and insulation located exterior to any drywall or similar materials on the interior of the Unit;
- (e) the outside exterior surfaces of the Unit and all components that are a part of the outside surface of all exterior walls and outside surfaces of the Unit, except as otherwise specifically assigned in this Declaration to the Owner for maintenance and repair;
- (f) the framing, structural components, and insulation in any walls common to two Units;
- (g) any patios, porches, and stairways on the exterior of any Unit and any railings associated therewith; and
- (h) the roofs, rain gutters, and window wells.

- 4.3 Modifications to Units.

- (a) Without the prior approval of the Association, an Owner shall not make any alterations, repairs, or modifications to any part of the exterior of a building including any area that the Owner is obligated to maintain such as windows, light fixtures, and exterior doors. The Association may require that such repairs or modifications, if allowed, be made in a particular manner, by a particular person, or that they comply with particular materials or aesthetics requirements or other standards.
- (b) Except as otherwise provided herein and unless restrictions or prior application, information, and/or notice requirements are provided for in the Rules, an Owner may complete any maintenance or upgrades to the interior of a Unit that do not involve any structural modifications without prior approval of the Association. Any modification involving structural modifications or changes must be approved of by the Association.
- (c) All remodeling and other repairs and modifications to Units must be completed in compliance with all applicable building codes, laws, and the manufacturer's specifications for any materials, equipment, and fixtures.

- 4.4 Maintenance of and Modifications to Common Area.

- (a) Maintenance of Common Area. Except as maintenance obligations are otherwise assigned to the Owners in this Declaration, the Association shall repair, maintain, replace, clean, and pay all expenses associated with the Common Area as that area is defined in this Declaration and identified on the Plat. This shall include the right to modify, remove fixtures from, add fixtures and structures to, place signs upon, and otherwise modify the Common Area (subject to the obligation to get approvals for Material Alterations to the Project). The Association shall do all such other and further acts that the Board of Trustees deems necessary to preserve and protect the Common Area, in accordance with the general purposes specified in this Declaration. The Common Area includes all driveways, exterior porches attached to Units and any concrete, railings, structures, walkways, stairways, and fences located in the Common Area or as identified on the Plat. The Association retains the absolute right to remove and replace any structure, item, or condition in the Common Area. If set forth in the Rules, the Association may require Owners to care for or maintain the landscaping in the Limited Common Areas appurtenant to their Units.

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- (b) Capital improvements shall be governed by and subject to the following conditions, limitations, and restrictions:

(1) Any capital improvement to the Project that does not materially alter the nature of the Project may be authorized by the Board of Trustees alone. A material alteration to the Project is, for example, the installation of a previously non-existent and materially significant fixture or permanent removal of materially significant fixture such as a swimming pool, tennis court, or parking area. Landscaping alterations and the addition or removal of signs or small structures are not material unless they cause other material changes such as those listed above.

(2) Any capital improvement that would materially alter the nature of the Project must, regardless of its cost and prior to being constructed or accomplished, be authorized by the written consent of Owners holding at least sixty six percent (66%) of the undivided ownership interest in the Common Areas and must be approved by the Board of Trustees. Notwithstanding anything to the contrary, no material alteration that changes the size, shape, or location of any Unit shall be permitted without the written consent of all directly affected Owners and the written consent of Owners holding 66% of the Allocated Interest in the Association.

- (c) Snow Removal. Unless otherwise provided in the Rules, the Association shall take reasonable efforts to remove snow from all: (1) sidewalks in the Project, (2) Common Area parking, (3) Limited Common Area driveways, (4) Limited Common Area front porches, steps, and walkways, and (5) private streets in the project; all as necessary in the discretion of the Board of Trustees to allow vehicle and pedestrian access to each Unit and to the Project. Owners shall be

responsible for removing snow from any patios to the rear of units.

- (d) **Standard of Maintenance.** The Board of Trustees shall determine, in its sole discretion, the appropriate maintenance standard for the Common Area, Limited Common Area, and the portions of the Units for which the Association has maintenance responsibility, so long as those areas are maintained in the best interests of the Owners.

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- (e) **Assessment of Maintenance Expenses to Specific Owner.** Subject to the provisions related to insurance responsibility and deductible allocation, if the need for maintenance or repair is caused by an Owner or an Occupant, the Association shall assess to the Owner the actual cost of such maintenance or repair to the extent the repair costs are not paid for by any applicable insurance.

4.5 **Default in Maintenance.** If an Owner or Occupant fails to: (a) maintain a Unit or Limited Common Area as required in the Governing Documents, or (b) make repairs otherwise required of the Owner in such a manner as may be deemed reasonably necessary in the judgment of the Board of Trustees to preserve and protect the structural integrity, attractive appearance, good condition, and value of the Project, then the Association may give written notice to such Owner or Occupant stating with particularity the nature of the default and the corrective action that the Board of Trustees determines to be required and requesting that the same be carried out within a period of at least fourteen (14) days. If the Owner or Occupant fails to carry out such action within the period specified by the notice then the Association may cause corrective action to be taken (which may include completing the repairs and replacements) and may assess the Owner for all costs associated therewith.

4.6 **Utilities.** All utilities for individual Units (except any utility costs that are metered collectively and paid by the Association as a Common Expense item) will be metered separately to each Unit and such utility charges shall be the responsibility of the Unit Owner.

ARTICLE 5

ORGANIZATION AND GOVERNANCE OF THE ASSOCIATION

5.1 **Organization of Association.** The Association shall serve as the organizational body for all Owners.

5.2 **Modifying or Changing the Name of the Project.** The name of the Project may be modified or changed pursuant to a lawful amendment to this Declaration.

5.3 **Legal Organization.** The Association, in the discretion of the Board of Trustees, shall be entitled to organize as a non-profit corporation or other legal entity that may be selected by the Board of Trustees. The Board of Trustees may select the name for this entity,

which shall, to the extent reasonably possible, be consistent with the name as identified in this Declaration. In the Board of Trustees' sole discretion, the Bylaws of the Association, may be adopted, in part or in whole, as the Bylaws of any corporation or legal organization of the Association, or the Association may adopt additional Bylaws or other necessary documents related to the legal organization of the Association which must be consistent with then existing Declaration and Bylaws, unless they are amended pursuant to their terms. In the organization, reorganization, or amendment of any documents related to the legal organization of the Association, the terms in all such documents pertaining to the entity shall, to the extent possible under the applicable law, be consistent with the terms in the Declaration and the Bylaws. If the legal entity should ever expire or be dissolved for any reason as required or permitted by law, in any reorganization or reinstatement of the entity, the Association shall, to the extent possible and subject to any then existing legal requirements, adopt documents with terms substantially similar to the documents related to the expired or dissolved entity.

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- 5.4 Membership. Membership in the Association shall at all times consist exclusively of the Owners. Each Owner shall be a member of the Association so long as such Owner has an ownership interest in a Unit and such membership shall automatically terminate when the Owner ceases to have an ownership interest in a Unit. Upon the transfer of an ownership interest in a Unit, the new Owner succeeding to such ownership interest shall likewise succeed to such membership in the Association. If titled ownership to a Unit is held by more than one Person, the membership appurtenant to that Unit shall be shared by all such Persons in the same proportional interest and by the same type of tenancy in which title to the Unit is held.
- 5.5 Availability of Documents. The Association shall make available to the Owners, Lenders and insurers of any Lender, current copies of the Governing Documents and other minutes, books, records and financial statements related to the operations of the Association. The term "available" as used in this Section shall mean available for inspection and copying within thirty (30) days after receiving a proper request, during normal business hours and under other reasonable conditions. The Association shall have the right to refuse to disclose information that the Board of Trustees determines, in good faith, would reveal sensitive personal or financial information of another Owner or of an employee or agent of the Association, such as bank account numbers, birth dates, or social security numbers. The Association may require that the Owner comply with any statutory provision or other legal requirement applicable to providing this information before providing it.
- 5.6 Board of Trustees. The governing body of the Association shall be the Board of Trustees elected pursuant to the Bylaws. The Board of Trustees shall consist of five (5) members. Except as otherwise provided in this Declaration or the Bylaws, the Board of Trustees shall act, in all instances, on behalf of the Association. Any reference to an act, right, or obligation of the Association in the Governing Documents may only be exerted or complied with through an action of the Board of Trustees. Except as may be specifically provided in the Declaration, Bylaws, or by applicable law, no Owner or group of Owners

other than the Board of Trustees may direct the actions of the Association.

5.7 Trustees.

(a) Qualification. The Board of Trustees shall consist of five natural persons who must be Owners.

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(b) Reasonable Ongoing Requirements for Trustees. The Bylaws may place reasonable obligations and requirements on existing Trustees to retain their membership on the Board of Trustees, such as a requirement that a Trustee attend a specified number of meetings. The Bylaws may further provide for a procedure for removal of any Trustee who fails to comply with the reasonable requirements, which may include some action of the remaining Trustees. Any Bylaw requirements adopted pursuant to this section shall not apply to any Trustees on the Board of Trustees during the two-year term of the Trustee being served when they are adopted.

5.8 Limitation on Authority of Owners, Trustees, Officers, and the Board of Trustees.

(a) Except as provided herein or in the Bylaws, the Board of Trustees, any individual Owner, and any individual Trustee or Officer shall have no authority to and may not act on behalf of the Association or the Board of Trustees to:

- (1) amend or terminate any Governing Document,
- (2) elect or remove members of the Board of Trustees,
- (3) establish or change the qualifications, powers and duties, requirements, or terms of Trustees or of the Board of Trustees; or
- (4) authorize or agree to any deviation or exception from the Terms and Conditions, except as provided in this Declaration.

5.9 No Estoppel or Reliance on Actions or Authorizations Contrary to Governing Documents. No one may rely upon any authorization (from the Board of Trustees or otherwise) contrary to the terms of the Governing Documents regardless of the circumstances under which it is given, and no claim or defense of estoppel or waiver or similar equitable or legal claim or defense may be raised by anyone related to any alleged reliance. It is the responsibility of anyone interacting with, visiting, occupying, or purchasing a Unit in the Association to verify that anything that the Association does, does not do, or authorizes related to the Project or the Association is in compliance with the terms of the Governing Documents.

ARTICLE 6

GENERAL RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

6.1 Rights and Responsibilities of the Association. The Association shall have the following rights and responsibilities in addition to any others set forth in the Governing Documents

or provided by law:

- (a) Maintenance. The Association shall make provisions for completing all maintenance, repair, and replacement requirements of the Association.
- (b) Paying Expenses. The Association shall provide for the payment of Association expenses.
- (c) Setting and Collecting Assessments. The Association shall establish, collect, and account for Assessments as necessary to operate the project consistent with the requirements of the Governing Documents.
- (d) Entering Units. After having given the appropriate notice as required in Article 17, the Association shall have the right at all times upon reasonable notice (and at any time in case of an emergency) to enter into any Unit to abate any infractions, to make repairs or correct any violation of any of the Terms and Conditions, or to abate any condition that threatens the health or property of any Owner or Occupant.
- (e) Adopting and Enforcing Rules. The Association may adopt Rules for the regulation and operation of the Project. If they are adopted, they shall be consistently and uniformly enforced. The Rules may address any issues including those addressed in any other Governing Document. The Rules may supplement, clarify, and add detail to issues addressed in the other Governing Documents so long as they do not contradict the same. The Board of Trustees' determination as to whether a particular activity being conducted or to be conducted violates or will violate the Rules shall be conclusive, subject to a judicial determination if any is timely sought. The standard for adoption of Rules is one of reasonableness. Rules must be reasonable in light of all the circumstances pertaining to the situation or issue addressed by the Rules.
- (f) Hiring Managers and Delegating Responsibilities. The Association may hire a Manager to assist the Board of Trustees in the management and operation of the Project and may delegate its powers and obligations in the Governing Documents to the manager, employees, or other agents as it deems appropriate; provided, however, that only the Board of Trustees shall have the right to approve Association budgets, fines to Owners, and General and Special Assessments. Any powers and duties delegated to any Manager or other person may be revoked by the Board of Trustees at any time, with or without cause. Any management agreement must be terminable without penalty and with or without cause upon thirty (30) days' notice. **THE BOARD OF TRUSTEES HAS NO AUTHORITY TO ENTER INTO ANY MANAGEMENT AGREEMENT OR CONTRACT INCONSISTENT WITH THE TERMS OF THESE GOVERNING DOCUMENTS OR THAT PROVIDES FOR ANY TERMINATION FEE OR REQUIREMENT FOR TERMINATION FOR**

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CAUSE.

- (g) Other Necessary Rights. The Association shall have any other right that is reasonably necessary to carry out the terms of the Governing Documents.
- (h) Enforcement Rights. In addition to any other remedies allowed or provided in the Governing Documents for any violation of the Governing Documents, the Association may: (1) impose fines; (2) terminate Owners' rights to receive utility services paid as a common expense; (3) collect rents directly from tenants if Owners fail to pay Assessments, and (4) take any other action or seek any other remedy allowed by the Act or other applicable Utah law.

- (i) Discretion in Enforcement.

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(1) Subject to the discretion afforded in this section, the Board of Trustees shall uniformly and consistently enforce and implement the Terms and Conditions in the Governing Documents.

(2) The Board of Trustees shall use its reasonable judgment to determine whether to exercise the Association's powers to impose sanctions or pursue legal action for a violation of the Governing Documents, and may include in this analysis:

- (i) whether to compromise a claim made by or against the Board of Trustees or the Association; and
- (ii) whether to pursue a claim for an unpaid Assessment.

(3) The Association may not be required to take enforcement action if the Board of Trustees determines, after fair review and acting in good faith and without conflict of interest, that under the particular circumstances:

- (i) the Association's legal position does not justify taking any or further enforcement action;
- (ii) the covenant, restriction, or rule in the Governing Documents is likely to be construed as inconsistent with current law;
- (iii) (A) a technical violation has or may have occurred; and
(B) the violation is not material as to a reasonable person or does not justify expending the Association's resources; or
- (iv) it is not in the Association's best interests to pursue an enforcement action, based upon hardship, expense, or other reasonable criteria.

(4) Subject to Subsection (5), if the Board of Trustees decides under Subsection (2)(ii) to forego enforcement, the Association is not prevented from later taking enforcement action.

(5) The Board of Trustees shall not be arbitrary, capricious, or act against public policy in taking or not taking enforcement action.

