

WHEN RECORDED, MAIL TO:

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**NEIGHBORHOOD DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
HORIZON NEIGHBORHOOD AT POWDER MOUNTAIN
A P.R.U.D.**

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FOR
HORIZON NEIGHBORHOOD AT POWDER MOUNTAIN
A P.R.U.D.**

This Neighborhood Declaration of Covenants, Conditions, Easements and Restrictions for Horizon Neighborhood at Powder Mountain ("Neighborhood Declaration") dated as of _____, 2016, is made and executed by SMHG Phase I LLC, a Delaware limited liability company ("Neighborhood Developer") for itself, its successors and assigns.

RECITALS

A. Neighborhood Developer holds both legal and equitable title to certain real property located in Weber County and Cache County, State of Utah, more particularly described in Exhibit A, attached and incorporated herein by this reference.

B. Neighborhood Developer desires to establish twenty-six (26) single-family, PRUD lots ("Lots") to be known as Horizon Neighborhood at Powder Mountain ("Project").

C. The Project possesses great natural beauty that the Neighborhood Developer intends to preserve through the use of a coordinated plan of development and the terms of this Neighborhood Declaration. It is anticipated that the plan will provide for comprehensive land planning and harmonious and appealing landscaping and improvements. It is assumed that each purchaser of a Lot will be motivated to preserve these qualities through community cooperation and by complying with not only the letter but also the spirit of this Neighborhood Declaration.

D. The Project will be part of a larger master planned community known as Summit Powder Mountain (f/k/a Summit Eden) ("Community") and will be subject to the terms and conditions of that certain Master Declaration of Covenants, Conditions, Easements and Restrictions for Summit Powder Mountain, as amended or supplemented from time to time ("Master Declaration"), which is recorded against the Project. The Neighborhood Declaration is designed to complement the Master Declaration and local governmental regulations, and where conflicts occur, the more restrictive requirements shall prevail.

E. It is desirable for the efficient management and preservation of the value and appearance of the Project to create a nonprofit corporation to which shall be assigned the powers and delegated the duties of managing certain aspects of the Project; maintaining and administering the Common Areas; administering, collecting and disbursing funds pursuant to the provisions regarding Assessments and charges hereinafter created and referred to; and to perform such other acts as shall generally benefit the Project and the Owners. Horizon Neighborhood at Powder Mountain Association, Inc., a Utah nonprofit corporation ("Neighborhood Association"), has or will be incorporated under the laws of the State of Utah for the purpose of exercising the powers and functions aforesaid.

F. Each Owner shall receive fee title to his, her or its Lot and shall have appurtenant to each Lot one (1) membership in the Neighborhood Association and one (1) membership in the Powder Mountain Owners Association, Inc., a Utah nonprofit corporation (“Community Association”). The voting rights, privileges and obligations associated with each membership shall not be transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of such Lot, and then only to the transferee of ownership of the Lot as provided herein.

G. By this Neighborhood Declaration, the Neighborhood Developer intends to establish a common scheme and plan for the possession, use, enjoyment, repair, maintenance, restoration and improvement of the Project and the interests therein conveyed and to establish thereon a planned community.

H. The covenants, conditions and restrictions contained in this Neighborhood Declaration and in the Exhibits attached hereto shall be enforceable covenants and equitable servitudes and shall run with the land.

NOW, THEREFORE, the Neighborhood Developer hereby declares, covenants and agrees that each of the Recitals A through H is incorporated into and made a part of this Neighborhood Declaration for all purposes and further declares, covenants and agrees as follows:

ARTICLE 1 DEFINITIONS

Unless the context clearly indicates otherwise, the following capitalized words, phrases or terms used in this Neighborhood Declaration (including the Recitals) shall have the meanings set forth in this Article 1. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Declaration.

1.1. “Additional Property” means any real property, together with the Improvements located thereon, located not more than five miles from the exterior boundaries of the Project legally described in Exhibit A.

1.2. “Annual Assessments” means the Assessments levied pursuant to Section 6.4.

1.3. “Architectural Review Committee” means the committee established pursuant to the Master Declaration.

1.4. “Assessable Property” means each Lot, except for Exempt Property.

1.5. “Assessment” means an Annual Assessment, Neighborhood Assessment, Special Assessment or Community Assessment.

1.6. “Assessment Lien” means the lien created and imposed by Article 7.

1.7. “Common Area” means: (a) all Neighborhood Association Land; and (b) all land, and the Improvements situated thereon, within the Project which the Neighborhood Developer indicates on a Recorded subdivision plat or other Recorded instrument is Common Area.

1.8. “Common Expenses” means expenditures made by or financial liabilities of both the Neighborhood Association and the Community Association, together with any allocations to reserves as described in this Neighborhood Declaration and the Master Declaration.

1.9. “Community” means such term as described and set forth in Recital D.

1.10. “Community Assessment” means any assessment levied pursuant to the Master Declaration by the Community Association as described and set forth in Section 6.4.2.

1.11. “Community Association” means such term as described and set forth in Recital F.

1.12. “Design Guide” means that certain Summit Eden Design Guide and rules associated therewith for development of all the real property subject to the Master Declaration, as established by the Master Developer and/or the Architectural Review Committee from time to time pursuant to the Master Declaration.

1.13. “Exempt Property” means: (a) all land and improvements owned by, or dedicated to and accepted by, the United States, the State of Utah, Weber County or any municipality having jurisdiction, or any political subdivision of any of them, for as long as such entity or political subdivision is the owner thereof or for as long as said dedication remains effective; (b) all Neighborhood Association Land; and (c) all Common Area, including all Limited Common Areas.

1.14. “First Mortgage” means a Mortgage Recorded against a Lot which has priority over all other Mortgages Recorded against that Lot.

1.15. “Improvement” means: (a) any Residence, building, fence or wall; (b) any swimming pool, Jacuzzi, tennis court, basketball court, road, parking area or satellite dish; (c) any trees, plants, shrubs, grass or other landscaping improvements of every type and kind; (d) any statuary, fountain, artistic work, craft work, figurine, ornamentation or embellishment of any type or kind (whether or not affixed to a structure or permanently attached to a Lot); and (e) any other structure of any kind or nature.

1.16. “Lessee” means the lessee or tenant under a lease, oral or written, of any Lot (or part thereof), including an assignee of the lessee’s or tenant’s interest under a lease.

1.17. “Limited Common Areas” means those parts of the Common Areas which are limited to and reserved for the use of the Owners of one or more, but fewer than all, of the Lots. The Limited Common Areas shall include all Common Area designated as Limited Common Areas on the Plat or by the Neighborhood Developer or the Neighborhood Association in accordance with Section 3.31 below. No reference to any Limited Common Areas need be made in any instrument of conveyance, encumbrance, or other instrument. Initially there are no

Limited Common Areas, but there are references in this Declaration to Limited Common Areas in the event such areas are designated in the future as described in Section 3.31 below.

1.18. “Lot” means a portion of the Project intended for independent ownership and residential use and designated as a lot on any Plat and, where the context indicates or requires, shall include any Residence, building, structure or other Improvements situated on the Lot.

1.19. “Manager” shall mean such person or entity retained by the Neighborhood Board to perform certain functions of the Neighborhood Board pursuant to this Neighborhood Declaration or the Bylaws. The Manager for the Neighborhood Association shall carry out certain responsibilities of the Neighborhood Association as required herein.

1.20. “Master Declaration” means such term as described and set forth in Recital D.

1.21. “Master Developer” means Summit Mountain Holding Group, L.L.C., a Utah limited liability company, its successors and any Person to whom it may expressly assign any or all of its rights under the Master Declaration.

1.22. “Mortgage” means a deed of trust or a mortgage Recorded against a Lot.

1.23. “Mortgagee” means a beneficiary under a deed of trust, or a mortgagee under a mortgage, Recorded against a Lot, and “First Mortgagee” means such a beneficiary or mortgagee under a First Mortgage.

1.24. “Neighborhood Articles” means the articles of incorporation of the Neighborhood Association, as amended from time to time.

1.25. “Neighborhood Assessment” means any assessment levied pursuant to the Neighborhood Declaration by the Neighborhood Association as described and set forth in Section 6.4.1.

1.26. “Neighborhood Association” means Horizon Neighborhood at Powder Mountain Association, Inc., a Utah nonprofit corporation, and its successors and assigns.

1.27. “Neighborhood Association Land” means all land, together with all Improvements situated thereon, which the Neighborhood Association at any time owns in fee or in which the Neighborhood Association has a leasehold interest, easement or license for as long as the Neighborhood Association is the owner of the fee or holds such leasehold interest, easement or license.

1.28. “Neighborhood Association Member” means any Person who is a member of the Neighborhood Association as provided in Section 5.7.

1.29. “Neighborhood Association Membership” means a membership in the Neighborhood Association.

1.30. “Neighborhood Association Rules” means the rules adopted by the Neighborhood Board pursuant to Section 5.4, as amended from time to time.

1.31. “Neighborhood Board” means the governing Board of Trustees of the Neighborhood Association.

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

1.33. “Neighborhood Declaration” means this Neighborhood Declaration of Covenants, Conditions, Easements and Restrictions for Horizon Neighborhood at Powder Mountain, as amended from time to time.

1.34. “Neighborhood Developer” means SMHG Phase I LLC, a Delaware limited liability company, its successors and any Person to whom it may expressly assign any or all of its rights under this Neighborhood Declaration.

1.35. “Neighborhood Developer Affiliate” means any Person directly or indirectly controlling, controlled by or under common control with the Neighborhood Developer, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which the Neighborhood Developer (or another Neighborhood Developer Affiliate) is a general partner, managing member or controlling shareholder.

1.36. “Occupant” means any Person other than an Owner who occupies or is in possession of a Lot, or any portion thereof or building or structure thereon, whether as a Lessee or otherwise, other than on a merely transient basis (and shall include, without limitation, a Resident).

1.37. “Owner” means (a) any Person who is record holder of legal, beneficial or equitable title to the fee simple interest of any Lot, but excluding any Person who holds an interest therein merely as security and (b) any Person entitled to occupy all of a Lot under a lease or sublease for an initial term of at least ten (10) years, in which case the fee owner or sublessor of the Lot shall not be deemed the Owner thereof for purposes of this Neighborhood Declaration during the term of said lease or sublease.

1.38. “Period of Neighborhood Developer Control” means the period commencing on the date of the Recording of this Neighborhood Declaration and ending on the earlier of: (a) one hundred twenty (120) days after the conveyance of title to the last Lot owned by the Neighborhood Developer; (b) December 31, 2053; or (c) such earlier date on which the Neighborhood Developer elects to terminate the Period of Neighborhood Developer Control by providing written notice to the Neighborhood Association.

1.39. “Person” means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.40. “Plat” means the Recorded subdivision plat designating the Lots, Common Area, Limited Common Areas, easements and boundaries of the Project.

1.41. “Project” or “Property” means the real property described on Exhibit A, together with all Improvements located thereon, and all real property, together with all Improvements located thereon, which is annexed and subjected to this Neighborhood Declaration pursuant to Section 2.2.

1.42. “Project Documents” means the Neighborhood Declaration, Neighborhood Articles, Neighborhood Bylaws, and Neighborhood Association Rules along with the Master Declaration, Articles, Bylaws, resolutions of the Community Association and the Design Guide, as each document may be supplemented and amended from time to time.

1.43. “Purchaser” means any Person, other than the Neighborhood Developer, who by means of a voluntary transfer becomes the Owner of a Lot except for: (a) a Person who purchases a Lot and then leases it to the Neighborhood Developer for use as a model in connection with the sale or lease of other Lots; or (b) a Person who, in addition to purchasing a Lot, is expressly assigned any or all of the Neighborhood Developer’s rights as the Neighborhood Developer under this Neighborhood Declaration.

1.44. “Record,” “Recording,” “Recorded” and “Recordation” means placing or having placed an instrument of public record in the official records of Weber County, Utah and/or Cache County, Utah.

1.45. “Residence” means any building situated upon a Lot and designed and intended for separate, independent use and occupancy as a full or part time residence. A Residence constitutes a Dwelling Unit under the Master Declaration.

1.46. “Resident” means each individual who resides in any Residence.

1.47. “Special Assessment” means any Assessment levied pursuant to Section 6.7.

ARTICLE 2 PLAN OF DEVELOPMENT

2.1. Property Initially Subject to the Neighborhood Declaration. This Neighborhood Declaration is being Recorded to establish a general plan for the development and use of the Project in order to protect and enhance the value and desirability of the Project. The Neighborhood Developer intends to develop the Project to consist, initially, of twenty-six (26) Lots for single family use. The Project may be expanded pursuant to the provisions of Section 2.2. All of the property within the Project shall be held, sold and conveyed subject to this Neighborhood Declaration. By acceptance of a deed or by acquiring any interest in any of the property subject to this Neighborhood Declaration, each Person, for himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Neighborhood Declaration. In addition, each such Person by so doing

acknowledges that this Neighborhood Declaration sets forth a general scheme for the development and use of the Property and evidences his, her or its intent that all the restrictions, conditions, covenants, rules and regulations contained in this Neighborhood Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, Purchasers, assignees, Lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Neighborhood Declaration shall be mutually beneficial, prohibitive and enforceable by the Neighborhood Association and all Owners.

2.2. Annexation of Additional Property.

2.2.1. At any time on or before December 31, 2034, the Neighborhood Developer shall have the right to annex and subject to this Neighborhood Declaration all or any portion of the Additional Property without the consent of any other Owner or Person (other than the Person who owns the property to be annexed, if other than the Neighborhood Developer). The annexation of all or any portion of the Additional Property shall be effected by the Neighborhood Developer Recording a written instrument setting forth the legal description of the Additional Property being annexed and stating that such portion of the Additional Property is annexed and subjected to the Neighborhood Declaration, together with amendments to this Neighborhood Declaration and the Plat as applicable.

2.2.2. The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. Property annexed by the Neighborhood Developer pursuant to this Section 2.2 need not be contiguous with other property in the Project, and the exercise of the right of annexation as to any portion of the Additional Property shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. The Neighborhood Developer makes no assurances as to which part of the Additional Property, if any, will be annexed.

2.3. Withdrawal of Property. At any time on or before December 31, 2034, the Neighborhood Developer shall have the right to withdraw property from the Project without the consent of any other Owner or Person (other than the Owner of such property, if other than the Neighborhood Developer). The withdrawal of all or any portion of the Project shall be effected by the Neighborhood Developer Recording a written instrument setting forth the legal description of the property being withdrawn, together with amendments to this Neighborhood Declaration and the Plat as applicable. Upon the withdrawal of any property from the Project pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Neighborhood Declaration.

