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**MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF
LEDGES EAST
a master planned community**

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Master Declaration of Covenants, Conditions, and Restrictions

of

Ledges East

THIS IS A DECLARATION of covenants, conditions, and restrictions that establishes a master planned community known as **Ledges East**.

RECITALS – PURPOSE AND INTENT

A. Ledges Management and Planning, LLC, as the Declarant, desires to provide a flexible procedure for the overall development of the real property described in **Exhibit A** and any additional property made subject to this Declaration as provided herein (the “**Property**”) and to establish a governance structure and flexible system of standards and procedures for the development, expansion, administration, preservation, use and enjoyment of the Property.

B. Declarant anticipates that, at full development, the Property will be an attractive mixed-use community, that may include (among other uses) multiple housing types and residential neighborhoods; recreational facilities and/or open space, trails and walkways; and some commercial buildings or uses.

C. The Golf Course has previously been developed adjacent to or within the vicinity of the Property, which, although not subject to this Declaration, is the intended beneficiary of certain of the covenants, restrictions and easements included herein, which, in recognition of the investment by the Golf Course Owner and the benefits derived by the Owners from the beauty and open space provided by the Golf Course, may be enforced by the Golf Course Owner (in addition to the Master Association) to maintain the harmony and order generally expected by a golf course owner in a master planned golf course community.

D. Certain other neighborhoods have been previously developed adjacent to or within the vicinity of the Property, which are not currently subject to this Declaration or to governance by the Master Association, but instead subject to a homeowners’ association currently known as The Ledges of St. George Master Owners Association (the “**Old Association**”).

E. While the Master Association and Old Association may co-exist in harmony with each other, the Property and its Owners are not subject to the Old Association or any of the Old Association’s rules, regulations, architectural standards or guidelines, or any other Old Association covenants, conditions and restrictions, and are not responsible to pay any social or other membership dues or assessments that may be imposed by the Old Association.

F. As the development of the Property proceeds, Declarant anticipates that various subdivision plats will be Recorded with respect to portions of the Property; that portions of the Property may be dedicated to the public for streets, roadways, drainage, flood control, and general public use; that portions of the Property may be sold to various developers and builders; and that Neighborhood Declarations with respect to various portions of the Property may be Recorded in order to set forth additional covenants, conditions and restrictions applicable to each Neighborhood.

G. Declarant has formed the Master Association to (1) own, manage, and maintain Common Areas and certain other areas within the Property or that may affect the Property; (2) levy, collect and disburse the assessments and other charges imposed under the Governing Documents; and (3) enforce the restrictions and other provisions of this Declaration.

H. Declarant desires to establish for its own benefit and for the mutual benefit of Declarant, Sub-Associations, all future Owners, and other holders of an interest in any portion of the Property, certain mutually beneficial covenants, restrictions and obligations with respect to the proper development, use and maintenance of the Property.

I. Declarant desires and intends that the Sub-Associations, Owners, Mortgagees, beneficiaries, trustees, and other persons or entities hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their respective interests subject to, the rights, easements, privileges, covenants, conditions, and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the value, desirability and attractiveness of the Property.

J. Declarant therefore subjects all of the Property to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations, and easements hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises, covenants and agreements herein contained, Declarant hereby declares, covenants and agrees as follows:

ARTICLE 1 DEFINITIONS AND CONCEPTS

The following definitions and concepts control in this Declaration:

1.1 “**Architectural Committee**” means the Architectural Committee established pursuant to Section 7.1 hereof.

1.2 “**Architectural Guidelines**” means the Commercial Architectural Guidelines, the Community-Wide Area Architectural Guidelines, and the Residential Architectural Guidelines, as applicable.

1.3 “**Arterial Streets**” means Ledges Parkway and any similar streets that may be constructed on, within or to serve the Property and/or the Golf Course to deliver traffic to and from Utah State Route (SR) 18 and its off/on ramps, and any other street that serves multiple Neighborhoods and is designated by the Declarant or the Master Association as an Arterial Street.

1.4 “**Articles**” means and refers to the Articles of Incorporation of Ledges East Master Owners Association and any amendments thereto. The purpose of the Articles is to establish the Master Association as a non-profit corporation under Utah law.

1.5 “**Bylaws**” means and refers to the Bylaws of Ledges East Master Owners Association, a copy of which is attached hereby as Exhibit B, and any amendments thereto that are Recorded. The purpose of the Bylaws is to govern the Master Association’s internal affairs, such as (for purposes of example but not limitation) voting, elections, and meetings.

1.6 “**Commercial Architectural Guidelines**” means the development standards and design guidelines relating to the Commercial Areas of the Property to be agreed upon and adopted pursuant to Section 7.4 hereof.

1.7 “**Commercial Area**” means those areas within the Property with a zoning classification which permits any type of non-residential use and which is utilized or proposed to be utilized for a non-residential use, including, without limitation, commercial, office, storage (including, without limitation, RV storage), and church use.

1.8 “**Commercial Association**” means and refers to any association or other owners association, if any, having jurisdiction over any Commercial Area concurrent with, but subject and subservient to, the jurisdiction of the Master Association. Nothing in this Declaration shall require the creation of any Commercial Association.

1.9 “**Commercial Declaration**” means a declaration of covenants, conditions and restrictions submitted to the Architectural Committee for approval pursuant to Section 2.1 hereof, and after approval Recorded with respect to a Commercial Area. A declaration of covenants, conditions and restrictions may not be Recorded with respect to any Commercial Area unless first approved by the Architectural Committee pursuant to Section 2.1 hereof. Nothing in this Declaration shall require the recording of any Commercial Declaration.

1.10 “**Commercial Unit**” means a portion of the Property within a Commercial Area, whether improved or unimproved and whether or not subject to a Commercial Declaration, which may be independently owned and is intended for development, use, and/or occupancy as a non-residential building or for a non-residential purpose. In the case of a structure containing multiple units of commercial occupancy that each may be independently owned, each unit shall be deemed to be a separate Commercial Unit. In the case of a parcel of vacant land within a Commercial Area or land in the Commercial Area on which improvements are under construction, the parcel shall be deemed to be a single Commercial Unit until such time as a Recorded plat subdivides all or a portion of the parcel. Thereafter, the portion on such plat shall contain the number of Commercial Units set forth on such plat. Any portion of a Commercial Area not encompassed on such plat shall continue to be treated in accordance with this section.

1.11 “**Common Areas**” means: (1) all Master Association Property; (2) all land within the Property which is made available for use on a non-exclusive basis to all Owners and which the Master Association accepts as Common Area; (3) all land, rights-of-way or easements within the Property or serving the Property that are dedicated or conveyed to the public or to a governmental agency (if any) but required by such governmental agency to be maintained by the Master Association; (4) all storm water control facilities constructed on the Property except for storm water control facilities which only serve or benefit particular (but not all) Sub-Association(s) or Unit(s), or which have been dedicated or conveyed to and accepted for maintenance by a public authority; and (5) the Community-Wide Parks, the Community-Wide Trail System, and any other areas either within the Property or within any portions of the public rights-of-way in the areas adjoining or near the Property, but only to the extent any of the foregoing constitutes Master Association Property or the Master Association has assumed in writing administrative or maintenance responsibilities in accordance with the provisions of this Declaration (including, without limitation, any park, trail, or right-of-way agreed to be maintained pursuant to any maintenance agreement with the City of St. George or other governmental entity). No portions of the local streets shall constitute Common Areas, except to the extent that the same may fall within one of the

aforesaid categories (1), (3), (4), or (5). Common Area may be conveyed by dedication on a plat, by deed, by this Declaration or any supplement thereto, or as depicted on any amended plat. Common Area does not include areas designated as “common area” in a Sub-Declaration for the exclusive use and ownership of that Sub-Association’s members.

1.12 “**Common Expenses**” means the actual and estimated expenses incurred, or anticipated to be incurred, by the Master Association for the general benefit of the Owners or Members, including any reasonable reserve, as the Master Association Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses Declarant incurs during the Declarant Control Period for initial development or other original construction costs unless a majority of the Class A Members approve.

1.13 “**Community-Wide Areas**” means the following areas:

- (a) entry areas to the Property;
- (b) Arterial Streets;
- (c) Community-Wide Trail System;
- (d) Community-Wide Parks;
- (e) other Common Areas;
- (f) areas of the Property immediately adjacent to and visible from the rights-of-way of the Arterial Streets and Utah State Route (SR) 18 and its off/on ramps connecting to any Arterial Streets or other portion of the Property upon which any improvements (including, without limitation, curbs, sidewalks, landscaping, berms, fencing, walls, lighting, structures, signage or graphics) are constructed, installed or located (or proposed to be constructed, installed or located);
- (g) areas of the Property that abut or are directly visible from the Golf Course Land or Golf Course Facilities; and
- (h) areas within the Property upon which monuments, signage, or graphics are located (or proposed to be located) including, without limitation, entry areas to a Neighborhood.

Notwithstanding the foregoing, the Community-Wide Areas do not include any buildings and immediately adjacent landscaping areas intended for residential or commercial occupancy. Such buildings and adjacent landscape areas remain subject to the architectural guidelines applicable to the specific type of property, except with respect to signage and graphics matters which are governed by the Community-Wide Area Architectural Guidelines.

1.14 “**Community-Wide Area Architectural Guidelines**” means the development standards and design guidelines relating to the Community-Wide Areas and the Common Areas attached hereto as **Exhibit C**.

1.15 **“Community-Wide Park”** means a park or similar facility that may be constructed on or made available within the Common Areas. Community-Wide Park does not include parks or similar facilities the use of which is limited to Owners within a particular Neighborhood.