(j) Reserve Fund. The Association shall maintain a reserve fund and obtain and update a Reserve Analysis as required in this Declaration.

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(k) Preventing Conflicts with Service Providers and Vendors. While past experience and relationships between service providers, vendors, Managers, Owners, or Trustees can result in good referrals, the Association shall not permit any paid services or materials obtained by the Association from being performed or provided by: (1) any relative of any Trustee, Manager, or of any officer, employee, or owner of the Manager, or (2) any business or entity in which any Trustee, Manager, or employee, officer, or owner of any Manager or any relative of the same has more than a 1% ownership or beneficial interest. A relative is any person known to be related by blood or marriage. The provision of services and materials for purpose of this provision shall include managers, insurance brokers, investment or financial advisors, accountants, landscapers, contractors, and all other companies and persons providing services to the Association.

(l) Establishing Hearing Procedures. The Board of Trustees shall have the authority to create a reasonable hearing process applicable in case the Association shall take adverse action related to any particular Owner or group of Owners. The Board of Trustees shall not be under any obligation to offer a hearing process, except as required by law or by the Governing Documents, and in any such process, shall have the authority to designate the procedure related to any such hearing and to make any and all final determinations of issues subject to the hearing process. The Board of Trustees may establish the hearing process on an as-needed basis for particular matters as they arise or may set forth a process in the Rules applicable generally to such matters that it designates. Any such hearing process shall provide, at a minimum for: (1) at least two weeks notice of the hearing to the Owners, and (2) a reasonable time period under the circumstances for the Owner(s) to present their own testimony, the testimony of others, argument, authority, evidence, and other information the Owner deems relevant to the disputed issue.

(m) Annual Meeting. The Association shall arrange for and conduct an annual meeting at least once a year as provided for in the Bylaws and shall arrange for and conduct such other meetings of the Association as shall be properly requested pursuant to the Governing Documents or the law.

(n) Payoff Information Fees. The Association is specifically authorized to establish a fee of \$50.00 to provide payoff information related to the transfer, refinance, or closing of a Unit. The Board of Trustees may increase or decrease the amount charged if the new amount is identified in the Rules and is consistent with Utah law.

(o) Reinvestment Covenant Upon Sale or Transfer of Unit. The Board of Trustees may require the seller or buyer to pay a Reinvestment Fee as provided for in Utah

Code Ann. § 57-1-46, in an amount of .5% (or a lesser amount established by the Board of Trustees in the Rules) of the value of the property. Unless otherwise established by an appraisal of the Unit within 180 days prior to the transfer, the value shall be as reported by the tax assessor at the time of the transfer. All or a portion of the Reinvestment Fee shall be used to pay the Association's costs directly related to the transfer of the Unit, not to exceed \$250. The Reinvestment Fee may not be enforced against: (a) an involuntary transfer; (b) a transfer that results from a court order; (c) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity; (d) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution; or (e) the transfer of burdened property by a financial institution, except to the extent that the reinvestment fee covenant requires the payment of a common interest association's costs directly related to the transfer of the burdened property, not to exceed \$250. The Association shall have authority to record any notice required by law to effectuate this provision.

ARTICLE 7

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BUDGETS & ASSESSMENTS

- 7.1 Purpose of Assessments. Money collected by the Association shall be used for the purposes of promoting the health, safety and welfare of the Owners; the management, maintenance, care, preservation, operation, and protection of the Project; enhancing the quality of life of the Owners in the Project; enhancing and preserving the value of the Project; and in the furtherance of carrying out or satisfying any other duty or power of the Association.
- 7.2 Budget and Regular Assessment.
- (a) The Board of Trustees is authorized and required to adopt a budget for the following fiscal year not later than thirty (30) days prior to the beginning of each fiscal year. The Board of Trustees may revise that budget from time to time as it deems appropriate. Unless otherwise established by the Board of Trustees, the fiscal year shall be April 1 through March 31.
 - (b) The budget shall cover the period of the next fiscal year. The Budget shall estimate the total Common Expenses to be incurred for the next fiscal year (or that fiscal year for a revised budget), which shall be broken down into reasonably detailed expense categories. The budget may include reserves, contingencies, and estimates as the Board of Trustees deems appropriate.
 - (c) The Board of Trustees shall send a written copy of the budget to all Owners no later than thirty (30) days after the adoption of the proposed budget or any revised budget.

(d) The Board of Trustees shall determine the amount of the regular Assessments to be paid by the Owners of each Unit by dividing the total budgeted amount by the Allocated Interest for each Unit.

7.3 Payment of Regular Assessments. Unless otherwise established by the Board of Trustees and communicated to each Owner, each Owner shall pay to the Association the Owner's regular Assessment in equal monthly installments.

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7.4 Adjustments to Regular Assessments. In the event the Board of Trustees determines that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it may then revise the budget and each Owner's share of the new budget total based on the Owner's Allocated Interest. Upon notice of the adjustment, and unless modified by the Board of Trustees, each Owner shall thereafter pay to the Association the Owner's adjusted regular Assessment in equal monthly installments.

7.5 Personal Obligation for Assessment. Each Owner of any Unit, by acceptance of a deed or other instrument creating in such Owner the interest required to be an Owner, whether or not it shall be so expressed in any such deed or other instrument and regardless of any lien rights or lack thereof, hereby personally covenants and agrees with each other Owner and with the Association to pay to the Association any Assessments as provided for in the Governing Documents, including any assessments assessed and unpaid prior to the date the Owner became an Owner. Each such Assessment, together with such interest, collection charges, costs and attorneys' fees, shall also be the personal obligation of the Owner of such Unit at the time the Assessment becomes due.

7.6 Capital Improvements. Expenses for capital improvements may be included in the budget, paid for through Special Assessments, or paid for in any other manner as determined by the Board of Trustees.

7.7 Percentage Assessments. Except as otherwise provided herein, all Assessments (other than special Assessments to Individual Units) shall be allocated to all Owners based on the Allocated Interest of Each Unit.

7.8 Rules Regarding Billing and Collection Procedures. The Board of Trustees shall have the right and responsibility to adopt Rules setting forth procedures applicable to Assessments provided for in this Declaration and for the billing and collection of all Assessments, provided that such procedures are not inconsistent with the provisions herein. Such procedures and policies may include, but are not limited to, the date when Assessment payments are due and late, establishing late fees and collection charges, and establishing interest (per annum or compounded) that may be charged on unpaid balances. The failure of the Association to send a statement to an Owner or an error in any such statement (other than a Certificate of Payment) shall not relieve any Owner of liability for any Assessment or charge under the Governing Documents.

7.9 Certificate of Payment. The Association shall, within ten (10) business days after written demand, furnish to any Owner liable for Assessments or such other person for whom an Owner has given written permission in a form acceptable to the Association, a written statement or certificate signed by an officer or authorized agent of the Association setting forth whether the Assessments relating to a specified Unit have been paid and the amount of delinquency, if any. A reasonable charge of fifty dollars (\$50.00) or such other amount allowed by law and provided for in the Rules may be collected by the Board of Trustees for the issuance of each such certificate. Each certificate is conclusive in favor of a person who relies on the written statement in good faith.

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7.10 Special Assessments. Subject to any limitations in this Declaration for the particular type of expense, the Association is expressly authorized to set and collect special assessments payable as may be determined by the Association (in lump sums or over a period of time) to pay for any Common Expenses.

7.11 Special Assessments to Individual Units. Special Assessments may be levied by the Association against a particular Unit and its Owner for:

- (a) Costs incurred in bringing an Owner or the Owner's Unit into compliance with the provisions of the Governing Documents;
- (b) Any other charge designated as pertaining to an individual Unit in the Governing Documents;
- (c) Fines, late fees, collection charges, and interest; and
- (d) Attorneys' fees, costs and other expenses relating to any of the above.

7.12 Acceptance of Materials or Services. In the event the Association undertakes to provide materials or services that are not otherwise required in the maintenance of the Project, which benefit individual Units, and which can be accepted or not by individual Owners, such Owners, in accepting such materials or services, agree that the costs thereof may be a special Assessment pertaining to that Unit, at the discretion of the Board of Trustees.

7.13 Application of Excess Assessments. In the event the amount budgeted to meet Common Expenses for a particular fiscal year proves to be excessive in light of the actual Common Expenses, the Board of Trustees in its discretion may apply the excess to reserves, credit the excess against future Assessments or refund the excess to the Owners in proportion to the Allocated Interests of each Unit in the Common Expenses of the Project, as the Board of Trustees deems appropriate. The decision of the Board of Trustees shall be binding and conclusive. In addition, the Association shall not be obligated to reduce the amount of Assessments in succeeding years if an excess exists for a prior year.

7.14 No Offsets. All Assessments shall be payable at the time and in the amount specified by the Association and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Board of Trustees is not properly exercising its duties and power, a claim in the nature of offset or that the Association owes the Owner money, or that the Association is not complying with its obligations as provided for in the Governing Documents.

- 7.15 How Payments Applied. Payments on assessments shall be applied to the oldest charges first.

ARTICLE 8

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**NONPAYMENT OF ASSESSMENTS &
JOINT AND SEVERAL LIABILITY OF OWNERS FOR ALL PAST UNPAID
ASSESSMENTS**

- 8.1 Delinquency. Assessments not paid within the time required shall be delinquent. Whenever an Assessment is delinquent, the Board of Trustees may, at its option, invoke any or all of the remedies granted in this Article 8.
- 8.2 Collection Charges and Interest. So long as the Association does not adopt or establish billing and collection procedures in the Rules inconsistent with those in this section 8.2, the following shall apply. Monthly assessments shall be due and payable on the first of the month and late if not received by the 10th of that month. Late fees shall be \$10.00 for each month that an Owner's account has an unpaid balance after the due date. In addition to Late Fees, interest at 2% per month shall accrue beginning 30 days after the first delinquency and so long as there is any balance owing, on all unpaid balances, including unpaid prior attorney fees, interest (resulting in compounding of interest), late fees, and assessments. The Association may also impose and assess to the Owner a collection charge, late fee, and any other reasonable charge imposed by a Manager related to collections, as the Board of Trustees may establish in the Rules.
- 8.3 Joint and Several Liability of Owner and future Owners for All Past and Presently Accruing Unpaid Assessments. The Owner and any future Owners of a Unit are jointly and severally liable for all assessments accruing related to that Unit prior to and during the time that an Owner is an Owner. An Owner is not liable for any assessments accruing after an Owner has lawfully transferred the Unit to another Owner. The recording of a deed to someone or some company that has not agreed to take ownership of the Unit shall not be considered a legal conveyance of title. This obligation is separate and distinct from any lien rights associated with the Unit.
- 8.4 Lien. The Association has a lien on each Unit for all assessments (which include but are not limited to interest, collection charges, late fees, fines, attorneys' fees, court costs, and other costs of collection (which shall include all costs and not be limited by those costs that may be awarded under the Utah Rules of Civil Procedure). This lien shall arise and be perfected as of the date of the recording of this Declaration and shall have priority over all encumbrances recorded after this Declaration is recorded, except as otherwise required by law. If an assessment is payable in installments, the lien is for the full amount of the assessment from the time the first installment is due, unless the Association provides otherwise in the notice of Assessment. The Association's lien shall have priority over each other lien and encumbrance on a Unit except only: (1) a lien or encumbrance recorded before this Declaration is recorded, (2) a first or second security

interest on the Unit secured by a mortgage or trust deed that is recorded before a recorded notice of lien by or on behalf of the Association; and (3) a lien for real estate taxes or governmental assessments or charges against the Unit. The Association may, but need not, record a notice of lien on a Unit.

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- 8.5 Action at Law. The Association may bring an action to recover a delinquent Assessment either personally against the Owner obligated to pay the same or by foreclosure of the Assessment lien. In addition, the Association's choice of one remedy shall not prejudice or constitute a waiver of the Association's right to exercise any other remedy. Any attorneys' fees and costs incurred in this effort shall be assessed against the delinquent Owner and the Owner's Unit, and reasonable attorneys' fees and court costs will thereafter be added to the amount in delinquency (plus interest and collection charges, if appropriate). Each Owner vests in the Association or its assigns the right and power to bring actions at law or lien foreclosures against such Owner or Owners for the collection of delinquent Assessments.
- 8.6 Foreclosure Sale. The Association shall have all rights of foreclosure granted by the Act, both judicially and nonjudicially. Pursuant to Utah Code Ann. Sections 57-1-20 and 57-8a-302, an Owner's acceptance of an interest in a Unit constitutes a simultaneous conveyance of the Units in trust, with power of sale, to John D. Morris, as trustee, for the benefit of the North Ridge PUD Homeowners' Association, for the purpose of securing payment of Assessments under the terms of this Declaration. The Association may appoint a successor qualified trustee by executing and recording a substitution of trustee form.
- 8.7 Homestead Waiver. Each Owner, to the extent permitted by law, hereby waives, to the extent of any liens created pursuant to this Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Utah now in effect, or in effect from time to time hereafter.
- 8.8 Termination of Delinquent Owner's Rights. The Association shall have the right to terminate a delinquent Owner's: (1) right to receive a utility service for which the Owner pays as a Common Expense, and (2) access to recreational facilities.
- 8.9 Requiring Tenant to Pay Rent to Association. The Association shall have the right to demand and collect rent from any tenant in a Unit for which an assessment is more than 60 days late.
- 8.10 Attorney Fees Incurred as a Result of a Default. In addition to any attorney fees and costs provided for herein, the Association shall be entitled to recover all reasonable attorney fees and costs incurred as a result of an Owner's failure to timely pay assessments, including but not limited to attorneys fees incurred to: (1) obtain advice about a default, (2) collect unpaid payments, (3) file lawsuits or other legal proceedings related to a default in an effort to collect unpaid assessments, (4) file pleadings, notices,

objections, and proofs of claim in any bankruptcy proceeding, (5) examine the debtor or others or to monitor any bankruptcy proceedings including but not limited to regular monitoring of an Owner's progress in a chapter 13 plan for the duration of the plan, (6) litigate, seek and respond to discovery, take depositions, introduce evidence, hire and pay expert witnesses, file motions and other pleadings, attend trials, hearings, or other court proceedings for any other reason related to the ultimate attempt to collect unpaid assessments, and (7) foreclose a lien, secure lien rights, or provide for any notice of lien. This provision is to be construed broadly to permit an Association to recover any reasonable fees and costs in any way related to an Owner's default in the payment of assessments and the ultimate collection of those assessments.