2.4. Readjustment of Boundaries. Neighborhood Developer hereby reserves for itself, and its successors and assigns, the right to effectuate minor realignments and adjustments of Lot boundary lines for purposes of proper configuration and final engineering of the Project; provided that any such realignment and adjustment does not affect any existing Residence on the affected Lot. The authority to realign and adjust such Lot boundary lines shall be exclusively reserved to the Neighborhood Developer or a Neighborhood Developer Affiliate, in their sole

and reasonable discretion, subject to the other provisions of this Section 2.4. All Owners hereby irrevocably constitutes and appoints the Neighborhood Developer as each such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of signing any plats or other documents necessary to effectuate such realignments or adjustments. Acceptance by any Owner of a deed or other instrument of conveyance shall constitute appointment of the attorney-in-fact as herein provided. All Owners hereby specifically acknowledge and agree that they shall cooperate with Neighborhood Developer to effectuate such minor realignment and adjustment of their respective Lot boundary lines by deed in form and content as requested by the Neighborhood Developer for the purposes of proper configuration and final engineering of the Lots in relationship to the development of the Project. Further, all Owners acknowledge and agree that no amendment to this Neighborhood Declaration or the Plat shall be required to effectuate any Lot boundary line adjustments, except as may be required by Weber County ordinances. Moreover, upon Neighborhood Developer's written request, the Neighborhood Association shall transfer back to Neighborhood Developer at no charge any unimproved real property originally conveyed to the Neighborhood Association, to the extent conveyed by Neighborhood Developer in error or needed by Neighborhood Developer to make minor adjustments in property lines. Any adjustment of Lot boundary lines shall be done in accordance with the requirements of governing ordinances and Utah law.

2.5. Disclaimer of Representations. The Neighborhood Developer makes no representations or warranties whatsoever that: (a) the Project will be completed in accordance with the plans for the Project as they exist on the date this Neighborhood Declaration is Recorded; (b) any property subject to this Neighborhood Declaration will be committed to or developed for a particular use or for any use; (c) any property not now subject to this Neighborhood Declaration will be subjected to the provisions hereof; or (d) the use of any property subject to this Neighborhood Declaration will not be changed in the future. Nothing contained in this Neighborhood Declaration and nothing which may be represented to a Purchaser by real estate brokers or salesmen representing the Neighborhood Developer shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any property subject to this Neighborhood Declaration or of any part of the Additional Property.

2.6. Development Plan. Notwithstanding any other provision of this Neighborhood Declaration to the contrary, the Neighborhood Developer, without obtaining the consent of any other Owner or Person, shall have the right to make changes or modifications to its development plan with respect to any property owned by the Neighborhood Developer in any way which the Neighborhood Developer desires including, but not limited to, changing the density of all or any portion of the property owned by the Neighborhood Developer or changing the nature or extent of the uses to which such property may be devoted.

ARTICLE 3 LAND USES, PERMITTED USES AND RESTRICTIONS

3.1. Land Uses. The Property shall be used exclusively for single-family, detached, residential homes, along with ancillary uses such as public or private pedestrian, bicycle and ski trails, Common Area and the like.

3.2. Master Declaration. The Project is encumbered by, and is entitled to receive the benefits arising under, the Master Declaration. The Master Declaration permits certain development rights with respect to, and imposes certain land use and other restrictions on, the Project. The development, construction, reconstruction, ownership and use of the Project must comply with the terms and requirements of the Master Declaration.

3.3. Architectural Review Committee. The Community Association shall have an Architectural Review Committee to perform the functions assigned to it as set forth in the Master Declaration. All improvements shall be reviewed and approved by the Architectural Review Committee in accordance with the Master Declaration. The decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to the Master Declaration. In the event of any conflict between this Neighborhood Declaration and any design guidelines adopted by the Architectural Review Committee, the Architectural Review Committee guidelines shall control.

3.4. Architectural Control. The Architectural Review Committee has adopted specific designs for the Residences to be built on each Lot, and all construction shall comply with the floor plans, drawings, designs, and other specifications adopted by the Architectural Review Committee. Additionally, the following restrictions and limitations apply to all construction within the Project:

3.4.1. All Improvements constructed within the Project shall be of new construction, and no intact buildings or other structures shall be moved from other locations to the Project (except for construction and sales trailers or modular buildings, and similar facilities approved in advance by the Architectural Review Committee).

3.4.2. No devegetation, excavation, grading, planting or revegetation work shall be performed within the Project without the prior written approval of the Architectural Review Committee.

3.4.3. No Improvement shall be constructed, installed or removed within the Project without the prior written approval of the Architectural Review Committee.

3.4.4. No addition, alteration, repair, change or other work which in any way alters the exterior appearance (including but without limitation, the exterior color scheme) of any property within the Project, or any Improvements located thereon, shall be made or done without the prior written approval of the Architectural Review Committee, nor shall any Lot be split, divided or further subdivided in any manner.

3.4.5. Any Owner or other Person desiring approval of the Architectural Review Committee for the construction, installation, addition, alteration, repair, change or replacement of any Improvement which would alter the exterior appearance of his, her or its Residence, Lot or other portion of the Project, or any Improvements located thereon, shall submit to the Architectural Review Committee a written request for approval specifying in detail the nature and extent of the construction, installation, addition, alteration, repair, change, replacement or other work which such Owner or other

Person desires to perform. Any Owner or other Person requesting the approval of the Architectural Review Committee shall also submit to the Architectural Review Committee any additional information, plans and specifications which the Architectural Review Committee may reasonably request.

3.4.6. The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change, replacement or other work pursuant to this Section shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change, replacement or other work subsequently submitted for approval.

3.4.7. Upon receipt of approval from the Architectural Review Committee for any construction, installation, addition, alteration, repair, change, replacement or other work, the Owner or other Person who has requested such approval shall proceed to perform, construct or make the installation, addition, alteration, repair, change or other work approved by the Architectural Review Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Review Committee.

3.4.8. Any change, deletion or addition to the plans and specifications approved by the Architectural Review Committee must be approved in writing by the Architectural Review Committee.

3.4.9. The Architectural Review Committee shall have the right to charge a reasonable fee for reviewing requests for approval of any construction, installation, alteration, addition, repair, change, replacement or other work pursuant to this Section, which fee shall be payable at the time the application for approval is submitted to the Architectural Review Committee. Such fee, if established and charged by the Architectural Review Committee, shall be set at such reasonable level as the Architectural Review Committee may estimate will be necessary to defray the costs and expenses of the Architectural Review Committee in reviewing and evaluating any such request or application, and may include, if the Architectural Review Committee deems it reasonably necessary under the circumstances, an amount to cover the costs of professional consultation to the Architectural Review Committee by an architect or engineer.

3.4.10. The provisions of this Section do not apply to, and approval of the Architectural Review Committee shall not be required for, any construction, installation, addition, alteration, repair, change, replacement or other work by, or on behalf of, the Neighborhood Developer.

3.4.11. The approval required of the Architectural Review Committee pursuant to this Section shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation, or under any other Recorded instrument. The Architectural Review

Committee may condition its approval of any application, plans or other items submitted to it on delivery to the Architectural Review Committee of evidence satisfactory to the Architectural Review Committee that the Owner or other Person seeking its approval has also made appropriate applications for (and prior to commencing work shall have obtained) any and all such other approvals or permits. The Architectural Review Committee shall cooperate reasonably with any other approving authorities or entities, provided, however, that the Architectural Review Committee shall not be bound by any approvals, permits or other decisions of any other such approving authority or entity.

3.5. Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings, trailers or other structures used during the construction of Improvements approved by the Architectural Review Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailers or other structures be maintained or kept on any property for a period in excess of twelve (12) months without the prior written approval of the Architectural Review Committee.

3.6. Suspension of Construction. If at any time prior to completion of construction and receipt of a certificate of occupancy, construction is suspended for a period of more than thirty (30) days, any temporary buildings, trailers or other structures used during construction as well as any staging or construction equipment and materials related to construction shall be removed until such time a construction re-commences.

3.7. Maintenance of Landscaping. All shrubs, trees, hedges, grass and plantings of every kind (collectively, "Landscaping") shall be located on the Common Area and maintained by the Neighborhood Association. In the event any Landscaping is located on a Lot, each Owner hereby grants an easement to Neighborhood Developer and the Neighborhood Association for use and maintenance of such Landscaping. The Neighborhood Association shall properly maintain and keep properly cultivated, and free of trash, weeds and other unsightly material all Landscaping. Notwithstanding the foregoing, the Neighborhood Board may adopt rules allowing Owners to maintain Landscaping in certain areas on or adjacent to an Owner's Lot, in which event the Owner shall properly maintain and keep properly cultivated, and free of trash, weeds and other unsightly material all such Landscaping. For purposes of this Section 3.7, proper maintenance of Landscaping shall include, without limitation, removal and replacement of dead Landscaping, subject to the Design Guide. Notwithstanding anything to the contrary herein, portions of the Common Area may be maintained with natural ground cover and growth as permitted by the Architectural Review Committee and the Design Guide.

3.8. Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or other property, and no odors, loud noises or loud music shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon or adjacent to any Lot or other property so as to be offensive or detrimental to any other property in the vicinity thereof or

to its occupants. Normal construction activities and parking in connection with the building of Improvements on a Lot or other property shall not be considered a nuisance or otherwise prohibited by this Neighborhood Declaration, but during construction periods, Lots and other property shall be kept in a neat and tidy condition, trash and debris shall not be permitted to accumulate, supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved in writing by the Architectural Review Committee, and no loud music shall be permitted. In addition, any construction equipment and building materials stored or kept on any Lot or other property during the construction of Improvements may be kept only in areas approved in writing by the Architectural Review Committee, which may also require screening of the storage areas. The Architectural Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance. The provisions of this Section shall not apply to construction activities of the Neighborhood Developer.

3.9. Diseases and Insects. No Person shall permit any thing or condition to exist upon any Lot or other property which shall induce, breed or harbor infectious diseases or noxious insects. Upon discovery of any such object, the Owner of the applicable Lot or other property shall immediately cause such object to be removed and properly disposed of.

3.10. Weber County Requirement. No Lot shall be used for human occupancy, either temporarily or permanently, until culinary water and sewage and waste disposal facilities approved by Weber County and any other applicable service provider are provided and available for use on said Lot, and no building thereon shall be occupied until a certificate of occupancy is issued by Weber County; and thereafter, no such Lot shall be used for human occupancy at any time the culinary water or sewage and waste disposal facilities are not in compliance with the statutes of the State of Utah, ordinances of Weber County, and rules and regulations promulgated thereunder, including without limitation rules and regulations of the applicable water and sewer improvement district.

3.11. Repair of Building. No Residence, building, structure or other Improvement on any Lot or other property shall be permitted to fall into disrepair and each such Residence, building, structure and other Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any Residence, building, structure or other Improvement is damaged or destroyed, then, subject to the approvals required by Section 3.4, such Residence, building, structure or other Improvement shall be immediately repaired or rebuilt or shall be demolished.

3.12. Antennas, Poles, Towers and Dishes. No television, radio, shortwave, microwave, satellite, flag or other antenna, pole, tower or dish shall be placed, constructed or maintained upon any Lot or other part of the Property unless such antenna, pole, tower or dish is fully and attractively screened or concealed, which means of screening or concealment shall be subject to the regulation and prior approval of the Architectural Review Committee. Notwithstanding the foregoing, the Architectural Review Committee may adopt a rule or regulation permitting an Owner or Occupant to install and maintain a flagpole upon the Owner's or Occupant's Lot, provided that the location and size of such flagpole (and the number and size of any flag(s) mounted thereon) may be regulated by the Architectural Review Committee and may, if so provided in such rule or regulation, be made subject to the prior approval thereof by

the Architectural Review Committee. Nothing in this Section shall be deemed to prohibit the Neighborhood Developer from installing and maintaining flagpoles on, at or adjacent to model homes within the Project. Poles to which basketball backboards, goals and related equipment are affixed shall be governed by Section 3.34.

3.13. Mineral Exploration. No Lot or other property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind, except for the drilling, operation and maintenance of any testing, inspection or other water wells approved by the Neighborhood Developer.

3.14. Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or other property except in sanitary, covered containers of a type, size and style which are approved by the Architectural Review Committee, and such containers shall be stored within the Residence except on the days for collection. All rubbish, trash or garbage shall be removed from Lots and other property and shall not be allowed to accumulate thereon. No outdoor incinerators shall be maintained on any Lot or other property.

3.15. Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot or other property.

3.16. Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot or other property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Review Committee. No provision of this Neighborhood Declaration shall be deemed to forbid the erection of temporary power or telephone structures for emergency purposes or incident to the construction of buildings or structures approved by the Architectural Review Committee. Notwithstanding the foregoing, utility meters and related panels and similar equipment may be placed on outside building walls exposed to view from a street in order to comply with any requirements, regulations, orders, conditions or specifications of any public, quasi-public or private utility or any governmental agency or body, provided that reasonable efforts shall be made to avoid placing any such meter, panel or other equipment on the outside front wall of a residence or other building facing the street running directly in front of such residence.

3.17. Overhead Encroachments. No tree, shrub or planting of any kind on any Lot or other property shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, bicycle path or pedestrian way from ground level to a height of eight (8) feet without the prior approval of the Architectural Review Committee.

3.18. Health, Safety and Welfare. In the event additional uses, activities or facilities are deemed by the Neighborhood Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, Lessees and Occupants, the Neighborhood Board may make rules restricting or regulating their presence in the Project as part of the Neighborhood Association Rules or may direct the Architectural Review Committee to make rules governing their presence on Lots or other property as part of the Design Guide.

3.19. Model Homes. Any provisions of this Neighborhood Declaration which prohibit non-residential use of Lots and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes or other model Residences of any kind (including, without limitation, any used in whole or in part as sales offices) (collectively, “Models”) by Persons engaged in the construction of Residences in the Project, or parking incidental to the visiting of such Models, so long as the construction, operation and maintenance of such Models and parking otherwise comply with all of the provisions of this Neighborhood Declaration. The Architectural Review Committee may also permit Lots and other areas to be used for parking in connection with the showing of Models. Any homes or other structures constructed as Models shall cease to be used as Models at any time the Owner thereof is not actively engaged in the construction and sale of Residences in the Project, and no home or other structure shall be used as a Model for the sale of homes or other structures not located in the Project. Neither the provisions of this Section nor the provisions of any other Section of this Neighborhood Declaration shall restrict or prohibit the right of the Neighborhood Developer or a Neighborhood Developer Affiliate to construct, operate and maintain Models in the Project.