1.16 **“Community-Wide Standard”** means the standard of conduct, maintenance, architectural style, or other activity generally prevailing throughout the Property (and not limited to Community-Wide Areas), or minimum standards established pursuant to the Governing Documents. Declarant shall initially establish such standard which may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses or as the needs of the Property may change, as determined by the Declarant. No Owner has standing to challenge Declarant’s vested right to create or amend the Community-Wide Standard established by the Declarant.

1.17 **“Community-Wide Trail System”** means the system of trails and walkways that may be constructed on the Property and included within the Common Areas. Community-Wide Trail System does not include trails and walkways isolated within a particular Residential Area of Commercial Area without interconnection to other portions of the Property or which are otherwise owned by a Sub-Association.

1.18 **“Declarant”** means Ledges Management and Planning, LLC, a Utah limited liability company, and its successors and assigns, who are assigned Declarant’s rights, in whole or in part.

1.19 **“Declarant Affiliate”** means The Ledges at Snow Canyon, LLC, a Utah limited liability company.

1.20 **“Declarant Control Period”** means the period of time during which the Declarant has “Class B” membership status as provided for in Section 4.6(b), below.

1.21 **“Declaration”** or **“Master Declaration”** means this instrument and any amendments, restatements, supplements, or annexations thereto, which are Recorded.

1.22 **“Declaration of Annexation”** means a Recorded document which submits additional property to this Declaration with the consent of the owner of such property and in the manner described in ARTICLE 11. The Declaration of Annexation makes the property described in the Declaration of Annexation a part of the Property.

1.23 **“Development Proposal”** means a proposal for the development of any portion of the Property, which may include the clearing and grading of such site and/or construction of building(s), streets, parking areas, drives, landscaping or other improvements on such site.

1.24 **“Dwelling Unit”** means a portion of the Property within a Residential Area, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as a residential dwelling. In the case of a structure containing multiple dwellings (regardless of whether or not such dwellings may be independently owned), each dwelling shall be deemed to be a separate Dwelling Unit. In the case of any un-platted land within the Residential Area intended for development, use, and occupancy as a residential dwelling or dwellings, or un-platted land within the Residential Area on which a residential dwelling or dwellings are under construction, such land shall be deemed to be a single Dwelling Unit until such time as a Recorded plat subdivides all or a portion of the parcel. Thereafter, the portion encompassed on such plat shall contain the number of

Dwelling Units set forth on such plat. Any portion of a Residential Area not encompassed on such plat shall continue to be treated in accordance with this section.

1.25 “**Entire Membership**” means all Members, regardless of class of membership.

1.26 “**Exempt Property**” means the following portions of the Property:

(a) all land and improvements dedicated to and accepted by the United States, the State of Utah, Washington County, the City of St. George, or any political subdivision of any of the foregoing, for as long as such dedication remains effective; provided, however, that any such land is classified as Exempt Property only while it is being used by the governmental entity owner for public purposes;

(b) all Master Association Property;

(c) with respect to any portion of the Property that is not Master Association Property, during the period such portion is utilized as a public or private school, a library, a park or playground, a fire station, a police station or for other similar uses, provided that such status as Exempt Property is approved in writing by the Master Association Board;

(d) any portion of the Property owned by a not-for-profit religious organization and is either undeveloped or developed only with a church or other worship facilities and facilities directly related to such organization’s religious ministry;

(e) the Arterial Streets;

(f) the Community-Wide Trail System; and

(g) if and to the extent it becomes subject to the Declaration and included within the Property, the Golf Course Land and Golf Course Facilities (which, as stated in the Recitals above, are not currently subject to the Declaration or included within the Property).

All Exempt Property shall be exempt from Assessments to the extent provided in Section 5.15 of this Declaration. Nevertheless, except as otherwise expressly provided herein, Exempt Property shall be subject to all other provisions of this Declaration, including, without limitation, the easements, covenants, conditions and restrictions and the Community-Wide Standard and the applicable Architectural Guidelines (except to the extent otherwise expressly provided under this Declaration). Only the foregoing listed categories shall constitute Exempt Property, and any Common Areas or other areas of the Property not falling within the foregoing categories shall not constitute Exempt Property.

1.27 “**Golf Course Owner**” means and refers to the record owner of the Golf Course and its successors and assigns (including any tenant who may have been assigned rights to the Golf Course). The Golf Course Owner is responsible for the operation and maintenance of the Golf Course and Golf Course Facilities.

1.28 “**Golf Course Facilities**” means and refers to the Golf Course clubhouse located at 1585 West Ledges Parkway in St. George, Utah, the Golf Course maintenance and office building, located at 5224 N. Winchester Dr. in St. George, Utah, and any related facilities or land within the Property that may be owned or operated by the Golf Course Owner in connection with the Golf Course or Golf Course

Facilities. Golf Course Facilities are not subject to this Declaration and are not considered Common Area as defined herein.

1.29 “**Golf Course**” or “**Golf Course Land**” means and refers to the golf course adjacent to or within the vicinity of the Property and currently known as the Ledges Golf Course. Golf Course Land is not subject to this Declaration and is not considered Common Area.

1.30 “**Governing Documents**” means, collectively, this Declaration, the Articles, the Bylaws, and any amendments or supplements thereto or restatements thereof, and includes any rules and regulations established pursuant to the Declaration, Articles, or Bylaws.

1.31 “**Limited Common Area**” means and refers to any portion of the Common Area which has been designated for the primary or exclusive use of one or more Sub-Associations or Owners and also includes property not within a portion of the Common Area but which is described or designated as Limited Common Area for use, maintenance, or repair purposes.

1.32 “**Local Streets**” means all streets now existing or to be constructed on or within the Property other than the Arterial Streets (together with the associated improvements such as sidewalks and curbing located within the rights-of-way thereof).

1.33 “**Master Association**” means Ledges East Master Owners Association, a Utah non-profit corporation, its successors and assigns. During any period in which the Master Association is not incorporated or otherwise has a change of corporate status, the Governing Documents shall nevertheless continue to be effective as the Governing Documents of the Master Association, and the Master Association and Master Association Board shall have all rights, power, and authority granted therein, including all rights as an unincorporated association under the applicable rules of civil procedure. In the case of non-incorporation, the Master Association Board is authorized, to the extent it deems necessary, to re-incorporate as provided in Section 57-8a-221 of the Community Association Act, Utah Code Ann. § 57-8a-221.

1.34 “**Member**” means every Owner of a Unit within the Property, and the Declarant. After the Declarant Control Period ends, the Declarant may continue as a Member if and to the extent it qualifies as an Owner of a Unit.

1.35 “**Master Association Property**” means such part or parts of the Property, together with the buildings, structures and improvements thereon, and other real property which the Master Association now or hereafter owns in fee or in which the Master Association now or hereafter has a leasehold interest, for as long as the Master Association is the owner of the fee or leasehold interest. (The term “Common Areas”, as defined above, while including Master Association Property, is not limited to Master Association Property, and may include other classes of property.)

1.36 “**Master Association Board**” means the Board of Directors of the Master Association. When any action is contemplated or taken by the Master Association, it shall be done through its Board of Directors.

1.37 “**Mortgage**” means a mortgage, a deed of trust, a deed to secure a debt, or any other form of security instrument affecting title to any Unit.

1.38 **“Mortgagee”** means and refers to a party holding a Mortgage or deed of trust against any of the Property.

1.39 **“Neighborhood”** means and refers to each separately developed and denominated Residential Area identified in a separate and distinct Neighborhood Declaration. Each Neighborhood may be comprised of one or more housing types in which owners within that particular Neighborhood may have common interests, such as a common theme, architectural design, entry feature, development name, facilities, or Limited Common Areas which are not available for use by other Owners owning a Unit outside the Neighborhood.

1.40 **“Neighborhood Association”** means and refers to any association or other owners association, if any, having jurisdiction over any Residential Area concurrent with, but subject and subservient to the jurisdiction of the Master Association.

1.41 **“Neighborhood Declaration”** means a declaration of covenants, conditions, and restrictions submitted to the Architectural Committee for approval pursuant to Section 2.2 hereof, and after approval Recorded with respect to a Residential Area. A declaration of covenants, conditions and restrictions may not be Recorded with respect to any Residential Area unless first approved by the Master Association Board pursuant to Section 2.2 hereof. In the event of a conflict between the provisions of a Neighborhood Declaration and the Master Declaration, the Master Declaration shall govern, unless the Neighborhood Declaration is more restrictive.

1.42 **“Old Association”** is defined in Recital D above.

1.43 **“Owner”** means the record holder of fee simple title to any Unit that is within the Property. Regardless of the number of parties participating in ownership of each Unit, the group of those parties shall be treated as one “Owner.” The term “Owner” includes contract purchasers but does not include persons who hold an interest merely as security for the performance of an obligation unless and until title is acquired by foreclosure or similar proceedings.

1.44 **“Property”** means that certain real property described on Exhibit A attached hereto, and such annexations and additions thereto as may hereafter be subjected to this Declaration.

1.45 **“Record”, “Recorded”, “Recording” or “Recordation”** means the recordation of a document or instrument in the Office of the Washington County Recorder.

1.46 **“Residential Area”** means those areas within the Property which at any given time are utilized or proposed to be utilized solely for residential use.

1.47 **“Residential Architectural Guidelines”** means the development standards and design guidelines created for each specific Neighborhood in the Residential Areas, as the same may be amended or modified by the Architectural Committee pursuant to the terms of Section 7.4.

