

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SCOTCH FIELDS, P.U.D.
(An Expandable Planned Unit Development)

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OF
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(An Expandable Planned Unit Development - which is not a Cooperative)

THIS DECLARATION made and executed this ____ day of _____, 2016, by Probst Higley Developers, L.L.C., a Utah limited liability company with its principal place of business located in Heber City, State of Utah (hereinafter referred to as respectively "Declarant" and "Declaration").

RECITALS:

A. Declarant is the record owner of that certain tract of property more particularly described in Article II of this Declaration.

B. Declarant desires to provide for preservation of the values and amenities of the Property (as defined below) and for maintenance of the Common Areas (as defined below) and to provide for harmonious living. To this end, and for the benefit of the Property and of the Owners (as defined below) thereof, Declarant desires to subject the Property described in Article II of this Declaration and the various Lots (as defined below) now or hereafter contained within the entire tract hereinafter described to the covenants, restrictions, easements, charges, liens hereinafter set forth.

C. Declarant deems it desirable for the efficient preservation of the values and amenities of the Property, to create an entity which possesses the power to maintain and administer the Common Areas, to collect and disburse the assessments and charges hereinafter provided for, and otherwise to administer and enforce the provisions of this Declaration. For such purpose Declarant has, in conjunction with recordation of this Declaration, caused or will cause to be organized under the laws of the State of Utah, a nonprofit corporation, Scotch Fields Homeowners' Association, Inc.

D. Nothing in this Declaration should be interpreted to create a cooperative.

NOW, THEREFORE, Declarant hereby covenants, agrees and declares that all of the Property described in Article II hereof shall be held, transferred, sold, conveyed, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, obligations, and liens hereinafter set forth.

I. DEFINITIONS

1.1. Additional Land shall, at any point in time, mean the real property, or any portion thereof, located in Wasatch County, State of Utah, and more particularly described on Exhibit "B" attached hereto, which specifically includes all four phases of the development.

1.2. Association shall mean and refer to Scotch Fields Homeowners' Association, Inc., a Utah nonprofit corporation.

1.3. Board shall mean and refer to the board of trustees of the Association as duly elected in accordance with the terms and conditions of the articles of incorporation and bylaws of the Association.

1.4. Building Pad shall mean and refer to that area of ground in a Lot in which a Living Unit can be located as shown on the Plat. If the Plat does not separately designate a Building Pad, the Building Pad shall be coextensive with the Lot description, excluding, however, setbacks which may be required by the terms of this Declaration or by appropriate governmental agencies.

1.5. Common Areas shall mean and refer to that part of the Property which is not included with the Lots which is owned by the Association for the common use and enjoyment of the Owners including but not limited to streets, driveways and sidewalks, together with all improvements thereon and all easements appurtenant thereto including but not limited to private utility lines, landscape easements and personal property owned by the Association, when the context so requires.

1.6. Declaration shall mean and refer to this Declaration of Covenants, Conditions and Restrictions.

1.7. Development shall at any point in time mean, refer to, and consist of the Subdivision then in existence.

1.8. Exempt Lot(s) shall mean each Lot in the Association while owned by the Declarant or a Declarant affiliate. Exempt Lot(s) shall not have the same use privileges to the Common Area and shall be treated differently under this Declaration. The Exempt Lot(s) shall be so characterized until the earliest to occur of: (i) the acquisition of the title to the Lot by a person or entity other than Declarant or Declarant affiliate, or (ii) the one hundred eightieth (180th) day after the municipal authority having jurisdiction thereover issues a certificate of occupancy for the Living Unit upon the formerly Exempt Lot(s). Notwithstanding the proceeding, each model Living Unit owned by the Declarant shall be an Exempt Lot, so long as, the same is used as a model by the Declarant, a Declarant Affiliate, or their assign(s) and until the model Living Unit is conveyed to non-Declarant Owner.

1.9. Living Unit shall mean and refer to a structure which is designed and intended for use and occupancy as a single-family residence, together with all improvements located on or with respect to the Lot concerned which are used in connection with such residence.

1.10. Lot shall mean and refer to any one of the separately numbered and individually described plots of land described on a Plat: (a) which is intended to be owned individually, rather than by an association of Owners or in common by Owners of different lots; and (b) which is intended to be used as the site of a single Living Unit. If the Plat does not separately designate a Lot, the Lot shall be coextensive with the Building Pad description.

1.10 Member shall mean and refer to every person who holds a membership in the Association.

1.11. Mortgage shall mean any mortgage, deed of trust or trust deed or the act of encumbering any Lot or any property by a mortgage, trust deed or deed of trust.

1.12. Mortgagee shall mean any person named as a mortgagee of a mortgage or beneficiary under or holder of a deed of trust.

1.13. Officers shall mean and refer to the Officers of the Association as duly elected or appointed in accordance with the terms and conditions of the articles of incorporation and bylaws of the Association.

1.14. Owner shall mean and refer to the person who is the Owner of record (in the office of the County Recorder of Wasatch County, Utah) of a fee or an undivided interest in any Lot. Notwithstanding any applicable theory relating to a mortgage, deed of trust or like instrument, the term "Owner" shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

1.15. Parcel shall mean and refer to the Property which is subject to this Declaration, which is filed for record in the office of the County Recorder of Wasatch County, Utah, is separately subjected to the terms of this Declaration with the intention that it shall thereby comprise the Development. The real property described in Article II of this Declaration constitutes a Parcel.

1.16. Plat shall mean and refer to any subdivision plat, any plat of a planned residential unit development, or any plat or map similar to any of the foregoing: (a) which covers the Property; (b) which describes or creates one or more Lots; (c) on which or in an instrument recorded in conjunction therewith there is expressed the intent that the Subdivision created by the Plat shall comprise the Development; and (d) which is filed for record in the office of the County Recorder of Wasatch County, Utah.

1.17. Private Streets shall mean and refer to all of the undedicated roads and streets within the Subdivision as designated upon a Plat which the Declarant has reserved as an easement for ingress and egress for pedestrian and vehicular traffic for the use, in common, of Members. Private Streets shall for all purposes be deemed to be Common Areas.

1.18. Property shall mean and refer to all of the real property which is covered by a Plat,

1.19. Subdivision shall mean and refer to the entire residential development and/or planned residential unit development which is created and covered by a Plat

1.20 U.C.A. shall mean and refer to Utah Code Annotated, as amended from time to time.

1.21 Administrative Control shall mean the period before the the Declarant voluntarily or by requirement under this Declaration turns over the control of the HOA Board to the Lot Owners.

II. PROPERTY DESCRIPTION

2.1. Submission. The Property which is and shall be held, transferred, sold, conveyed and occupied subject to the provisions of this Declaration consists of the following-described real property situated in Wasatch County, State of Utah.

SEE THE LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND INCORPORATED HEREIN BY REFERENCE.

EXCLUDING all water rights and all presently existing or to be constructed or installed sewer lines, water mains, gas lines, electrical conduits, telephone lines, and related facilities to the extent that they are located outside the Lots included with the above-described tract; provided, however, that lines and systems specifically conveyed to the Association by Declarant shall not be included within this exclusion.