3.20. Incidental Uses. The Architectural Review Committee may approve uses of property within a particular land use which are incidental to the full enjoyment of the Owners and Occupants of the property within that land use. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Architectural Review Committee may wish to impose, in its sole discretion, for the benefit of the Project as a whole.

3.21. Residential Use and Trades or Businesses. All Lots and Residences shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residence, except that an Owner or other Resident may conduct a business activity in a Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residence; (b) the business activity conforms to all applicable zoning ordinances or requirements; (c) the business activity does not involve the door-to-door solicitation of Owners or other Residents in the Project; (d) the use of the Residence for trade or business shall in no way destroy or be incompatible with the residential character of the Residence or the surrounding neighborhood; (e) the trade or business shall be conducted only inside the Residence, and shall not involve the viewing, purchase or taking delivery of goods or merchandise at, to, from or in any Residence; (f) the trade or business shall be conducted by a Resident or Residents of the Residence; (g) no more than twenty percent (20%) of the total floor area of the Residence shall be used for trade or business; (h) the Residence used for trade or business shall not be used as a storage facility for a business conducted elsewhere; (i) the volume of vehicular or pedestrian traffic or parking generated by such trade or business shall not result in congestion, negative impact on the availability of parking for other Owners, or be in excess of what is customary in a residential neighborhood; (j) a trade or business shall not utilize flammable liquids or hazardous materials in quantities not customary to a residential use; and (k) a trade or business shall not utilize large vehicles not customary to a residential use. The terms “business” and “trade” as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider’s family and for

which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required for such activity. The leasing of a Residence by the Owner thereof shall not be considered a trade or business within the meaning of this Section.

3.22. Animals. The keeping of animals and household pets shall be governed by the Master Declaration.

3.23. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except: (a) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures or other Improvements; and (b) that which the Neighborhood Developer or the Neighborhood Association may permit or require for the development, operation and maintenance of the Project.

3.24. Signs. No signs whatsoever (including, but not limited to commercial, political, “for sale,” “for rent” and similar signs) shall be erected or maintained on any Lot except:

3.24.1. Signs required by legal proceedings.

3.24.2. Residence identification signs provided the size, color, content and location of such signs have been approved in writing by the Architectural Review Committee.

3.24.3. Such construction job identification signs which are in conformance with the requirements of Weber County or any municipality having jurisdiction over the property and which have been approved in writing by the Architectural Review Committee as to number, size, color, design, message content and location.

3.25. Required Approvals for Further Property Restrictions.

3.25.1. All proposed site plans and subdivision plats for any Lot, or any portion thereof, must be approved in writing by the Architectural Review Committee prior to Recordation thereof or commencement of construction on the applicable Lot. No Lot, or portion thereof, shall be further subdivided, no lot lines or boundaries may be modified, and no portion less than all of any such Lot, or any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Architectural Review Committee.

3.25.2. No further covenants, conditions, restrictions, or easements shall be Recorded against any Lot, or portion thereof, without the prior written approval of the Architectural Review Committee.

3.25.3. No Owner may modify the boundary lines of such Owner’s Lot or combine adjacent Lots without the prior written approval of the Architectural Review Committee.

3.25.4. No applications for rezoning, variances or use permits, or for waivers of or modifications to existing variances, use permits, zoning stipulations or similar restrictions, shall be filed with any governmental authority or agency without the prior written approval of the Architectural Review Committee, and then only if such proposed zoning, variance or use, or waiver or modification, is in compliance with this Neighborhood Declaration.

3.25.5. No subdivision plat, easement, Neighborhood Declaration of further covenants, conditions, restrictions or easements or other instrument which is to be Recorded and which is required by this Section 3.25 to be approved by the Architectural Review Committee shall be effective unless the required approval is evidenced on such instrument by the signature of an authorized representative of the Architectural Review Committee.

3.25.6. No site plan, subdivision plat, or further covenants, conditions, restrictions or easements, and no application for rezoning, variances or use permits shall be submitted to Weber County or any other governmental authority or agency unless the same has first been approved in writing by the Architectural Review Committee as provided in this Section 3.25; further, no changes or modifications shall be made in any such documents, instruments or applications once the same have been approved by the Architectural Review Committee hereunder unless such changes or modifications have first been approved by the Architectural Review Committee in writing.

3.25.7. Notwithstanding the foregoing, neither the Neighborhood Developer nor any Neighborhood Developer Affiliate shall be required to seek or obtain any of the approvals or consents otherwise required under this Section 3.25 as to any Lot, or any portion of either, of which the Neighborhood Developer or any Neighborhood Developer Affiliate is the Owner.

3.26. Vehicles. All Authorized Vehicles (as defined below) must be parked and kept only within that area identified as "Parking Lot" on the Plat. The Neighborhood Association may adopt rules governing use of the Parking Lot, including limiting the number of parking spaces that may be used by each Owner. For purposes of this Section, the term "Authorized Vehicles" includes only cars, trucks, vans accommodating twelve (12) or fewer passengers, motorcycles, motorbikes, mopeds, mini-bikes, motor scooters, all-terrain vehicles, off-road vehicles, or other similar machinery or equipment. No vans accommodating more than twelve (12) passengers, motorhomes, recreational vehicles, trailers, travel trailers, tent trailers, camper shells, detached campers, mobile homes, or other similar machinery or equipment, whether motorized or not, whether motorized or not, whether wheeled or not and whether or not in operating condition, may be parked, kept, maintained, or stored anywhere on the Property. Notwithstanding the foregoing: (a) service, repair or delivery vehicles may be parked in the Parking Lot, but only for the period reasonably required to effect the needed service, repair or delivery; and (b) a temporary construction trailer may be placed and maintained on or adjacent to a Lot in connection with construction of Improvements on that Lot, but only if that temporary construction trailer, its location and the period during which it will be permitted to remain are approved in writing by the Architectural Review Committee. Except for emergency repairs, no

vehicle of any kind may be repaired, constructed or reconstructed on the Property. No vehicle of any kind shall be parked on any roadway or street within or adjacent to the Property, except within designated parking areas.

3.27. Towing of Vehicles. The Neighborhood Board has the right, without notice, to have any Vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the Vehicle. Any expense incurred by the Neighborhood Association in connection with the towing of any Vehicle must be paid to the Neighborhood Association upon demand by the owner of the Vehicle. If the Vehicle is owned by an Owner or Occupant, any amounts payable to the Neighborhood Association will be secured by the Assessment Lien against that Owner's or Occupant's Lot, and the Neighborhood Association may enforce collection of those amounts in the same manner provided for in this Neighborhood Declaration for the collection of Assessments.

3.28. Snow Removal. As set forth in the Master Declaration, the Community Association is responsible for removal of snow from all private roads within the Project. The Neighborhood Association, or Community Association on its behalf, shall be responsible for removal of snow from all sidewalks, pathways and the Parking Lot within the Project. Each Owner shall be responsible for removal of snow from any pathway and sidewalks designated as Limited Common Area appurtenant to such Owner's Lot. No snow may be pushed or blown onto another Owner's Lot or onto any Common Area.

3.29. Variances. The Architectural Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Article 3 if the Architectural Review Committee determines in its discretion that: (a) a restriction would create an unreasonable hardship or burden on an Owner or Occupant or a change of circumstances since the recordation of this Neighborhood Declaration has rendered such restriction obsolete; and (b) the activity permitted under the variance will not have any substantial adverse effect on Owners and Occupants and is consistent with the high quality of life intended for residents of the Project.

3.30. Change of Use of Common Area. Upon: (a) adoption of a resolution by the Neighborhood Board stating that in the Neighborhood Board's opinion the then present use of a designated part of the Common Area is no longer in the best interests of the Owners; and (b) the approval of such resolution by Neighborhood Association Members casting more than fifty percent (50%) of the votes entitled to be cast by Neighborhood Association Members who are present in person or by proxy at a meeting duly called for such purpose and who are entitled to use such Common Area under the terms of this Neighborhood Declaration, the Neighborhood Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Neighborhood Board to accommodate the new use), provided such new use shall be consistent with any zoning regulations restricting or limiting the use of the Common Area. This Section 3.30 shall not apply to, or be deemed to limit in any way, the right and power of the Neighborhood Association pursuant to Section 4.1.1.1 to grant easements over, under or through portions of the Common Area, or to dedicate portions of the Common Area, to

public, quasi-public or private utility companies, municipalities or other governmental agencies or entities, in connection with or at the time of development of property within or adjacent to the Project, where required or requested by any municipality or other governmental agency or entity, or any public, quasi-public or private utility company.

3.31. Designation and Reallocation of Limited Common Areas. Without requiring an Amendment to this Declaration, Neighborhood Developer, or the Neighborhood Association if consented to by a majority of the Owners, including the affected Owners, may designate portions of the Common Areas as Limited Common Areas appurtenant to specific Lots. In the event of such designation, the Owner of the appurtenant Lot shall be responsible for the maintenance, upkeep, and repair of such Limited Common Area, as the Owner's expense, and such Limited Common Area shall be for the exclusive use of the designated Owner. Owners may not reallocate Limited Common Areas between or among Lots in which they have an interest. Notwithstanding the foregoing, Neighborhood Developer hereby reserves the right and grants to the Neighborhood Association the right to reallocate Limited Common Areas.

3.32. Use of Limited Common Areas. The use and occupancy of designated Limited Common Areas shall be reserved to specific Lots as shown on the Plat, specified in this Declaration, or designated by the Neighborhood Developer or Neighborhood Association in accordance with Section 3.31 above. The design and appearance of all Limited Common Areas shall be subject to the Design Guide. Use and occupancy of designated Limited Common Areas shall be in accordance with the Neighborhood Association Rules.

3.33. Drainage. No Residence, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Project, or any part thereof, or for any Lot as shown on the drainage plans on file with the county or municipality in which the Project is located.

3.34. Solar Collecting Panels or Devices. The Neighborhood Developer recognizes the benefits to be gained by permitting the use of solar energy as an alternative source of electrical power for residential use. At the same time, the Neighborhood Developer desires to promote and preserve the attractive appearance of the Property and the Improvements thereon, thereby protecting the value generally of the Property and the various portions thereof, and of the various Owners' respective investments therein. Therefore, subject to prior approval of the plans therefor by the Architectural Review Committee, solar collecting panels and other active solar devices may be placed, constructed or maintained upon any Lot within the Property so long as such solar collecting panels and devices are placed, constructed and maintained in such location(s) and with such means of screening or concealment as the Architectural Review Committee may reasonably deem appropriate to limit, to the extent possible, the visual impact of such solar collecting panels and devices when viewed from any street or from any other property (whether within or outside the Property).

3.35. Basketball Goals or Play Structures. No basketball goal, back board or similar structure or device, and no swing sets or other play structures, shall be placed or constructed on

any Lot without the prior written approval of the Architectural Review Committee (including, without limitation, approval as to appearance and location).

3.36. Tanks. No tanks of any kind (including tanks for the storage of fuel) shall be erected, placed or maintained on any Lot unless such tanks are buried underground. Nothing herein shall be deemed to prohibit use or storage upon any Lot of an aboveground propane or similar fuel tank with a capacity of ten (10) gallons or less used in connection with a normal residential gas barbecue, grill or fireplace or as otherwise approved by the Architectural Review Committee.

3.37. Exterior Lighting. Exterior lighting shall be permitted on a Lot in accordance with the Design Guide.

3.38. Neighborhood Developer's Exemption. Nothing contained in this Neighborhood Declaration shall be construed to prevent the construction, installation or maintenance by the Neighborhood Developer, any Neighborhood Developer Affiliate or any agents or contractors thereof, during the period of development, construction and sales on the Property, of Improvements, landscaping or signs deemed necessary or convenient by the Neighborhood Developer, in its sole discretion, to the development or sale of property within the Property.

ARTICLE 4 EASEMENTS

4.1. Owners' Easements of Enjoyment.

4.1.1. Subject to the rights and easements granted to the Neighborhood Developer in Section 4.5, each Owner, and each Occupant of such Owner's Lot, shall have a non-exclusive right and easement of enjoyment in, to and over the Common Area, which right and easement shall be appurtenant to and shall pass with the title to each Lot, subject to the provisions of this Neighborhood Declaration including, without limitation, the following:

4.1.1.1. Except as otherwise provided in this Neighborhood Declaration, no dedication, transfer, mortgage or encumbrance of all or any portion of the Common Area shall be effective unless approved by Owners representing two-thirds (2/3) of the votes in each class of Neighborhood Association Members. Notwithstanding the preceding sentence or any other provision of this Neighborhood Declaration to the contrary, the Neighborhood Association shall have the right, without the consent of the Owners or any other Person (except the Neighborhood Developer, whose consent shall be required so long as the Neighborhood Developer owns any part of the Property or of the Additional Property), to dedicate portions of the Common Area to the public, or grant easements over, under or through portions of the Common Area to the public, to any municipal or other governmental agency or entity, or to any public, quasi-public or private utility company, for use as right-of-way, for utilities, for public landscape purposes and the like, as may be required or requested by Weber

County or any municipal or other governmental agency or entity having jurisdiction, or by a public, quasi-public or private utility company, in connection with or at the time of the development of portions of the Property or of portions of the Additional Property.

4.1.1.2. The Neighborhood Association shall have the right to regulate the use of the Common Area through the Neighborhood Association Rules (which may include, without limitation, the adoption and implementation of a reservation system for such portions of the Common Area, or Improvements or amenities thereon, as the Neighborhood Board deems appropriate) and to prohibit access to such portions of the Common Area, such as landscaped right-of-ways, not intended for use by the Owners, Lessees or other Occupants.

4.1.1.3. The Neighborhood Developer and the Neighborhood Association shall each have the right to grant easements or licenses to other Persons for the construction of Improvements on the Common Area, and the Neighborhood Developer and the Neighborhood Association shall each have the right to grant ingress and egress easements over the streets and roads in the Project to Persons who are not Members of the Neighborhood Association.

4.1.1.4. The Neighborhood Developer and the Neighborhood Association shall each have the right to convey certain portions of the Common Area to Owners of adjoining Lots in connection with the correction or adjustment of any boundary between Common Area and any one or more adjoining Lots.

4.1.1.5. No Improvement not shown on the Plat may be erected on that portion of the Common Area designated on the Plat as floodplain area, open space or as fuel break for fire control purposes.