1.48 **“Re-Use Water Lines”** means a water line or lines, pipes, pump stations and related facilities to be constructed or installed to deliver certain re-use water from the point of initial delivery in the Northwest corner of the Entrada project to the Golf Course, and any lines, pipes or related facilities that may be constructed or installed to deliver re-use water to any Common Area, Sub-Association, or Unit.

1.49 “**Specific Expense**” means any expenses or liabilities, whether actual or estimated, which the Master Association incurs or expects to incur for the benefit of some but not all Owner(s) or Sub-Association(s), as determined by the Master Association.

1.50 “**Sub-Association**” means a Commercial Association or Neighborhood Association.

1.51 “**Sub-Association Assessment**” means assessments levied or that may be levied by a Sub-Association against Units within such Sub-Association’s jurisdiction to fund Sub-Association Expenses.

1.52 “**Sub-Association Expense**” means any expenses, whether actual or estimated, which the Sub-Association incurs or expects to incur for the benefit of the Owners within the jurisdiction of the particular Sub-Association.

1.53 “**Sub-Association Property**” means all the real property subject to the jurisdiction of a Sub-Association.

1.54 “**Sub-Declaration**” means a Declaration for a Unit subject to a Sub-Association.

1.55 “**Unit**” means and refers to a Dwelling Unit and a Commercial Unit, as the case may be, and an appurtenant garage, as applicable. In some cases the Unit will include the lot as defined and situated on the plat, with fee ownership to the lot lines, as well as the structure on the lot. In other cases the Unit will consist of a building pad and structure, which may be surrounded by Common Area or Limited Common Area. Ownership and Unit boundaries are depicted and described on the plat. Owners are on notice to review the plat and other recorded documents affecting their Unit to determine the extent of ownership rights and responsibilities, use restrictions and maintenance obligations related to the Unit.

1.56 “**Voting Representative**” means the representative designated by the Class A Members in each Sub-Association pursuant to Section 4.8(a) that will cast the votes held by such Class A Member in the Master Association.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

2.1 Owner’s Acknowledgment; Notice to Purchasers. All Owners are given notice that the use of their Units and the Common Area and Limited Common Area is limited by the covenants, conditions, restrictions, easements, and other provisions in the Governing Documents as amended, expanded, or modified from time to time, as well as any Sub-Association governing documents. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of their Unit can be affected by said covenants, conditions, restrictions, easements, and other provisions in the Governing Documents, which include the Master Declaration. All purchasers are on notice that the Master Association may have adopted changes to the Governing Documents that might differ from those that any purchaser might receive from, or that might have been disclosed by, the Owner from whom the purchaser is purchasing his or her Unit. Copies of current Governing Documents may be obtained from the Master Association. Any issue or question concerning the Master Declaration and any rule, regulation, or other matter concerning the Governing Documents should be referred to the Master Association.

2.2 General Declaration. The Property shall be held, sold, conveyed, encumbered, leased, built upon, occupied or otherwise used, improved or transferred, in whole or in part, subject to this Declaration. With respect to Commercial Areas, as portions of the Commercial Areas of the Property are subdivided and developed, any Commercial Declaration covering a part of the Commercial Area may, but is not required to be Recorded. With respect to Residential Areas, as portions of the Residential Areas of the Property are subdivided and developed, the Declarant may require that a Neighborhood Declaration be Recorded and a Neighborhood Association formed to correspond to any Neighborhood defined by Declarant. Any Commercial Declarations and Neighborhood Declarations must be approved by the Master Association Board prior to Recording, and shall incorporate this Declaration by reference, and establish such additional covenants, conditions and restrictions as may be appropriate for the portions of the Property subject to such Commercial or Neighborhood Declarations. Any amendment to a Sub-Declaration must be approved by the Master Association Board (in addition to any amendment approval requirements set forth in the Sub-Declaration being amended), which approval will not be unreasonably withheld, conditioned, or delayed. **In the event of a conflict between the provisions of a Commercial or Neighborhood Declaration and this Declaration, the provisions of this Declaration shall control.**

2.3 Declaration Runs with the Property. This Declaration shall be construed as covenants of equitable servitude, shall run with the Property and be binding on and inure to the benefit of the Declarant, Master Association, Sub-Associations and all Owners (and, to the extent provided herein, the Golf Course Owner) and their respective successors in interest, as the case may be.

2.4 Golf Course Intended Beneficiary. As stated in the Recitals to this Declaration, the Golf Course is not currently subject to this Declaration but is the intended beneficiary of certain of the covenants, restrictions, and easements included herein which benefit the Golf Course Land, Golf Course Facilities, and the Golf Course Owner. As a result, the Golf Course Owner has the right and standing to enforce these provisions directly and no provision expressly referencing or expressly for the benefit of the Golf Course Land, Golf Course Facilities, or the Golf Course Owner may be amended without the Golf Course Owner's prior written consent. The Golf Course Owner's right of enforcement is concurrent with and independent of the Master Association's right of enforcement.

2.5 Project not a Cooperative; Applicable Law; Identification of any Condominium Property. The Ledges East project is not a cooperative, and shall be subject to the Community Association Act, Utah Code Ann. § 57-8a-101 et seq. To the extent any portions of the Property contain condominiums established under and governed by the Utah Condominium Ownership Act, Utah Code Ann. § 57-8-1 et seq., these portions will be identified by one or more Sub-Declarations that comply with the Condominium Ownership Act.

ARTICLE 3 EASEMENTS AND RIGHTS OF ENJOYMENT

3.1 Common Area. Except for Common Area designated as Limited Common Area (described below), every Owner and occupant of a Unit shall have a non-exclusive easement for the use and enjoyment in and to the Common Areas. The foregoing grant and rights are subject to, among other things, the following limitations:

- (a) The right of the Master Association Board to charge reasonable admission and other use fees for the use of any recreational or other facilities from time to time situated upon the

Common Areas; provided, however, that in no event shall any such fees be payable with regard to a Community-Wide Trail System or Community-Wide Parks;

(b) The right of the Master Association Board to dedicate or transfer all or any part of the Common Areas (including the Community-Wide Parks and the trails within the Community-Wide Trail System) to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Master Association Board;

(c) The right of the Master Association Board to impose reasonable rules and regulations regarding the use of the Common Areas, including, without limitation, hours of use and standards of conduct, or rules to prohibit access to those Common Areas, such as landscaped areas, not intended for use by the occupants of a Unit;

(d) The right of the Master Association Board to grant revocable licenses in the Common Area owned in fee simple by the Master Association to individuals or entities who are not Owners or occupants of a Unit and to charge a fee for such license; and

(e) The right of the Master Association Board to change the use of Common Areas and to change the size, shape or location of the Common Areas.

3.2 Limited Common Area.

(a) Designation. The Declarant, during the Declarant Control Period, shall have the right to restrict and designate portions of the Common Area for the primary or exclusive use of one or more Sub-Associations or Owners or Unit occupants by designating such portions of the Common Area as Limited Common Area by: (i) Recorded deed, easement, or other instrument conveying or limiting an identified portion of the Common Area to one or more Sub-Associations or Units; (ii) indicating or designating on the Recorded plat the Limited Common Area appertaining to one or more Sub-Associations or Units; or (iii) designating, depicting, or describing such Limited Common Area in any supplemental declaration or any exhibit thereto. The Declarant reserves the right to re-designate Limited Common Area as it deems necessary.

(b) Costs for Maintenance. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be, where the Limited Common Area benefits or is reserved for the exclusive use of a particular Sub-Association, Sub-Associations, Unit or Units, a specific assessment of Specific Expenses to such Sub-Association or Unit Owner, or a specific assessment made by the Sub-Association pursuant to its governing documents.

(c) Master Association Board Authority. The Master Association Board may adopt rules and regulations concerning use of the Limited Common Area. Limited Common Area is subject to the rights of the Master Association corresponding to the Common Area generally as set forth in this Declaration, including the right of maintenance and repair.

3.3 Delegation of Use of Common Areas. An Owner or one having a right of use of the Common Areas may delegate any right of enjoyment to the Common Area to such Owner's employees, family members, tenants, guests or invitees, subject to any rules and regulations established by the Master Association Board.

3.4 Rights of Ingress and Egress. Each Owner and such Owner's employees, family members, tenants, guests or invitees is also hereby granted a non-exclusive easement for ingress and egress over the roadways and walkways designated as Common Area to the extent necessary to provide vehicular and pedestrian access to such Owner's Unit or to use and enjoy the Common Areas to the extent permitted herein.

3.5 Owners' Easements of Enjoyment. Every Owner has a right and easement of use and enjoyment in and to the Common Area and Limited Common Area, if any, which is designated by the Declarant for the exclusive use of an Owner's Units. This easement is appurtenant to and passes with the title to every Unit, subject to the provisions of the Governing Documents. An Owner has no easement of use of the air space outside of the boundaries of his Unit or, in the case of a patio or deck, outside the confines of the patio or deck as depicted on the plat. Therefore, subject to the Master Association Board's right of regulation, each Owner's easement of use with respect to an appurtenant patio or deck shall not extend (i) horizontally beyond or outside of the center line of any wall or other exterior surface constituting the perimeter boundary of the patio or deck or (ii) vertically beyond the interior surface of any covered area or ceiling over the patio/deck. In the event that a patio or deck is uncovered, the Owner's easement of use of the airspace for such patio or deck shall not extend beyond the height of the interior surface of the ceiling within the Owner's Unit.