RESERVING UNTO DECLARANT, however, such easements and rights of ingress and egress over, across and through and under the above-described tract and any improvements now or hereafter constructed thereon as may be reasonably necessary for Declarant or any assignee of Declarant (in a manner which is reasonable and not inconsistent with the provisions of this Declaration): (1) to construct a Living Unit on each and every Lot; and (ii) to improve the Common Areas with such facilities, including, but not limited to, roads, recreational facilities, walkways and various landscaped areas, designed for the use and enjoyment of all the Members as Declarant may reasonably determine to be appropriate; and (iii) for the benefit of the Additional Land (which specifically includes all four phases of the Project), however developed or utilized, over the real property described on Exhibit "B" attached hereto, whether or not the Additional Land, or portions thereof, is part of the Project. If, pursuant to the foregoing reservation, the above described tract or any improvement thereon is traversed or partially occupied by a permanent improvement or utility line, a perpetual easement for such improvement or utility line shall exist. With the exception of such perpetual easements, the reservation hereby effected shall, unless sooner terminated in accordance with its terms, expire fourteen (14) years after the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments and charges imposed or levied by governmental or quasi-governmental authorities; all patent reservations and exclusions; all mineral reservations and exclusions; all mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described tract or any portion thereof, including without limitation, any mortgage or deed of trust; all visible easements and rights-of-way; and all easements and rights-of-way of record.

2.2 Annexation by Declarant. Declarant may from time to time expand the Development subject to this Declaration by the annexation of all or part of the real property comprising the Additional Land. The annexation of any such Additional Land shall become effective upon the recordation in the office of the Wasatch County Recorder of a Plat for such Additional Land, or portion thereof, and a supplemental declaration which (i) describes the real property to be annexed and confirms that it is part of the Additional Land; (ii) declares that the annexed real property is to be held, sold, conveyed, encumbered, leased, occupied and improved as part of the Property and subject to this Declaration; and (iii) sets forth such additional limitations, restrictions, covenants and conditions as are imposed by the owner of and applicable to the annexed real property. Upon the effective date of such annexation, the annexed real property as identified in the Plat of the same, shall become part of the Property and Development and subject to: (i) the provisions of this Declaration and any amendment or supplement thereto.

2.3 Limitation on Annexation. Declarant's right to annex any portion of the Additional Land shall be subject to the following limitations:

a. The annexed real property must be all or part of the Additional Land as identified in this Declaration.

2.4 Annexation by Association. Notwithstanding the limitations of annexation set forth in Section 2.3, the Association may annex real property other than Additional Land, by satisfying the filing requirements of Section 2.2 but only after obtaining approval of such annexation from (a) the owner or owners of the real property to be annexed, and (b) the affirmative vote of at least two-thirds (2/3) of all Class A membership (defined below) votes, which Members present in person or represented by proxy are entitled to cast at a meeting duly called for such purpose and so long as the Class B membership (defined below) exists, the written consent of the Declarant. Nothing herein shall preclude Declarant from any annexation in accordance with the provisions of Section 2.2.

MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner shall be a Member of the Association. Membership in the Association shall be mandatory, shall be appurtenant to the Lot in which the Owner has the necessary interest, and shall not be separated from the Lot to which it appertains.

3.2. Voting Rights. The Association shall have the following described two classes of voting membership:

Class A. Class A Members shall be all Owners, other than the Declarant, until the Class B membership ceases. Class A Members shall be entitled to one vote for each Lot in which the interest required for membership in the Association is held. In no event, however, shall more than one Class A vote exist with respect to any Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to five (5) votes for each Lot in which it holds the interest required for Membership in the Association. The Class B Membership shall automatically cease and be converted to a Class

A membership on the first to occur of the following events, but not sooner than the date that all Additional Land has been added to the Development, or Declarant has waived the right to do so:

(a) When the total number of votes held by all Class A Members equals the total number of votes held by the Class B Member; or

(b) The expiration of fourteen (14) years after the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah.

3.3. Multiple Ownership Interests. In the event there is more than one Owner of a particular Lot, the vote relating to such Lot shall be exercised as such Owners may determine among themselves. A vote cast at any Association meeting by any of such Owner, whether in person or by proxy, shall be conclusively presumed to be the vote attributable to the Lot concerned, unless an objection is immediately made by another Owner of the same Lot. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever, other than to determine whether a quorum exists.

3.4. Record of Ownership. Every lot Owner shall, upon request, provide information to the Association concerning the servicer of their mortgage, and also their mortgagee, including mailing address. Any Owner who mortgages his Lot, or any interest therein by a mortgage which has priority over the lien of any assessment provided herein, shall notify the secretary of the Association of the name and address of the servicer and Mortgagee and also of the release of such Mortgage; and the secretary of the Association shall maintain all such information in the records of ownership. Any cost incurred by the Association in obtaining the information about an Owner as specified herein which is not furnished by such Owner shall nevertheless be at the expense of such Owner and shall be reimbursed to the Association as a "Reimbursement Assessment" in accordance with the provisions of Section 5.5. Failure to timely provide the above information is a violation of this Declaration, and the Association shall be entitled to recover its reasonable costs and fees associated with obtaining information.

IV. PROPERTY RIGHTS IN COMMON AREAS

4.1. Easement of Enjoyment. Each Member shall have a right and easement of use and enjoyment in and to the Common Areas and the Private Streets. Such right and easement shall be appurtenant to and shall pass with title to each Lot and in no event shall be separated therefrom. Any Member may delegate the right and easement of use and enjoyment described herein to any family member, tenant or lessee who resides on such Member's Lot.

4.2. Form for Conveyancing. Any deed, lease, mortgage, deed of trust, conveying instrument or encumbering title to a Lot shall describe the interest or estate involved substantially as follows:

Lot No. _____, contained within Scotch Fields, P.U.D., and as identified in the Plat, recorded in Book _____, at Page _____, and in the "Declaration of Covenants, Conditions and Restrictions of Scotch Fields, P.U.D." recorded in Book _____ at Page _____, of the official records of the Wasatch County Recorder.

TOGETHER WITH a right and easement of use and enjoyment in and to the Common Areas and Private Streets described and provided for in said Declaration of Covenants, Conditions and Restrictions of Scotch Fields, P.U.D. and as recorded in the official record of the Wasatch County Recorder.

Whether or not the description employed in any such instrument is in the above-specified form, however, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot.

4.3. Transfer of Title. Subject to the Board being under the control of the non-Declarant Owners, the Declarant agrees to convey to the Association title to the various Common Areas free and clear of all liens (other than the lien of current general taxes and the lien of any assessments, charges, or taxes imposed by governmental or quasi-governmental authorities), as each such Common Area is substantially completed. This Declaration shall be deemed a conveyance to the Association and dedication of such Common Areas subject to the terms of this Declaration.