ARTICLE 9

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PROPERTY RIGHTS IN UNITS AND COMMON AREA

9.1 General Easements to Common Area and Units.

- (a) Subject to all other terms of the Governing Documents, each Owner shall have an equal undivided interest, right, and easement of use and enjoyment in and to the Common Area, except as it relates to the porches, patios, stairways, or driveways that exclusively serve one Unit, which shall be Limited Common Area for the exclusive use of the Occupants of the Unit to which they are appurtenant. Each Owner shall have an unrestricted and non-exclusive right of ingress or egress to and from the Owner's Unit over and across such Common Area, and the nonexclusive right to the use of open parking stalls, if any, within the Common Area to the extent those parking stalls are held open for use by the Owners and subject to any other restrictions related to such use. Such rights and easements shall be appurtenant to and shall pass with title to each Unit and in no event shall such appurtenant rights be separated therefrom. Authorized Occupants shall have the same access and use rights to the Common Area as an Owner. All such rights shall be subject to any Rules established by the Board of Trustees, which may limit or eliminate the right of Owners to park in Common Area parking spaces in order to provide for guest parking.
- (b) The Association shall have nonexclusive easements with the right of access to each Unit, including any Limited Common Areas, to make inspections, to prevent or mitigate damage to Units and to Common Area, and to maintain, repair, replace or effectuate the restoration of the Common Area and those portions of the Unit that the Association is responsible for maintaining which are accessible from such Unit. Such rights shall be exercised only after the notice required in this Declaration. The Association shall have a nonexclusive right to grant permits, licenses, and easements upon, across, over, under, and through the Common Area for purposes necessary for the proper operation of the Project.

9.2 Public Utilities. Easements and rights-of-way over the Project for the installation and

maintenance of electricity lines, telephone lines, cable television, water lines, gas lines, sanitary sewer lines, drainage facilities, and such other public utilities needed to serve the Project are hereby reserved to the Association, together with the right to grant and transfer the same; provided, however, such easements and rights-of-way shall not unreasonably interfere with the use of the Common Area and the Units by the Owners or Occupants. The Association shall have the power to grant and convey, in the name of all of the Owners as their attorney-in-fact, to any other person easements and rights-of-way in, on, over or under the Common Area for the purpose of constructing, erecting, operating, or maintaining lines, cables, wires, wireless transmission or reception equipment, conduits, or other devices for electricity, cable television, power, telecommunications, internet, telephone, public sewers, storm water drains and pipes, water systems, sprinkling systems, water heating and gas lines or pipes and any other public, quasi public, or private improvements or facilities, and each Owner in accepting the deed to a Unit expressly consents to such easements and rights-of-way and authorizes and appoints the Association as attorney-in-fact for such Owner to execute any and all instruments conveying or creating such easements or rights-of-way. Such Owner and those claiming by, through or under an Owner agree to execute promptly all such documents and instruments and to do such other things as may be necessary or convenient to effect the same at the request of the Association. However, no such easement can be granted if it would permanently and materially interfere with the use, occupancy or enjoyment by any Owner of such Owner's Unit.

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- 9.3 Detention Area and Drainage Easement. Located within the Common Area is a Detention Area and Drainage Easement, as described and indicated on the Plat. The Association shall be responsible for its maintenance, care, and operation. The Owners, Occupants, and their invitees and guests recognize its existence and shall hold harmless the Owners and the Association from any injury resulting from the existence of the Detention Area and Drainage Easement.
- 9.4 Easements for Encroachments. If any portion of the Common Area encroaches upon any Unit, or if any Unit encroaches upon any other Unit or the Common Area, as a result of the manner in which the buildings are constructed or due to settling, shifting, alteration, replacement, repair or restoration by the Association, a valid easement for encroachment, and maintenance of such encroachment, shall exist for the life of the structure.
- 9.5 Limitation on Easement - Suspension of Owner's Rights. An Owner's equal undivided interest, right and easement of use and enjoyment concerning the Common Area shall be subject to the following:
- (a) The right of the Association to suspend the Owner's right to the use of any recreational facilities included in the Common Area: (i) for any period during which an assessment on such Owner's Unit remains unpaid; (ii) for a period not exceeding sixty (60) days for any infraction by such Owner of the provisions of this Declaration or any Association Rule; and (iii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period;
 - (b) The right of the Association to impose reasonable limitations on the number of

Occupants per Owner who at any given time are permitted to use the Common Area; and

- (c) The right of any governmental or quasi-governmental body having jurisdiction over the Project to access and to have rights of ingress and egress over and across any street, parking areas, walkway or open areas contained within the Common Area for purposes of providing police and fire protection, transporting school children and providing other governmental or municipal services.

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- 9.6 Views. Views from a Unit and the Project are not assured or guaranteed in any way. There is no warranty concerning the preservation of any view or view plane from the Project and each Owner and Occupant in such Owner's Unit acknowledges and agrees that there are no view easements or view rights appurtenant to the Unit or the Project.

ARTICLE 10

USE LIMITATIONS AND CONDITIONS

- 10.1 Rules. The Association shall have authority to promulgate and enforce such reasonable Rules and procedures as may aid the Association in carrying out any of its functions and to ensure that the Project is maintained and used in a manner consistent with the interest of the Owners.
- 10.2 Signs. The Association may regulate and restrict signs in the Project, to the extent permitted by law, in the Rules and Regulations. "Signs" shall include any type of object (including but not limited to flags, billboards, banners, plaques, a-frames, easel signs, poly-bag signs, corrugated plastic signs, lawn signs, window signs) used to convey a message, symbol, idea, identification, or for any other purpose that signs are typically used, that is placed in, on, or outside of a Unit with the apparent purpose, in whole or in part, of making it visible to people outside of the Unit.
- 10.3 Nuisance. No noxious or offensive activity shall be carried on upon the Project, nor shall any activity that might be or become an annoyance or nuisance to the Owners or Occupants be permitted to interfere with their rights of quiet enjoyment or increase the rate of any insurance or decrease the value of the Units. No Owner or Occupant shall engage in activity within the Project in violation of any law, ordinance, statute, rule or regulation of any local, county, state or federal body.
- 10.4 Smoking. It shall be a nuisance and prohibited under Section 10.3 to permit or cause any smoke to drift or otherwise enter into another Unit, or the Limited Common Area of another Unit. Neither an Owner complaining of smoke or the Association responding to that Complaint shall be required to close windows or doors, make repairs, or otherwise make any physical alteration to the Project or to any Unit to prevent drifting smoke from entering into that Unit or any patio or balcony associated with that Unit. It shall be the sole responsibility of the Owner causing the smoke to prevent or stop smoke from entering any other Unit or its Limited Common Area, which may require, if other

attempts to stop it are unsuccessful, the termination of smoking. There shall be no smoking on the exterior of Units within 25 feet of any Unit, or on or within 25 feet of any Limited Common Area, pavilion, or playground.

- 10.5 Temporary Structures. No structure or building of a temporary character, including a tent or shack, shall be placed upon the Project or used therein for a period of more than 24 hours unless it is approved by the Board of Trustees. The Board of Trustees shall have authority to prohibit altogether or reduce the allowed time period for all such structures or certain structures, in the Rules.

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- 10.6 Parking and Use of Open Parking/Visitor Parking. Unless otherwise permitted by the Association in the Rules, and except for “customary parking” and “temporary parking,” as permitted by this Section 10.6, no automobiles or other vehicles of any type (including, without limitation, motorcycles, trailers, campers, vans, recreational vehicles, or boats) shall be parked, stored, or located within any portion of the Project, including any Unit or Common Area. “Customary parking” shall mean the parking of operable automobiles, motorcycles, noncommercial trucks and vans within the parking garage for each respective Unit or in the Limited Common Area driveway associated with the Unit. “Temporary parking” shall mean the use of designated parking areas within the Project for parking of operable vehicles belonging to Owners and Occupants including the parking of delivery trucks, service vehicles, and other commercial vehicles being used in the furnishing of goods and services to the Owners and Occupants. The Association may adopt Rules relating to the parking of vehicles within the Project and the use of the visitor parking spaces including, without limitation, (a) the right to loan, assign, or license the visitor parking spaces to a particular Owner or Occupant to comply with any lawful requirements, (b) the right to remove or cause to be removed any vehicles that are improperly parked, (c) restrictions on any regular or irregular owner use of visitor parking spaces, and (d) restrictions on the time period and duration that visitor spaces may be used.

- 10.7 External Fixtures. To the extent permissible by applicable law and the Governing Documents, no external items such as, but not limited to, television and radio antennas, satellite dishes, flag poles, clotheslines, wiring, air conditioning equipment, water softening equipment, fences, awnings, ornamental screens, screen doors, porch, patio, or balcony enclosures, sunshades, lighting fixtures, walls, windows, skylights, landscaping and plantings, other than those provided in connection with the original construction of the Project, shall be constructed, erected, or maintained on the Project without the prior written approval of the Board of Trustees.

- 10.8 Window Covers. The Board of Trustees may adopt Rules regulating the type, color, and design of window covers and requiring prior approval before installation. Absent Rules permitting otherwise, only curtains, drapes, shades, shutters, and blinds may be installed as window covers. No window shall be covered by paint, foil, sheets, or similar items.

- 10.9 External Laundering. Unless otherwise permitted by the Board of Trustees in the Rules,

external laundering and drying of clothing and other items is prohibited.

10.10 Outside Speakers and Amplifiers. Except as permitted in the Rules and subject to any regulations in the Rules, no radio, stereo, broadcast, loudspeaker, or projection of sound or music on or directed to the outside of any Unit shall be permitted.

10.11 Repairs. No repairs of any detached machinery, equipment, or fixtures, including without limitation, motor vehicles, shall be made in the Project except as may be permitted by the Board of Trustees in Rules.

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10.12 Unsightly Items. All rubbish, debris, unsightly materials, or similar objects of any kind shall be regularly removed from Units and shall not be allowed to accumulate therein or thereon. Refuse containers and machinery and equipment not a part of the Units, shall be prohibited in any Unit unless obscured from view of adjoining Units and Common Area. Trash and garbage shall be properly disposed in accordance with the Rules applicable thereto adopted by the Board of Trustees.

10.13 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the Project, except that no more than three animals per Unit, of a type generally kept in households such as dogs, cats, birds, fish, and hamsters, may be kept in the Project subject to the rules and requirements of this Declaration. Notwithstanding the foregoing, no animal may be kept within a Unit which: (a) is raised, bred, kept, or maintained for any commercial purposes, (b) causes a nuisance, or (c) in the good faith judgment of the Board of Trustees, results in an annoyance or threat of injury, or is obnoxious to or unreasonably causes anxiety to other Owners or Occupants within the Project. The Board of Trustees may exercise its judgment for specific animals even though others of the same breed or type are permitted to remain. All fecal matter shall be immediately cleaned up in the Project. The Board of Trustees may adopt Rules adding further Terms and Conditions related to animals in the Association not inconsistent with this Declaration including but not limited to requirements for registration, specific fees or deposits to Owners of Units that have animals, the use of leashes, noise and barking limitations, and limitations on the overall number of animals.

10.14 Landscape Maintenance. Absent the adoption of a Rule allowing Owners to landscape the areas around their Units, no one may alter, change, or maintain any landscaping in the Project without the written approval of the Board of Trustees.

10.15 Floor Load. There shall be no floor load in excess of the weight for which the Unit was designed, unless special arrangements are made, and an engineering determination of floor load capacity in the areas of the heavy use is obtained by the Owner and approved in writing by the Board of Trustees.

10.16 Residential Occupancy.

(a) No trade or business may be conducted in or from any Unit unless:

- (1) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell, from outside the Unit;
- (2) the business activity conforms to all zoning and legal requirements for the Project and the business activity;
- (3) the business activity does not involve Persons coming onto the Project who do not reside in the Project or door-to-door solicitation of Occupants of the Project;
- (4) 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 Occupants of the Project;
- (5) the business activity is disclosed to the Board of Trustees before business is commenced along with a description of the business activity, a statement of the amount of space required in the Unit for such activity, a description of any impact on the Project;
- (6) the business activity will not result in the increase of any insurance of the Association;
- (7) the Owner of the Unit resides in the Unit in which the business activity is proposed for the entire time any business activity is conducted; and
- (8) the Board of Trustees' requests for information related to the business are responded to fully and completely.

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- (b) No Units may be used as a time-share property.
- (c) Except as provided in Article 20 and section 10.16(1), no Unit may be used for any purpose other than a residential purpose.

10.17 No Subdivision or Timeshare of Units or Recording by Owners of Terms and Conditions.

No Unit shall be split, subdivided, separated or timeshared into two or more Units or property interests (whether temporally or spatially), and no Owner of a Unit shall sell or lease part of a Unit. No subdivision plat or covenants, conditions, or restrictions shall be recorded by any Owner or other Person with respect to any one Unit. No subdivision plat or covenants, conditions, or restrictions related to any Unit or the Project shall be recorded on the Project unless the Board of Trustees and/or Owners (as required in this Declaration) have first approved, in writing, the plat or the proposed covenants, conditions, or restrictions. Any plat or covenants, conditions, or restrictions recorded in violation of this Section 10.17 shall be null, void, and of no legal effect.

10.18 Architectural Control. No exterior changes whatsoever shall be commenced, erected, maintained, made, or done without the prior written approval of the Board of Trustees or any Committee established by the Board of Trustees for that purpose. By way of illustration, but not of limitation, the following are considered exterior changes: painting, landscaping, excavation, patio covers, screens, doors, evaporative coolers, fireplaces, skylights, storage buildings, solar collectors, shade screens, awnings, window coating or tinting, decorative alterations, and other work that in any way alters the exterior appearance of the Property. The Board of Trustees, or committee established by the Board of Trustees for that purpose, may designate the design, style, model and manufacturer of any exterior improvement or alteration that is acceptable to the Board of Trustees. Such designations shall be for the purpose of achieving uniformity of

appearance and preservation of property values.

10.19 Lighting. Exterior lighting fixtures and walkway and landscaping lights shall be allowed only to the extent approved by the Board of Trustees.