3.6 Encroachments. Each Unit, Common Area, and all other areas included within the Property are subject to a reciprocal easement for maintenance and use of any permitted encroachment. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property onto another's a distance of less than three feet as measured from any point on the common boundary line along a line perpendicular to such boundary. An encroachment easement does not exist if the encroachment results from the willful and knowing conduct on the part of, or with the knowledge and consent of, the person claiming the benefit of the easement.

3.7 Utilities. Easements for utilities shall be designated by Declarant, the Master Association, or as otherwise depicted or designated on any Recorded plat for the Property, or those conveyed by written Recorded agreement. Said utility easements will allow for all public utilities serving the Property to lay, construct, renew, operate and maintain conduits, cables, pipes, mains, ducts, wires and other necessary equipment on the Property, provided that all such services shall be placed underground unless otherwise approved by the Architectural Committee. Should any utility furnishing a service covered by a utility easement request a specific easement by separate Recordable document, Declarant or the Master Association shall have the right to grant such easement on said Property without conflicting with the terms hereof. Declarant is granted the right to convey to itself and to other adjoining landowners, easements for roadway and utility use in the Common Area, and the right to connect to and use roadways and utilities owned or controlled by the Master Association or serving the Property. The Declarant has the right to execute agreement(s) which may confer on itself or adjacent landowners or adjacent owner associations the right to use Common Area, if any.

3.8 Police, Fire, and Ambulance Service. An easement is hereby granted to all police, fire protection, ambulance services, and all similar persons to enter upon the streets, Common Area and Limited Common Area in the performance of their duties.

3.9 Maintenance by Master Association. An easement is hereby granted to the Master Association, its officers, agents, employees and to any maintenance company selected by the Master

Association to enter in or to cross over the Common Area and Limited Common Area or the Property and any land associated with any Unit to perform the duties of maintenance, repair, and enforcement.

3.10 Easement for Declarant; Reservation of Easements by Declarant. During the Declarant Control Period, the Declarant is hereby granted easements over, beneath, and through the Property, including over the Common Area and Limited Common Area and related facilities, for the purpose of making improvements to and developing the Property, including but not limited to construction, marketing, installation and upkeep of landscaping features, entrance features, project signage, street lights, paths, trails or sidewalks or other facilities or things benefiting the Property. The Declarant reserves to itself during the Declarant Control Period the right to make any dedications and to reserve, grant, vacate, or terminate any easements, rights-of-ways and licenses as may be reasonably required by any governmental authority or to carry out the intent and design of the Declarant's plan for development of the Property, without compensation therefor.

3.11 Storm Water Drainage. There is hereby created an easement for natural drainage of storm water runoff from roofs of buildings, archways, other portions of buildings, and other portions of the Property; provided, no Owner or Sub-Association shall alter the natural drainage on any Unit to increase materially the drainage of storm water onto adjacent property without the consent of the Owner(s) of the affected property and the Master Association Board.

3.12 Drainage and Irrigation Easements. Declarant reserves for itself and its successors and assigns, and for the Association, and its officers, agents, employees, and successors and assigns, an easement to enter on, across, over, in and under any portion of the Property for the purpose of modifying the grade of any drainage channels on the Property to improve the drainage of water. Declarant also reserves the right to use or delegate the use of any irrigation ditches existing on the Property on the date this Declaration is recorded, and Declarant reserves for itself and its successors and assigns the right to construct, access and maintain additional irrigation ditches and lines on the Property for the maintenance of the Common Area and for such other purposes as Declarant may from time to time deem appropriate.

3.13 Re-Use Water Line. Easements for the purpose of installing, maintaining, repairing and accessing, utilizing and transporting water through the Re-Use Water Line may be designated by Declarant, the Master Association, or may otherwise be depicted on any Recorded plat for the Property. By virtue of this easement, it shall be expressly permissible for the Golf Course Owner or its successors and assigns (which may include, without limitation, the City of St. George) to lay, construct, repair, operate and maintain pipes, mains, pump stations, wires and other equipment on the Property to the extent necessary to deliver reuse water to the Golf Course. Should the Golf Course Owner or its successors and assigns request a specific easement by separate Recordable document, Declarant or the Master Association shall have the right to grant such easement on said Property without conflicting with the terms hereof.

3.14 Easements of Record. The easements provided for in this Declaration shall in no way affect any other recorded easement.

3.15 No Dedication. This Declaration does not dedicate the easements herein declared for the benefit of any person not herein expressly made a beneficiary hereof. Declarant expressly disclaims the creation of any right in or for the benefit of the general public.

ARTICLE 4
ORGANIZATION OF MASTER ASSOCIATION; MASTER ASSOCIATION BOARD; MEMBERSHIP
AND VOTING RIGHTS

4.1 Formation of Master Association. The Master Association shall be a non-profit Utah corporation and, if not previously organized, shall be organized immediately upon the execution and Recording of this Declaration.

4.2 Master Association Board and Officers. The affairs of the Master Association shall be conducted by the Master Association Board and such officers as the Master Association Board may elect or appoint in accordance with the Articles and the Bylaws. The Master Association Board shall consist of at least three Directors, all of whom shall be elected as set forth in the Governing Documents and in accordance with the voting rights set forth below. The Master Association Board may also appoint various committees and appoint a manager or other officer who, subject to the direction of the Master Association Board, may be responsible for the day-to-day operation of the Master Association. The Master Association Board shall determine the compensation, if any, to be paid to such manager and any officer or employees of the Master Association.

4.3 Implied Rights; Master Association Board Authority. The Master Association may exercise any right or privilege given to it expressly by the Governing Documents or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Master Association may be exercised by the Master Association Board without a vote of the membership except where applicable law or the Governing Documents specifically require a vote of the membership.

4.4 Powers of the Master Association Relating to Sub-Associations. The Master Association has the power to veto any Sub-Association action or proposal which the Master Association Board reasonably determines to be adverse to the interests of the Master Association or its Members, or inconsistent with the Community-Wide Standard. The Master Association also has the power to require any Sub-Association to take specific action in connection with the Sub-Association's obligations and responsibilities, such as requiring the Sub-Association to remit the full amount of any assessment made by the Master Association whether or not the Sub-Association has collected such amounts from the Sub-Association Members, make specific maintenance or repairs or aesthetic changes to be effectuated, including, without limitation, as may be required to repair and maintain any Community-Wide Area within a Sub-Association's jurisdiction, ownership or control, or bring such Community-Wide Area into compliance with the Community-Wide Area Architectural Guidelines, and requiring that a proposed budget include certain items and that expenditures be made therefor. A Sub-Association shall take appropriate action required by the Master Association in a written notice within the reasonable time frame set by the Master Association in the notice. If the Sub-Association fails to comply, the Master Association shall have the right to effect such action on behalf of the Sub-Association and levy specific assessments to all Units within said Sub-Association to cover the costs, as well as an administrative charge and sanctions. The Master Association shall also have the power to adopt rules binding on all Owners and Sub-Associations designed to increase operational efficiency and harmony among the Owners and Sub-Associations, including, without limitation:

- (a) rules requiring or related to the use of designated or approved service providers, including landscaping, and property or Sub-Association or rental (including nightly rental) management services;

(b) rules governing relations between Sub-Associations (or Owners within Neighborhoods not governed by a Sub-Association), including rules to resolve disputes; and

(c) rules regarding use of any Limited Common Area, private streets or facilities that may be used by or benefit residents of multiple Neighborhoods.

4.5 Membership. Every Sub-Association, every Owner of a Unit not subject to a Sub-Association, and the Declarant during the Declarant Control Period, is a Member of the Master Association.

4.6 Voting Rights; Classes. The Master Association has two classes of voting membership, Class "A" and Class "B".

(a) Class "A." Every Owner is a Class A Member with the exception of the Declarant, until Declarant's membership converts to Class A membership as provided for herein. Class A Members are entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, the group of such persons shall be a Member. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit. A vote cast at any Association meeting by any of such co-Owners, whether in person or by proxy, is conclusively presumed to be the vote attributable to the Unit concerned unless written objection is made prior to that meeting, or verbal objection is made at that meeting, by another co-Owner of the same Unit. In the event an objection is made, the vote involved shall not be counted for any purpose except to determine whether a quorum exists.

(b) Class "B." The Class B Member is the Declarant. The Class B member is entitled to five hundred (500) votes. When there are multiple parties with Declarant rights, the group of such parties shall collectively be a single Declarant for purposes of allocating the Class B Member's votes. The Declarant's votes shall be exercised as the collective parties that are Declarants among themselves determine, but in no event shall more than the allotted votes be cast with respect to any vote given to Declarant. Declarant's Class B membership shall continue for 15 years from the date of recording of this Declaration, and shall automatically renew for successive five year periods until Declarant expressly surrenders all of its Class B membership, which surrender must be in a written instrument that will specify the date of surrender, and which must be signed and Recorded by Declarant. If the instrument specifies no date, the surrender date shall be the date of Recording of the instrument. Declarant has the sole and absolute discretion to determine any voluntary date of its surrender. If any Declarant (including any developer, builder or other person who was assigned a portion of Declarant's rights or privileges under ARTICLE 16 below) surrenders its Class B membership status while owning Dwelling Units within the Property, then that surrendering Declarant's membership status in such Dwelling Units shall be converted to Class A.

4.7 Declarant's Voting Rights in Expansion Area. In the case of expansion (as provided under this Declaration), the class of voting membership appurtenant to Units owned by Declarant in the expansion area shall be Class B during the Declarant Control Period.