4.1.2. If a Lot is leased or rented by its Owner, the Occupants of such Lot shall have the right to use the Common Area during the term of the lease, and the Owner of such Lot shall have no right to use the Common Area until the termination or expiration of such lease.

4.2. Utility Easement. There is hereby created an easement upon, across, over and under the Common Area, Lots and other property for reasonable ingress, egress, installation, replacement, repair or maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the Neighborhood Developer, the Neighborhood Association, and/or the providing utility company to install and maintain the necessary equipment on the Common Area, Lots and other property but no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Common Area, Lots and other property except as initially designed, approved and/or constructed by the Neighborhood Developer or as approved by the Neighborhood Board (and, in the case of a Lot, by the Owner of such Lot). If any utility company requests that a more specific easement be granted in its favor in substitution for the blanket easement hereby established with respect to the Common Area, the Neighborhood

Association shall have the power and authority, without the need for any consent by the Owners or any other Person, to grant the more specific easement on such terms and conditions as the Neighborhood Board deems appropriate.

4.3. Easements for Ingress and Egress. There are hereby created easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Common Area. There is also created an easement for ingress and egress for pedestrian and vehicular traffic over, through and across such sidewalks, paths, walks and lanes, and the Parking Lot as from time to time may be paved and intended for such purposes. Such easements shall run in favor of and be for the benefit of the Owners and Occupants of the Lots and their guests, families, tenants and invitees. There is also hereby created an easement upon, across and over the Common Area and all sidewalks, paths, walks and lanes, and the Parking Lot within the Project for vehicular and pedestrian ingress and egress for police, fire, medical and other emergency vehicles and personnel. The Neighborhood Board shall have the right to relocate and/or reconfigure any and all easements granted pursuant to this Neighborhood Declaration from time to time as it sees fit without the consent of any Owners (but subject to any necessary approvals of Weber County or any other governmental body or agency having jurisdiction thereover including in particular, but without limitation, the easements granted herein for trail systems and police, fire, medical and other emergency vehicles and personnel).

4.4. Easements for Ski and Bike Trail System. It is anticipated that certain pathways or trails around and/or through the Property and across the Lots may be developed and maintained from time to time as part of ski, hiking and/or bicycling trail systems (“Trail System”) serving the Owners and Occupants. Neighborhood Developer hereby dedicates and reserves, for the benefit of the Owners and Occupants, a perpetual nonexclusive easement on, over, upon, across, above, under and through the portions of the Property and the Lots shown on the Plat for location, construction, maintenance and repair of the Trail System and for other related recreational purposes. The Neighborhood Developer or Master Developer shall install and the Neighborhood Association or Community Association shall maintain the surfaces of the Trail System as a Common Area. All Owners whose Lots are subject to the Trail System easement depicted on the Plat, shall repair any damage to the Trail System caused by their construction, development and maintenance activities and shall restore the Trail System improvements to substantially the same condition as existed immediately prior to any construction, development and maintenance activities therein. Owners and Occupants shall have the right to use and enjoy such Trail System for the purposes for which it is developed and maintained, subject to reasonable, non-discriminatory rules and regulations of the Community Association and/or Neighborhood Association. Master Developer may, in its sole discretion, designate a portion of the Trail System for public use and coordinate such use and any restrictions with Weber County. All or a portion of the Trail System may be used in connection with the Ski Resort, in which event the Ski Resort operator may adopt rules and regulation governing use, which rules shall supersede any rules adopted by the Community Association, and the cost of maintenance during the winter ski season shall be at the expense of the Ski Resort operator.

4.5. Neighborhood Developer’s Use and Easements.

4.5.1. The Neighborhood Developer shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Area with respect to the sales of Lots or other property in the Project or within any of the Additional Property. The Neighborhood Developer reserves the right to place models, management offices and sales and leasing offices on any Lots or other property owned by the Neighborhood Developer and on any portion of the Common Area in such number, of such size and in such locations as the Neighborhood Developer deems appropriate. The Neighborhood Association shall provide security codes or access numbers to any security gate for the Project to Neighborhood Developer and shall keep such security gate open for Neighborhood Developer during normal business hours so long as Neighborhood Developer owns Lots in the Project.

4.5.2. So long as the Neighborhood Developer is marketing Lots or other portions of the Property or the Additional Property, the Neighborhood Developer shall have the right to restrict the use of the parking spaces on the Common Area. Such right shall include reserving such spaces for use by prospective Purchasers, the Neighborhood Developer's employees and others engaged in sales, leasing, maintenance, construction or management activities.

4.5.3. The Neighborhood Developer shall have the right and an easement on and over the Common Area to construct all Improvements the Neighborhood Developer may deem necessary and to use the Common Area and any Lots and other property owned by the Neighborhood Developer for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project and property adjacent to the Project.

4.5.4. The Neighborhood Developer shall have the right and an easement upon, over and through the Common Area as may be reasonably necessary for the purpose of exercising the rights granted to or reserved by the Neighborhood Developer in this Neighborhood Declaration.

4.6. Easement in Favor of Neighborhood Association. The Lots and Common Area are hereby made subject to the following easements in favor of the Neighborhood Association and its directors, officers, agents, employees and independent contractors:

4.6.1. For inspection during reasonable hours of the Lots and Common Area in order to verify the performance by Owners or other Persons of all items of maintenance and repair for which they are responsible;

4.6.2. For inspection, maintenance, repair and replacement of portions of the Common Area accessible only from such Lots;

4.6.3. For correction of emergency conditions on one or more Lots or on portions of the Common Area accessible only from such Lots;

4.6.4. For the purpose of enabling the Neighborhood Association, the Neighborhood Board, the Architectural Review Committee or any other committees appointed by the Neighborhood Board to exercise and discharge during reasonable hours their respective rights, powers and duties under the Project Documents;

4.6.5. For inspection during reasonable hours of the Lots in order to verify that the Owners and Occupants, and their guests, tenants and invitees, are complying with the provisions of the Project Documents.

ARTICLE 5 THE ASSOCIATION; ORGANIZATION; ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

5.1. Formation of Neighborhood Association. The Neighborhood Association shall be a nonprofit Utah corporation charged with the duties and vested with the powers prescribed by law and set forth in the Neighborhood Articles, the Neighborhood Bylaws and this Neighborhood Declaration. Such responsibility shall include, but shall not be limited to the control of all weeds and other unsightly vegetation, rubbish, trash, garbage and landscaping with respect to the Common Area, to the extent such activities are not otherwise performed by the Community Association. The Neighborhood Association, or Community Association on its behalf, shall assess and collect fees from the Neighborhood Association Members, in accordance with the provisions hereof and the Neighborhood Bylaws. The Neighborhood Association shall also comply with all applicable provisions of the Master Declaration and other Project Documents. In the event of any conflict or inconsistency between this Neighborhood Declaration and the other Project Documents, the Master Declaration shall control. Thereafter, priority shall be given to the Project Documents in the following order: the Design Guide, this Neighborhood Declaration, Neighborhood Articles, Neighborhood Bylaws and Neighborhood Association Rules.

5.2. Registration with the Department of Commerce. The Neighborhood Association shall register with the Department of Commerce within ninety (90) days of the Recordation of this Declaration. Within ninety (90) days after a change of any information provided in the Neighborhood Association's registration with the Department of Commerce, the Neighborhood Board shall submit an updated registration in the manner established by the Department of Commerce and the Act.

5.3. Neighborhood Board and Officers. The affairs of the Neighborhood Association shall be conducted by the Neighborhood Board and such officers as the Neighborhood Board may elect or appoint in accordance with the Neighborhood Articles and the Neighborhood Bylaws. Unless the Project Documents specifically require the vote or written consent of the Neighborhood Association Members, approvals or actions to be given or taken by the Neighborhood Association shall be valid if given or taken by the Neighborhood Board. The Neighborhood Board may appoint various committees at its discretion. The Neighborhood Board may also appoint or engage a Manager to be responsible for the day-to-day operation of the Neighborhood Association and the Common Area, which Manager shall be the same

manager engaged by the Community Association. The Neighborhood Board shall determine the compensation to be paid to any such Manager.

5.4. Neighborhood Association Rules. In addition to the rules adopted by the Community Association, the Neighborhood Board may, from time to time, and subject to the provisions of this Neighborhood Declaration, adopt, amend and repeal rules and regulations pertaining to: (a) the management and use of the Common Area; (b) traffic and parking restrictions including speed limits on private streets within the Project; (c) minimum standards for any maintenance of Common Areas, Lots within the Project; or (d) any other subject within the jurisdiction of the Neighborhood Association. In the event of any conflict or inconsistency between the provisions of this Neighborhood Declaration and the Neighborhood Association Rules, the provisions of this Neighborhood Declaration shall prevail. Before adopting, amending, modifying, canceling, limiting, creating exceptions to, or expanding the rules of the Neighborhood Association, the Neighborhood Board shall give at least fifteen (15) days' notice to Owners, provide an open forum for Owners to be heard, and deliver a copy of the approved rule changes to the Owners

5.5. Personal Liability. No member of the Neighborhood Board, the Architectural Review Committee or any other committee of the Neighborhood Association, no officer of the Neighborhood Association and no Manager or other employee of the Neighborhood Association shall be personally liable to any Neighborhood Association Member, or to any other Person including the Neighborhood Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Neighborhood Association, the Neighborhood Board or any member thereof, the Architectural Review Committee or any member thereof, the Manager, any representative or employee of the Neighborhood Association, any officer of the Neighborhood Association or any member of any other committee of the Neighborhood Association; provided, however, the limitations set forth in this Section shall not apply to any person who has engaged in intentional misconduct.

5.6. Implied Rights. The Neighborhood Association may exercise any right or privilege given to the Neighborhood Association expressly by the Project Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Neighborhood Association by the Project Documents or reasonably necessary to effectuate any such right or privilege.

5.7. Membership in the Neighborhood Association. Every Owner of a Lot which is Assessable Property shall be a Neighborhood Association Member, and the Neighborhood Developer shall be a Neighborhood Association Member so long as it owns any part of the Project or of the Additional Property (unless and until the Neighborhood Developer expressly relinquishes in writing its status as a Neighborhood Association Member). There shall be one (1) Neighborhood Association Membership for each Lot, which Neighborhood Association Membership shall be held jointly by all Owners of that Lot.

5.8. Membership in the Community Association. Every Neighborhood Association Member shall also be a Member of the Community Association, pursuant to the Master Declaration, Neighborhood Articles and Neighborhood Bylaws.

5.9. Votes in the Neighborhood Association. There shall be one (1) vote in the Neighborhood Association for each Lot. Until the expiration or termination of the Period of Neighborhood Developer Control: (a) the Neighborhood Association shall be deemed to have two classes of Neighborhood Association Members, Class A and Class B; (b) the Neighborhood Developer shall be the Class B Neighborhood Association Member, and all votes held by the Neighborhood Developer shall be Class B votes; (c) all Owners other than the Neighborhood Developer shall be Class A Neighborhood Association Members, and all votes held by such Owners shall be Class A votes. Following expiration or termination of the Period of Neighborhood Developer Control, the Neighborhood Association shall be deemed to have a single class of Neighborhood Association Members and votes. During the Period of Neighborhood Developer Control, all matters coming before the Neighborhood Association for vote shall be decided by the vote of the Neighborhood Developer as the sole Class B Neighborhood Association Member. Following the Period of Neighborhood Developer Control, all Class B Neighborhood Association Memberships and all Class B votes shall cease to exist, and any issue put to a vote at a duly called meeting of Neighborhood Association Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting.

5.10. Votes in the Community Association. Each Owner shall have one (1) vote in the Community Association for each Lot pursuant to the terms and provisions of the Master Declaration. An Owner may personally attend any meeting of the Community Association. However, the vote for each Lot in the Community Association shall be exercised by the President of the Neighborhood Association (or his or her designee) representing the Neighborhood at a Community Association meeting. The President (or his or her designee) may cast all such votes as he or she, in his or her sole discretion, deems appropriate as further described in the Neighborhood Bylaws.

5.11. Voting Procedures. A change in the ownership of a Lot shall be effective for voting purposes from the time the deed or other instrument effecting such change is Recorded; the Neighborhood Board shall thereafter be given written notice of such change and provided satisfactory evidence thereof. The vote for each Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot is owned by more than one Person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Neighborhood Association Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote or votes for a particular Lot, the vote or votes for that Lot shall be deemed void and shall not be counted.

5.12. Transfer of Neighborhood Association Membership. The rights and obligations of any Neighborhood Association Member other than the Neighborhood Developer shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership of the Lot. A transfer of ownership of a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established

under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Each Purchaser of a Lot shall notify the Neighborhood Association of his, her or its purchase of a Lot. Lot transfers shall be subject to the Reinvestment Fee described in more detail in the Master Declaration.

ARTICLE 6 COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

6.1. Creation of Lien and Personal Obligation of Assessments. The Neighborhood Developer, for each Lot, hereby covenants and agrees, and each Owner by becoming the Owner of a Lot is deemed to covenant and agree, to pay Assessments to the Neighborhood Association in accordance with this Neighborhood Declaration. All Assessments shall be established and collected as provided in this Neighborhood Declaration. The Assessments, together with interest, late charges and all costs, including but not limited to reasonable attorneys fees, incurred by the Neighborhood Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest and all costs, including but not limited to reasonable attorneys fees, incurred by the Neighborhood Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of each Person who was an Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them (unless title is transferred to one or more such successors for purposes of avoiding payment of any Assessment or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title), but the lien created by this Neighborhood Declaration against the applicable Lot shall continue to secure payment of such delinquent Assessment (including, but not limited to, any and all interests and late charges) until the same are fully paid.

6.2. Reserves.

6.2.1. Use of Reserve Funds. The Neighborhood Board shall not expend funds designated as reserves for any purpose other than the repair, restoration, replacement or maintenance of major components of the Common Areas for which the Neighborhood Association is responsible and for which the reserve fund was established or for litigation involving such matters. Furthermore, the Neighborhood Board shall not use money in a reserve fund for daily maintenance expenses, unless a majority of the Neighborhood Association Members vote to approve the use of the reserve fund money for that purpose. Upon the approval of a majority of the Neighborhood Association Members, the Neighborhood Board may authorize the temporary transfer of money from the reserve account to the Neighborhood Association's operating account from time to time to meet short-term cash flow requirements and pay other expenses. Any such funds so transferred shall constitute a debt of the Neighborhood Association, and shall be restored and returned to the reserve account within three (3) years of the date of the initial transfer; provided, however, the Neighborhood Board may, upon making a documented finding that a delay in the restoration of such funds to the reserve account would be in the best interests of the Project and Neighborhood Association, delay such restoration until

the time it reasonably determines to be necessary. The Neighborhood Board shall exercise prudent fiscal management in the timing of restoring any transferred funds to the reserve account and shall, if necessary, levy a Special Assessment to recover the full amount of the expended funds within the time limit specified above. Any such Special Assessment shall not be subject to the limitations set forth in Section 6.7 hereof.