4.4. Limitation on Easement. A Member's right and easement of use and enjoyment concerning the Common Areas and Private Streets shall be subject to the following:

- (a) The right of the Association to impose reasonable limitations on the number of guests per Member who at any given time are permitted to use the Common Areas;
- (b) The right of the Architectural Control Committee to approve and designate the point of access to and from a Lot to the Private Streets in accordance with the requirements of Article VIII;
- (c) The right of the County of Wasatch and any other governmental or quasi-governmental body having jurisdiction over the Property to access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained within the Property for purposes of providing police and fire protection, transporting school children, and providing any other governmental or municipal service; and
- (d) The right of the Association to dedicate or transfer all or any part of the Common Areas, the Private Streets and any sewer, water and storm drain trunk lines to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Association. Any such dedication or transfer must, however, be assented to by (i) all holders of first Mortgages secured by Lots and (ii) by sixty percent (60%) of the vote of each class of membership which Members present in person or by proxy are entitled to cast at a meeting duly called for that purpose written or printed notice setting forth the purpose of the meeting and the action proposes shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

V. ASSESSMENTS

5.1. Personal Obligation and Lien. Each Owner shall, by acquiring or in any way becoming vested with his interest in a Lot, be deemed to covenant and agree to pay to the Association the

monthly and Special Assessment(s) (defined below) described in this Article, together with the hereinafter provided for interest and costs of collection. All such amounts shall be, constitute, and remain: (a) a charge and continuing lien upon the Lot with respect to which such assessment is made; and (b) the personal obligation of the person who is the Owner of such Lot at the time the assessment falls due. Other than the Declarant and the Declarant's Exempt Lot(s), no Owner may exempt himself or his Lot from liability for payment of assessments by waiver of his rights concerning the Common Areas or by abandonment of his Lot in a voluntary conveyance of a Lot, the grantee shall be jointly and severally liable with the grantor for all such unpaid assessments, late payment fees, interest and costs of collection, including reasonable attorney's fees, which shall be a charge on the Lot at the time of the conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor.

5.2. Purpose of Assessments. Assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, and welfare of residents of the Property and/or the Scotch Fields, P.U.D., including but not limited to the appearance and aesthetics of the Development. The use made by the Association of funds obtained from assessments may include, but is not limited to, payment of the cost of taxes and insurance on the Common Areas; maintenance, repair and improvement of the Common Areas; establishing and funding a reserve to cover major repair or replacement of improvements within the Common Areas; any expenses necessary or desirable to enable the Association to perform or fulfill its obligations, functions or purposes under this Declaration or its articles of incorporation; and any assessments which may be made under the terms of Scotch Fields, P.U.D. Declaration.

5.3 Maximum Monthly Assessment. As of the date set under Section 5.7 (the date of the first assessment), each Lot shall be subject to an assessment established by the Board of the Association. From and after that date, the maximum monthly assessment may be increased or decreased so long as the change is assented to by not less than a majority of the Members, other than the Declarant (or if the two class voting structure is still in effect as provided herein, a majority of the votes of each Class of Members), present in person or represented by proxy at a meeting duly called for such purposes. Written notice setting forth the purpose of the meeting shall be sent to all Members at least Ten (10) but not more than Thirty (30) days prior to the meeting date. The Officers of the Association may from time to time and in their discretion set the amount of the monthly assessment at any sum not in excess of the then applicable maximum amount.

5.4. Special Assessments. From and after the date set under Section 5.7 (the date of a first conveyance), the Association may levy "Special Assessment(s)" for the purpose of defraying, in whole or in part: (a) any expense or expenses not reasonable capable of being fully paid with funds generated by monthly assessments; or (b) the cost of any construction, reconstruction or unexpectedly required repair or replacement in connection with the Common Areas. Any such Special Assessment(s) must be assented to by not less than a majority of the Members other than the Declarant (or if the two class voting structure is still in effect as provided herein, a majority of the votes of each Class of Members), present in person or represented by proxy are entitled to cast at a meeting duly called meeting, convened for the purpose of determining the Special Assessment(s). Written notice setting forth the purpose of the meeting shall be sent to all

Members at least ten (10) but not more than thirty (30) days prior to the meeting date.

5.5. Reimbursement Assessment on Specific Lot. In addition to the monthly assessment and any Special Assessment(s) authorized pursuant to Sections 5.3 and 5.4 above, the Officers may levy at any time Special Assessment(s) (a) on each Lot specifically benefitted by any improvement to adjacent roads, sidewalks, planting areas or other portions of the Common Areas made on the written request of the Owner of the Lot to be charged; (b) on each Lot the Owner or occupant of which shall cause any damage to the Common Areas necessitating repairs; and (c) on each Lot as to which the Association shall incur any expense for maintenance or repair work performed, or enforcement action taken, pursuant to Section 3.4, Section 6.1(c), Section 6.2(a) and (d), Section 7.8, or other provisions of this Declaration (all or part of the foregoing being sometimes referred to as "Reimbursement Assessment"). The aggregate amount of any such Special Assessments shall be determined by the cost of such improvements, repairs, maintenance or enforcement action, including all overhead and administrative costs and attorney's fees, and shall be allocated among the affected Lots according to the special benefit or cause of damage or maintenance or repair work or enforcement action, as the case may be, and such assessment may be made in advance of the performance of work. If a special benefit arises from any improvement which is part of the general maintenance obligations of the Association, it shall not give rise to a Reimbursement Assessment against the Lots benefitted.

5.6. Uniform Rate of Assessment. Except as provided in Section 5.5 above and upon Exempt Lot(s), monthly and Special Assessment(s) shall be fixed at a uniform rate for all Lots.

5.7. Monthly Assessment Due Dates. The monthly assessments provided for herein shall commence as to all Lots on the date a deed is delivered to the purchaser of a Lot, or if the sale is by way of a contract of sale (by installment payment with a deed to be delivered on payment), on the date the contract is executed by the parties thereto, or the date of occupancy agreement, or the date the Owner actually takes possession of a Lot, whichever first occurs. The first monthly assessment shall be adjusted according to the number of days remaining in the month of conveyance, contract or occupancy as the case may be. Thereafter all monthly assessments shall be due and payable on the first day of each month. A monthly assessment not paid within ten (10) days of the due date thereof shall be deemed late and subject to a late fee of \$100.00. At least fifteen (15) days prior to the effective date of any change in the amount of the monthly assessment, the Association shall give each Owner written notice of the amount and the first due date of the assessment concerned.

5.8. Certificate Regarding Payment. Upon the request of any Owner or prospective purchaser or encumbrancer of a Lot, the Association shall issue a certificate stating whether or not all assessments respecting such Lot are current and, if not, the amount of the delinquency. Such certificate shall be conclusive in favor of all persons who in good faith rely thereon.

5.9. Effect of Non-Payment; Remedies. Any assessment not paid within ten (10) days after the due date thereof shall bear interest from the due date at the rate of eighteen percent (18%) per annum, or at such lesser rate as may be set from time to time by the Association, and the

Association may also assess a monthly late charge thereon. The Association may bring an action at law against the Owner personally obligated to pay the same, and may foreclose the lien against such Owner's Lot, and in the event a judgment is obtained, such judgment shall include interest on the assessment and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to estop or otherwise preclude the Association from thereafter again foreclosing or attempting to foreclose its lien for any subsequent assessments, charges, costs or fees, which are not fully paid when due. The Association shall have the power and right to bid on or purchase any Lot at foreclosure or other legal sale, and to acquire and hold, lease, mortgage, vote the Association votes appurtenant to ownership thereof, convey or otherwise deal with the same. In addition to the other rights and remedies set forth herein, the Association shall have all of the rights and remedies pertaining to enforcement of assessment liens as set forth in, and to be exercised in accordance with, the provisions of the Utah Community Association Act, including, without limitation, the provisions in Utah Code Ann. §§57-8a-302 and -303, as the same may be amended. To this end, the Declarant (and each Owner by acceptance of a deed to a Lot or Dwelling) hereby conveys and warrants pursuant to Utah Code Ann. 57-1-20 and 57-8a-302 to Corbin B. Gordon, Esq., an attorney licensed in the State of Utah, as trustee, with power of sale, the Lot and all improvements to the lot for the purpose of securing payment of assessments under the terms of the declaration. The Association shall have the right to substitute said trustee and appoint a successor trustee as provided by statute. In any action brought by the Association (or counterclaim or cross claim brought by the Association) to collect assessments or to foreclose a lien for unpaid assessments, the Association shall be entitled to have a receiver of the Owner to collect all sums alleged to be due from the Owner prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's assessments of any kind or nature permitted hereunder.