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10.20 Variations. The Board of Trustees may, at its option and in extenuating circumstances, grant variances from the Terms and Conditions set forth in this Article 10 if the Board of Trustees determines in its discretion (by unanimous vote): (a) either (i) that the Term and Condition would create an unreasonable hardship or burden on an Owner or Occupant, or (ii) that a change of circumstances since the recordation of this Declaration has rendered such Term and Condition obsolete and unreasonable to enforce; and (b) that the activity permitted under the variance will not have any financial affect or any other substantial adverse effect on the Owners or Occupants of the Project and is consistent with the high quality of life intended for residents of the Project. Any such variance shall be unenforceable and without any effect whatsoever unless reduced to writing and signed by every member of the then-existing Board of Trustees. No variance may be granted that is inconsistent with the Act. No variance may be granted that relates to the payment of Assessments unless it clearly appears after reasonable investigation under the circumstances that the Owner is incapable of paying the assessment and the Unit is being or has been transferred to a new Owner either voluntarily or involuntarily through foreclosure.

10.21 Hazardous Substances.

- (a) The Owners shall comply with applicable Environmental Laws (as defined below), and shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances (as defined below), on or within the Project, that are not properly controlled, safeguarded, and disposed of. The Owners shall not do, nor allow anyone else to do, anything affecting the Project that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Project of small quantities of Hazardous Substances that are generally recognized to be appropriate to the maintenance of a Unit or the Project.
- (b) Each Owner shall indemnify, defend and hold the Association and each and every other Owner harmless from and against any and all claims and proceedings (whether brought by private party or governmental agency) for bodily injury, property damage, abatement or remediation, environmental damage or impairment, or any other injury or damage resulting from or relating to any Hazardous Substances located under or upon or migrating into, under, from or through the Project, which the Association or the other Owners may incur due to the actions or omissions of an indemnifying Owner. The foregoing indemnity shall apply: (i) when the release of the Hazardous Substances was caused by an indemnifying Owner or an Occupant; and (ii) whether or not the alleged liability is attributable to the handling, storage, generation, transportation or disposal of

Hazardous Substances on the Project. The obligations of each Owner under this Section 10.21 shall survive any subsequent sale by an indemnifying Owner.

- (c) As used in this Section 10.21, "Hazardous Substances" are those substances defined as a toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde and radioactive materials. As used in this Section 10.21, "Environmental Law" means federal laws and laws of the jurisdiction where the Project is located that relate to health, safety or environmental protection.

ARTICLE 11

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INSURANCE

- 11.1 Insurance Requirement. The Association shall obtain insurance as required in this Declaration and as required by applicable law. The Association may obtain insurance that provides more or additional coverage than the insurance required in this Declaration. Different policies may be obtained from different insurance carriers and standalone policies may be purchased instead of or in addition to embedded, included coverage, or endorsements to other policies.
- 11.2 Annual Insurance Report. Not later than sixty (60) days prior to the annual meeting of the Association, the Board of Trustees shall obtain a written report by an independent and experienced insurance broker, agent, or consultant (who may be the insurance provider/agent/broker used by the Association), with specific knowledge and experience in community association insurance industry, setting forth: (a) a summary description of the insurance coverage obtained by the Association, including the dollar amounts of any such coverage, and any material exceptions, exclusions, and limitations on such coverage; (b) whether, in the opinion of such broker or consultant, the insurance coverage in effect for the Association complies with the requirements of this Declaration and the law; (c) a description of any earthquake insurance and material exclusions and limitations for that coverage and if no earthquake insurance is obtained, a conspicuous clear statement in both bold and uppercase letters stating: "NO EARTHQUAKE INSURANCE HAS BEEN OBTAINED BY THE ASSOCIATION," and (d) a description of any flood insurance and material exclusions and limitations for that coverage and if no flood insurance is obtained, a conspicuous clear statement in both bold and uppercase letters stating: "NO FLOOD INSURANCE HAS BEEN OBTAINED BY THE ASSOCIATION." The report shall also set forth any recommendations or suggestions from the insurance professional regarding current policy provisions, deductibles, exceptions, exclusions, and for additional insurance suggested or recommended for the protection of the Owners in light of the insurance then available and the best practices with respect to other similar projects. The most recent annual insurance report shall be distributed to the Owners at or before the annual meeting of the

Association and shall be provided to any Owner at any other time upon request. If the report is distributed to Owners at the annual meeting, a copy shall also be mailed to Owners not personally in attendance within 30 days of the meeting.

11.3 Property Insurance.

(a) Hazard Insurance.

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(1) Blanket Policy of Property Insurance. The Association shall maintain a blanket policy of property insurance covering the entire Project, including the Common Area and all buildings including all Units, fixtures, and building service equipment.

- (i) The blanket policy shall exclude land and other items not normally and reasonably covered by such policies. The blanket policy shall be an "all in" or "all inclusive" insurance as those terms are used in the insurance industry and shall include insurance for any fixture, improvement, or betterment installed in or to the Unit or any Limited Common Areas or otherwise permanently part of or affixed to Common Areas, Units, or Limited Common Areas, including but not limited to floor coverings, cabinets, light fixtures, electrical fixtures, heating and plumbing fixtures, paint, wall coverings, windows.
- (ii) At a minimum, the blanket policy shall afford protection against loss or damage by: (1) fire, windstorm, hail, riot, aircraft, vehicles, vandalism, smoke, and theft; and (2) all perils normally covered by "special form" property coverage.
- (iii) The blanket policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all property covered by such policy (including the Units) at the time the insurance is purchased and at each renewal date. The actual replacement cost of the property shall be determined by using methods generally accepted in the insurance industry.
- (iv) The blanket policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (1) a Guaranteed Replacement Cost Endorsement under which the insurer agrees to replace the insurable property regardless of the cost; or (2) a Replacement Cost Endorsement under which the insurer agrees to pay up to one hundred percent (100%) of the Property's insurable replacement cost but not more. If the policy includes a coinsurance clause, it must include an Agreed Amount Endorsement which must waive or eliminate the requirement for coinsurance.
- (v) Each property policy that the Association is required to maintain shall

also contain or provide for the following: (i) "Inflation Guard Endorsement," if available; (ii) "Building Ordinance or Law Endorsement,"(the endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and (iii) "Equipment Breakdown," if the project has central heating or cooling or other equipment or other applicable fixtures, equipment, or installations, which shall provide that the insurer's minimum liability per accident at least equals the lesser of two million dollars (\$2,000,000) or the insurable value of the building containing the equipment.

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- (b) Owner Responsibility for Payment of Deductible. If a loss occurs that is covered by a property insurance policy in the name of the Association and another property insurance policy in the name of an Owner:
- (1) the Association's policy provides primary insurance coverage; and
 - (2) notwithstanding Subsection 11.3(b)(1) and subject to Subsection 11.3(b)(3):
 - (i) the Owner is responsible for the Association's policy deductible; and
 - (ii) the Owner's policy, if any, applies to that portion of the loss attributable to the Association's policy deductible.
 - (3) (i) As used in this Subsection (3):
 - (A) "Covered Loss" means a loss, resulting from a single event or occurrence, that is covered by the Association's property insurance policy.
 - (B) "Unit Damage" means damage to any combination of a Unit or a Limited Common Area appurtenant to a Unit.
 - (C) "Unit Damage Percentage" means the percentage of total damage resulting in a covered loss that is attributable to Unit Damage.
 - (ii) An Owner who owns a Unit that has suffered Unit Damage as part of a Covered Loss is responsible for an amount calculated by applying the Unit Damage Percentage for that Unit to the amount of the deductible under the association's property insurance policy.
 - (iii) If an Owner does not pay the amount required under Subsection (11.3)(b)(3)(ii) within 30 days after substantial completion of the repairs to, as applicable, the Unit or the Limited Common Area appurtenant to the Unit, the Association may levy an assessment against a Owner for that amount.
- (c) Flood Insurance.
- (1) If any part of the Project is or comes to be situated in a Special Flood Hazard Area as designated on a Flood Insurance Rate Map, a policy of flood insurance shall be maintained covering the Project or, at a minimum, that portion of the Project located within the Special Flood Hazard Area. That policy shall cover any machinery and equipment that are not part of a building and all Common Area within the Project ("Insurable Property") in an amount deemed appropriate, but not less than the lesser of: (i) the maximum limit of coverage available under the National Flood Insurance Program for the Insurable Property within any

portion of the Project located within a designated flood hazard areas; or (ii) one hundred percent (100%) of the insurable value of the Insurable Property.

(2) If the Project is not situated in a Special Flood Hazard Area, the Association may nonetheless, in the discretion of the Board of Trustees, purchase flood insurance to cover water and flooding perils not otherwise covered by blanket property insurance.

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- (d) Earthquake Insurance. The Association may purchase earthquake insurance as the Board of Trustees deems appropriate. If the Board of Trustees elects not to purchase earthquake insurance, a vote of the Owners present at the annual meeting, with a proper quorum, shall be required to confirm this decision. If the Owners at the annual meeting do not confirm the decision to not purchase earthquake insurance, the Board of Trustees shall purchase earthquake insurance within 60 days of the vote.
- (e) Association's Obligation to Segregate Property Insurance Deductible. The Association shall keep in a segregated bank account an amount equal to the Association's property insurance policy deductible or \$10,000, whichever is less. This requirement shall not apply to any earthquake or flood insurance deductible.
- (f) Association's Right to Not Tender Claims that are Under the Deductible. If, in the exercise of its business judgment, the Board of Trustees determines that a claim is likely not to exceed the Association's property insurance policy deductible: (1) the Owner's policy is considered the policy for primary coverage to the amount of the Association's policy deductible; (2) an Owner who does not have a policy to cover the Association's property insurance policy deductible is responsible for the loss to the amount of the Association's policy deductible; and (3) the Association need not tender the claim to the Association's insurer.
- (g) Notice Requirement for Deductible. The Association shall provide notice to each Owner of the Owner's obligation under Subsection 11.3(b) for the Association's policy deductible and of any change in the amount of the deductible. If the Association fails to provide notice of the initial deductible, it shall be responsible for the entire deductible in case of any loss. If the Association fails to provide notice of any increase in the deductible, it shall be responsible for paying any increased amount that would otherwise have been assessed to the Owner. The failure to provide notice shall not invalidate or affect any other provision in this Declaration.

11.4 Comprehensive General Liability (CGL) Insurance. The Association shall obtain CGL insurance insuring the Association, the agents and employees of the Association, and the Owners, against liability incident to the use, ownership or maintenance of the Common Area or membership in the Association. The coverage limits under such policy shall not be less than two million dollars (\$2,000,000.00) covering all claims for death of or injury to any one person or property damage in any single occurrence. Such insurance shall

contain a Severability of Interest Endorsement or equivalent coverage that would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner.

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- 11.5 Director's and Officer's Insurance. The Association shall obtain Directors' and Officers' liability insurance protecting the Board of Trustees, the officers, and the Association against claims of wrongful acts, mismanagement, failure to maintain adequate reserves, failure to maintain books and records, failure to enforce the Governing Documents, and breach of contract (if available). This policy shall: (a) include coverage for volunteers and employees, (b) include coverage for monetary and non-monetary claims, (c) provide for the coverage of claims made under any fair housing act or similar statute or that are based on any form of discrimination or civil rights claims, and (d) provide coverage for defamation. In the discretion of the Board of Trustees, the policy may also include coverage for any manager and any employees of the manager and may provide that such coverage is secondary to any other policy that covers the manager or any employees of the manager.
- 11.6 Insurance Coverage for Theft and Embezzlement of Association Funds. The Association shall obtain insurance covering the theft or embezzlement of funds that shall: (a) provide coverage for an amount of not less than the sum of three months regular assessments in addition to the prior calendar year's highest monthly balance on all operating and reserve funds, and (b) provide coverage for theft or embezzlement of funds by: (1) Officers and Trustees of the Association, (2) employees and volunteers of the Association, (3) any manager of the Association, and (4) officers, directors, and employees of any manager of the Association.
- 11.7 Workers' Compensation Insurance. The Board of Trustees shall purchase and maintain in effect workers' compensation insurance for all employees of the Association to the extent that such insurance is required by law and as the Board of Trustees deems appropriate.
- 11.8 Certificates. Any insurer that has issued an insurance policy to the Association shall issue a certificate of insurance to the Association and upon written request, to any Owner or Lender.
- 11.9 Named Insured. The named insured under any policy of insurance shall be the Association. Each Owner shall also be an insured under all property and CGL insurance policies.
- 11.10 Association's Right to Negotiate All Claims and Losses and Receive Proceeds. Insurance proceeds for a loss under the Association's property insurance policy: (a) shall be payable to an Insurance Trustee if one is designated, or to the Association; and shall not be payable to a holder of a security interest. An Insurance Trustee, if any is appointed, or the Association shall hold any insurance proceeds in trust for the Association, Owners, and lien holders. Insurance proceeds shall be disbursed first for the

repair or restoration of the damaged property, if the property is to be repaired and restored as provided for in this Declaration. After any repair or restoration is complete and if the damaged property has been completely repaired or restored, any remaining proceeds shall be paid to the Association. If the property is not to be repaired or restored, then any proceeds remaining after such action as is necessary related to the property has been paid for, shall be distributed to the Owners and lien holders, as their interests remain with regard to the Units. Each Owner hereby appoints the Association, or any Insurance Trustee, as attorney-in-fact for the purpose of negotiating all losses related thereto, including: the collection, receipt of, and appropriate disposition of all insurance proceeds, the execution of releases of liability, and the execution of all documents and the performance of all other acts necessary to administer such insurance and any claim. This power-of-attorney is coupled with an interest, shall be irrevocable, and shall be binding on any heirs, personal representatives, successors or assigns of an Owner.

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- 11.11 Insurance Trustee. In the discretion of the Board of Trustees or upon written request executed by Owners holding 50% of the Allocated Interests, the Board of Trustees shall hire and appoint an insurance trustee ("Insurance Trustee"), with whom the Association shall enter into an insurance trust agreement, for the purpose of exercising such rights under this paragraph as the Owners or Board of Trustees (as the case may be) shall require.
- 11.12 Owner Act Cannot Void Coverage Under Any Policy. Unless an Owner is acting within the scope of the Owner's authority on behalf of the Association and under direct authorization of the Association, an Owner's act or omission may not void an insurance policy or be a condition to recovery under a policy.
- 11.13 Waiver of Subrogation against Owners and Association. All property and CGL policies must contain a waiver of subrogation by the insurer as to any claims against the Association and the Owners and their respective agents and employees.