4.8 Sub-Associations; Voting Representatives.

(a) The only method for a Class A Member of any Sub-Association to vote on Master Association matters shall be through a Voting Representative. Declarant shall act as the Voting Representative until the expiration of the Declarant Control Period. A Voting Representative shall be responsible for casting all votes for the Sub-Association on all Master Association matters that the Master Association Board, by resolution, determines should be voted on by the Members. After expiration of the Declarant Control Period each Class A Member that owns a Unit subject to a Sub-Association shall have the right to vote (subject to the requirements of any Sub-Association governing documents), at a Sub-Association Member Meeting, to elect by majority a Voting Representative who shall be responsible for casting all votes for the Sub-Association on all Master Association matters that the Master Association Board, by resolution, determines should be voted on by the Members. At the meeting the Class A Members shall also vote to designate an alternative Voting Representative who will be responsible for casting such votes in the absence of the Sub-Association's Voting Representative.

(b) The procedure for determining how a Class A Member's votes shall be voted, and for designating a Voting Representative after expiration of the Declarant Control Period shall be determined as set forth in the Master Association Bylaws.

(c) If any Voting Representative casts any votes representing a Class A Member, such votes will be binding on the represented Class A Member and all of its constituent parties with the conclusive presumption that such Voting Representative was acting with the authority and consent of the represented Class A Member unless objection thereto is made to the Master Association Board, in writing, at or prior to the time the votes are cast.

(d) Class A Members who own a Commercial Unit not subject to a Commercial Association are not required to appoint a Voting Representative and may vote by direct representation.

ARTICLE 5 ASSOCIATION FINANCES

5.1 Assessments; Authority. The Master Association is hereby authorized to levy assessments against the Sub-Association and its Members as provided for herein. The following are the types of assessments that may be levied by the Master Association, which are more particularly described below: (1) annual assessments or charges; (2) special assessments; (3) specific assessments; (4) emergency assessments; (5) Sub-Association Assessments (to the extent delegated by the Sub-Association to the Master Association); (6) any other amount or assessment levied or charged by the Master Association Board pursuant to this Declaration; and (7) interest, costs of collection and reasonable attorney fees, as hereinafter provided.

5.2 Creation of Lien and Personal Obligation of Assessments. Excepting Declarant, each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, covenants and agrees to pay to the Master Association all assessments and charges authorized in the Governing Documents. All such amounts shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment or amount is charged. Such assessments and other amounts shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment became due. No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation

to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Master Association, the Master Association Board, Sub-Association or Declarant to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making or repairs or improvements, or from any other action it takes.

5.3 Collection of Assessments by Sub-Associations. Each Owner within a Sub-Association designates and authorizes the corresponding Sub-Association to (a) receive notices of assessment from the Master Association on behalf of such Owner, (b) collect Master Association assessments from such Owner, and (c) remit the full amount of any such Master Association assessments to the Master Association. The Master Association shall submit an invoice for Master Association assessments to the Sub-Association for all the Members in the Sub-Association. The Sub-Association shall bill the respective Members for the Master Association assessments, and shall then remit payment in full of the same to the Master Association whether or not the Sub-Association has collected the assessments from the Owner. To assist the Master Association in collecting assessments, each Sub-Association shall provide a monthly report to the Master Association that includes the names, Unit numbers and addresses, and if available the email address of all Owners within the Sub-Association, showing the status of Master Association assessments and Sub-Association assessments, together with a statement listing those Owners who have not paid an assessment, and the amount of such non-payment. The Master Association is entitled rely on the accuracy of the information and records provided by the Sub-Association. The Master Association may, in its discretion, send notices to and collect Master Association assessments directly from any Owner in lieu of the Sub-Association. Units not subject to the authority or jurisdiction of a Sub-Association shall pay assessments directly to the Master Association in accordance with the Master Association's billing procedures.

5.4 Purpose of Assessments. The assessments levied by the Master Association shall be used to advance the purposes for which the Master Association was formed as set forth and articulated in the Governing Documents. The assessments may provide for, but are not limited to, the payment of taxes on Master Association Property; the cost of routine repair, maintenance, and operation of the Common Areas; expenses of management; premiums for insurance coverage as deemed desirable or necessary by the Master Association Board; landscaping, care of grounds, and common utility charges within the Common Areas; routine renovations within the Common Areas; wages; common water and utility charges for the Common Areas; payment of any professional services including, but not limited to, legal and accounting fees deemed necessary and desirable by the Master Association Board; management fees; expenses and liabilities from a previous assessment period; the funding and supplementing of the reserve fund for general, routine maintenance, repairs, and replacement of the Common Areas on a periodic basis; the payment of the cost of constructing or acquiring additions to the Common Areas; and other amounts required by this Declaration or that the Master Association Board shall determine to be necessary to meet the primary purposes of the Master Association.

5.5 Annual Assessments; Budgeting.

(a) At least 60 days before the beginning of each fiscal year, the Master Association Board shall prepare a budget of the estimated Common Expenses for that fiscal year, for the purpose of calculating and establishing the annual assessments for that fiscal year. Annual assessments for Common Expenses shall be based upon the estimated net cash flow requirements of the Master Association to cover items including, without limitation, those items listed in Section 5.4, above.

(b) The Master Association Board shall send a copy of the final budget, together with notice of the amount of the annual assessment to be levied pursuant to such budget, to each Sub-Association corresponding to each Owner affected by the annual assessment and each Owner of a Commercial Unit not subject to a Commercial Association at least 30 days prior to the effective date of such budget. The budget shall automatically become effective unless, within 45 days of the meeting at which the budget was adopted it is disapproved at a special meeting of Members by Members representing a majority of the votes of the Entire Membership. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings pursuant to the Bylaws. Members may not disapprove a budget during the Declarant Control Period.

(c) This notice shall not be a pre-requisite to validity of the assessment. Failure of the Master Association Board to fix assessment amounts or rates or to deliver or mail an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Master Association may retroactively assess any shortfalls in collections.

(d) If any proposed budget is disapproved or the Master Association Board fails, for any reason, to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

(e) The Master Association Board may revise the budget and adjust the annual assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth in Section 5.5(b).

(f) Notwithstanding the foregoing, due to the uncertainty and constant changing of Common Expenses during the initial phases of construction and development of the Property, the Master Association may, during such time, informally determine the amount and/or rate of annual assessment of Common Expenses to or among the Units using such reasonable method as may be determined by the Master Association Board, which may include setting a flat rate of assessment of Common Expenses for existing Units and additional Units built after the date the Common Expense budget and annual assessment is determined.

5.6 Special Assessments. In addition to the annual assessments, the Master Association Board may levy in any assessment year a special assessment, applicable to that year only to cover unbudgeted expenses or expenses in excess of those budgeted, including but not limited to defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of Common Area and any structures, fixtures and personal property related thereto. Any such special assessment may be levied against the Entire Membership (excluding Declarant). Except as otherwise provided in this Declaration, any special assessment shall require the affirmative vote or written consent of the Members holding a majority of the votes of the Entire Membership. Special assessments shall be payable in such manner and at such times as determined by the Master Association Board, and may be payable in installments extending beyond the fiscal years in which the special assessment is approved.

5.7 Specific Assessments. The Master Association shall have the power to levy a specific assessment against a particular Unit or Units or Sub-Association(s) as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to a Unit or Sub-Association. In addition, the Master Association Board is authorized to contract with one or more recreational facility operators (including an affiliate of Declarant or any Master Association Board members) to provide recreational facilities for one or more of the Neighborhood Associations, and to pass on any charges, fees, or other expenses for those contracts to the Neighborhood Associations to which the facilities are made available. The Master Association Board is further authorized to modify or change the contract from time to time as necessary as recreational facilities change, new or additional facilities are added, or certain facilities are discontinued;

(b) to reimburse the Master Association for costs incurred in bringing any Unit or Sub-Association into compliance with the Governing Documents, or for costs incurred or damages caused as a consequence of the conduct of the Sub-Association, Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Master Association Board shall give the Sub-Association or Unit Owner prior written notice and an opportunity for a hearing, in accordance with the procedures that may be established by the Master Association Board, before levying any specific assessment under this subsection; and

(c) to cover Specific Expenses.

With respect to Specific Expenses, if any, the Master Association Board shall endeavor to prepare a budget of the estimated Specific Expenses corresponding to each Sub-Association or Neighborhood (or particular Unit(s) or Owner(s)) in the same manner and on the same schedule as provided for in establishing the budget for annual assessments as set forth in Section 5.5(a), and to send notice of such budget and specific assessment of Specific Expenses to those affected. Failure of the Master Association Board to budget Specific Expenses or to deliver or mail notice to those affected by the specific assessment shall not be deemed a waiver, modification, or a release of any Member or Owner from the obligation to pay specific assessments of Specific Expenses. In such event, each Member or Owner shall continue to pay specific assessments of Specific Expenses on the same basis as during the last year for which a specific assessment of Specific Expenses was made, if any, until a new specific assessment of Specific Expenses is levied, at which time the Master Association may retroactively assess any shortfalls in collections. The Master Association Board may delegate its responsibility of establishing a Specific Expense budget and the amount of any specific assessment of Specific Expenses to any Sub-Association or Neighborhood committee established pursuant to the Bylaws of the Sub-Association or appointed by the Master Association Board.