5.10 Successor's Liability for Assessments. Notwithstanding any terms and provisions of this Declaration to the contrary, the sale or transfer of any Lot shall not affect the lien for assessments, charges, costs or fees levied hereunder, except that sale or transfer of a Lot pursuant to foreclosure of a first mortgage or any proceeding in lieu thereof, shall extinguish the lien of Association assessments, but not the personal obligation of the Owner for the payment of assessments, which became due after the recording of the first mortgage and prior to any such sale or transfer or foreclosure, or any proceeding in lieu thereof except to the extent the lien of the Association has priority over the first mortgage; provided, however, that any such assessments, charges, costs or fees which are extinguished as provided herein may be reallocated and assessed to all Lots. A first mortgagee may be personally liable for any unpaid assessments, charges, costs or fees, or portion thereof, accruing against a Lot prior to the time such first mortgagee takes title to such Lot, but only to the extent that the lien of the Association has priority over the first mortgage. No such sale, transfer, foreclosure or any proceeding in lieu thereof, shall relieve any Owner from liability for any assessments, charges, costs or fees, or any portion thereof, thereafter becoming due, nor such Owner's Lot from the lien for such subsequent assessments, charges, costs and fees.

5.11. Tax Collection by County Authorized. Under the Declaration the Association owns

Common Areas and may have an obligation to pay property taxes to Wasatch County upon Common Areas. Notwithstanding anything to the contrary contained in the Declaration, Wasatch County shall be authorized to collect such pro rata share of taxes directly from each Owner by inclusion of said share with the tax levied on each Lot. It is further recognized, however, that if Wasatch County directly assesses the Association each Owner of a Lot as a Member of the association will be required to reimburse the Association for his pro rata share of such taxes paid.

5.12. Reserve Analysis -- Reserve Fund. This Declaration adopts and incorporates in full the requirements of U.C.A. 57-8a-211, which requires the Association to conduct a reserve analysis not less frequently than every 6 years.

VI. DUTIES AND POWERS OF THE ASSOCIATION

6.1. Duties of the Association. Without limiting any other duties which may be imposed upon the Association by its articles of incorporation or this Declaration; the Association shall have the obligation and duty to do and perform each and every one of the following for the benefit of the Owners and the maintenance and improvement of the Property:

- a. The Association shall accept all Owners as members of the Association.
- b. The Association shall accept title to all Common Areas conveyed to it by Declarant.
- c. The Association shall maintain, repair, and replace all landscaping and improvements in the Common Areas, including but not limited to the maintenance of all exterior trees, shrubs, grass, Private Streets and other Common Area improvements. The Association shall have no obligation to provide exterior maintenance to any Living Unit including but not limited to painting, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, and landscaping installed on the Lot by the Owner. Each Owner shall paint, repair and otherwise maintain the exterior and interior of his Living Unit and shall maintain all mechanical devices, including but not limited to, appurtenant electrical, plumbing and heating, ventilating and air conditioning systems.

In the event that the need for maintenance or repair of Common Areas or the exterior of a Living Unit as specified herein is caused through the willful or negligent acts of an Owner, or through the willful or negligent acts of the family, guests or invitees of an Owner, the Officers may cause such repairs to be made by the Association and the cost of such maintenance or repair (and administrative expenses equal to ten (10%) percent of such costs) shall be added to and become part of the Reimbursement Assessment (as set forth in Section 5.5) to which such Lot is subject.

- d. To the extent not assessed to or paid by the Owners directly, the Association shall pay all real property taxes and assessments levied upon any portion of the Common Areas, provided that the Association shall have the right to contest or compromise any

such taxes or assessments. The Association shall have the power to recover these costs through annual assessments.

e. The Association shall obtain and maintain in force the policies of insurance required by the provisions of this Declaration.

f. The Association may employ a responsible corporation, partnership, firm, person or other entity as the "Managing Agent" to manage and control the Common Areas, subject at all times to direction by the Officers, with such administrative functions and powers as shall be delegated to the Managing Agent by the Officers. The compensation of the Managing Agent shall be such as shall be specified by the Officers. Any agreement appointing a Managing Agent shall be terminable by either party, with or without cause and without payment of any termination fee, upon thirty (30) days written notice thereof; and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. Any Managing Agent may be an independent contractor and not an agent or employee of the Association.

g. Consistent with U.C.A. 57-8a-215 the Association's Board shall annually prepare and adopt a budget.

6.2. Powers and Authority of the Association. The Association shall have all the powers set forth in its articles of incorporation and any bylaws, together with its general powers as a corporation, and the power to do any and all things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration, including the power to levy and collect assessments as hereinafter provided. Without in any way limiting the generality of the foregoing, the Association shall have the following powers:

a. The Association shall have the power and authority at any time and from time to time and without liability to any Owner for trespass, damage or otherwise, to enter upon any Lot for the purpose of maintaining and repairing such Lot or any improvement thereon if for any reason the Owner fails to maintain and repair such Lot or improvement, or for the purpose of removing any improvement constructed, reconstructed, refinished, altered or maintained upon such Lot in violation of Article VII of this Declaration. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or in the name and behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or any rules and regulations promulgated by the Officers, or to enforce by mandatory injunction or otherwise all of the provisions of this Declaration and such rules and regulations.

b. In fulfilling any of its duties under this Declaration, including its duties for the maintenance, repair, operation or administration of the Common Areas and in exercising any of its rights to construct, maintain and repair improvements or other work upon any of the Common Areas, and provided that any contract for goods or services having a term of more than one (1) year shall state that it may be terminated by either party at the end of the first year or at any time thereafter upon no less than ninety (90) days written notice,

the Association shall have the power and authority (i) to pay and discharge any and all liens placed upon any Common Areas on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair, operation or administration and (ii) to obtain, contract and pay for, or to otherwise provide for:

- i. Construction, maintenance, repair and landscaping of the Common Areas and on such terms and conditions as the Officers shall deem appropriate.
- ii. Such insurance policies or bonds as the Officers may deem appropriate for the protection or benefit of Declarant, the Association, the members of the Officers and the Owners;
- iii. Such utility services, including (without limitation) water, sewer, trash removal, snow removal, electrical, telephone and gas services, as the Officers may from time to time deem desirable;
- iv. The services of architects, engineers, attorneys and certified public accountants and such other professional or nonprofessional services as the Officers may deem desirable;
- v. Fire, police and such other protection services as the Officers may deem desirable for the benefit of the Owners or any of the Property; and
- vi. Such materials, supplies, furniture, equipment, services and labor as the Officers may deem necessary.

c. The Officers may delegate by resolution or contract to the Managing Agent any of its powers under this Declaration; provided, however, that the Officers cannot delegate to such Managing Agent the power to execute any contract binding on the Association for a sum in excess of One Thousand Dollars (\$1,000.00), nor the power to sell, convey, mortgage, or encumber any Common Areas.

d. Consistent with U.C.A. Sec. 57-8a-208, which is incorporated herein in its entirety, the Association may assess fines for the violation of this Declaration and/or Association Rules which may be adopted and amended from time to time. Unless the Association Rules provide to the contrary, a violation of this Declaration and/or the Rules may result in a fine to the Owner of a minimum of \$25.00 per day for such violation. The imposition of such fine shall constitute a Reimbursement Assessment and shall not preclude the Association from pursuing or obtaining any other remedy provided by this Declaration or in law or in equity.