6.2.2. Reserve Analysis. At least once every six (6) years the Neighborhood Board shall cause a reserve analysis to be conducted of the reserve account of the Neighborhood Association and its adequacy to satisfy anticipated future expenditure requirements. The Neighborhood Board shall, thereafter, review the reserve account study at least every three (3) years and shall consider and implement necessary adjustments to reserve account requirements and funding as a result of that review. Any reserve analysis shall include, at a minimum:

6.2.2.1. Identification of the major components which the Neighborhood Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a useful life of no fewer than three (3) years but less than thirty (30) years that will reasonably require reserve funds.

6.2.2.2. Identification of the probable remaining useful life of the components identified in subparagraph 6.2.2.1 above, as of the date of the study.

6.2.2.3. An estimate of the cost of repair, replacement, and restoration of each major component identified.

6.2.2.4. An estimate of the total annual contribution to reserve funds necessary to meet the cost to repair, replace, or restore each major component during and at the end of its useful life.

6.2.2.5. A reserve funding plan that recommends how the Neighborhood Association may fund the annual contribution described in Section 6.2.2.4.

6.2.3. Providing Reserve Analysis to Owners. Each year the Neighborhood Association shall provide a summary of the most recent reserve analysis, including any updates, to each Owner. Owners may receive a complete copy of the reserve analysis upon a request submitted to the Neighborhood Board.

6.2.4. Reserve Fund Line Item. The Neighborhood Association's budget shall include a reserve fund line item as determined by the Neighborhood Board, based on the reserve analysis and the amount the Neighborhood Board determines is prudent under the circumstances. Within forty five (45) days after the day on which the Neighborhood Association adopts its budget, the Owners may veto the reserve fund line item by a fifty one percent (51%) vote at a special meeting called by the Owners for the purpose of voting whether to veto the reserve fund line item. If the Owners veto a reserve fund line item and a reserve fund line item exists in a previously approved budget

of the Neighborhood Association that was not vetoed, the Neighborhood Association shall fund the reserve account in accordance with that prior reserve fund line item.

6.3. Assessment Period. The period for which the Annual Assessment is to be levied (the “Assessment Period”) shall be the calendar year. The Neighborhood Board in its sole discretion from time to time may change the Assessment Period.

6.4. Annual Assessment. In order to provide for the operation and management of the Neighborhood Association and to provide funds for the Neighborhood Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, including, without limitation, the establishment of reasonable reserves for replacements, maintenance and contingencies, the Neighborhood Board, for each Assessment Period beginning with the fiscal year ending December 31, 2014, shall assess an annual Assessment (“Annual Assessment”) against each Lot which is Assessable Property. Annual Assessments shall be computed and assessed against all Lots in the Project as follows:

6.4.1. Neighborhood Assessments shall be based upon advance estimates of the Neighborhood Association’s cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas, and furnishing common utility services and other common items to the Residences. Such estimated expenses may include, without limitation, the following: road maintenance and repair; snow removal; management expenses; real property taxes on the Common Areas; premiums for all insurance that the Neighborhood Association is required or permitted to maintain hereunder; repairs and maintenance; wages of Neighborhood Association employees, including fees for a Manager; utility charges, including charges for utility services to the Common Areas; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas that must be replaced on a periodic basis; and any other expenses and liabilities which may be incurred by the Neighborhood Association for the benefit of the Owners under or by reason of this Neighborhood Declaration.

6.4.2. The Community Association also imposes certain Assessments and fees on the ownership, use, and transfer of the Lots. Each Owner by accepting a deed or conveyance to a Lot agrees to be bound by all of the terms and provisions of the Master Declaration and agrees to pay, as and when due, its applicable Community Assessments, costs and fees arising under the Master Declaration. The Common Expenses shall be assessed against the Lots as Community Assessments and shall be included in, and paid by the Neighborhood Association on the Neighborhood Association Members’ behalf, as a part of the Common Expenses. Such shall constitute the Common Expenses, and all funds received from Assessments under this Section shall be part of the common expense fund.

6.4.3. Two separate and distinct funds shall be created and maintained hereunder, one for operating expenses and one for capital expenses which together shall constitute the common expense fund.

6.4.4. The Annual Assessment shall equal the sum of the Neighborhood Assessment and Community Assessment. The Annual Assessment shall be levied against all Lots, including Lots owned by the Neighborhood Developer, unless the Neighborhood Developer has entered into a Subsidy Agreement with the Neighborhood Association as provided in Section 6.5 below.

6.5. Neighborhood Developer Right to Subsidize the Neighborhood Association. At the election of the Neighborhood Developer, and upon the Neighborhood Developer executing and delivering to the Neighborhood Association a written Subsidy Agreement incorporating the terms of this Section 6.6, the following provisions shall apply:

6.5.1. No Annual Assessments shall be levied against Lots owned by the Neighborhood Developer.

6.5.2. In lieu of paying Annual Assessments, and so long as the Subsidy Agreement is in effect, the Neighborhood Developer shall subsidize the Neighborhood Association for the amount by which the cost of operating and administering the Neighborhood Association exceeds the total amount of Annual Assessments levied against Lots owned by Owners other than the Neighborhood Developer.

6.5.3. The subsidy may be in the form of cash or in the form of “in-kind” contributions of goods or services, or in any combination of the foregoing, and any subsidies made by Neighborhood Developer in the form of “in-kind” contributions of goods or services shall be valued at the fair market value of the goods or services contributed.

6.5.4. Neighborhood Developer shall make payments or contributions in respect of its subsidy obligations under this Section 6.6 at such times as the Board may reasonably request from time to time (but shall not be required to make such payments or contributions more often than monthly).

6.5.5. At the end of each fiscal year of the Neighborhood Association, either: (a) Neighborhood Developer shall pay or contribute to the Neighborhood Association such additional funds, goods or services (or any combination thereof) as may be necessary, when added to all other funds, goods and services paid or contributed by Neighborhood Developer during such fiscal year, to satisfy in full Neighborhood Developer’s subsidy obligations under this Section 6.6 for such fiscal year; or (b) the Neighborhood Association shall pay to Neighborhood Developer or credit against Neighborhood Developer’s subsidy obligation for the immediately following fiscal year, as Neighborhood Developer may elect, the amount, if any, by which the total of all payments or contributions paid or made by Neighborhood Developer during such fiscal year exceeded the total subsidy obligation of Neighborhood Developer for such fiscal year under this Section 6.6.

6.6. Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning January 1 and ending December 31 next following, provided the first fiscal year

shall begin on the date of Neighborhood Declaration, and, on or before December 1 of each year thereafter fiscal year. The Neighborhood Board shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated Common Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating fiscal year. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such fiscal year. The budget may be disapproved by a vote of Neighborhood Association Members holding at least fifty-one percent (51%) of the voting interests taken at a special meeting of the Neighborhood Association held within forty-five (45) days of the date the Neighborhood Board distributed such budget to the Owners; provided, however, that during the Period of Neighborhood Developer Control, the Neighborhood Association Members may not disapprove the budget.

6.7. Special Assessments. The Neighborhood Association may levy against each Lot which is Assessable Property, in any Assessment Period, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Improvements upon the Common Area, including fixtures and personal property related thereto, and other costs, expenses of operation or shortfalls in the collection of Assessments from the Owners, provided that any Special Assessment shall have the assent of a majority of the votes entitled to be cast by Neighborhood Association Members who are voting in person or by proxy at a meeting duly called for such purpose.

6.8. Notice and Payment. Beginning with the 2014 Assessment Period, the Neighborhood Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give prior notice shall not affect the validity of the Annual Assessment established by the Neighborhood Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Neighborhood Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will become, inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessments by Neighborhood Association Members, it may increase the Annual Assessment for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Neighborhood Board (provided, however, that the total Annual Assessment for such Assessment Period shall not exceed the maximum amount determined pursuant to Section **Error! Reference source not found.**).

6.9. Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a monthly basis or such other basis as may be selected by the Neighborhood Board. Special Assessments may be collected as specified by the Neighborhood Board. The Neighborhood Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Neighborhood Declaration. The failure of the Neighborhood Association to send a bill to a Neighborhood Association Member shall not relieve any Neighborhood Association Member of his liability for any Assessment or charge under this Neighborhood Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Neighborhood Association Member has been given not less than thirty (30) days written notice prior to such foreclosure or

enforcement that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Neighborhood Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period; successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.10. Leased Residences. If an Owner fails to pay Assessments or other amounts due under this Neighborhood Declaration for a period of more than sixty (60) days after such amounts are due and payable, the Neighborhood Association may require a Tenant (defined below) under a Lease (defined below) with an Owner to pay the Neighborhood Association all future Lease payments due to the Owner beginning with the next monthly or periodic payment due from the Tenant and until the Neighborhood Association is paid the Amount Owing (defined below), in accordance with the procedure set forth below.

6.10.1. Notice to Owner. Before requiring a Tenant to pay Lease payments to the Neighborhood Association, the Neighborhood Board shall give the Owner notice ("Notice to Landlord"), which notice shall state: (a) the amounts due, including any interest, late fee, collection cost, and attorney fees; (b) that any costs of collection, including attorney fees, and other assessments that become due may be added to the total amount due and be paid through the collection of Lease payments; and (c) that the Neighborhood Association intends to demand payment of future Lease payments from the Owner's Tenant if the Owner does not pay the Amount Owing within fifteen (15) days.

6.10.2. Notice to Tenant. If an Owner fails to pay the Amount Owing within fifteen (15) days after the Neighborhood Board gives the Notice to Landlord, the Neighborhood Association may collect Lease payments by the Neighborhood Board delivering written notice to the Tenant of Owner ("Notice to Tenant"), which notice shall state that: (a) due to the Owner's failure to pay an assessment within the required time, the Board has notified the Owner of the Neighborhood Association's intent to collect all Lease payments until the Amount Owing is paid; (b) the law requires the Tenant to make all future Lease payments, beginning with the next monthly or other periodic payment, to the Neighborhood Association, until the Amount Owing is paid; and (c) the Tenant's payment of Lease payments to the Neighborhood Association does not constitute a default under the terms of the Lease with the Owner. The Neighborhood Board shall mail a copy of the Notice to Tenant to the Owner.

6.10.3. Payments to Community Association and Credit under Lease. A Tenant to whom the Notice to Tenant has been given shall pay to the Neighborhood Association all future Lease payments as they become due and owing to the Owner: (a) beginning with the next monthly or other periodic payment after the Notice to Tenant is delivered to the Tenant; and (b) until the Neighborhood Association notifies the Tenant that the Amount Owing is paid. An Owner shall credit each payment that the Tenant makes to the Neighborhood Association under this section against any obligation that the Tenant owes to the Owner as though the Tenant made the payment to the Owner. An Owner may not initiate a suit or other action against a Tenant for failure to make a Lease

payment that the Tenant pays to the Neighborhood Association as required under this section. Within five (5) business days after the Amount Owing is paid, the Neighborhood Board shall notify the Tenant in writing (and mail a copy thereof to the Owner) that the Tenant is no longer required to pay future Lease payments to the Neighborhood Association. The Neighborhood Board shall deposit money paid to the Neighborhood Association under this section in a separate account and disburse that money to the Neighborhood Association until the Amount Owing is paid and any cost of administration, not to exceed the maximum amount set forth in the Act (if any) is paid. The Neighborhood Association shall, within five (5) business days after the Amount Owing is paid, pay to the Owner any remaining balance.

6.10.4. Terms. As used in this section “Amount Owing” means the total of any assessment or obligation under this Neighborhood Declaration that is due and owing together with any applicable interest, late fee, and cost of collection; “Lease” means an arrangement under which a Tenant occupies a Residence in exchange for the Owner receiving a consideration or benefit, including a fee, service, gratuity, or other compensation; and “Tenant” means a person, other than the Owner, who has regular, exclusive occupancy of an Owner’s Residence.

6.11. Evidence of Payment of Assessments. Upon receipt of a written request by a Neighborhood Association Member or any other Person, the Neighborhood Association, within a reasonable period of time thereafter, shall issue to such Neighborhood Association Member or other Person a written certificate stating: (a) that all Assessments, interest and other fees and charges have been paid with respect to any specified Lot as of the date of such certificate; or (b) if all Assessments have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date. The Neighborhood Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against any bona fide Purchaser of, or lender on, the Lot in question.

6.12. Providing Payoff Information. The Neighborhood Association may charge a reasonable fee (to be paid after closing) for providing payoff information needed in connection with the closing of an Owner’s financing, refinancing or sale of a Lot. Such fee shall not exceed the maximum amount (if any) set forth in the Community Association Act, Utah Code Ann., Title 57, Chapter 8a, as amended (“Community Act”). The Neighborhood Board must provide payoff information within five (5) business days after the closing agent for a transaction requests such information. Such request shall include all information required by the Community Act and be delivered in accordance with the requirements set forth in the Community Act.

6.13. Purposes for Which Neighborhood Association’s Funds May be Used. The Neighborhood Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Project and the Owners and Occupants by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or

method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners and the Occupants, and to the establishment and funding of reasonable reserves for replacements and contingencies. The following are some, but not all, of the areas in which the Neighborhood Association may seek to aid, promote and provide for such common benefit: social interaction among Neighborhood Association Members and Occupants, maintenance of landscaping on Common Area and public right-of-way and drainage areas within the Project, construction, maintenance the Common Area, maintenance, replacement and repair of Improvements thereon, insurance, communications, ownership and operation of vehicle storage areas, education, transportation, health, utilities, public services, safety, indemnification of officers, directors and committee members of the Neighborhood Association, employment of professional Managers, and hiring professional consultants such as architects, engineers, attorneys and accountants.

6.14. Surplus Funds. The Neighborhood Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Neighborhood Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Neighborhood Association may carry forward from year to year such surplus as the Neighborhood Board in its discretion may determine to be desirable for the greater financial security of the Neighborhood Association and the accomplishment of its purposes.

6.15. Reinvestment Fee. Each purchaser of a Lot shall pay to the Community Association a Reinvestment Fee at the time of the closing of the acquisition of a Lot as described in the Master Declaration.