5.8 Emergency Assessments. Notwithstanding anything contained in this Declaration, the Master Association Board, without Member approval, may levy emergency assessments in response to an emergency situation. Prior to the imposition or collection of any assessment due to an emergency situation, the Master Association Board shall pass a resolution containing the written findings as to the necessity of such expenditure, and why the expenditure was not or could not have been reasonably foreseen or accurately predicted in the budgeting process. The resolution shall be distributed to the Members with the notice of the emergency assessment. If such expenditure was created by an unbudgeted utility maintenance or similar expense or increase, the assessment created thereby shall be discontinued by the Master Association Board by a similar resolution, if such expense is subsequently reduced, or to the extent the next succeeding annual budget incorporates said increase into the annual assessment. An emergency situation is one in which the Master Association Board finds:

(a) An expenditure, in its discretion, required by an order of a court, to defend the Master Association in litigation, or to settle litigation;

(b) An expenditure necessary to repair or maintain the Property or any part of it for which the Master Association is responsible where the condition of the Property constitutes a threat to personal safety;

(c) An expenditure necessary to repair, maintain, or cover actual Master Association expenses for the Property or any part of it that could not have been reasonably foreseen by the Master Association Board in preparing and distributing the pro forma operating budget (for example: increases in utility rates, landscape or maintenance contract services, attorney fees incurred in the defense of litigation, etc.); or

(d) Such other situations in which the Master Association Board finds that immediate action is necessary and in the best interests of the Master Association.

5.9 Sub-Association Expenses and Assessments; Budgeting.

(a) Each Sub-Association shall be responsible for preparing a budget of the estimated Sub-Association Expenses for such Sub-Association in the manner and on the schedule required in their respective governing documents. Each Sub-Association shall be responsible for their respective Sub-Association Expenses. The Master Association shall not be obligated to budget, collect or pay any Sub-Association Expenses.

(b) A Sub-Association may, with the prior consent of the Master Association Board, delegate and assign its responsibility of establishing a budget for Sub-Association Expenses and the amount of any Sub-Association Assessment to the Master Association, subject to the payment of such fees and expenses as the Master Association may require to cover the cost and expense in addition to a reasonable administrative charge of providing such services. To the extent delegated and assigned by the Sub-Association and consented to by the Master Association Board, the Master Association may collect on behalf and in the stead of such Sub-Association all Sub-Association Assessments in the manner provided in the Sub-Declaration and pay such Sub-Association Expenses, Master Association charges for providing such services, and other charges, expenses as may be agreed to by and between the Sub-Association and Master Association.

5.10 Uniform Rate of Assessment; Periodic Assessment. Unless otherwise provided for in this Declaration or elsewhere in the Governing Documents, assessments must be fixed at a uniform rate for all Units. No assessments shall accrue against Units owned by Declarant during the Declarant Control Period.

5.11 Declarant's Option to Fund Budget Deficits. During the Declarant Control Period, Declarant may but is not obligated to fund any budget deficit of the Master Association, including, without limitation, funding any initial capital or operational reserve fund. In the event Declarant funds any budget deficit, it shall not establish any obligation by Declarant to continue to fund any future deficits.

5.12 Payment; Due Dates.

(a) The annual assessments, special assessments, and emergency assessments provided for herein shall commence to accrue against a Unit when the Unit is conveyed to a bona fide purchaser. No assessments shall accrue against Units owned by the Declarant or a Declarant Affiliate.

(b) Assessment due dates shall be established by the Master Association Board. The Master Association Board may provide for the payment of assessments in equal installments throughout the assessment year on a monthly, quarterly, semi-annual, or annual basis.

(c) The Master Association Board may require advance payment of assessments at closing of the transfer of title to a Unit.

5.13 Reinvestment Fee; Capitalization of Master Association. Upon sale and transfer of record title to any Unit, the transferee, other than Declarant, shall pay a reinvestment fee to the working capital of the Master Association in an amount set by resolution of the Master Association Board, which may be a flat rate from year to year. This amount shall be in addition to, not in lieu of, the annual assessment, and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Master Association to be used for one or more authorized purposes as set forth in Utah Code § 57-1-46. The Master Association will retain a portion of each reinvestment fee, and will remit a portion of each reinvestment fee to the Sub-Association in which the Unit is located, for use in covering expenses authorized by Utah Code § 57-1-46. As required by Utah Code § 57-1-46, the Master Association shall record a supplemental notice, separate from this Declaration, which gives written notice of the existence of the fee covenant.

5.14 Effect of Non-Payment of Assessment; Remedies of the Master Association. Any assessment or installment thereof not paid within 30 days after the due date is delinquent and shall bear interest from the due date at the rate of 18% per annum (or such lesser rate as the Master Association Board shall determine appropriate) until paid. In addition, the Master Association Board may assess a late fee for each delinquent assessment or installment that shall not exceed 10% of the amount due. The late fee is intended to compensate the Master Association for the administrative costs of accounting for, and collecting, the delinquent amount due.

(a) Remedies. To enforce this Article, the Master Association Board may, in the name of the Master Association:

(i) bring an action at law against the Sub-Association or the Owner personally obligated to pay any such delinquent assessment without waiving Master Association's lien for the assessment;

(ii) foreclose the lien against the Unit after giving notice as provided by section 57-8a-303 of the Community Association Act, Utah Code Ann. § 57-8a-303, in accordance with the laws of the State of Utah applicable to the exercise of powers of sale in deeds of trust or to the foreclosure of mortgages, or in any other manner permitted by law;

(iii) restrict, limit, or totally terminate any or all services performed by the Master Association on behalf of the delinquent Owner;

(iv) terminate, in accordance with section 57-8a-309 of the Utah Community Association Act, Utah Code Ann. § 57-8a-309, the Owner's right to receive utility services paid as a Common Expense and/or terminate the Owner's right of access and use of any recreational facilities;

(v) if the Owner is leasing or renting his Dwelling Unit, the Master Association Board may, in accordance with section 57-8a-310 of the Utah Community Association Act, Utah Code Ann. § 57-8a-310, demand that the Owner's tenant pay to the Master Association all future lease payments due from the Owner, beginning with the next monthly or other periodic payment, until the amount due to the Master Association is paid;

(vi) suspend the voting rights of the Owner for any period during which any assessment or portion thereof against the Owner's Dwelling Unit remains unpaid; and/or

(vii) accelerate all assessment installments that will become due within the subsequent 12 months so that all such assessments for that period become due and payable at once. This acceleration provision may only be invoked against an Owner who has been delinquent in paying any assessment or installment two or more times within a 12 month period.

(b) Attorney Fees and Costs. There shall be added to the amount of any delinquent assessment the costs and expenses of any action, sale or foreclosure, and reasonable attorney fees incurred by the Master Association, together with, where applicable, an account for the reasonable rental for the Unit from time to time of commencement of the foreclosure. The Master Association is entitled to the appointment of a receiver to collect the rental income or the reasonable rental without regard to the value of the other security.

(c) Power of Sale. A power of sale is hereby conferred upon the Master Association which it may exercise. Under the power of sale the Dwelling Unit of an Owner may be sold in the manner provided by Utah law pertaining to deeds of trust as if the Master Association were the beneficiary under a deed of trust. The Master Association may designate any person or entity qualified by law to serve as trustee for purposes of power of sale foreclosure. The Declarant hereby conveys and warrants pursuant to Utah Code Sections 57-1-20 and 57-8a-302 to Southern Utah Title Company, as trustee, whose address is 20 North Main, Suite 300, St. George, Utah 84770, with power of sale, the Units and all improvements to and land associated with the Units for the purpose of securing payments of assessments under the terms of this Declaration.

5.15 Exempt Property. Exempt Property shall be exempt from the annual assessments, special assessments, and emergency assessments. For avoidance of doubt, Exempt Property shall not be exempt from specific assessments, facility usage fees, maintenance fees, or any attorney fees, charges, fines, costs and expenses that may be charged or levied by the Master Association as contemplated in this Declaration.

5.16 Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage held by an institutional lender if the first Mortgage was Recorded prior to the date the assessment became due. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a first Mortgage

or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which became due after the first Mortgage was Recorded but prior to such sale or transfer. No sale or transfer, however, shall relieve a Unit or Owner from personal liability for assessments coming due after taking title or from the lien of such later assessments.

5.17 Books, Records, and Audit.

(a) The Master Association shall maintain current copies of the Declaration, Articles, Bylaws, rules and other similar documents, as well as its own books, records and financial statements which shall all be available for inspection by Members, Owners and insurers as well as by holders, insurers and guarantors of Mortgages during normal business hours upon reasonable notice. The Master Association may impose reasonable charges (not to exceed any limitations on charges imposed by applicable law) for copying, researching or extracting information from such documents. A Member, an Owner, or a holder, insurer or guarantor of a Mortgage may obtain an audit of Master Association records at its own expense so long as the results of the audit are provided to the Master Association.

(b) The Master Association shall prepare a roster of Members and Owners in the Property and the assessments applicable thereto at the same time that it shall fix the amount of the annual assessment, which roster shall be kept by the Treasurer of the Master Association, who shall record payments of assessments and shall allow inspection of the roster by any Member or Owner at reasonable times.

(c) Upon the written request of any Owner, the Master Association shall, and for a reasonable charge (not to exceed any limitation on charges imposed by law), furnish a written statement signed by an officer of the Master Association setting forth whether any assessment on a specified Unit or to a specified Owner or Member has been paid. Such written statement, when properly issued, is conclusive evidence of the payment of any assessment or fractional part thereof which is therein shown to have been paid.

(d) Each Sub-Association shall maintain current copies of its Sub-Declaration, and the Sub-Association's governing documents, as well as its own books, records and financial statements which shall all be available for inspection by the Master Association (in addition to such other parties specified in the Sub-Association Declaration or other governing documents of the Sub-Association). The Sub-Association may impose reasonable charges (not to exceed any limitations on charges imposed by applicable law) for copying, researching, or extracting from such documents. The Master Association may obtain an audit of any Sub-Association records at its own expense so long as the results of the audit are provided to the Sub-Association.