6.3. Association Rules. The Officers from time to time and subject to the provisions of this Declaration, may adopt, amend, repeal and enforce rules and regulations governing, among other things: (a) the use of the Common Areas; (b) the use of any roads or utility facilities owned by the Association; (c) the collection and disposal of refuse; (d) the maintenance of animals on the Property; (e) the use of Living Units for business or rental purposes; and (f) other matters concerning the use and enjoyment of the Property and the conduct of residents. The Officers may also adopt additional "Architectural Guidelines" for the construction of Living Units. Rules and Regulations and/or Architectural Guidelines adopted by the Officers may be enforced in accordance with the provisions of Section 7.15.

6.4. Limitation of Liability. No Manager or the Officers, acting in good faith, shall be personally liable to any Owner, guest, lessee or any other person for any error or omission of the Association, its representatives and employees, the Officers, any committee or the Managing Agent.

6.5. Insurance. The Association shall secure and at all times maintain the following insurance coverage:

(a) Policy or policies of fire and casualty insurance, with extended coverage endorsement, for the full insurable replacement value of all improvements comprising a part of the Common Areas. The name of the insured under each such policy shall be in form and substance similar to: "Scotch Fields Homeowners' Association, Inc., for the use and benefit of the individual Members, Lot Owners and Mortgagees, as their interests may appear".

(b) A policy or policies insuring the Owners, the Association, and its directors, officers, agents, and employees against any liability incident to the ownership, use or operation of the Common Areas which may arise among themselves, to the public, and to any invitees or tenants of the Property or of the Owners. Limits of liability under such insurance shall be not less than \$1,000,000 for any one person injured; \$3,000,000 for all persons injured in any one accident; and \$500,000 for property damage resulting from one occurrence. Such policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement pursuant to which the rights of the named insured as between themselves are not prejudiced.

The following additional provisions shall apply with respect to insurance:

(1) In addition to the insurance described above, the Association shall secure and all times maintain insurance against such risks as are or hereafter may be customarily insured against in connection with developments similar to the Property in construction, nature and use.

(2) All policies shall be written by a company holding a rating of "AA" or better from Best's Insurance Reports.

(3) The Association shall have the authority to adjust losses.

(4) Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their mortgagees.

(5) Each policy of insurance obtained by the Association shall, if reasonably possible, provide: a waiver of the insurer's subrogation rights with respect to the Association, the Owner, and their respective directors, officers, agents, employees, invitees, and tenants; that it cannot be canceled, suspended or invalidated due to the conduct of any particular Owner or Owners; that it cannot be canceled, suspended or invalidated due to the conduct of the Association or of any director, officer, agent or employee of the Association without a prior written demand that the defect be cured; without a prior written demand that the defect be cured; that any "no other insurance clause therein shall not apply with respect to insurance held individually by Owners.

6.6. Quorum Requirements. The quorum required for any action by the Members hereunder,

unless otherwise specifically set forth in this Declaration, shall be as follows: Upon the calling of the quorum, the presence of Members, or of proxies entitled to cast sixty percent (60%) of all outstanding votes, shall constitute a "Quorum". If a Quorum is not present at the upon the first calling of the Quorum, the next calling of the Quorum, must be called and attended by Members or Members holding proxies for at least 30% of all outstanding votes, and this shall constitute the "Quorum" for that secondly called meeting. No such subsequent meeting shall be held sooner than twenty-four (24) hours after the first calling of the Quorum and later than thirty (30) days following the immediately called meeting.

VII. USE RESTRICTIONS

7.1. Use of Common Area. The Common Areas shall be used only in a manner consistent with their community nature and with the use restrictions applicable to Lots and Living Units.

7.2. Use of Lots and Living Units. All Lots are intended to be improved with Living Units and are restricted to such use. No gainful occupation, profession, trade or other non-residential use shall be conducted on any Lot or Living Unit without the prior written consent of the Association and applicable governmental entities. Except as may be approved to the contrary, each Living Unit shall be used only as a single-family residence. No Lot or Living Unit shall be used, occupied, or altered in violation of law, so as to jeopardize the support of any other Living Unit, so as to create a nuisance or interfere with the rights of any Owner, or in a way which would result in an increase in the cost of any insurance covering the Common Areas.

7.3. Building Features and Materials.

(a) Building Location. Each building shall be located such that:

(i) The building shall be oriented on a Building Pad as shown on the Plat, and in accordance with the provisions of Article VIII and all applicable city and county setback requirements and zoning ordinances.

(ii) For the purposes of this covenant, steps and open porches shall be considered as a part of a building, but eaves may extend beyond the setbacks (building pad) if permitted by applicable building codes.

(iii) Garages. Garages must be fully enclosed and located within the setbacks, accommodate a minimum of two (2) cars. Carports are not permitted within the Subdivision.

(iv) Exterior Building Wall Materials. Siding shall be Hardy Board, stucco and/or stone. Accents shall be Hardy Board, stucco and/or stone. Some combination of these materials shall be required for the exteriors of Living Units. The use of any other materials subsequently added to the exterior of such

buildings shall require the prior approval of the Architectural Control Committee.

(v) Roof, Soffit and Facia. Roof material shall be restricted to architectural asphalt shingles with a rating of 30 years or more, metal panels, or other materials approved by the Architectural Control Committee. Metal soffit and facia.

(vi) Chimneys. Chimneys of approved exterior materials may not exceed the height required by appropriate governmental agencies.

(vii) Mailboxes shall be provided by Declarant subject to approval of the United States Post Office, but shall thereafter be maintained by the Association.

(viii) Fences and Walls. Subject to the exceptions set forth below and except as to fences installed by Declarant, no fencing shall be permitted within the Subdivision. Notwithstanding the foregoing, Declarant shall be permitted to install a perimeter fence as part of the Project and privacy enclosures at patios of Living Units. All privacy enclosures must be approved by the Architectural Control Committee prior to installation. Project, perimeter fences, if any, are to be maintained by the Association. All privacy enclosures on a Lot shall be maintained by the Owners in the condition originally installed by Declarant or as approved by the Architectural Control Committee.

(ix) Paving. Driveway and other flat paved areas shall be concrete, exposed aggregate concrete, stamped concrete, or other materials approved by the Association.