6.16. Notice and Quorum for Meetings to Consider Special Assessments. Notwithstanding any other provision hereof or of the Neighborhood Articles, Neighborhood Bylaws or Neighborhood Association Rules, written notice of any meeting called for the purpose of approving the establishment of any Special Assessment, as required by Section 6.7 hereof shall be sent to all Neighborhood Association Members not less than thirty (30) days nor more than sixty (60) days prior to the date of said meeting. At the first meeting thus called to consider the particular Special Assessment, a quorum shall consist of sixty percent (60%) of the votes in each class of Neighborhood Association Members (whether represented in person or by valid proxy), provided, however, that if a quorum, as so determined, is not present at said first meeting, a second meeting may be called (subject to the same notice requirements as set forth above) to consider the same issue, and a quorum at said second meeting shall be one-half (1/2) of the required quorum at the first meeting, as described above. Such second meeting may not be held more than sixty (60) days after the first meeting.

ARTICLE 7 ENFORCEMENT OF ASSESSMENTS

7.1. Neighborhood Association as Enforcing Body. The Neighborhood Association, as the agent and representative of the Neighborhood Association Members, shall have the exclusive right to enforce the provisions of this Neighborhood Declaration. However, if the

Neighborhood Association shall fail or refuse to enforce this Neighborhood Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Neighborhood Association Member may enforce them at his or her own expense by any appropriate action, whether in law or in equity.

7.2. Assessment Lien. The Assessments together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot and shall be a continuing servitude and lien upon the Lot against which each such Assessment is made. There shall be a lien upon the applicable Lot for all unpaid Assessments, together with late fees, interest and costs (including attorneys' fees) charged pursuant to this Neighborhood Declaration and the Community Act. The lien for unpaid Assessments and related charges shall be effective upon recordation in the Office of the Weber County Recorder of a written notice of lien by the Neighborhood Board. The written notice of lien shall set forth the amount of the Assessment, the date(s) due, the amount remaining unpaid, the name of the Owner of the Lot and a description of the Lot. No notice of lien shall be recorded until there is a delinquency in payment of the Assessments.

7.3. Neighborhood Association's Remedies to Enforce Payment of Assessments. If any Owner fails to pay any Assessments when due, the Neighborhood Association may enforce the payment of the Assessments and/or Assessment Lien by taking one or more of the following actions, concurrently or separately (and by exercising either of the remedies hereinafter set forth, the Neighborhood Association does not prejudice or waive its right to exercise the other remedy):

7.3.1. Bring an action at law and recover judgment against the Owner personally obligated to pay the Assessments;

7.3.2. Foreclose the Assessment Lien against each Lot in accordance with then prevailing Utah law relating to the foreclosure of mortgages or deeds of trust (including the right to recover any deficiency), the method recognized under Utah law for the enforcement of a mechanic's lien which has been established in accordance with Chapter 1, Title 38, Utah Code Annotated, as amended from time to time, or any other means permitted by law, and the Lot may be redeemed after foreclosure sale if provided by law.

7.3.3. Notwithstanding subordination of an Assessment Lien as described in Section 7.5, the delinquent Owner shall remain personally liable for the Assessments and related costs after his ownership is terminated by foreclosure or deed in lieu of foreclosure or otherwise.

7.4. Foreclosure. Any foreclosure pursuant to Section 7.3.2 above shall be conducted in accordance with the following procedures:

7.4.1. Scope of Lien. In any foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Neighborhood Association any Assessments against the Lot

which shall become due during the period of foreclosure, and all such amounts shall be secured by the lien being foreclosed.

7.4.2. Trustee. The Neighborhood Developer, Neighborhood Association and each Owner hereby convey and warrant pursuant to Utah Code Annotated Sections 57-1-20 and 57-8a-302 to GT Title Services, Inc. with power of sale, the Lots, Residences, and all Improvements for the purpose of securing payment of Assessments under the terms of this Neighborhood Declaration. Provided, however, the Neighborhood Association reserves the right to substitute and appoint a successor trustee as provided for in Title 57, Chapter 1, Utah Code Annotated. The Neighborhood Association may, through its duly authorized agents, bid on the Lot at any foreclosure sale and acquire, hold, lease, mortgage and convey the same. The trustee appointed hereunder, and any successors, shall not have any other right, title or interest in the Project beyond those rights and interests necessary and appropriate to foreclose any liens against Lots arising pursuant hereto.

7.4.3. Nonjudicial Foreclosure. At least thirty (30) calendar days before initiating a nonjudicial foreclosure, the Neighborhood Association shall provide notice ("Foreclosure Notice") to the Owner that is the intended subject of the nonjudicial foreclosure. The Foreclosure Notice shall: (i) notify the Owner that the Neighborhood Association intends to pursue nonjudicial foreclosure with respect to the Owner's to enforce the Association's lien for unpaid assessments; (ii) notify the Owner of the Owner's right to demand judicial foreclosure in the place of nonjudicial foreclosure; (iii) be sent to the Owner by certified mail, return receipt requested and be included with other Neighborhood Association correspondence to the Owner; and (iv) be in substantially the following form:

**NOTICE OF NONJUDICIAL FORECLOSURE
AND RIGHT TO DEMAND JUDICIAL
FORECLOSURE**

The Horizon Neighborhood at Powder Mountain Association, Inc., a Utah corporation (the "Association"), the association for the project in which your lot is located, intends to foreclose upon your lot and allocated interest in the common areas using a procedure that will not require it to file a lawsuit or involve a court. This procedure is being followed in order to enforce the association's lien against your lot and to collect the amount of an unpaid assessment against your lot, together with any applicable late fees and the costs, including attorney fees, associated with the foreclosure proceeding. Alternatively, you have the right to demand that a foreclosure of your property be conducted in a lawsuit with the oversight of a judge.

If you make this demand and the association prevails in the lawsuit, the costs and attorney fees associated with the lawsuit will likely be significantly higher than if a lawsuit were not required, and you may be responsible for paying those costs and attorney fees. If you want to make this demand, you must state in writing that “I demand a judicial foreclosure proceeding upon my lot,” or words substantially to that effect. You must send this written demand by first class and certified U.S. mail, return receipt requested, within 15 days after the date of the postmark on the envelope in which this notice was mailed to you. The address to which you must mail your demand is _____ (insert the address of the Association for receipt of a demand).

7.4.4. Demand for Judicial Foreclosure. The Neighborhood Association may not use a non-judicial foreclosure to enforce a lien if an Owner mails the Neighborhood Association a written demand for judicial foreclosure: (i) by U.S. mail, certified with a return receipt requested; (ii) to the address stated in the Foreclosure Notice; and (iii) within 15 days after the date of the postmark on the envelope of the Foreclosure Notice.

7.5. Subordination of Assessment Lien to First Mortgage; Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any First Mortgage and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a First Mortgage to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust of sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot free of the Assessment Lien for all Assessments that have accrued up to the date of issuance of a sheriff’s or trustee’s deed or deed in lieu of foreclosure; provided, however, that such First Mortgage foreclosure sale purchaser or grantee shall take subject to all Assessments and the Assessment Lien therefor accruing subsequent to the date of issuance of a sheriff’s or trustee’s deed or deed given in lieu of foreclosure.

7.6. Termination of Delinquent Owner’s Rights. The Neighborhood Board may terminate a Delinquent Owner’s (defined below) right to receive a utility service for which the Owner pays as a Common Expense and may also terminate the right of access to and use of recreational facilities within the Project (together the “Owner’s Rights”). Before terminating the Owner’s Rights, the Neighborhood Board shall give the Delinquent Owner notice (“Notice of Delinquency”) of such termination. The Notice of Delinquency shall state: (a) that the Neighborhood Association will terminate any of the Owner’s Rights, if the Neighborhood Association does not receive payment of the assessment owed to the Neighborhood Association

within fourteen (14) days after the Delinquent Owner receives the Notice of Delinquency; (b) the amount of the Assessments due, including any interest or late payment fee; and (c) the Owner's right to request a hearing. A Delinquent Owner may submit a written request to the Neighborhood Board for an informal hearing to dispute the amounts due. Such request shall be submitted within fourteen (14) days after the date the Delinquent Owner receives the Notice of Delinquency. The Neighborhood Board shall conduct the informal hearing in accordance with the standards provided in the Bylaws. If a Delinquent Owner requests a hearing, the Neighborhood Association may not terminate the Owner's Rights until after the Neighborhood Board conducts the hearing and enters a final decision. If the Neighborhood Association terminates the Owner's Rights, the Neighborhood Association shall take immediate action to reinstate the service or right following the Owner's payment of the Assessments, including any interest, late payment fee or other charges. The Neighborhood Association may assess an Owner for the cost associated with reinstating a utility service that the Neighborhood Association terminates and demand that the estimated cost to reinstate the utility service be paid before the service is reinstated, if the estimated cost is included in the Notice of Delinquency. As used in this section, "Delinquent Owner" means an Owner who fails to pay an Assessment or other amounts owed to the Neighborhood Association when due.

ARTICLE 8 MAINTENANCE

8.1. Common Area and Public Right of Way.

8.1.1. The Neighborhood Association, or its duly delegated representative, shall manage, maintain, repair and replace the Common Area and all Improvements located thereon (subject to Section 8.1.3), except the Neighborhood Association shall not be obligated to maintain areas which the Community Association or any governmental entity or any utility company is maintaining or is obligated to maintain. The Neighborhood Association shall maintain and repair all roads within the Project in accordance with Weber County requirements. The Neighborhood Association shall provide for the removal of snow from all pathways, sidewalks, and the Parking Lot within the Project. All necessary care and maintenance of drainage facilities within the Project shall be performed by the Neighborhood Association in compliance with Weber County requirements. Garbage and trash removal shall be arranged by the Neighborhood Association in accordance with Weber County requirements. The Neighborhood Developer shall provide fire hydrants and fuel breaks, in accordance with Weber County requirements. The Community Association shall maintain all hydrants and fuel breaks in the Project, in accordance with Weber County requirements. Nevertheless, it is recognized that the Project is located in a remote natural area where fires may be more difficult to prevent, and substantially more difficult to fight if a fire were to occur. Consequently, neither the Community Association, Community Association Board, Neighborhood Association, Neighborhood Board, Weber County, Master Developer or the Neighborhood Developer shall be liable for any loss or damage to persons or property resulting from fire.

8.1.2. The Neighborhood Board shall be the sole judge as to the appropriate maintenance of all Common Area and other properties maintained by the Neighborhood Association, subject to the rights, rules, and authority of the Community Association and Architectural Review Committee under the Master Declaration. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Neighborhood Board or by its duly delegated representative.

8.1.3. In the event any subdivision plat, deed restriction or this Neighborhood Declaration permits the Neighborhood Board to determine whether or not Owners of certain Lots will be responsible for maintenance of certain Common Area or public right-of-way areas, the Neighborhood Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Occupants for the Neighborhood Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Neighborhood Board. The Neighborhood Board may cause the Neighborhood Association to contract to provide maintenance service to Owners of Lots having such responsibilities in exchange for the payment of such fees as the Neighborhood Association and Owner may agree upon.

8.2. Lots. Each Owner of a Lot shall be responsible for maintaining, repairing or replacing his, her or its Lot, and all buildings, or other Improvements situated thereon, except for any portion of the Lot which is Common Area (unless otherwise required by the Neighborhood Board pursuant to Section 8.1.3). All buildings and other Improvements shall at all times be kept in good condition and repair. Landscaping shall be maintained as required by Section 3.7. All Lots upon which no Residence or other Improvements have been constructed shall be maintained in an attractive manner and in accordance with all rules, regulations and guidelines that may be adopted for vacant lots by the Neighborhood Board or the Architectural Review Committee.

8.3. Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of the Common Area or any other area maintained by the Neighborhood Association is caused through the willful or negligent act of any Neighborhood Association Member, his family, tenants, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Neighborhood Association Member and the Neighborhood Association Member's Lot is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot pursuant to this Section in connection with a contract entered into by the Neighborhood Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

8.4. Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Neighborhood Declaration, or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents, the Neighborhood Board may make a finding to such effect, specifying the particular condition or conditions which

exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Neighborhood Board may cause such action to be taken at said Owner's cost. If at the expiration of said 14-day period the requisite corrective action has not been taken, the Neighborhood Board shall be authorized and empowered to cause such corrective action as it deems appropriate to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the Assessment Lien.

8.5. Walls and Fences. There shall be no walls or fences on or around any Lot or along Lot boundary lines. Any walls or fences on the Common Area shall be constructed and maintained in accordance with the Design Guide and shall be maintained, repaired and replaced by the Neighborhood Association.

ARTICLE 9 INSURANCE

9.1. Neighborhood Association Property Insurance. The Neighborhood Association shall at all times maintain in force insurance meeting the following requirements: A "master" or "blanket" type policy of property insurance shall be maintained, if reasonably available, covering all insurable Improvements, if any, on the Common Areas including fixtures, building service equipment, personal property and supplies comprising a part of the Common Areas or owned by the Neighborhood Association; but excluding land, foundations, excavations, and other items normally not covered by such policies. References herein to a "master" or "blanket" type policy of property insurance are intended to denote single entity insurance coverage. If blanket all-risk insurance is not reasonably available, then at a minimum, such "master" or "blanket" policy shall afford protection against loss or damage by fire, by other perils normally covered by the standard extended coverage endorsement, and by all other perils which are customarily covered with respect to projects similar to the Community in construction, location, and use, including (without limitation) all perils normally covered by the standard "all risk" endorsement, where such endorsement is available. Such "master" or "blanket" policy shall be in an amount not less than one hundred percent (100%) of current replacement cost of all elements of the Common Areas covered by such policy, exclusive of land, foundations, excavation, and other items normally excluded from coverage. The insurance policy shall include either of the following endorsements to assure full insurable value replacement cost coverage: (a) a Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance); or (b) a Replacement Cost Endorsement (under which the insurer agrees to pay up to one-hundred percent of the property's insurable replacement cost but no more) and, if the policy includes a co-insurance clause, an Agreed Amount Endorsement (which waives the requirement for co-insurance). The maximum deductible amount for such policy shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. The Neighborhood Board shall provide notice to Owners of the amount of the deductibles and any change in the amount of the deductibles.

9.2. Policy Requirements.

9.2.1. The name of the insured under each policy required to be maintained by the foregoing Section 9.1 shall be the Neighborhood Association for the use and benefit of the individual Owners. Notwithstanding the requirement of the immediately foregoing sentence, each such policy may be issued in the name of an authorized representative of the Neighborhood Association, including any Insurance Trustee (as hereinafter defined) with whom the Neighborhood Association has entered into an Insurance Trust Agreement (as hereinafter defined), or any successor to such Trustee, for the use and benefit of the individual Owners. Loss payable shall be in favor of the Neighborhood Association (or Insurance Trustee), as a trustee for each Owner and each such Owner's First Mortgagee. Each Owner and each such Owner's First Mortgagee, if any, shall be beneficiaries of such policy. Evidence of insurance shall be issued to each Owner and First Mortgagee upon request.