ARTICLE 12

DESTRUCTION OF IMPROVEMENTS

- 12.1 Reconstruction. In the event of partial or total destruction of a building or buildings or any portion of the Common Area within the Project, the Board of Trustees shall promptly take the following actions:
- (a) The Board of Trustees shall ascertain the cost of reconstruction by obtaining fixed price bids from at least two (2) reputable contractors, including the obligation to obtain performance and lien payment bonds.
 - (b) The Board of Trustees, or any Insurance Trustee if one is appointed, shall determine and liquidate the amount of insurance proceeds, if any.
 - (c) Damage to a portion of Project -- Insurance proceeds.
 - (1) If a portion of the Project for which insurance is required under this

Declaration is damaged or destroyed, the Association shall repair or replace the portion within a reasonable amount of time unless: (i) the Project is terminated; (ii) repair or replacement would be illegal under a state statute or local ordinance governing health or safety; or (iii) (A) Owners holding at least 75% of the Allocated Interests in the Association vote not to rebuild; and (B) each Owner of a Unit that will not be rebuilt votes not to rebuild.

(2) The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense.

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(3) If the entire Project is damaged or destroyed and not repaired or replaced: (i) the Association shall use the insurance proceeds attributable to the damaged common areas to restore the damaged area to a condition compatible with the remainder of the project; (ii) the Association shall distribute the insurance proceeds attributable to Units and common areas that are not rebuilt to the Owners of Units that are not rebuilt and the lien holders; and (iii) the Association shall distribute the remainder of the proceeds to all the Owners or lien holders in proportion to their Allocated Interests.

(4) If the Owners vote not to rebuild a Unit: (i) the Unit's Allocated Interests are automatically reallocated upon the Owner's vote as if the Unit had been condemned; and (ii) the Association shall prepare, execute, and submit for recording an amendment to the Declaration reflecting the new reallocations.

- (d) If the Board of Trustees in good faith determines that none of the bids submitted under this Section 12.1 reasonably reflect the anticipated reconstruction costs, the Board of Trustees shall continue to attempt to obtain an additional bid that it determines reasonably reflects such costs. Such determination shall be made by the Board of Trustees as soon as possible. However, if such determination cannot be made within ninety (90) days after the date of such destruction because of the unavailability or unacceptability of an insurance estimate or reconstruction bid, or otherwise, the Board of Trustees shall immediately call a meeting of the affected Owners and all Lenders pursuant to Section 12.2.
- (e) If the Board of Trustees determines that any Unit is uninhabitable by reason of its total or partial destruction, the Board of Trustees may abate Assessments against the Owner thereof until the Board of Trustees determines that habitability has been restored.
- (f) The Board of Trustees shall engage the services of a reputable licensed architect to advise and consult with the Board of Trustees on all actions and decisions under this Section 12.

12.2 Reconstruction by Vote. If reconstruction is not to take place pursuant to Section 12.1, as soon as practicable after the same has been determined, the Board of Trustees shall call a special meeting of the Owners by mailing a notice of such meeting to each such Owner. Such meeting shall be held not less than ten (10) days and not more than sixty (60) days after the date of such notice. Unless the Owners, by a vote at such meeting or by the

written consent of not less than seventy-five percent (75%) of the Allocated Interests in the votes of the Association (including every Owner of a Unit or an allocated Limited Common Area that will not be rebuilt) determine not to proceed with such reconstruction, reconstruction must take place and the Board of Trustees shall levy a uniform special Assessment against each Owner at such time and in such amount as the Board of Trustees shall determine is necessary to cover the costs of reconstruction in excess of insurance proceeds and available reserves.

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- 12.3 Procedure for Minor Reconstruction. If the cost of reconstruction is equal to or less than ten percent (10%) of the estimated fair market value of all of the Units in the Project, then the Board of Trustees shall contract with a licensed contractor or contractors to rebuild or repair such damaged or destroyed portions of the Project in conformance with the original plans and specifications, or if the Board of Trustees determines that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes or other governmental rules or regulations then in effect, then such repairs or rebuilding shall be of a kind and quality substantially equivalent to the original construction of such improvements.
- 12.4 Procedure for Major Reconstruction. If the cost of reconstruction is greater than ten percent (10%) of the estimated fair market value of all of the Units in the Project, all insurance proceeds, together with such amounts from available reserves or special Assessments as are needed to complete the cost of reconstruction, shall be paid directly to an Insurance Trustee, to be designated by the Board of Trustees, as trustee for all Owners and Lenders. The Insurance Trustee shall be a bank or savings and loan association with an office in Cache County, Utah, whose accounts are insured by the Federal Deposit Insurance Corporation or the successor to such agency. Such proceeds shall be received, held and administered by the Insurance Trustee subject to the provisions of an insurance trust agreement, which shall be consistent with the provisions of this Declaration and which shall be entered into between the Insurance Trustee and the Board of Trustees. Disbursement of such funds shall be made only upon the signatures of two members of the Board of Trustees and upon the terms and conditions provided in this Section 12.4. As soon as practicable after notification of the receipt of insurance proceeds by the Insurance Trustee, the Board of Trustees shall enter into a contract with a licensed contractor or contractors for the repair or rebuilding of all of the damaged or destroyed Units and Common Area according to the original plan and specifications of said improvements or, if the Board of Trustees determines that adherence to such original plans and specifications is impracticable or not in conformity with applicable statutes, ordinances, building codes or other governmental rules and regulations then in effect, then of a quality and kind substantially equivalent to the original construction of such improvements. The contract with such licensed contractor or contractors shall provide for payment to the contractor or contractors a specified sum for performance and execution of the work therein described, and shall have provisions for periodic disbursement of funds by the Insurance Trustee, which shall be consistent with procedures then followed by prudent lending institutions doing business in Cache County, Utah. Such periodic disbursements of funds shall be for specific dollar amounts

and shall not be paid until the contractor who is engaged by the Board of Trustees shall furnish to the Board of Trustees before the commencement of construction a full performance and lien payment bond written by a good and responsible corporate surety. Disbursements to the contractor shall be made subject to the prior presentation of an architect's certificate or other documentation containing such provisions as may be appropriate in the circumstances and deemed suitable by the Board of Trustees. The Board of Trustees may employ a licensed architect to supervise the repair and rebuilding to insure that all work, services and supplies are in conformity with the requirements of the construction contract.

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- 12.5 Determination Not to Reconstruct Without Termination. If Owners of not less than seventy-five percent (75%) of the Allocated Interests in the votes of the Association (including every Owner of a Unit or an allocated Limited Common Area that will not be rebuilt after a casualty) vote not to rebuild and the entire Project is not repaired or replaced, and the Project is not terminated in accordance with the Act, the insurance proceeds shall be distributed as provided by the Act and the Allocated Interests are automatically reallocated as provided by the Act. In such event, the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations.
- 12.6 Negotiations with Insurer. The Association shall have full authority to negotiate in good faith with representatives of the insurer of any totally or partially destroyed building or any other portion of the Common Area, and to make settlements with the insurer for less than full insurance coverage on the damage to such building or any other portion of the Common Area. Any settlement made by the Association in good faith shall be binding upon all Owners and Lenders.
- 12.7 Repair of Units. Installation of improvements to, and repair of any damage to, the interior of a Unit shall be made by and at the individual expense of the Owner of that Unit and, in the event of a determination to reconstruct after partial or total destruction, shall be completed as promptly as practicable and in a lawful and workmanlike manner.
- 12.8 Priority. Nothing contained in this Article shall entitle an Owner to priority over any Lender under a lien encumbering the Owner's Unit as to any portion of insurance proceeds allocated to such Unit.

ARTICLE 13

EMINENT DOMAIN

- 13.1 Total Taking of a Unit. If a Unit is taken by eminent domain, or sold under threat thereof, or if part of a Unit is taken by eminent domain, or sold under threat thereof, leaving the Owner with a remnant that may not be practically or lawfully used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and Allocated Interest in the Common Area, regardless of whether any

Common Area is taken. Upon such a taking, unless the decree otherwise provides, that Unit's Allocated Interest in the Common Area shall automatically be reallocated to the remaining Units in proportion to their respective interests immediately before the taking. Upon such a taking, the Association shall prepare, execute and record an amendment to the Declaration that accomplishes the adjustment required for this section. Any remnant of a Unit remaining after part of a Unit is taken shall become part of the Common Area.

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- 13.2 Partial Taking of a Unit. Except as provided in Section 13.1, if part of a Unit is taken by eminent domain, or sold under threat thereof, so that such Unit may still be practically and lawfully used under this Declaration, the award must compensate the Owner for the reduction in the value of the Owner's Unit and Allocated Interest in the Common Area, regardless of whether any Common Area is taken. Upon such a taking, unless the decree otherwise provides, that Unit's Allocated Interest in the Common Area shall remain the same, but if the decree provides for a reduction of the Allocated Interest for such Unit, the reduced amount shall automatically be reallocated to that Unit and the remaining Units in proportion to their respective Allocated Interests immediately before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interest.
- 13.3 Taking of Limited Common Area. If the portion of the Project taken by eminent domain, or sold under threat thereof, is comprised of or includes any Limited Common Area or portion thereof, the portion of the award attributable to the Limited Common Area so taken shall be divided among the Owners of the Units to which such Limited Common Area was allocated at the time of the acquisition.
- 13.4 Taking of Common Area. If the portion of the Project taken by eminent domain, or sold under threat thereof, is not comprised of or includes any Unit or Limited Common Area, the Board of Trustees shall, as soon as practicable, cause the award to be utilized for the purpose of repairing or restoring that area in the Project adjacent to the taking, and the portion of the award not used for restoration shall be added to the general funds of the Association.
- 13.5 Taking of Entire Project. In the event the Project, in its entirety, is taken by eminent domain, or sold under threat thereof, the Project is terminated and the provisions related thereto in this Declaration shall apply.
- 13.6 Priority and Power of Attorney. Nothing contained in this Article 13 shall entitle an Owner to priority over any Lender under a lien encumbering the Owner's Unit as to any portion of any condemnation award allocated to such Unit. Each Owner hereby appoints the Association as attorney-in-fact for the purpose of negotiations and settlement with the condemning authority for the acquisition of the Common Area, or any part thereof. In the event the taking involves all or part of any Unit or the Common Area or Limited Common Area, the award or proceeds shall be payable to the Association for the use and benefit of the Owners and their Lenders as their interests may appear. This power-of-attorney is coupled with an interest, shall be irrevocable, and shall be binding on any

heirs, personal representatives, successors or assigns of an Owner.

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ARTICLE 14

TERMINATION

- 14.1 Required Vote. Except as otherwise provided in Article 12 and Article 13, the Project may be terminated only by the approval of Owners holding 90% of the Allocated Interests.
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- 14.2 Termination Agreement. An agreement to terminate shall be evidenced by the execution or ratification of a termination agreement, in the same manner as a deed, by the requisite number of Owners. The termination agreement shall specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement, including all ratifications of such termination agreement, shall be recorded in the records of the County Recorder in Cache County, Utah and is effective only on recordation.
- 14.3 Sale of Project. A termination agreement may provide that the entire Project shall be sold following termination. If, pursuant to such agreement, any real estate in the Project is to be sold following termination, the termination agreement shall set forth the minimum terms of the sale.
- 14.4 Association Duties. The Association, on behalf of the Owners, may contract for the sale of real estate in the Project, but the contract is not binding on the Owners until approved pursuant to Sections 15.1 and 15.2 of this Declaration. If any real estate in the Project is to be sold following termination, title to that real estate on termination vests in the Association as trustee for all Owners. Thereafter, the Association has all powers necessary and appropriate to effect the sale. Until the sale has been concluded and the proceeds of the sale distributed, the Association continues in existence with all powers it had before termination. Unless otherwise specified in the termination agreement, as long as the Association holds title to the real estate, each Owner and his or her successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted their Unit in accordance with the terms of this Declaration. During the period of that occupancy right, each Owner and his or her successors in interest remain liable for all Assessments and other obligations imposed on Owners by this Declaration.
- 14.5 Proceeds of Sale. Following termination of the Project, the proceeds of any sale of real estate, together with the assets of the Association, shall be held by the Association as trustee for Owners and Lenders as their interests may appear. Proceeds of the sale shall be distributed to Owners and Lenders as their interests may appear, based on the relative value of each Unit. The interest of any Owner in such proceeds shall not be distributed to such Owner except upon the prior payment in full of any Assessment lien or lien of a Lender encumbering such proceeds. Following termination, Lenders holding notes on the Units that were recorded before termination may enforce those liens in the same manner as any lien holder. The value of each Unit for purposes of distributing proceeds shall be determined by an appraisal of each Unit, conducted by an independent appraiser

selected by the Board of Trustees. If any Owner disputes the appraised amount, they shall notify the Board of Trustees of the dispute within 10 days of receiving notice of the value of that Owner's unit. Upon timely notice of a dispute, the Owner shall select an appraiser who shall jointly with the Association's appraiser select a third appraiser to appraise the Unit. That appraisal shall be final as to the value of the Unit, regardless of whether it is lower or higher than the original appraisal. The Owner shall pay for the final appraisal.

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- 14.6 Allocation upon Termination. Unless provided otherwise herein, upon any liquidation or termination of all or part of the Project, the Association shall represent the Owners in any proceedings, negotiations, settlements or agreements related thereto. Each Owner hereby appoints the Association as attorney-in-fact for such purpose, including the allocation of any losses, awards or proceeds resulting from such termination or liquidation. Any proceeds generated by such a termination or liquidation shall be made payable to the Association, which will hold such proceeds for the benefit of the Owners and their Lenders.