(x) Antennas. All antennas are restricted to the attic or interior of the residence. It is mandatory that all homes be pre-wired for cable reception. Satellite dish antennas (larger than two feet in diameter) shall be allowed provided they are screened from view and their location is approved by the Architectural Control Committee.

(xi) Sheet Metal, Flashing and Vents. All sheet metal, flashing, vents and pipes must be colored to match the material to which they are attached or from which they project, with the exception of copper.

(xii) Mechanical Equipment. Fleeting equipment and soft water tanks must be screened from view and insulated for sound attenuation. Air conditioning units are not permitted on roofs or through windows unless screened from view and approved by the Architectural Control Committee. Swamp coolers are expressly prohibited.

(xiii) Gas and Electric Meters. Meter locations are to be designed into the architecture of the dwelling.

(xiv) Site Grading and Drainage. No Lot Owner shall modify site grading or storm drainage facilities without the prior written consent of the Architectural Control Committee.

(xv) County and Other Approval. Approval of any improvements by the Architectural Control Committee does not waive the requirement for any other required public agency review or permit approval process. By approving plans, the Architectural Control Committee takes no responsibility for plan conformity to any other criteria other than the requirements of this Declaration and any Architectural Guidelines.

(xvi) Metal Awnings. Metal awnings, metal "lean-tos", or metal patio covers shall not be permitted on any Lot, without the prior written consent of the Architectural Control Committee.

(xvii) Patio and Entertainment Area. Homeowners may add or expand a patio or entertainment area to the back of their home so long as the addition stays within the boundaries of their Building Pad. These patios may be made of concrete, pavers, or other materials approved by the Architectural Control Committee. Pergolas may be allowed but the material must match or compliment that of the house and must first be approved by the Architectural Control Committee. Fire Pits may be included but must be installed in a permanent fashion, in accordance with local ordinances, and must be no less than 6 inches deep, and two feet in diameter.

7.4. Landscaping. The Association shall be solely responsible for the installation and maintenance of Landscaping and except as provided herein, no Owner shall have the right to install or maintain any such landscaping even if located upon his Lot.

7.5. Recreational Vehicles. No boats, trailers, recreational vehicles, large trucks and commercial vehicles belonging to Owners or other residents of the Property shall be parked within the Development, except temporary parking not to exceed seventy-two (72) hours, or within an area designated by the Plat for the storage of such recreational vehicles, which storage may be at a cost. No motor vehicle of any kind shall be repaired, constructed or reconstructed upon any Lot, Private Street or other Common Areas, except that these restrictions shall not apply to emergency repairs to vehicles. Any motor or recreational vehicle must be kept in an enclosed garage.

7.6. Pets. No animals, other than household pets shall be kept or allowed on any Lot, in any Living Unit, or within any part of the Common Areas. Whenever a pet is allowed to leave a Lot, it shall be kept on a leash or in a cage. No animals may be bred for commercial purposes. No pets shall be allowed to make an unreasonable amount of noise or otherwise become a nuisance. The exterior structure for the care, housing or confinement of any such pets shall be maintained by Owner and approved by the Architectural Control Committee, Any Owner or other resident within the Development who violates this Section shall be subject to such penalties or fines as the Officers by resolution or as regulation may provide.

7.7. Common Areas. Subject to the restrictions of Section 7.8, the Common Areas of the Development shall be improved and used only for the following purposes:

- a. Vehicular and pedestrian access to and from and movement within the Development, and space for temporary vehicular parking.
- b. Recreational use by Owners and occupants of Living Units and their guests.
- c. Beautification of the Development.
- d. Privacy for the Owners and occupants of Living Units.
- e. Such other uses as shall be determined from time to time by the Officers for the benefit of members of the Association, following consultation with the Architectural Control Committee.

7.8. Insurance. No use shall be made of any Living Unit which shall cause the improvements within the Development or any part thereof to be uninsurable against loss by fire or other perils included in insurance contracts, or cause such insurance to be canceled or suspended, or cause any company issuing such insurance to refuse renewal thereof. Each Owner shall be responsible for securing insurance presently known as homeowners special form coverage, or its equivalent.

7.9. Machinery and Equipment. No machinery or equipment of any kind shall be placed, used, operated or maintained in or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a Living Unit or appurtenant structures.

7.10. Maintenance and Repair. No Living Unit, building, structure (including interiors thereof), or landscaping upon any Lot shall be permitted to fall into disrepair and, subject to the requirements herein as to approval by the Architectural Control Committee, each such Living Unit, building, structure, or landscaping at all times shall be kept in good condition and as appropriate, adequately painted or otherwise finished by the Owner thereof. Such obligation shall extend, but shall not be limited to, the painting, repair, replacement and care of roofs, gutters, downspouts, and exterior building surfaces. Each Owner shall also paint, repair and otherwise maintain the interior of his Living Unit and shall maintain all mechanical devices, including but not limited to, appurtenant electrical, plumbing and heating, ventilating and air conditioning systems.

7.11. Nuisances. No rubbish or debris of any kind shall be placed or permitted by an Owner upon or adjacent to any Lots, so as to render such Lot or portion thereof unsanitary, unsightly, offensive, or detrimental to other Owners. No Living Unit or Lot shall be used in such manner as to obstruct or interfere with the enjoyment of occupants of other Living Units or Lots. Without any of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices (except security devices used exclusively for security purposes) shall be located or placed on Lots or in Living Units.

7.12. Right of Entry. During reasonable hours, any member of the Architectural Control Committee or any Manager, or any officer or authorized representative of any of them, shall

have the right to enter upon and inspect any Lot, and the improvements thereof, to ascertain whether or not the provisions of this Declaration, the requirements of the Committee as specified In Article VIII, and the rules and regulations of the Association have been or are being complied with.

7.13. Signs. No signs whatsoever (including, without limitation, political signs) shall be erected or maintained on any Lot, except:

- (i) Such signs as may be required by legal proceedings.
- (ii) Construction identification signs of a combined total face area of five hundred seventy-six (576) square inches or less for each Living Unit,
- (iii) A "For Sale" or "For Rent" sign.

7.14. Trash Containers and Collection. All garbage and trash shall be placed and kept in covered containers and kept within the garage of the dwelling. No trash cans may be kept outside of the dwelling unless it has been placed for pick-up. Trash cans are to be provided by the homeowner and not the Association.

7.15. Water, Sewer, and Trash Billings. Unless provided by the Association, all charges for culinary water, sewer, and trash removal, shall be the separate responsibility of the Owner of a Lot.

7.16. Snow Removal. Lot owners shall be responsible for snow removal on their own driveway and portion of sidewalk in front of their home. The Association shall be responsible for snow removal on all trails and within the common areas. Costs associated with snow removal shall be paid by the Association and recovered through annual assessments to the Lot Owner.

7.17. Rental Restriction. Overnight, weekly and monthly rentals are expressly prohibited. Owners may rent their homes for periods of no less than 1 year. In accordance with Utah Code Ann. section 57-8a-209 the restrictions of rentals for less than a year will not apply for the following reasons: a) for the period of a lot owner's deployment if the lot owner is in the military; b) if a lot is occupied by a lot owner's parent, child or sibling; c) a lot owner whose employer has relocated the lot owner for no less than two years; d) a lot owned by a trust or other entity created for estate planning purposes if the trust or other estate planning entity was created for the estate of a current resident of the lot, or the parent, child, or sibling of the current resident of the lot. The Association shall adopt appropriate rules to assure this provision is consistently enforced. All other provisions of section 57-8a-209 shall apply.