**ARTICLE 6
INSURANCE**

6.1 Casualty Insurance on Insurable Common Area.

(a) The Master Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Master Association deems desirable. The Master Association may also insure any other property it

owns, whether real or personal, against loss or damage by fire and such other hazards as the Master Association deems desirable, with the Master Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to, the Master Association. Premiums for all insurance carried by the Master Association are common expenses which shall be included in the regular annual assessments made by the Master Association.

(b) The Master Association policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements herein. In the event of an insured loss, the deductible shall be treated as a common expense in the same manner as the premiums for the applicable insurance coverage. However, if the Master Association Board reasonably determines, after notice and opportunity to be heard, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Master Association Board may assess the full amount of such deductible against such Owner and the Owner's Unit as a specific assessment.

6.2 Replacement or Repair of Property. Insurance proceeds shall be used by the Master Association for the repair or replacement of the property for which the insurance was carried. If the insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Master Association may make a special assessment against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Owner. In the event of damage or destruction by fire or other casualty to any portion of the Property covered by insurance written in the name of the Master Association, the Master Association Board is empowered to and will represent the Members and any Owners in any proceedings, negotiations, settlements or agreements. The Master Association is appointed attorney-in-fact of each Member and Owner for this purpose; but this shall not prohibit any Mortgagee with an interest in such losses from participating in the settlement negotiations, if any, related to the loss.

6.3 Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area will be retained by and for the benefit of the Master Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, will be retained by and for the benefit of the Master Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

6.4 Liability Insurance. The Master Association Board shall obtain a comprehensive policy of public liability insurance covering all of the Common Area property for at least \$1,000,000.00 per occurrence for personal or bodily injury and property damage that results from the operation, maintenance or use of the Common Areas. Liability insurance policies obtained by the Master Association shall contain a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of an Owner because of negligent acts of the Master Association or other Owners.

6.5 Fidelity Insurance. The Master Association may elect to obtain fidelity coverage against dishonest acts on the part of managers, directors, officers, employees, volunteers, management agents or others responsible for handling funds held and collected for the benefit of the Owners or Members. In procuring fidelity insurance the Master Association shall seek a policy which: (1) names the Master Association as obligee or beneficiary; (2) is written in an amount not less than the sum of (i) three months' operating expenses and (ii) the maximum reserves of the Master Association which may be on deposit at any time; and (3) contains waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee."

6.6 Annual Review of Policies. The Master Association Board shall review all insurance policies at least annually in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacements of the Property which may be damaged or destroyed. The Master Association Board may modify the coverage standards set forth in this ARTICLE 6 without the necessity of amending this Declaration to the extent it deems necessary to more fully protect and insure the Master Association and its property, or to otherwise comply with evolving laws and insurance standards.

6.7 Individual Responsibility. Each Owner or other person occupying any portion of the Property is responsible to provide for himself or itself insurance on their property interests within the Property, including, without limitation, improvements thereon, furnishings and personal property therein, and public liability insurance. Neither the Master Association (including any Master Association Board member) nor Declarant shall be liable to any person or Mortgagee if any risks or hazards are not covered by the insurance obtained by the Master Association or if the amount of insurance is inadequate.

ARTICLE 7

ARCHITECTURAL CONTROLS AND BUILDING STANDARDS

7.1 Establishment of Architectural Committee. An Architectural Committee is hereby established to perform the functions set forth in this Declaration. The Architectural Committee has sole and exclusive authority with respect to all approvals and decisions required under any Residential Architectural Guidelines that are established for any specific Neighborhood Area, any Commercial Architectural Guidelines that are established for any specific Commercial Area, and any Community-Wide Area Architectural Guidelines that are established for Community-Wide Areas.

7.2 Representatives on Committees. The Architectural Committee shall be composed of a minimum of three persons appointed by the Master Association Board. If the Master Association Board does not establish or appoint the Architectural Committee, the Master Association Board itself shall carry out the functions and responsibilities of the Architectural Committee. Notwithstanding the above, during the Declarant Control Period, the Declarant shall be entitled to carry out the functions and responsibilities of the Architectural Committee or may otherwise appoint all members of the Architectural Committee.

7.3 Compensation and Expense Reimbursement. To the extent and in the amounts authorized and approved by the Master Association Board, the members of the Architectural Committee may receive compensation for services rendered. Members of the Architectural Committee shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Architectural Committee function or duty. Professional consultants retained by the Architectural Committee may be paid such compensation as the Architectural Committee determines.

7.4 Architectural Guidelines; Amendment and Enforcement; Adoption of Rules. The Architectural Committee shall have the right to approve, adopt and amend the Commercial Architectural Guidelines, the Residential Architectural Guidelines, and the Community-Wide Area Architectural Guidelines; provided, however, that such action shall be fair and reasonable, shall be consistent with the provisions of the Governing Documents. The authority granted herein to the Architectural Committee to approve, adopt, amend and administer the various Architectural Guidelines and the enforcement powers granted for the Architectural Committee, are given for the purpose of ensuring that the Property is developed and used according to the general descriptions and intent as evidenced by this Declaration, the Community-Wide Standard, the applicable Architectural Guidelines, and any applicable zoning ordinances. To the extent not inconsistent with this Declaration, the Architectural Committee may establish rules, regulations, and procedures to govern the submission, review, and approval of any Development Proposals or other plans submitted to it for review (“**Committee Rules**”). Copies of the Architectural Guidelines and any Committee Rules adopted or amended shall be available for inspection at the office of the Master Association during reasonable business hours. The Declarant may, in its discretion, grant to any developer or builder an expedited Architectural Committee review process.

7.5 Architectural Approval Required. No structure, building, fence, wall, or thing shall be placed, erected, or installed upon the Property and no improvements or other work (including staking, clearing, excavation, grading and other site work, paving, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Property until the plans and specifications showing, without limitation, the nature, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing by the Architectural Committee in accordance with this Article, the applicable Architectural Guidelines, and any rules and regulations adopted by the Architectural Committee pursuant to the authority of this Declaration. Architectural Committee approval shall be required regardless of whether the structure, building, fence, wall, or thing to be constructed, placed, erected, or installed is new, or an addition, extension or expansion, change or alteration, or re-construction, replacement, re-erection, or re-installation of any of the foregoing.

7.6 Discretion of Architectural Committee. Actions of an Architectural Committee authorized under this Declaration, including, without limitation, the approval or disapproval of any Development Proposals or other matters required to be submitted to such Architectural Committee, as provided in Section 7.7 below and in the applicable Architectural Guidelines, shall be based upon the Architectural Committee’s good faith determination as to whether the application meets the criteria set forth in the applicable Architectural Guidelines, the Community-Wide Standard, any Architectural Committee Rules, and any applicable zoning ordinances.

7.7 Standards and Procedures for Architectural Committee Review and Approval with Respect to Residential Areas. Any applicant proposing to develop any portion of the Property as a Residential Area shall submit a Development Proposal relating to the Residential Areas to the Architectural Committee. The Development Proposal shall contain a Neighborhood theme proposal along with all other items required by Architectural Committee, including but not limited to any requirements in the Residential Architectural Guidelines and any Committee Rules. When the Architectural Committee determines that all the required items have been submitted and received, it will send the applicant a notice of receipt, titled “Notice of Receipt – Residential Area” (or something similar). The submittals made pursuant the Committee Rules, the Residential Architectural Guidelines, and this Section 7.7 shall be deemed approved unless a Disapproval Notice that conforms to the requirements of Section 7.10 is sent to the applicant within 20 business days after the Architectural Committee sends the Notice of Receipt – Residential Area. The submittals to be made pursuant to the Committee Rules, the

Residential Architectural Guidelines, and this Section 7.7 must be made before the applicant takes any of the following actions: (1) sale of any Unit to any party for use as such party's residence; (2) application to the City of St. George for building permits for any Dwelling Unit (including a model home) or any building containing any Dwelling Unit; or (3) commencement of construction of any Dwelling Units or any building containing any Dwelling Unit.

7.8 Standards and Procedures for Architectural Committee Review and Approval with Respect to Community-Wide Areas. Any applicant proposing to develop any portion of a Community-Wide Area shall submit a site Development Proposal relating to the Community-Wide Areas to the Architectural Committee. The Development Proposal shall include all other items required by Architectural Committee, including but not limited to any requirements in the Community-Wide Architectural Guidelines and any Committee Rules. When the Architectural Committee determines that all the required items have been submitted and received, it will send the applicant a notice of receipt, titled "Notice of Receipt – Community-Wide Area" (or something similar). The submittals made pursuant the Committee Rules, the Residential Architectural Guidelines, and this Section 7.8 shall be deemed approved unless a Disapproval Notice that conforms to the requirements of Section 7.8 is sent to the applicant within 20 business days after the Architectural Committee sends the Notice of Receipt – Community-Wide Area. The submittals made pursuant to the Committee Rules, the Community-Wide Area Architectural Guidelines, and this Section 7.8 must be made before the applicant applies to the City of St. George for any site or building permits and prior to the commencement of any site construction, or installation work with respect to the subject matter of such proposal or request.