ARTICLE 15

AMENDMENTS

- 15.1 General Amendment Requirements. Except as otherwise provided herein, this Declaration may be amended only by an instrument in writing to which Owners holding Allocated Interests totaling not less than sixty percent (60%) of the total Allocated Interests have approved and consented, as evidenced by their signatures on or attached to the recorded amendment instrument. The signature of any one Owner of a Unit is sufficient if there are multiple owners, and no notary or other certification is required. No meeting or voting shall be required for an amendment, if the required consent is obtained.
- 15.2 Scope of Amendments. This Declaration may be amended to add new rights and obligations, remove existing rights and obligations, or modify existing rights and obligations. The right to amend shall be broadly construed to permit any change to the rights, obligations, and terms in the Declaration.
- 15.3 Execution and Effective Date of Amendments. An amendment that has been adopted as provided herein shall be executed by the Board of Trustees, through its agent, who shall certify that the amendment has been approved and adopted and that the procedures and requirements necessary to amend the Declaration have been complied with. The amendment shall be effective when it is recorded in the office of the County Recorder of Cache County, Utah.
- 15.4 Changes to Plat or Boundaries of the Association. The Association may adopt an amended Plat, supplemental Plat, correction to the Plat, or boundary agreement related to any boundary in or around the Project, including any boundary to any Unit or Units upon

the approval of the number of Owners required to amend this Declaration. Any such Plat may make material changes to the existing or prior Plat including the addition or removal of amenities, increase the size of Units, deleting, adding, or modifying Common Area or Limited Common Area, or other changes in the layout of the Project. If any such document or action is approved by the consent of at least 60% of the Owners obtained in the manner required to amend this Declaration and so long as any Owner of any Unit that is subjected to boundary changes to that Unit or any Limited Common Area associated with that Unit consents, each and every other Owner shall sign, consent to, and execute any further documents required for the finalization, recording, and/or governmental approval of any such document regardless of whether they approved of or consented to the change in the Plat.

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- 15.5 Amendment To Conform to Law. The Board of Trustees may, without the approval of the Owners, amend this Declaration to conform the Declaration to any applicable legal requirements otherwise applicable to the Association, but only to the extent necessary to eliminate any conflict with the law, to add provisions required by law, or to add provisions that embody rights or obligations otherwise binding on the applicable parties as a matter of law. This procedure may also be used to change the Declaration to add or conform to any requirements necessary for Owners to obtain government insured or guaranteed financing such as through VA, FHA, FNMA or similar programs or to comply with any directive of any federal, state, or local government agency. The following procedures and requirements must be complied with for any such amendment:
- (a) The Association must obtain from an attorney who has a significant experience and a regular practice in area of Community Association law, a written opinion explaining in detail and opining that the proposed amendment may be sought pursuant to this section;
 - (b) The members of the Board of Trustees must unanimously agree to the Amendment at the time it is recorded; and
 - (c) The Board of Trustees must provide to the Owners (1) the proposed amendment instrument, (2) the language of this section of the Declaration, (3) the law that conflicts with the existing Declaration language or the provisions that must be complied with to permit owners to obtain financing, (4) the attorney opinion letter required for the amendment, and (5) a notice in which the Association (i) notifies the Owner that it intends to amend the Declaration pursuant to this section, (ii) provides the Owner a right to object to the amendment within 30 days, and (iii) provides instructions on how, when, and where to properly return the objection. The Board of Trustees may include further explanation, information, and recommendations regarding the proposed amendment in the information provided to the Owners.
 - (d) Within 45 days of providing the information to the Owners required by this Section, no more than 40% of the owners have objected to the amendment.

- (e) Having otherwise complied with all of the requirements of this section, the Board of Trustees members shall each sign the amendment instrument verifying that this section has been complied with to the best of their knowledge and that no more than 40% of the Owners objected after having received proper notice. The amendment shall be effective upon the recording of the instrument in the office of the recorder of Cache County.

ARTICLE 16

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INTERPRETATION, CONSTRUCTION, AND APPLICATION OF DECLARATION

- 16.1 No Waiver. Failure by the Association or by any Owner to enforce any Term and Condition in any certain instance or on any particular occasion shall not be deemed a waiver of such right of enforcement as to that breach and any such future breach of the same or any other Term and Condition.
- 16.2 Conflicting Provisions. In the case of any conflict between the Governing Documents, the order of priority from the highest to the lowest shall be the Declaration, the Plat, the Articles, Bylaws, and then the Rules.
- 16.3 Interpretation of Declaration and Applicability of the Act. The Association intends that the Project shall be governed by the Act, except where (in compliance with the Act) the Association has included specific provisions in this Declaration that legally vary, supersede, or supplement the Act, in which event such specific provisions of this Declaration that are contrary to the Act shall govern the Project to the extent allowed by the Act. In the case of any conflict between this Declaration and the Act, to the extent the Act does not legally allow this Declaration to contain provisions contrary to the Act, the Act shall control and this Declaration shall be deemed modified accordingly, but only to the extent necessary to come into compliance with the Act.
- 16.4 Cumulative Remedies. All rights, options, and remedies of the Association and the Owners in the Governing Documents are cumulative, and none shall be exclusive of any other, and the Association and the Owners shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief that may be provided by law; simultaneously, consecutively, or alternatively.
- 16.5 Severability. Invalidation of any one or a portion of the Terms and Conditions by judgment or court order shall in no way affect any other Terms and Conditions, all of which shall remain in full force and effect.
- 16.6 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a residential community and for the maintenance of the Project. The article and section headings have been inserted for

convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. References in this Declaration to article and section numbers, unless otherwise expressly provided, are to the article and section in this Declaration. To the extent permitted by law, the provisions of the Governing Documents shall not be interpreted for or against or strictly for or against the Association, any Owner, or any other person subject to their terms.

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- 16.7 Applicable Law. This Association is specifically made subject to the Act and the law as it is constituted and exists at the time this Declaration is recorded. Amendments to the Act after the date of recording of this Declaration shall not be applicable to the Association or the Project unless they are applicable as a matter of law or unless the Association makes those amendments applicable by amendment to the Declaration.
- 16.8 Gender and Number. Whenever the context of the Governing Documents require, the singular shall include the plural, and vice versa, and the masculine shall include the feminine and the neuter, and vice versa.
- 16.9 Effect of Declaration. This Declaration is made for the purposes set forth in the recitals in this Declaration and the Association makes no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances, regulations and the like applicable thereto. The Association shall have no liability whatsoever if any Term and Condition is determined to be unenforceable in whole or in part for any reason.

ARTICLE 17

NOTICE

- 17.1 Notices. Any notice to be given to an Owner, a Lender, or the Association under the provisions of the Governing Documents shall be in writing and shall be delivered as follows:
- (a) Notice to an Owner from the Association.
- (1) Notice to an Owner shall be effective upon the satisfaction of any of the following delivery methods:
- (i) by a written notice delivered personally to the Owner, which shall be effective upon delivery,
 - (ii) by a written notice placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's Unit. Any notice so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit,

(iii) by written e-mail correspondence to an Owner: (1) that is sent to an e-mail address provided by the Owner for the purpose of Association communications, or (2) that is emailed to an e-mail address from which the Owner has communicated related to Association matters, and so long as no indication is received that the e-mail may not have been delivered. Any notice sent by e-mail shall be deemed delivered seventy-two (72) hours after it is sent,

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(iv) by facsimile (whether to a machine or to an electronic receiving unit) to an Owner that is sent to a facsimile number provided by the Owner for the purpose of Association communications and so long as no indication is received that the facsimile may not have been delivered. Any notice sent by facsimile shall be deemed delivered seventy-two (72) hours after it is sent, or (v) by any other method that is fair and reasonable as provided for in the Act or otherwise provided for by law.

(2) Notwithstanding subsection (1) of this section, the Association shall send all notices by U.S. Mail if an Owner, by written demand, demands that the Association send all notices by mail.

(3) In the case of co-owners, notice to one of the co-owners is effective as notice to all such co-owners. The Association shall not be required to give more than one notice per Unit, whether electronic or not. In case any two co-owners send conflicting notice demands, notice shall be proper if mailed by first class mail to the Unit.

(4) In case posting of a notice on the Unit is permitted, such posting is effective when posted on the front or primary access door to the Unit and any such posting may be removed by the Association after the event has occurred for which posting was made or 10 days after the posting.

(b) Special Notice Prior to Association Entry into a Unit.

(1) In case of an emergency or condition requiring immediate entry in a Unit, before entering a Unit the Association shall: (i) knock on the door and attempt to obtain permission to enter from an Occupant or Owner in the Unit, (ii) if no one answers the knocking, loudly identify who is knocking and state that the person identified is going to enter the unit on behalf of the Association, then wait one minute, and (iii) where practicable under the circumstances, attempt to call the Owner or any Occupant prior to entry to inform them of the entry.

(2) If the Association enters a Unit for any purpose permitted in this Declaration other than those identified in the prior paragraph, before entering a Unit the Association shall: (i) give notice to the Owner that an entry is required at least two weeks in advance with such notice stating: (A) that the Association or its authorized persons will enter the Unit, (B) the date and time of the entry, (C) the purpose of entering the Unit, (D) a statement that the Owner or Occupant can be

present during the time the Association is in the Unit, (E) the full names of any person who will be entering into the Unit, and the phone numbers and addresses of the persons entering the Unit or of the company for whom the persons entering the Unit are employed for the purpose of entering the Unit, (F) any other information the Association deems appropriate to include, and (ii) post the written notice described above on the front door to the Unit at least seven days prior to entry into the Unit.

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- (c) Notice to a Lender. Notice to a Lender shall be delivered by first class United States mail, postage prepaid, to the most recent address furnished by such Lender in writing to the Association for the purpose of notice or, if no such address shall have been furnished, to any office of the Lender. Any address for a Lender that is found on a document recorded on the title of a Unit shall be deemed an office of the Lender. Any notice so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit.
- (d) Notice to Association from an Owner. An Owner's Notice to the Association shall be effective upon the satisfaction of any of the following delivery methods:
- (1) by a written notice delivered personally to the managing agent, which shall be effective upon delivery;
 - (2) by a written notice placed in the first class United States mail, postage prepaid, to the current registered business address of the Association. Any notice so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit;
 - (3) by written e-mail correspondence to the Association: (i) that is sent to an e-mail address provided by the Association in the prior 12 months for the purpose of Association communications, or (ii) that is emailed to an e-mail address from which the Managing Agent or the President of the Association has communicated related to Association matters, and so long as no indication is received that the e-mail may not have been delivered or received. Any notice sent by e-mail shall be deemed delivered seventy-two (72) hours after it is sent; or
 - (4) by facsimile (whether to a machine or to an electronic receiving unit) to the Association that is sent to a facsimile number provided by the Association for the purpose of Association communications and so long as no indication is received that the facsimile may not have been delivered or received. Any notice sent by facsimile shall be deemed delivered seventy-two (72) hours after it is sent.

ARTICLE 18

ATTORNEY FEES AND COSTS

18.1 Legal Costs Associated with Disputes with Owners.

- (a) Owners Liable for Fees Incurred in Dispute. If the Association utilizes legal counsel to enforce any Term and Condition after notice to the Owner that it

intends to enforce the Term and Condition or after the Owner communicates or demonstrates an intent not to comply with the Term and Condition, the Association may assess all reasonable attorney fees and costs associated with such enforcement to the Owner, regardless of whether a lawsuit is initiated or not.

- (b) **Costs.** The term “costs” as used in this section shall include all costs including copying costs, deposition costs, expert witness fees, investigative costs, service costs, and filing fees paid to courts. “Costs” is specifically defined in this Declaration to be broader and to include costs that are not included in costs, as the term is used in the Utah Rules of Civil Procedure.

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- (c) **Exception to Owner’s Liability for Fees and Costs.** If, related to (1) any dispute with an Owner, (2) any challenge by an Owner to a position of the Association on a Term and Condition, or (3) a request of an Owner for direction on the application of a Term and Condition: the Association incurs legal fees or costs related to the interpretation and application of a Term and Condition that: (1) the association could not establish an initial position on without having incurred the fees and costs, or (2) results in a substantial modification to a prior position taken by the Association; then those fees or costs shall not be assessed to any Owner and shall be paid by the Association. This exception shall not apply if a lawsuit is currently pending with regard to the Owner and the issues arise as part of the lawsuit.

ARTICLE 19

RESERVES

- 19.1 **Requirement for Reserves.** The Association shall maintain a reasonable reserve fund for the maintenance, repair, and replacement of the Common Area and Limited Common Area as determined by the Owners annually. Reserve funds may be collected as part of the monthly Assessments.
- 19.2 **Surplus Monies Applied to Reserves.** The Association may retain surplus Association money as additional reserves rather than refund it to the Owners or credit it to future Assessments.
- 19.3 **Segregation of Reserves.** The Association shall segregate money held for reserves from regular operating and other accounts.
- 19.4 **Reserve Analysis.** The Association shall cause a reserve analysis to be conducted and regularly updated a minimum of once every three years. The reserve analysis report shall be prepared by a person or persons with (a) experience in current building technologies, (b) a solid working knowledge of building cost estimating and life cycle costing for facilities, and (c) the tools and knowledge to prepare a report. Preferably, but subject to the discretion of the Board of Trustees in determining that the qualifications have otherwise been met by one person, two people shall prepare the reserve study, an

architectural consultant who will perform a property condition assessment and a reserve study professional who will utilize the property condition assessment and prepare the reserve study. The reserve analysis shall, at a minimum, determine the need for and appropriate amounts of a reserve fund to accumulate money to cover the cost of repairing, replacing, and restoring common areas that have a useful life of three years or more. The Reserve studies and updates shall project a minimum of 30 years into the future.

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19.5 Disclosure and Approval at Annual Meeting. The Association shall:

- (a) annually, at the annual meeting of Owners or at a special meeting of Owners:
 - (1) present the most recent reserve study;
 - (2) provide an opportunity for Owners to discuss reserves and to vote on whether to fund a reserve fund and, if so, how to fund it and in what amount; and
- (b) prepare and keep minutes of each meeting held under Section 19.5(a) and indicate in the minutes any decision relating to funding a reserve fund.

ARTICLE 20

LEASING AND NON-OWNER OCCUPANCY

20.1 Declaration and Rules Govern Non-Owner Occupancy. Notwithstanding anything to the contrary in this Declaration or in the Bylaws, any leasing and non-owner occupancy of a Unit shall be governed by this section, the Rules, and procedures adopted as allowed in this section.

20.2 Definitions. For the purpose of this section:

- (a) “Non-Owner Occupied Unit” means:
 - (1) For a Unit owned in whole or in part by an individual or individuals, the Unit is occupied by someone but no individual Owner occupies the Unit as the individual Owner’s primary residence; or
 - (2) For a Unit owned entirely by one or more entities or trusts, the Unit is occupied by anyone.
- (b) “Family Member” means
 - (1) the parent, sibling, or child of an Owner and that person’s spouse and/or children, or
 - (2) in the case of a Unit owned by a trust or other entity created for estate planning purposes, a person occupying the Unit if the trust or other estate planning entity that owns the Unit was created for the estate of (i) a current occupant of the Unit; or (ii) the parent, child, or sibling of the current occupant of the Unit.