7.18. Enforcement of Land Use Restrictions. The following persons shall have the right to exercise or seek any remedy at law or in equity to enforce strict compliance with this Declaration:

- a. Declarant, so long as it has any interest in any of the Property;
- b. Any Owner; or
- c. The Association.

The prevailing party in an action for the enforcement of any provisions of this Declaration (including but not limited to litigation and the appeal thereof) shall be entitled to collect court costs and reasonable attorney's fees.

7.19. Exception for Declarant. Notwithstanding the restrictions contained in this Article VI, for the fourteen (14) years following the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah, Declarant shall have the right to use any Lot or Living Unit owned by it, and any part of the Common Areas reasonably necessary or appropriate, in furtherance of any construction, marketing, sales, management, promotional, or other activities designed to accomplish or facilitate improvement of the Common Areas or improvement and/or sale of all Lots owned by the Declarant.

VIII. ARCHITECTURAL CONTROL

8.1. Architectural Control Committee. The Officers of the Association shall appoint a three-member Committee, the function of which shall be to insure that all improvements and landscaping within the property harmonize with existing surroundings and structures (herein the "Committee"), and comply with these Covenants, Codes, and Restrictions. The Committee need not be composed of Owners. If such a Committee is not appointed the Officers shall perform the duties required of the Committee. Committee members shall serve for a limit of 3 years, unless appointed by the Declarant, or approved by a majority vote at an annual meeting of the Association.

8.2. Submission to Committee. No Living Unit, accessory building or structure or addition to a Living Unit and no landscape additions and changes shall be constructed or maintained, and no alteration, repainting, or refurbishing of the exterior of any Living Unit, nor of any court enclosure, except as herein otherwise mentioned, shall be performed, unless complete plans and specifications therefor have first been submitted to and approved by the Committee. All such plans and specifications shall be consistent with Architectural Guidelines which shall be from time to time adopted by the Officers.

8.3. Standard. In deciding whether to approve or disapprove plans and specifications submitted to it, the Committee shall use its best judgment to insure that all improvements, construction, landscaping and alterations on Lots within the Property conform to and harmonize with existing surroundings and structures and that such proposed improvements enhance the value and aesthetics of the Project.

8.4. Approval Procedure. Consistent with U.C.A. 57-8a-217, any plans and specifications submitted to the Committee shall be submitted on a form provided by the Committee and in triplicate. A preliminary review of design drawings will be required with a final review to be made of working drawings. Upon completion of each review, one set of plans will be retained by the Association, one set will be retained by the reviewing architect (if any) and the remaining set of plans will be returned to the property owner.

All plans and specifications shall be approved or disapproved by it in writing within thirty (30) days after submission. In the event the Committee fails to take any action within such period

it shall be deemed to have denied the material submitted.

8.5. Address for Submittal. Plans and specifications for the construction and installation of any and all improvements within The Sages shall be submitted and approved by the Architectural Control Committee (prior to submittal to any required governmental agency) at the following address:

Scotch Fields
c/o Probst Higley Developers, LLC
Architectural Control Committee
1225 North Springer View Drive
Midway, Utah 84049

The Officers of The Sages Homeowners' Association have the authority to change the address for the submittal of plans and specifications.

8.6. Construction. (a) Once begun, any improvements, construction, landscaping, or alterations approved by the Committee shall be diligently prosecuted to completion. The exterior construction of all structures on any Lot shall be completed within a period of one (1) year following commencement of construction

(b) During construction, Owners and their builders shall clean up all trash and debris on the construction site at the end of each week. Trash and debris shall be removed from each construction site at least once a week to a dumping location off-site of the development. Lightweight material, packaging and other items shall be covered or weighted down to prevent wind from blowing such materials off the construction site. Owners and builders are prohibited from dumping, burying or burning trash anywhere on the lot. During the construction period, each construction site shall be kept neat and shall be promptly removed from public or private roads, open spaces and driveways.

During construction, each property owner and builder shall be responsible for providing adequate sanitary facilities for his construction personnel. Portable toilets or similar temporary toilet facilities shall be located only on the site itself or in areas approved by the Architectural Control Committee.

Construction crews shall not park on, or otherwise use, other lots or any open space. All construction vehicles and machinery shall be parked only in areas designated by the Architectural Control Committee.

8.8. Liability for Damages. The Committee shall not be held liable for damages by reason of any action, inaction, approval, or disapproval by it with respect to any request made pursuant to this Article VIII.

8.9. Exception for Declarant. The foregoing provisions of this Article VIII shall not apply to any improvement, construction, landscaping, or alteration which is carried out by Declarant on any Lot or on any part of the Common Areas during the period of Administrative Control.

8.10 Declarant's Obligation. Declarant hereby covenants in favor of each Owner that all

Living Units erected by it and all improvements of the Common Areas accomplished by it in the Development (i) shall be architecturally compatible with respect to one another; and (ii) that on or before fourteen (14) years from the date on which this Declaration is filed for record in the office of the County Recorder of Wasatch County, Utah, there shall be substantially completed and usable all Common Areas of the Subdivision, all approximately in the locations shown on the Plat.

IX. RIGHTS OF FIRST MORTGAGEE

Notwithstanding anything to the contrary contained herein, the following provisions shall apply:

9.1. Notice of Default. In the event an Owner neglects for a period of thirty (30) days or more to cure any failure on his part to perform his obligations under this Declaration, the Association shall give written notice of such fact to the holder of any first mortgage covering such Owner's Lot.

9.2. Abandonment, Termination, Etc. Unless all of the holders of first mortgages on the individual Lots have given their prior written approval, neither the Association nor the Owners acting as a group shall be entitled by act, omission or otherwise:

- (a) To abandon or terminate the project or to abandon or terminate the arrangement which was established by the Declarant and the Plat of the Project;
- (b) To partition or subdivide any Lot or the Common Areas;
- (c) To abandon, partition, subdivide, encumber, sell, hypothecate, transfer or otherwise encumber all or any part of the Common Areas except for the creation of easements and similar purposes consistent with the Intended use of the Common Areas; or
- (d) To use hazard insurance proceeds resulting from damage to any part of the development for any purposes other than the repair, replacement, or reconstruction of such improvements.

9.3. Notice of Substantial Damage or Destruction. The Association shall notify all holders of any first mortgage lien or equivalent security interest on a Lot in writing in the event that there occurs any substantial damage to or destruction of any Living Unit or any part of the Common Areas involving an amount in excess of, or reasonably estimated to be in excess of two hundred thousand (\$200,000.00) dollars. Said notice shall be given within ten (10) days after the Association learns of such damage or destruction.

9.4. Condemnation or Eminent Domain Proceedings. The Association shall give written notice to all holders of any first mortgage lien or equivalent security interest of any condemnation proceedings or proposed acquisition of a Living Unit or of any portion of the Common Areas within ten (10) days after the Association learns of the same.