9.2.2. Each policy required to be maintained by the foregoing Section 9.1, shall contain the standard mortgagee clause, or equivalent endorsement (without contribution), commonly accepted by private institutional mortgage investors in the area in which the Community is located. In addition, such mortgagee clause or another appropriate provision of each such policy shall provide that the policy may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to the Neighborhood Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in the policy.

9.2.3. Each policy required to be maintained by the foregoing Section 9.1, shall provide, if available, for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

9.2.4. Each policy required to be maintained by the foregoing (Section 9.1 shall also contain or provide the following: (a) "Inflation Guard Endorsement", if available; (b) "Building Ordinance or Law Endorsement", if the enforcement of any building, zoning, or land use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. (The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction); and, if appropriate, (c) "Steam Boiler and Machinery Coverage Endorsement" which shall provide that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the Improvements containing the boiler or machinery.

9.3. Fidelity Bonds or Insurance. The Neighborhood Association shall at all times maintain in force and pay the premiums for "blanket" fidelity bonds or insurance, including but not limited to, trustees and officers insurance for the benefit of all members of the Board, officers and members of committees and subcommittees appointed by the Board or otherwise established pursuant to the provisions of this Master Declaration, for all officers, agents, and employees of the Neighborhood Association and for all other persons handling or responsible for funds of or

administered by the Neighborhood Association. Furthermore, where the Neighborhood Association has delegated some or all of the responsibility for the handling of funds to a Manager, the Manager shall provide “blanket” fidelity bonds or insurance, with coverage shall be identical to such bonds required of the Neighborhood Association, for the Manager’s officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Neighborhood Association. The total amount of fidelity coverage required shall be based upon the Neighborhood Association’s best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Neighborhood Association, or the Manager, as the case may be, at any given time during the term of coverage. A lesser amount of fidelity insurance coverage is acceptable for the Community so long as the Neighborhood Association and the Manager adhere to the following financial controls: (1) the Neighborhood Association or the Manager maintains separate bank accounts for the working account and the reserve account, each with appropriate access controls, and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Neighborhood Association; (2) the Manager maintains separate records and bank accounts for each Neighborhood Association that uses its services and the Manager does not have authority to draw checks on or to transfer funds from the Neighborhood Association’s reserve account; or (3) two trustees must sign any checks written on the reserve account. Nevertheless, in no event may the amount of such fidelity coverage be less than the sum equal to three months’ aggregate Assessments on all Lots and Parcels. The coverage required shall meet the following additional requirements: (1) the fidelity coverage shall name the Neighborhood Association as obligee or insured; (2) the bonds or insurance shall contain waivers by the issuers of the bonds or insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of “employees”, or similar terms or expressions; (3) the premiums on all bonds or insurance required herein for the Neighborhood Association (except for premiums on fidelity bonds or insurance maintained by the Manager for its officers, employees and agents) shall be paid by the Neighborhood Association as part of the Common Expenses; and (4) the bonds or insurance shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days’ prior written notice to the Neighborhood Association and to any Insurance Trustee.

9.4. Liability Insurance. The Neighborhood Association shall maintain in force, and pay the premium for a policy providing comprehensive general liability insurance coverage covering all of the Common Areas, public ways in the Community, if any, all other areas of the Community that are under the Neighborhood Association’s supervision, and commercial spaces owned by the Neighborhood Association, if any, whether or not such spaces are leased to some third party. The coverage limits under such policy shall be in amounts generally required by private institutional Mortgage investors for projects similar to the Community in construction, location, and use. Nevertheless, such coverage shall be for at least Three Million Dollars (\$3,000,000) for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance, or use of the Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Neighborhood Association. Additional coverages under such policy shall include protection against such other risks as are customarily covered with respect to projects similar to the Community in construction, location, and use, including but not

limited to (where economically feasible and if available), host liquor liability, contractual and all-written contract insurance, employers liability insurance, and comprehensive automobile liability insurance. If such policy does not include “severability of interest” in its terms, the policy shall include a special endorsement to preclude an insurer’s denial of any Owner’s claim because of negligent acts of the Neighborhood Association or any other Owner. Such policy shall provide that it may not be cancelled or substantially modified, by any party, without at least thirty (30) days’ prior written notice to the Neighborhood Association and to each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy.

9.5. Insurance Trustees and General Requirements Concerning Insurance. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured on behalf of the Neighborhood Association, the Neighborhood Association’s authorized representative, including any trustee with whom the Neighborhood Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the “Insurance Trustee”), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance. Each Owner hereby appoints the Neighborhood Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Neighborhood Association, as his or her attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Neighborhood Association, or any Insurance Trustee, shall receive, hold, or otherwise properly dispose of any proceeds of insurance in trust for the use and benefit of the Owners and their Mortgagees, as their interests may appear. Each insurance policy maintained pursuant to this Master Declaration shall be written by insurance carriers which are licensed to transact business in the State of Utah and which have a B general policyholder’s rating or a financial performance index of 6 or better in the Best’s Key Rating Guide or an A or better rating from Demotech, Inc., or which are written by Lloyd’s of London or which are otherwise approved by the Board. The provisions of this Article 9 shall not be construed to limit the power or authority of the Neighborhood Association to obtain and maintain insurance coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Neighborhood Association may deem appropriate from time to time.

9.6. Annual Review of Policies and Coverage. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the Common Areas and Improvements thereon which may have been damaged or destroyed. In addition, such policies shall be reviewed to determine their compliance with the provisions of this Master Declaration. In the event any of the insurance coverage provided for in this Article 9 is not available at a reasonable cost or is not reasonably necessary to provide the Community with adequate insurance protection, as determined by the Board, the Board shall have the right to obtain different insurance coverage or insurance coverage which does not meet all of the requirements of this Article 9 so long as, at all times, the Board maintains insurance coverage on a basis which is consistent with the types and amounts of insurance coverage obtained for projects similar to

the Project. Additionally, the Neighborhood Board shall give Owners notice within seven (7) days if any such insurance is not reasonably available.

9.7. Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Area which is damaged or destroyed shall be repaired or replaced promptly by the Neighborhood Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners representing at least eighty percent (80%) of the total votes in the Neighborhood Association vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Neighborhood Association. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either: (i) be retained by the Neighborhood Association as an additional capital reserve; or (ii) be used for payment of operating expenses of the Neighborhood Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Neighborhood Association Members representing more than fifty percent (50%) of the votes in the Neighborhood Association.

9.8. Owner Property Insurance. Notwithstanding anything in this Article 9 to the contrary, it shall be the responsibility of each Owner, at such Owner's expense, to maintain property and liability insurance on such Owner's Lot and Residence, with the amounts of coverage and deductibles as each Owner deems reasonable.

ARTICLE 10 DAMAGE OR DESTRUCTION

10.1. Neighborhood Association as Attorney in Fact. Each and every Owner hereby irrevocably constitutes and appoints the Neighborhood Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on the Common Areas upon damage or destruction as provided in this Article or a complete or partial taking as provided in Article 11 below. Acceptance by any grantee of a Deed or other instrument of conveyance from the Neighborhood Developer or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Neighborhood Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, Deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Neighborhood Association as attorney-in-fact. All proceeds from the insurance required hereunder shall be payable to the Neighborhood Association except as otherwise provided in this Neighborhood Declaration.

10.2. Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any part of the Improvements on the Common Areas in the Project, the Neighborhood Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Common Areas so damaged or destroyed. "Repair and reconstruction" as used

in this Article 10 shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

10.3. Repair and Reconstruction. As soon as practical after obtaining estimates, the Neighborhood Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Neighborhood Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Neighborhood Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

10.4. Funds for Repair and Reconstruction. The proceeds received by the Neighborhood Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Neighborhood Association may, pursuant to Section 6.7 above, levy, assess, and collect in advance from all Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

10.5. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Neighborhood Association and the amounts received from the Special Assessments provided for in Section 6.7 above constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Neighborhood Association under Section 10.4 above, or, if no Special Assessments were made, then in equal shares per Membership, first to the Mortgagees and then to the Owners, as their interests appear.

10.6. Decision Not to Rebuild. If Members representing at least seventy-five percent (75%) of the votes of each class of Members in the Neighborhood Association (with Voting Members casting the votes of the Class A Members) vote not to repair and reconstruct and no alternative Improvements are authorized, then and in that event the affected portion of the Common Areas shall be restored to their natural state and maintained as an undeveloped portion of the Common Areas by the Neighborhood Association in a neat and attractive condition, and any remaining insurance proceeds shall be distributed in equal shares per Membership first to the Mortgagees and then to the Owners, as their interests appear.

10.7. Notice to First Mortgagees. The Neighborhood Association shall give timely written notice to any holder of any First Mortgage on a Lot or Parcel who requests such notice in writing in the event of substantial damage to or destruction of a material part of the Common Areas.

10.8. Damage and Destruction to Lots. In the event the whole or any part of the improvements located on a Lot are damaged or destroyed, the Owner of such Lot shall promptly cause the repair, restoration or rebuilding of the improvements so damaged or destroyed so the Lot shall (a) be in the condition existing immediately prior to such damage or destruction, and (b) comply with the requirements of the Master Declaration and Design Guide. In connection with the above, such Owner shall also promptly remove debris and keep the affected portions of the Lot neat, orderly and well maintained during such repair or reconstruction. Notwithstanding the foregoing, in the event insurance proceeds are insufficient to restore any improvement on a Lot, the Owner thereof may, within one (1) year of the event of destruction, elect not to restore such damaged or destroyed improvements, in which event the Owner shall raze the damaged improvements and return the Lot to its natural condition.

ARTICLE 11 CONDEMNATION

11.1. Rights of Owners. Whenever all or any part of the Common Areas shall be taken or conveyed in lieu of and under threat of condemnation, each Owner shall be entitled to notice of the taking, but the Neighborhood Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

11.2. Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Neighborhood Association as trustee for all Owners to be disbursed according to this Section 11.2. If the taking involves a portion of the Common Areas on which Improvements have been constructed, then, unless within sixty (60) days after such taking Neighborhood Developer and Owners representing at least seventy-five percent (75%) of the Class A votes in the Neighborhood Association shall otherwise agree, the Neighborhood Association shall restore or replace such Improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefor, in accordance with plans approved by the Board and the Architectural Review Committee. If such Improvements are to be repaired or restored, the provisions in Article 10 above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Common Areas, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Membership, first to the Mortgagees and then to the Owners, as their interests appear.

11.3. Complete Condemnation. If all of the Project is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Neighborhood Declaration shall terminate, and the portion of the condemnation award attributable to the Common Areas shall be distributed to Owners based upon the relative value of the Lots, Dwelling Units and Parcels (as applicable) prior to the condemnation.

ARTICLE 12 GENERAL PROVISIONS

12.1. Enforcement. The Neighborhood Association or any Owner shall have the right to enforce the Project Documents.

12.2. Term; Method of Termination. Unless terminated in accordance with this Section, this Neighborhood Declaration (as amended from time to time pursuant to the provisions of this Neighborhood Declaration, if applicable) shall continue in full force and effect for a term of fifty (50) years from the date this Neighborhood Declaration is Recorded, after which time this Neighborhood Declaration shall be automatically extended for successive periods of ten (10) years each. This Neighborhood Declaration may be terminated at any time if such termination is approved by the affirmative vote or written consent, or any combination thereof, of Neighborhood Association Members holding ninety percent (90%) or more of the votes in the Neighborhood Association. If the necessary votes and consents are obtained, the Neighborhood Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Neighborhood Association, with their signatures acknowledged. Thereupon this Neighborhood Declaration shall have no further force and effect, and the Neighborhood Association shall be dissolved pursuant to applicable law. Termination of this Neighborhood Declaration does not terminate the Plat or the Master Declaration.

12.3. Amendments.

12.3.1. Other than the amendments made pursuant to Sections 12.3.2, 12.3.3 and 12.3.4 of this Neighborhood Declaration, this Neighborhood Declaration may only be amended by the written approval or the affirmative vote, or any combination thereof, of Neighborhood Association Members holding not less than sixty-seven percent (67%) of the votes in the Neighborhood Association.

12.3.2. Either the Neighborhood Board or the Neighborhood Developer may amend this Neighborhood Declaration, without obtaining the approval or consent of any Owner, Mortgagee or other Person, in order to conform this Neighborhood Declaration to the requirements or guidelines of the Federal National Mortgage Neighborhood Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project or the Project Documents is required by law or requested by the Neighborhood Developer.

12.3.3. The Neighborhood Developer alone may amend or terminate this Neighborhood Declaration prior to the closing of a sale of the first Lot. Notwithstanding anything contained in this Neighborhood Declaration to the contrary, so long as the Neighborhood Developer or any Neighborhood Developer Affiliate owns any Lot or other portion of the Property, or any portion of the Additional Property, the Neighborhood Developer may amend this Neighborhood Declaration without the consent or approval of any other Owner or other Person.

12.3.4. So long as the Neighborhood Developer or any Neighborhood Developer Affiliate owns any Lot or other portion of the Property, or any portion of the Additional Property, no amendment to this Neighborhood Declaration shall be effective unless approved in writing by the Neighborhood Developer (or unless the Neighborhood Developer expressly waives in writing its right to approve such amendments).

12.3.5. Any amendment approved pursuant to Section 12.3.1 of this Neighborhood Declaration or by the Neighborhood Board pursuant to Section 12.3.2 of this Neighborhood Declaration shall be signed by the President or Vice President of the Neighborhood Association and shall be Recorded. Any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Neighborhood Developer pursuant to Sections 12.3.2 or 12.3.3 of this Neighborhood Declaration shall be executed by the Neighborhood Developer and shall be Recorded.

12.3.6. Neighborhood Developer, the Neighborhood Association and each Owner hereby agree and acknowledge that the Neighborhood Association's maintenance, repair and replacement duties set forth in Article 8 above shall not be amended or deleted and this Neighborhood Declaration shall not be terminated prior to the expiration of the Period of Neighborhood Developer Control without the prior written approval of Neighborhood Developer. Such approval shall be evidenced by a written consent attached to or incorporated in such Recorded amendment or certificate of termination executed by Neighborhood Developer.