20.3 No Restriction on Leasing and Non-Owner Occupancy. Subject to the requirements in

sections 20.4 and 20.5, any Unit may be leased or Non-Owner Occupied.

- 20.4 Permitted Rules. The Board of Trustees may adopt Rules requiring:
- (a) reporting and procedures related to Non-Owner Occupied Units and the occupants of those Units other than those found in this Article 20, including requirements that informational forms be filled out by Owners and/or residents identifying Non-Owner Occupants, vehicles, phone numbers, etc.;
 - (b) reasonable fees related to the administration of leased and Non-Owner Occupied Units, and
 - (c) other reasonable administrative provisions consistent with and as it deems appropriate to enforce the requirements of this Declaration.

- 20.5 Requirements for Leasing and Non-Owner Occupancy. The Owners of all Units must comply with the following provisions: Ent 1097182 Bk 1789 Pg 513

- (a) Any lease or agreement for otherwise allowable Non-Owner Occupancy must be in writing, must be for an initial term of at least twelve (12) months, and shall provide as a term of the agreement that the Resident shall comply with the Declaration, the Bylaws, and the Rules, and that any failure to comply shall be a default under the lease or agreement. If a lease or agreement for Non-Owner Occupancy (whether in writing or not) does not include these provisions, they shall nonetheless be deemed to be part of the lease or agreement and binding on the Owner and the Resident;
- (b) If required in the Rules of the Association or requested by the Board of Trustees, a copy of any lease or other agreement for Non-Owner Occupancy shall be delivered to the Association within the time period provided for in the Rules or by the Board of Trustees;
- (c) A Non-Owner Occupant may not occupy any Unit for transient, short-term (less than twelve months), hotel, resort, vacation, or seasonal use (whether for pay or not);
- (d) Daily and weekly occupation by Non-Owner Occupants is prohibited (whether for pay or not); and
- (e) The Owner(s) of a Unit shall be responsible for the resident's or any guest's compliance with the Declaration, Bylaws, and Rules. In addition to any other remedy for noncompliance with this Declaration, the Association shall have the right to initiate a forcible entry and unlawful detainer action, or similar such action, with the purpose of removing the offending Non-Owner Occupant. The Association, the Board of Trustees, and the Manager shall not have any liability for any action taken pursuant to this subparagraph and the Owner shall indemnify and pay the defense costs of the Association, the Board of Trustees, and the Manager arising from any claim related to any action taken in good faith by any of them pursuant to this subparagraph.

- 20.6 Exceptions for Family Members. If only Family Members occupy a Unit, then notwithstanding anything to the contrary herein,
- (1) subsections 20.5(a), 20.5(c), & 20.5(d) of section 20.5 shall not apply to that occupancy;
 - (2) no written agreement regarding occupancy needs to be created between the family member and the Owner; and
 - (3) any written agreement regarding occupancy, to the extent it exists, may not be requested by the Board of Trustees until an occupant has violated a provision of the Governing Documents and if requested, may only be requested related to remedying or taking action as a result of such a violation.

ARTICLE 21

Ent 1097182 Bk 1789 Pg 514

GENERAL PROVISIONS

- 21.1 Enforcement. The Association or any Owner shall have the right to enforce, by proceedings at law or in equity, all Terms and Conditions, including the right to prevent the violation of any such Terms and Conditions and the right to recover damages and other sums for such violation.
- 21.2 Nonliability of Officials. To the fullest extent permitted by applicable law, neither the Board of Trustees nor any officer of the Association shall be liable to any Owner or the Association for any damage, loss, or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act, omission, error or negligence.
- 21.3 Use of Funds Collected by the Association. All funds collected by the Association, including Assessments and contributions to the Association paid by the Owners, if any, shall be held by the Association in a fiduciary capacity to be expended in their entirety for nonprofit purposes of the Association in managing, maintaining, caring for and preserving the Common Area and for other permitted purposes as set forth in this Declaration. No part of said funds shall inure to the benefit of any Owner (other than as a result of the Association managing, maintaining, caring for and preserving the Common Area and other than as a result of expenditures made for other permitted purposes as set forth in this Declaration).
- 21.4 Notification of Sale or Transfer and Reinvestment Fee. Except as otherwise limited by law, the Board of Trustees may establish a reinvestment fee Assessment, from time to time, which shall be no more than 0.5% of the value of the Unit and which shall be due and payable immediately after any sale or other transfer of any Unit. The Board of Trustees shall have authority to set forth in the Rules the date, time for payment, amount, the requirements for any information that is required from any transferee of any Unit upon any sale or transfer, and any other procedures or requirements related to the reinvestment fee Assessment. The reinvestment fee Assessment shall be due after the transfer.
- 21.5 Owner Liability and Indemnification. Each Owner shall be liable to the remaining

Owners and to the Association for any damage to the Common Area that may be sustained by reason of the negligent or intentional act that Owner or any intentional or negligent act of any Occupant of that Owner's Unit, to the extent such losses and damages are either under the deductible of the Association or not covered by the Association's insurance. Each Owner, by acceptance of a deed to a Unit, agrees personally to indemnify each and every other Owner and Occupant in such other Owner's Unit, and to hold such other persons harmless from, and to defend such persons against, any claim of any person for personal injury or property damage occurring within the Unit of that particular Owner, including Limited Common Area, if any, except to the extent that: (a) such injury or damage is covered by liability insurance in favor of the Association or any other Owner; or (b) the injury or damage occurred by reason of the intentional act of the Association.

Ent 1097182 Bk 1789 Pg 515

- 21.6 Consent, Power of Attorney, Waiver. By acceptance of a deed, lease, or other conveyance of an interest in Unit, each Owner or Occupant consents to the rights reserved to the Association in this Declaration, including but not limited to, the right to prepare, execute, file, process, and record necessary and appropriate documents and other items to establish and grant easements and to make necessary and appropriate amendments of this Declaration, the Plat and the Bylaws. By such acceptance, each Owner or Occupant agrees to execute all documents and to do all other things as may be necessary or convenient to effect the same; and such acceptance shall be deemed an appointment of the Association, with full right of substitution, as the attorney-in-fact of such Owner or Occupant to execute such documents and to do such things on such Owner's or Occupant's behalf; and such appointment, being coupled with an interest, shall be irrevocable for the specific period of the Association's reserved rights as set forth in this Declaration and shall not be affected by the disability of any such Owner or Occupant.
- 21.7 Security. The Association shall in no way be considered an insurer, guarantor, or provider of security from criminal conduct within or relating to the Project, including any Common Area that the Association may have an obligation to maintain. The Association shall not be held liable for any loss or damage by reason of criminal conduct arising for any reason including any failure to provide security or any ineffectiveness of security measures undertaken. Each and every Owner or person entering the Project acknowledges that the Association has no duty to any Owner or Occupant related to security or criminal conduct and expressly acknowledges that no duty is owed to anyone such as that of a landlord or retail business. By purchasing a Unit in this Association and/or residing in this Association, Owners and Occupants agree that the Association and the Board of Trustees are not insurers of the safety or well being of Owners or Occupants or of their personal property as it relates to criminal conduct, and that each Owner or Occupant specifically waives any such claim and assumes all risks for loss or damage to persons or property resulting from criminal conduct, to the extent any such damages are not covered by insurance.
- 21.8 Reasonable Accommodations. Notwithstanding anything to the contrary in this Declaration, the Association, upon receipt of a written opinion from its counsel that such action is

required, may make or permit reasonable accommodations or modifications to the Project that are otherwise prohibited by the Governing Documents, as required under Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act) and/or the Utah Fair Housing Act, as amended, to accommodate a person with a disability (as defined by Federal law at the time the accommodation is requested). Reasonable accommodations or modifications may include modifications to a Unit, the Common Area, the Limited Common Area, or the buildings, or deviations from provision of the Governing Documents. Any such modification and accommodation made under this section shall not act as a waiver of the provisions of the Governing Documents with regard to anyone else.

Ent 1097182 Bk 1789 Pg 516

21.9 No Representations and Warranties. EACH OWNER AND OCCUPANT UNDERSTANDS, AGREES, AND ACKNOWLEDGES THROUGH TAKING TITLE OR RESIDING IN THE PROJECT THAT THE ASSOCIATION AND THE BOARD OF TRUSTEES HAVE NOT MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND RELATED TO THE PROJECT AND THAT EACH OWNER OR OCCUPANT HAS NOT RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO THE PROJECT.

EXECUTED the day and year first above written.

NORTH RIDGE PUD HOMEOWNERS' ASSOCIATION

By: [Signature]
Its: Vice President

STATE OF UTAH)
)SS:
COUNTY OF CACHE)

On the 22nd day of October, 2013, personally appeared before me April Berezay, who by me being duly sworn, did say that he/she is the Vice President of the North Ridge PUD Homeowners' Association.

Debora Arnold
NOTARY PUBLIC

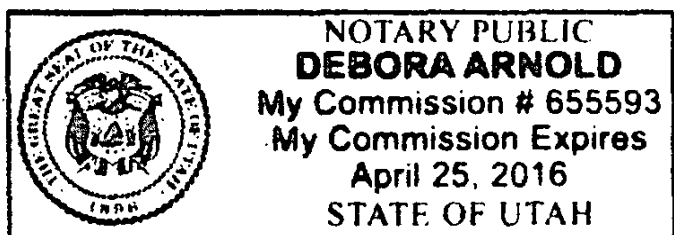


Exhibit A

Part of the Southwest Quarter of Section 22, Township 13 North, Range 1 East of the Salt Lake Baseline and Meridian described as follows:

Ent 1097182 Bk 1789 Pg 517

Beginning at the Northeast Corner of Hunter Meadow Subdivision, Phase 7, Castle View Manor recorded December 10, 2004 under Instrument #879099 and running thence S 89°39'48" E 1201.90 feet; thence S 00°00'49" W 236.35 feet; thence N 89°59'11" W 896.01 feet to the boundary of Hunter Meadows Subdivision Phase 11; thence along said boundary the next three courses: 1) N 00°00'49" E 66.00 feet to the north right-of-way of 680 North Street; 2) thence along said right-of-way N 89°59'11" W 55.06 feet; thence continuing along said right-of-way 180.96 feet along a curve to the left with a radius of 533.00 feet, a central angle of 19°27'10" and a chord that bears S 80°17'14" W 180.09 feet to the east line of said Hunter Meadows Subdivision, Phase 7; thence N 19°26'20" W 220.11 feet along said east line to the point of beginning, containing 6.07 acres.

Exhibit B

**BYLAWS OF NORTH RIDGE PUD
HOMEOWNERS' ASSOCIATION**

Ent 1097182 Bk 1789 Pg 518

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BYLAWS
OF
NORTH RIDGE PUD HOMEOWNERS' ASSOCIATION

These bylaws are hereby adapted and established as the Bylaws of the North Ridge PUD Homeowners' Association ("the Association") and shall apply to the Association and bind all present or future Owners, tenants, and other persons who might use the facilities or enter the Project.

ARTICLE I
DEFINITIONS

Ent **1097182** Bk **1789** Pg **521**

- 1.1 Definitions. Except as otherwise provided herein or as may be required by the context, all terms defined in Article I of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for North Ridge P.U.D. ("the Declaration") shall have such defined meanings when used in these Bylaws.

ARTICLE II
OWNERS

- 2.1 Annual Meetings. Unless changed by the Board of Trustees, the annual meeting of Owners shall be held on the first Tuesday in March of each year for the purpose of electing Trustees and transacting such other business as may come before the meeting. If the election of Trustees cannot be held on the day designated herein for the annual meeting of the Owners, or at any adjournment thereof, the Board of Trustees shall cause the election to be held either at a special meeting of the Owners to be convened as soon thereafter as may be convenient. The Board of Trustees may from time to time change the date and time for the annual meeting of the Owners.
- 2.2 Special Meetings. Special meetings of the Owners may be called by the Board of Trustees, the President, or upon the written request of Owners holding not less than twenty-five percent (25%) of the Allocated Interest of the Association. Any written request for a special meeting shall include the original signature of each Owner affirmatively supporting such request along with a statement of the purpose of the meeting on each page containing signatures. Such written request is to state the purpose or purposes of the meeting and shall be delivered to the Board of Trustees or the President, who shall then call, provide notice of, and conduct a special meeting within 30 days of receipt of the request.
- 2.3 Place of Meetings. The Board of Trustees may designate any place in Smithfield, Utah as the place of meeting for any annual or special meeting.

2.4 Notice of Meetings. The Board of Trustees shall cause written or printed notice of the time and place, and in the case of a special meeting, the purpose or purposes, for all meetings of the Owners (whether annual or special) to be delivered, not more than sixty (60) nor less than ten (10) days prior to the meeting, to each Owner of record entitled to vote at such meeting. Notices may be personally delivered, mailed, or emailed. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail addressed to the Owner at the Owner's registered address, with first-class postage thereon prepaid. If emailed, such notice shall be deemed to be delivered when sent. Each Owner shall register with the Association such Owner's current mailing and email addresses for purposes of notice hereunder. Such registered addresses may be changed from time to time by notice in writing to the Association. If no addresses are registered with the Association, an Owner's Unit address shall be deemed to be the Owner's registered mailing address for purposes of notice in this Section.

Ent 1097182 Bk 1789 Pg 522

2.5 Owners of Record. For the purpose of determining Owners entitled to notice of or to vote at any meeting of the Owners, or any adjournment thereof, the Board of Trustees may designate a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the meeting. If no record date is designated, the last date on which a notice of the meeting is mailed or delivered shall be deemed to be the record date for determining Owners entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the Owners of record of Units in the Project shall be deemed to be the Owners of record entitled to notice of and to vote at the meeting of the Owners.

2.6 Quorum. At any meeting of the Owners, the presence of Owners holding, or holders of proxies entitled to cast more than twenty percent (20%) of the Allocated Interest of the Association shall constitute a quorum for the transaction of business.