9.5. Hazard Policy to Include Standard Mortgagee Clause. Each hazard policy of the insurance shall include the standard mortgagee clause which either shall be endorsed to provide that any proceeds shall be paid to the Association for the use and benefit of mortgagees as their interests may appear, or shall be otherwise endorsed to fully protect the interest of mortgagees.

In addition, the mortgagee clause shall provide that the insurance carrier shall notify each mortgagee at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

9.6. Rights Upon Foreclosure of Mortgage. The lien of the assessments provided in Section 1, Article V shall be subordinate to the lien of any first mortgage upon such Lot; and the holder of a first mortgage (or deed of trust) on a Lot who comes into possession of the Lot by virtue of foreclosure of such first Mortgage, or in lieu of foreclosure obtains possession by deed or assignment, or any purchaser at a foreclosure sale, will take the Lot free of any claims for unpaid assessments and charges against the Lot which accrue prior to the time such holder comes into possession of the Lot, except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all Lots including the mortgage Lot.

9.7. Mortgagees' Rights to Inspect Association Records. The holders of first Mortgages shall have the right upon reasonable notice and during business hours to inspect and copy at their own expense all books and financial records of the Association.

X. MISCELLANEOUS

10.1. Notices. Any notice required or permitted to be given to any Owner or Member under the provisions of this Declaration shall be deemed to have been properly furnished if personally delivered or if mailed, postage prepaid, to the person who appears as a Member or Owner, at the latest address for such person appearing in the records of the Association at the time of mailing.

10.2. Amendment. Subject to the provisions of Section 9.2 of Article IX of this Declaration, any amendment hereto shall require (i) the affirmative vote of at least two-thirds (2/3) of all Class A membership votes, which Members present in person or represented by proxy, are entitled to cast at a meeting duly called for such purpose; and so long as the Class B membership exists, (ii) the written consent of the Declarant. Written notice setting forth the purpose of the meeting and the substance of the amendment proposed shall be sent to all Members at least ten (10) but not more than thirty (30) days prior to the meeting date. The quorum required for any such meeting shall be as follows; At the first meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of the Class A Membership shall constitute a quorum. If the quorum is not present at the first meeting or any subsequent meeting, another meeting may be called and duly noticed, at which a quorum shall be one-half (1/2) of the quorum which was required at the immediately preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the immediately preceding meeting. Any amendment authorized pursuant to this Section shall be accomplished through the recordation of an instrument executed by two Officers of the Association, and by the Declarant if the Class B Membership then exists. In such instrument two Officers of the Association shall certify that the vote required by this Section for amendment has occurred.

10.3. Consent in Lieu of Voting. In any case in which this Declaration requires for authorization or approval of a transaction the assent or affirmative vote of a stated percentage of the votes present or represented at a meeting, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Members

entitled to cast at least the stated percentage of all membership votes outstanding in connection with the Class of membership considered. The following additional provisions shall govern any application of this Section 10.3:

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Member.

(b) The total number of votes required for authorization or approval under this Section 10.3 shall be determined as of the date on which the last consent is signed.

(c) Except as provided in the following sentence, any change in ownership of a Lot which occurs after consent has been obtained from the Owner thereof shall not be considered or taken into account for any purpose. A change in ownership which would otherwise result in an increase in the total number of Class A votes outstanding shall, however, be effective in that regard and shall entitle the new Owner to give or withhold his consent.

(d) Unless the consent of all Members whose memberships are appurtenant to the same Lot are secured, the consent of none of such Members shall be effective.

10.4. Lease Provision. Any Owner may lease his Lot and such buildings as are situated thereon; provided, however, that any lease agreement between a Lot Owner and a Lessee must be in writing, and must provide, inter alia, that:

(a) The terms of the lease shall in all respects be subject to the provisions of the Declaration, articles of incorporation of the Association, bylaws, and any Rules and Regulations, as well as the Declaration and its articles, bylaws and Rules and Regulations; and

(b) Any failure by the Lessee to comply with the terms of such documents shall constitute a default under the lease.

(c) The Owner and Tenant shall be jointly and severally liable for all damage and destruction of improvements in the Common Area.

10.5. Declarant's Rights Assignable. All or any portion of the rights of Declarant under this Declaration or in any way relating to the Property may be assigned.

10.6. Dissolution. Subject to the restrictions set forth in Article IX of this Declaration pertaining to mortgagee protection, the Association may be dissolved by the affirmative assent in writing of two-thirds (2/3) of the votes of each class membership. Upon dissolution of the Association all of its assets (including the Common Areas) may be dedicated or transferred to a similar homeowner's association (as provided below) or an appropriate public agency or authority to be used for purposes similar to those provided for in the articles of incorporation or this Declaration. In the event the Association's assets are transferred to a non-profit corporation, trust, or other entity to be used for similar purposes, each Owner shall continue to be obligated to make assessment payments for the maintenance and upkeep of the Common Areas, common access roadways, curbs, gutters and sidewalks on a pro rata basis which conforms substantially with the assessment procedure, terms and conditions set forth in Article V of this Declaration.

10.7. Enforcement by County. If the Association fails to maintain the Common Areas, the common access roadways, along with the curbs, gutters and sidewalk, in good order and

condition, Wasatch County and/or Midway City shall have the right, but not the obligation, upon giving the Association thirty (30) days notice in writing, to perform the necessary maintenance and management with the same right to lien the Lots and collect the costs thereof against the Owners as the Association has under this Declaration shall not affect the validity or enforceability of the remainder hereof.

10.8. Interpretation. The captions which precede the articles and sections of this Declaration are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any party thereof, and any gender shall include the other gender. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

10.9. Property Part of Development. The Property shall comprise the Scotch Fields, P.U.D.

10.10. Covenants to Run With Land. This Declaration and all provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of the Declarant, and all parties who hereafter acquire any interest in a Lot or in the Common areas shall be subject to the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, and determinations contemplated by this Declaration; and failure to comply with any of the foregoing shall be grounds for an action by the Association or an aggrieved Owner for the recovery of damages, or for injunctive relief, or both. By acquiring any interest in a Lot or in the Common Areas, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

10.12. Effective Date. This Declaration and any amendment hereof shall take effect upon its being filed for record in the office of the County Recorder of Wasatch County, Utah.

10.13. Subordinate Lender's Agreement of Subordination. By its execution of this Declaration, Central Bank of Utah (hereinafter "Subordinate Lender"), agrees, covenants and declares that this Declaration shall be senior in priority to that Deed of Trust, Security Agreement and Financing Statement made as of August 14, 2015, by and between Bill Probst and Beverly Probst, as "Borrower," Central Bank, as "Trustee," and Subordinate Lender as "Lender" (hereinafter "Trust Deed"), which Trust Deed was recorded on August 18, 2014, as Entry No. 403672, in Book 1110, beginning at page 1702-1712 of the Official Records of Wasatch County and that said Trust Deed shall be subordinate to and subject to this Declaration notwithstanding the fact that this Declaration is recorded later In time than the Trust Deed.

10.14. Meetings. Meetings, by the Association or Board, shall comply with U.C.A. 57-8a-226.

10.15. Records. Records, of the Association or Board, shall be kept and shall be available to the Owners for inspection as required under U.C.A. 57-8a-227.

EXHIBIT A

LEGAL DESCRIPTION (excluding mineral rights)

EXHIBIT B
ADDITIONAL LAND