12.4. Interpretation. Except for judicial construction, the Neighborhood Association shall have the exclusive right to construe and interpret the provisions of this Neighborhood Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Neighborhood Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefited or bound by this Neighborhood Declaration.

12.5. Severability. Any determination by any court of competent jurisdiction that any provision of this Neighborhood Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

12.6. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Neighborhood Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of the person holding the office of President of the United States on the date this Neighborhood Declaration is Recorded.

12.7. Change of Circumstances. Except as otherwise expressly provided in this Neighborhood Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Neighborhood Declaration.

12.8. Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Neighborhood Declaration, the Neighborhood Association shall have the right to adopt, as part of the Neighborhood Association Rules, additional rules and regulations with respect to any other aspects of the Neighborhood Association's rights, activities and duties, provided said additional rules and regulations are not inconsistent with the provisions of the other Project Documents.

12.9. Laws, Ordinances and Regulations.

12.9.1. The covenants, conditions and restrictions set forth in this Neighborhood Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Neighborhood Board or the Architectural Review Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Neighborhood Declaration shall not relieve an Owner or any other Person from the obligation also to comply with all applicable laws, ordinances and regulations.

12.9.2. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be in violation of this Neighborhood Declaration and subject to any or all of the enforcement proceedings set forth herein.

12.9.3. This Neighborhood Declaration does not amend any Weber County ordinances. In the event of a conflict between this Neighborhood Declaration and Weber County ordinances, the Weber County ordinances shall control.

12.10. References to this Neighborhood Declaration in Deeds. Deeds to and instruments affecting any Lot or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Neighborhood Declaration; but regardless of whether any such reference is made in any deed or instrument, each and all of the provisions of this Neighborhood Declaration shall be binding upon the grantee-Owner or other Person claiming through any instrument and his, her or its heirs, executors, administrators, successors and assigns.

12.11. Gender and Number. Wherever the context of this Neighborhood Declaration so requires, any word used in the masculine, feminine or neuter genders shall include each of the other genders, words in the singular shall include the plural, and words in the plural shall include the singular.

12.12. Captions and Title; Section References; Exhibits. All captions, titles or headings of the Neighborhood Articles and Sections in this Neighborhood Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the meaning or intent thereof. References in this Neighborhood Declaration to numbered Articles, Sections or Sections, or to lettered Exhibits, shall be deemed to be references to those paragraphs or Exhibits so numbered or lettered in this Neighborhood Declaration, unless the context otherwise requires. Any

Exhibits referred to in this Neighborhood Declaration are hereby incorporated herein by reference and fully made a part hereof.

12.13. Notices. If notice of any action or proposed action by the Neighborhood Board or any committee or of any meeting is required by applicable law, the Project Documents or resolution of the Neighborhood Board to be given to any Owner, Lessee or Resident then, unless otherwise specified in the Project Documents or in the resolution of the Neighborhood Board, or unless otherwise required by law, such notice requirement shall be deemed satisfied if notice of such action, proposed action or meeting is: (a) sent by United States mail to the last known mailing address of the Owner, Lessee or Resident (as applicable), as shown in the records of the Neighborhood Association; or (b) if no such mailing address is reflected on the records of the Neighborhood Association, then sent by United States mail to the mailing address of the Lot (as applicable) if, at the time, there is a Residence situated thereon; or (c) if there is no such mailing address reflected in the records of the Neighborhood Association and there is then no Residence situated on the applicable Lot, then sent or given in whatever reasonable manner the Neighborhood Board may elect, which may include, without limitation, publishing the same in any newspaper in general circulation within Weber County, Utah. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other reasonable and appropriate manner.

12.14. Indemnification. The Neighborhood Association shall indemnify each and every trustee and officer of the Neighborhood Association, and each and every member of any committee appointed by the Neighborhood Board (including, for purposes of this Section, former officers and directors of the Neighborhood Association, former members of the Architectural Review Committee, and former members of committees appointed by the Neighborhood Board) (each a "Neighborhood Association Official") against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon a Neighborhood Association Official in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Neighborhood Board serving at the time of such settlement) to which he or she may be a party by reason of being or having been a Neighborhood Association Official, unless the liability for such expenses arises out of his or her own intentional misconduct. No Neighborhood Association Official shall have any personal liability with respect to any contract or other commitment made by them or action taken by them, in good faith, on behalf of the Neighborhood Association (except indirectly to the extent that such Neighborhood Association Official may also be a Neighborhood Association Member of the Neighborhood Association and therefore subject to Assessments hereunder to fund a liability of the Neighborhood Association), and the Neighborhood Association shall indemnify and forever hold each such Neighborhood Association Official free and harmless from and against any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Neighborhood Association Official may be entitled. If the Neighborhood Board deems it appropriate, in its sole discretion, the Neighborhood Association may advance funds to or for the benefit of any Neighborhood Association Official who may be entitled to indemnification hereunder to enable such Neighborhood Association Official to meet on-going costs and expenses of defending himself or herself in any action or proceeding brought against such Neighborhood Association Official by reason of his or her being, or having been, a Neighborhood Association Official. In the event it

is ultimately determined that a Neighborhood Association Official to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section 12.14 or otherwise under the Neighborhood Articles, Neighborhood Bylaws or applicable law, such Neighborhood Association Official shall promptly upon demand repay to the Neighborhood Association the total of such funds advanced by the Neighborhood Association to him or her, or for his or her benefit, with interest (should the Neighborhood Board so elect) at a rate not to exceed ten percent (10%) per annum from the date(s) advanced until paid.

12.15. No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek, any judicial partition of the Common Area, nor shall any Owner sell, convey, transfer, assign, hypothecate or otherwise alienate all or any of such Owner's interest in the Common Area or any funds or other assets of the Neighborhood Association except in connection with the sale, conveyance or hypothecation of such Owner's Lot (and only appurtenant thereto), or except as otherwise expressly permitted herein. This Section shall not be construed to prohibit the Neighborhood Board from acquiring and disposing of tangible personal property nor from acquiring or disposing of title to real property (other than disposition of title to the Common Area, which shall be subject to Section 4.1) which may or may not be subject to this Neighborhood Declaration.

12.16. Number of Days. In computing the number of days for purposes of any provision of this Neighborhood Declaration or the Neighborhood Articles or Neighborhood Bylaws, all days shall be counted including Saturdays, Sundays and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or legal holiday.

12.17. Notice of Violation. The Neighborhood Association shall have the right to Record a written notice of a violation by any Owner or Occupant of any restriction or provision of the Project Documents. The notice shall be executed and acknowledged by an officer of the Neighborhood Association and shall contain substantially the following information: (a) the name of the Owner or Occupant; (b) the legal description of the Lot against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Neighborhood Association pursuant to this Neighborhood Declaration; and (e) a statement of the specific steps which must be taken by the Owner or Occupant to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Occupant, and to any subsequent Purchaser of the Lot, that there is such a violation. If, after the Recordation of such notice, it is determined by the Neighborhood Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Neighborhood Association shall Record a notice of compliance which shall state the legal description of the Lot against which the notice of violation was recorded, the Recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or, if such be the case, that it did not exist. Notwithstanding the foregoing, failure by the Neighborhood Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

12.18. Disclaimer of Representations. Notwithstanding anything to the contrary herein, neither the Neighborhood Developer nor any Neighborhood Developer Affiliate makes any warranties or representations whatsoever that the plans presently envisioned for the complete development of the Project can or will be carried out, or that any real property now owned or hereafter acquired by the Neighborhood Developer or by any Neighborhood Developer Affiliate is or will be subjected to this Neighborhood Declaration, or that any such real property (whether or not it has been subjected to this Neighborhood Declaration) is or will be committed to or developed for a particular (or any) use, or that if such real property is once used for a particular use, such use will continue in effect. While neither the Neighborhood Developer nor any Neighborhood Developer Affiliate believes that any of the restrictive covenants contained in this Neighborhood Declaration is or may be invalid or unenforceable for any reason or to any extent, neither the Neighborhood Developer nor any Neighborhood Developer Affiliate makes any warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Lot agrees to hold the Neighborhood Developer and all Neighborhood Developer Affiliates harmless therefrom.

12.19. Ski Area Operations. By acceptance of a deed to a Lot, each Owner hereby agrees and acknowledges the Project is located adjacent to a public skiing facility known as Powder Mountain Ski Resort (the “Ski Facility”), which area may generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof. The activities associated with the Ski Facility include, without limitation: (i) vehicular and residential traffic, including, without limitation, (a) buses, vans, snowcats, snowmobiles and other vehicles which transport residents and guests around and through the Ski Facility, and (b) construction vehicles and equipment; (ii) activities relating to the construction, operation and maintenance of ski trails, skiways and skier bridges and tunnels relating to the Ski Facility, including, without limitation, (a) construction, operation and maintenance of access roads serving the Ski Facility, snow-making equipment and chair lifts, gondolas and other skier transportation systems, and (b) operation of snow-grooming vehicles and equipment, and safety and supervision vehicles; and (iii) activities relating to the use of the Ski Facility, including, without limitation, skiing, snow-boarding, hiking, horseback riding, bicycling and other recreational activities. By acceptance of a deed to a Lot, each Owner also agrees and acknowledges that the Neighborhood Developer is not the operator of the Ski Facility, and accordingly, the Neighborhood Developer cannot make any representations relating thereto. Neither the Neighborhood Developer nor any of its employees or agents can make any representations regarding the opening or closing dates of the Ski Facility or other nearby ski areas in any given year. Each Owner fully understands that the operator of those ski areas may decide, in its sole discretion, whether any or all of the ski lifts within those ski areas should be operated.

12.20. Off Site Construction. By acceptance of a deed to a Lot, each Owner hereby agrees and acknowledges, that, inasmuch as an Owner may be purchasing a Lot during a period of construction at the Project, and the acquisition of Lot will occur prior to the completion of the construction of other Lots and Improvements at the Project, there will be certain inconveniences, including, but not limited to, interruption of travel caused by road construction, noise, dust, odors

and debris associated with construction, until all construction within the Project is complete. Each Owner waives all claims against the Neighborhood Developer, Neighborhood Developer Affiliate, Community Association, Neighborhood Association or any of their employees or agents with respect to any such inconveniences and nuisances.

12.21. Amendments Affecting Neighborhood Developer Rights. Notwithstanding any other provision of this Neighborhood Declaration to the contrary, no provision of this Neighborhood Declaration (including but not limited to, this Section) which grants to or confers upon the Neighborhood Developer or upon any Neighborhood Developer Affiliate any rights, privileges, easements, benefits or exemptions (except for rights, privileges, easements, benefits, or exemptions granted to or conferred upon Owners generally) shall be modified, amended or revoked in any way, so long as the Neighborhood Developer, any Neighborhood Developer Affiliate or any Neighborhood Developer Affiliate owns any portion of the Property, without the express written consent of the Neighborhood Developer.

12.22. Bulk Service Agreements.

12.22.1. The Neighborhood Board, acting on behalf of the Neighborhood Association, shall have the right, power and authority to enter into one or more Bulk Service Agreements with one or more Bulk Providers (each of which terms is defined below), for such term(s), at such rate(s) and on such other terms and conditions as the Neighborhood Board deems appropriate, all with the primary goals of providing to Owners and Occupants of Lots or both within the Property, or within one or more portions thereof, cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or any concierge or other personal services: (a) which might not otherwise be generally available to such Owners and Occupants; (b) at rates or charges lower than might otherwise generally be charged to Owners and Occupants for the same or similar services; (c) otherwise on terms and conditions which the Neighborhood Board believes to be in the interests of Owners and Occupants generally; or (d) any combination of the foregoing.

12.22.2. If all Lots within the Property are to be served by a particular Bulk Service Agreement, the Neighborhood Board shall have the option either to: (a) include the Neighborhood Association's costs under such Bulk Service Agreement in the budget for each applicable fiscal year and thereby include such costs in the Annual Assessments for each such applicable year; or (b) separately bill to each Owner his, her or its proportionate share of the Neighborhood Association's costs under such Bulk Service Agreement (as reasonably determined by the Neighborhood Board, and with such frequency as may be determined by the Neighborhood Board, but no more often than monthly) (provided that such "separate billing" may be made as one or more separate line items on billings or invoices from the Neighborhood Association to the affected Owner(s) for Assessments or other charges). If not all Lots within the Property will be served by a particular Bulk Service Agreement the Neighborhood Board shall have only the billing option described in clause (b) above.

12.22.3. The Neighborhood Developer, for each Lot, hereby covenants and agrees, and each Owner other than the Neighborhood Developer, by becoming the Owner of a Lot, is deemed to covenant and agree, to pay all amounts levied or charged against or to him, her or it (or his, her or its Lot) by the Neighborhood Board pursuant to this Section 12.22, and all such amounts: (a) shall be deemed to be a part of the Assessments against the Lots against or to which they are levied or charged (or against or to whose Owners they are levied or charged); (b) with interest, late charges and all costs, including but not limited to reasonable attorneys fees, incurred by the Neighborhood Association in collecting or attempting to collect delinquent amounts, shall be secured by the lien for Assessments established by this Neighborhood Declaration; and (c) as with other Assessments, shall also be the personal obligation of each Person who was an Owner of the Lot at the time such amount became due (which personal obligation for delinquent amounts shall not pass to the successors in title of the Owner unless expressly assumed by them unless title is transferred to one or more such successors for purposes of avoiding payment of such amounts or other Assessments or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title).

12.22.4. No Owner of a Lot covered by a Bulk Service Agreement shall be entitled to avoid or withhold payment of amounts charged by the Neighborhood Board to such Owner or such Owner's Lot under this Section 12.22, whether on the basis that such Owner does not use, accept or otherwise benefit from the services provided under such Bulk Service Agreement, or otherwise. However, the Neighborhood Board shall have the right, at its option, to exempt from payment of such amounts any Lot upon which no Residence or other building has been completed.

12.22.5. "Bulk Provider" means a private, public or quasi-public utility or other company which provides, or proposes to provide, cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or concierge or other personal services, to Owners, Residents, Lots within the Property, or within one or more portions thereof, pursuant to a "Bulk Service Agreement" (as defined below).

12.22.6. "Bulk Service Agreement" means an agreement between the Neighborhood Association and a Bulk Provider pursuant to which the Bulk Provider would provide cable television, community satellite television, high speed Internet, security monitoring or other electronic entertainment, information, communication or security services, or concierge or other personal services, to Owners, Residents, Lots with the Property, or within one or more portions thereof.

[Signatures on Following Page]

EXHIBIT A

Description of the Project

All of Horizon Neighborhood at Powder Mountain PRUD as recorded in the official records of Weber County, Utah on _____ as Entry number _____.