2.7 Proxies. At each meeting of the Owners, each Owner entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the Owner or by the Owner's attorney when duly authorized in writing. If a Unit is jointly owned, the instrument authorizing a proxy to act may be executed by any one (1) owner of such Unit or the Owners' attorneys when duly authorized in writing. Such instrument authorizing a proxy to act shall set forth the specific matters or issues upon which the proxy is authorized to act, and may allow the proxy to vote on any issue arising at any particular meeting or meetings. Such instrument shall be delivered at the beginning of the meeting to the Secretary of the Association or to such other officer or person who may be acting as secretary of the meeting.

2.8 Votes. With respect to each matter submitted to a vote of the Owners, each Owner entitled to vote at the meeting shall have the right to cast, in person or by proxy, the number of votes appertaining to the Unit of such Owner, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the Owners present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the Owners, unless a greater proportion is required by the Articles, these Bylaws, the Declaration, or the Act. The election of Trustees shall be by secret ballot. When more than one (1) Person owns an interest in a Unit, any Person who is the owner may exercise the vote for such Unit on behalf of all Co-Owners of the Unit. In the event of two (2) conflicting votes by Co-Owners of one (1) unit, no vote shall be counted for that Unit but it shall be counted for the purposes of establishing a quorum. In no event shall fractional votes be exercised in respect to any Unit.

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2.9 Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings, in the manner of voting, in the form of proxies, in the method of ascertaining Owners present, or in the decision and votes of the Board of Trustees shall be deemed waived if no written objection is made either at the meeting or within thirty (30) days of the date of the meeting, or within 30 days of notice of any decision by the Board of Trustees.

ARTICLE III BOARD OF TRUSTEES

3.1 General Powers. The property, affairs, and business of the Association shall be managed by the Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from the Act or the Declaration, except such powers that the Articles, these Bylaws, the Declaration, or the Act vest solely in the Owners.

3.2 Number, Tenure, Qualifications, and Election. The property, business, and affairs of the Association shall be governed and managed by a Board of Trustees composed of five (5) persons, who need not be Members of the Association. The term of each Trustee shall be two (2) years. The terms of the Trustees shall overlap so that three Trustees shall be elected one year, two the next, three the following, and so on. At the annual meeting or any subsequent meeting at which the election is held, any Owner may submit that person's own name or the name of any other willing and otherwise qualified person to be added to the ballot for election of Trustees and such person shall be added to the names of candidates. If the name of a person is submitted who is not in attendance at the

meeting, it must be submitted with a written statement from that person indicating that the person is willing to serve.

Ent 1097182 Bk 1789 Pg 524

- 3.3 Regular Meetings. The Board of Trustees shall hold regular meetings at least quarterly, and more often at the discretion of the Board of Trustees. The Board of Trustees may designate any place in Cache County as the place of meeting for any regular meeting called by the Board of Trustees.
- 3.4 Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of any two (3) Trustees or the President of the Association. The person or persons authorized to call special meetings of the Board of Trustees may fix any place in Cache County as the place for holding any special meeting of the Board of Trustees called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally, mailed, or emailed to each Trustee at such Trustee's registered address. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail so addressed, with first-class postage thereon prepaid. If emailed, such notice shall be deemed to be delivered when sent. Any Trustee may waive notice of a meeting.
- 3.5 Quorum and Manner of Acting. A majority of the then-authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. The act of a majority of the Trustees present at any meeting at which a quorum is present and for which proper notice was provided to the Trustees shall be the act of the Board of Trustees. The Trustees shall act only as a Board, and individual members shall have no powers as such.
- 3.6 Compensation. Trustees may receive compensation up to no more than the amount of the assessments to the Trustee's unit, for services that they render to the Association as a Trustee. A Trustee may be reimbursed for expenses incurred in the performance of his or her duties as a Trustee to the extent such expenses are approved by the Board of Trustees.
- 3.7 Resignation and Removal. A Trustee may resign at any time by delivering a written resignation to either the President or the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Trustee who fails to attend four regular meetings of the Board of Trustees in a row may be removed by the Board of Trustees within 60 days of the last missed meeting. Any Trustee may be removed at any time, with or without cause, by the affirmative vote of at least fifty-one percent (51%) of the Allocated Interest of the Association at a special meeting of the Owners duly called for such purpose.

3.8 Vacancies. If vacancies shall occur in the Board of Trustees by reason of the death, resignation, removal for failure to attend meetings, or disqualification of a Trustee, the Trustees then in office shall continue to act, and such vacancies shall be filled by a vote of the Trustees then in office, even though less than a quorum may be available. Any vacancy in the Board of Trustees occurring by reason of removal of a Trustee, such vacancies may be filled by election by the Owners at the meeting at which such Trustee is removed. Any Trustee elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor.

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3.9 Informal Action by Trustees. Any action that is required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees.

ARTICLE IV OFFICERS

4.1 Officers. The officers of the Association shall be a President, Secretary, Treasurer, and such other officers as may from time to time be created by the Board of Trustees.

4.2 Election, Tenure and Qualifications. The officers of the Association shall be chosen by the Board of Trustees annually at the first meeting of the Board of Trustees following the annual meeting. Each such officer shall hold such office until a successor has been elected or until such officer's death, resignation, disqualification, or removal, whichever first occurs. Any person may hold any two (2) or more of such offices, except that the President may not also be the Secretary. No person holding two (2) or more offices shall act in or execute any instrument in the capacity of more than one (1) office. The President, Secretary, and Treasurer must be and remain Trustees of the Association during the entire term of their respective offices.

4.3 Subordinate Officers. The Board of Trustees may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Board of Trustees may from time to time determine. Subordinate officers need not be Trustees of the Association.

4.4 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to any Trustee or to any Managing Agent. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board of Trustees at any time, with or without cause.

4.5 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Trustees at any regular or special meeting.

Ent 1097182 Bk 1789 Pg 526

4.6 The President. The President shall preside at meetings of the Board of Trustees and at meetings of the Owners. At the meetings, the President shall have all authority typically granted to the person presiding over the meeting including but not limited to: (1) the right to control the order of the meeting, (2) the right to arrange for the removal of any disruptive Owner or person, and (3) the right to impose and enforce reasonable rules and procedures related to the meeting such as those found in "Robert's Rules of Order." The President shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things as required by the Board of Trustees.

4.7 The Secretary. The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Declaration, or any resolution the Board of Trustees may require such person to keep. The Secretary shall also act in the place and stead of the President in the event of the President's absence or inability or refusal to act. The Secretary shall perform such other duties as required by the Board of Trustees.

4.8 The Treasurer. The Treasurer shall have the custody and control of the funds of the Association, subject to the action of the Board of Trustees, and when requested by the President, shall report the state of the finances of the Association at each meeting of the Owners and at any meeting of the Board of Trustees. The Treasurer shall perform such other duties as required by the Board of Trustees.

4.9 Compensation. No officer shall receive additional compensation for any services rendered to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of such duties as an officer to the extent such expenses are approved by the Board of Trustees.

ARTICLE V COMMITTEES

5.1 Designation of Committees. The Board of Trustees may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. The membership of each such committee designated hereunder shall include at least one (1) Trustee. A Committee shall not have

any powers, duties, or responsibilities beyond those specifically assigned by the Board of Trustees in a written resolution. The Board of Trustees may terminate any committee at any time.

Ent 1097182 Bk 1789 Pg 527

- 5.2 Proceedings of Committees. Each committee designated hereunder by the Board of Trustees may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Trustees.
- 5.3 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Trustees, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two (2) members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Trustees hereunder shall act only as a committee, and the individual members thereof shall have no powers as such. A committee may exercise the authority granted by the Board of Trustees.
- 5.4 Resignation and Removal. Any member of any committee designated hereunder by the Board of Trustees may resign at any time by delivering a written resignation to the President, the Board of Trustees, or the presiding officer of such committee. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Trustees may at any time, with or without cause, remove any member of any committee designated by it thereunder.
- 5.5 Vacancies. If any vacancy shall occur in any committee designated by the Board of Trustees due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy by the Board of Trustees, constitute the then total authorized membership of the committee and, provided that two (2) or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Trustees.

ARTICLE VI INDEMNIFICATION

- 6.1 Indemnification. No Trustee or officer shall be personally liable for any obligations of the Association or for any duties or obligations arising out of any acts or conduct of said Trustee or officer performed for or on behalf of the Association. The Association shall

and does hereby indemnify and hold harmless each person who shall serve at any time as a Trustee or officer of the Association, as well as such person's heirs and administrators, from and against any and all claims, judgments, and liabilities to which such persons shall become subject, by reason of that person having heretofore or hereafter been a Trustee or officer of the Association or by reason of any action alleged to have been heretofore or hereafter taken or omitted to have been taken by him as such Trustee or officer, and shall reimburse any such person for all legal and other expenses reasonably incurred in connection with any such claim or liability; provided that the Association shall have the power to defend such person from all suits or claims; provided further, however, that no such person shall be indemnified against or be reimbursed for or be defended against any expense or liability incurred in connection with any claim or action arising out of such person's intentional misconduct. The rights accruing to any person under the foregoing provisions of this Section shall not exclude any other right to which such person may lawfully be entitled, nor shall anything herein contained restrict the right of the Association to indemnify or reimburse such person in any proper case, even though not specifically provided for herein or otherwise permitted. The Association, its Trustees, officers, employees, and agents shall be fully protected in taking any action or making any payment or in refusing so to do in reliance upon the advice of counsel.

- 6.2 Other Indemnification. The indemnification herein provided shall not be deemed **Ent 1097182 Bk 1789 Pg 528** exclusive of any other right to indemnification to which any person seeking indemnification may be provided under any Bylaw, statute, agreement, vote of disinterested Trustees, or otherwise, both as to action taken in any official capacity and as to action taken in any other capacity while holding such office. It is the intent hereof that all Trustees and officers be and hereby are indemnified to the fullest extent permitted by the laws of the State of Utah, the Utah Revised Nonprofit Corporation Act (if the association is a nonprofit corporation), and these Bylaws. The indemnification herein provided shall continue as to any person who has ceased to be a Trustee, officer, or employee, and shall inure to the benefit of the heirs, executors, and administrators of any such person.
- 6.3 Settlement by Association. The right of any person to be indemnified shall be subject always to the right of the Association by the Board of Trustees, in lieu of such indemnity, to settle any such claim, action, suit, or proceeding at the expense of the Association by the payment of the amount of such settlement and the costs and expenses incurred in connection therewith.

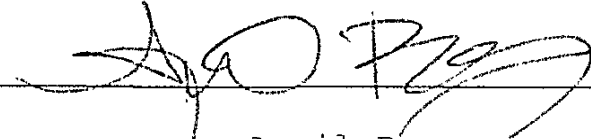
ARTICLE VII
AMENDMENTS

7.1 Amendments. Except as permitted specifically herein or required by the Act, these Bylaws may be amended only by written consent of Owners of Units holding at least fifty-one (51%) of the percentage interest in the Association. No meeting or vote of the Owners shall be required.

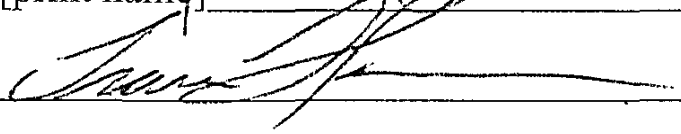
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7.2 Execution of Amendments. Upon obtaining the required written consent, an amendment shall be signed by the President and Secretary of the Association, who shall certify that the amendment has been properly consented to as required by these Bylaws. An amendment complying with the requirements of these Bylaws and the declaration shall be effective when the amendment has been recorded in the office of the County Recorder of Cache County, Utah.

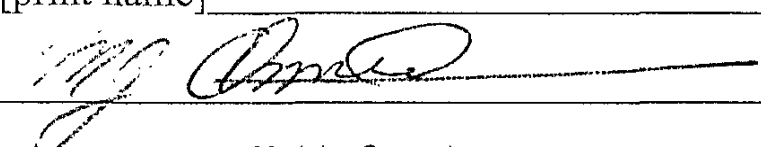
IN WITNESS WHEREOF, the undersigned, constituting all of the Trustees of the NORTH RIDGE PUD HOMEOWNERS' ASSOCIATION, hereby execute these Bylaws this 22 day of October, 2013.



[print name] April Berezay



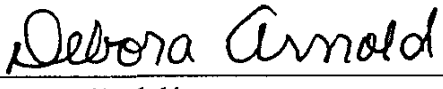
[print name] Trace Hansen



[print name] Matt Omasta

STATE OF UTAH)
 : ss.
COUNTY OF Cache)

On the 22nd day of October, 2013, personally appeared before me April Berezay, Trace Hansen, and Matt Omasta the signers of the foregoing BYLAWS OF NORTH RIDGE PUD HOMEOWNERS' ASSOCIATION, who duly acknowledged to me that they executed the same.



Notary Public

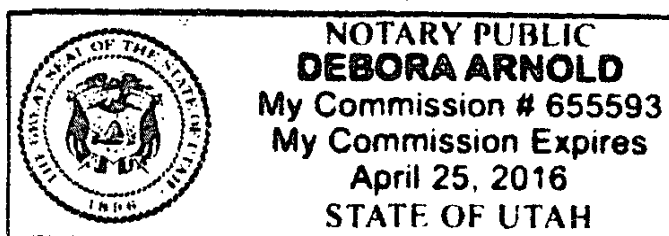


Exhibit C

List of Units and Allocated Interest

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Unit	Allocated Interest
1	2.083333%
2	2.083333%
3	2.083333%
4	2.083333%
5	2.083333%
6	2.083333%
7	2.083333%
8	2.083333%
9	2.083333%
10	2.083333%
11	2.083333%
12	2.083333%
13	2.083333%
14	2.083333%
15	2.083333%
16	2.083333%
17	2.083333%
18	2.083333%
19	2.083333%
20	2.083333%
21	2.083333%
22	2.083333%
23	2.083333%
24	2.083333%
25	2.083333%
26	2.083333%
27	2.083333%
28	2.083333%
29	2.083333%
30	2.083333%
31	2.083333%
32	2.083333%
33	2.083333%
34	2.083333%
35	2.083333%
36	2.083333%
37	2.083333%
38	2.083333%
39	2.083333%
40	2.083333%
41	2.083333%
42	2.083333%
43	2.083333%
44	2.083333%

45	2.083333%
46	2.083333%
47	2.083333%
48	2.083333%
TOTAL	100%

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