7.9 Standards and Procedures for Architectural Committee Review and Approval with Respect to Commercial Areas. Any applicant proposing to develop any portion of the Property as a Commercial Area shall submit a Development Proposal relating to the Commercial Area to the Architectural Committee. The Development Proposal shall include any items required by Architectural Committee, including but not limited to any requirements in the Commercial Architectural Guidelines and any Committee Rules. When the Architectural Committee determines that all the required items have been submitted and received, it will send a notice of receipt ("Notice of Receipt – Commercial Area") of the same to the applicant. The submittals made pursuant the Committee Rules, the Commercial Architectural Guidelines, and this Section 7.9 shall be deemed approved unless a Disapproval Notice that conforms to the requirements of Section 7.10 is sent to the applicant within 20 business days after the Architectural Committee sends the Notice of Receipt – Commercial Area. The submittals to be made pursuant to the Committee Rules, the Commercial Architectural Guidelines, and this Section 7.9 must be made before the applicant applies to the City of St. George for any site or building permits and prior to the commencement of any site work or construction or installation work with respect to the subject matter of such proposal or request.

7.10 Response of Architectural Committee; Deemed Approval. The Architectural Committee shall give each applicant written notice of approval or disapproval (as determined by a majority vote of such Architectural Committee) of any request filed with the committee by such applicant, within the time period provided under Sections 7.7, 7.8 or 7.9, as applicable. In any case in which a request is disapproved, the notice of disapproval (the "**Disapproval Notice**") issued by the Architectural Committee shall be in writing and shall state with specificity, to the extent possible, the basis upon which the Architectural Committee has concluded that the standards set forth in the applicable Architectural Guidelines, the Community-Wide Standard, Committee Rule or any applicable zoning ordinances have not been satisfied by such application, and provide guidance on what steps may be taken, if any, in order for the same to be approved. Failure by the Architectural Committee to deliver such Disapproval Notice

within the applicable time period shall be deemed to evidence approval of such request, and shall waive the approval requirement in regard thereto.

7.11 Filing of Application. Notwithstanding anything to the contrary set forth elsewhere in this Declaration, no Development Proposal or other proposal or request shall be deemed filed with the Architectural Committee until all items required to be submitted in connection therewith under the applicable Architectural Guidelines or Committee Rules have been actually received by such Architectural Committee. The applicable Architectural Committee shall notify the applicant in writing of any items required to be submitted in connection with any such proposal or request which was not so submitted. Such notification shall be given as promptly as is reasonably possible.

7.12 Rights Following Disapproval. Any Owner, upon receiving a Disapproval Notice regarding an application filed by it with the Architectural Committee, may exercise any and all available rights or remedies at law or equity in regard to such disapproval. In the event of any review of such a disapproval (whether in a court of law or pursuant to arbitration), it is agreed that the standard to be applied in such review shall be whether the standards set forth in the applicable Architectural Guidelines, the Community-Wide Standard (to the extent published and made available to the applicant), the Committee Rules, and/or the applicable zoning ordinances were met or satisfied in all material respects by such application and whether such standards were applied by the applicable Architectural Committee in a manner consistent with its treatment of other applications (and whether the applicable Architectural Committee or any of its members acted arbitrarily, capriciously, or in bad faith in disapproving such application).

7.13 Committee's Certificate. Any approval of a submittal by an Architectural Committee given or made pursuant to the provisions of this Declaration which is evidenced by a certificate signed by at least a majority of the members of the Architectural Committee shall be irrevocable and not subject to change by such Architectural Committee. Any such certificate may be conclusively relied upon by all parties, including, without limitation, any Owner, tenant or purchaser of any Unit or portion thereof, or of any interest therein; by any lender taking any Unit as security; and by any title insurance company. Any such certificate may be Recorded by the Architectural Committee. The absence of such a certificate, however, shall not constitute evidence of disapproval by the Architectural Committee of any submittal made to the Architectural Committee (as in any case where approval is deemed to have been given by virtue of the failure of the applicable Architectural Committee to issue a Disapproval Notice within the required time).

7.14 Fees for Development Proposal Submissions. The Architectural Committee is authorized to charge a fee pursuant to a written fee schedule that it may adopt from time to time to review and respond to any proposal submitted to the Architectural Committee for approval. The Architectural Committee may have different fee schedules for different Neighborhoods, depending on the specific characteristics of the Neighborhood. Fees charged by the Architectural Committee may include, but are not limited to, fees to review plans as well to review any amendments made to a prior submission. However, any fees charged to review the plans cannot exceed the actual cost of that review. In addition to fees for the review, the Architectural Committee may require payment of a damage deposit along with the application.

7.15 Enforcement Authority. The Architectural Committee is vested with authority to enforce the Architectural Guidelines and the Committee Rules it establishes, including, but not limited to, the authority to establish and levy fines and penalties, initiate legal proceedings to enforce the Architectural

Guidelines and Committee Rules, and abate or enjoin any violation thereof, and take any other action authorized by this Declaration.

7.16 Abandonment of Architectural Plan or Community-Wide Standard. During the Declarant Control Period, neither the Master Association nor the Architectural Committee have the power, by act or omission, to change, waive or abandon the Community-Wide Standard or any plan, scheme or regulations pertaining to the architectural design or the exterior appearance or maintenance of Commercial Areas, Residential Areas, or Community-Wide Areas, and the maintenance of the Common Area, including walls, fences, driveways, lawns and plantings, without the express written consent of Declarant. After the Declarant Control Period expires, no changes can be made to the Community-Wide Standard without the prior written approval of at least 67% of votes held by the Entire Membership.

7.17 Declarant Exempt. The Declarant shall not be required to comply with the provisions of this Article during the Declarant Control Period. The Declarant shall fulfill all functions of the Architectural Committee under this Declaration until the earlier of the expiration of the Declarant Control Period or the Declarant's express surrender of this right by a written and Recorded instrument.

7.18 Non-Liability; Indemnification. Rules, regulations, standards, guidelines, and procedures established by the Architectural Committee are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property and the particular Neighborhood to which they apply; they do not create any duty to any person or entity. The Declarant, the Architectural Committee, and the Master Association shall not bear any responsibility for ensuring the structural or mechanical integrity or soundness of approved construction or modifications, nor for ensuring compliance with this Master Declaration, and any building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners. Declarant, the Architectural Committee, the Master Association, the Master Association Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition or quality of work of any contractor or its subcontractors, employees or agents, whether or not Declarant has approved or featured the contractor as a builder within Property; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit.

ARTICLE 8 MAINTENANCE

8.1 Master Association's Responsibility.

(a) General Responsibility. The Master Association is responsible for maintenance upon the Common Area. The cost of maintenance shall be a Common Expense. The Master Association is not responsible for providing or maintaining any Local Streets, Limited Common Area, or any landscaping, improvements or structures which are located on any Common Areas which are part of any Sub-Association Property, unless such landscaping, improvements or structures are available for use by all Owners and residents or are within easements intended for the general benefit of the Property, and the Master Association assumes such responsibility in writing.

(b) Discretionary Maintenance by Master Association. The Master Association may (but is not required to) maintain Limited Common Areas and areas that are not part of the Common Area (including areas outside the Property) which would, in the sole and absolute discretion of the Master Association Board, benefit the Master Association and its Members and Owners (and include the costs incurred as a Common Expense or Specific Expense, as determined appropriate by the Master Association Board), including, without limitation, areas which (i) the City of St. George, an improvement district, or other governmental entity is or could be maintaining, (ii) a Sub-Association would otherwise be required to maintain, or (iii) would otherwise be required to be maintained by an Owner or Owners.

(c) Standard of Care. The Master Association Board shall use a reasonable standard of care in providing for the repair, management and maintenance of the Common Areas and other areas and facilities maintained by the Master Association; provided, however, that the Master Association Board shall solely determine what the appropriate maintenance standard is for all such areas. The Common Areas, including, without limitation, the Community-Wide Trail System and the Community-Wide Parks, shall be used at the risk of the user, and Declarant and the Master Association shall not be liable to any person or entity for any claim, damage, or injury occurring thereon or related to the use thereof.

(d) Delegation or Assumption of Responsibilities. The Master Association Board may, in its sole discretion, determine whether or not it would be in the best interest of the Owners and residents of the Property for the Master Association or for an individual Owner or a Sub-Association to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Master Association Board. The Master Association Board may cause the Master Association to contract with others for the performance of the maintenance and other obligations of the Master Association and, in order to promote uniformity and harmony of appearance, the Master Association Board may also cause the Master Association to contract to provide maintenance services to Owners of Units and to Sub-Associations in exchange for the payment of such fees as the Master Association and such Owners and/or Sub-Associations, as the case may be, may agree upon, which fees may be treated as special assessments described in Section 5.6 above. Nothing in this Declaration shall prohibit the Master Association from contracting for any service with any person or entity affiliated with, or in common ownership with, Declarant; *provided, however*, that any such contract shall be for prices and terms that are competitive in the local market, and in no case shall the term of any such contract exceed one year.

8.2 Sub-Association Responsibility. Any Sub-Association having responsibility for maintenance of all or a portion of the property within such Sub-Association's jurisdiction pursuant to a Sub-Declaration or by delegation of such responsibility by the Master Association Board shall perform such maintenance responsibility (and shall cause all Owners within such Neighborhood to perform such maintenance and responsibility required of them) in a manner consistent with the Community-Wide Standard. If any Sub-Association fails to perform its maintenance responsibility as required herein and or in any supplemental declaration or delegation of such responsibility by the Master Association Board, the Master Association may perform it and assess the costs as a specific assessment against all Units within the Sub-Association.

8.3 Improper Maintenance or Failure of Compliance. In the event that any portion of any Unit or Sub-Association Property is maintained so as to present a nuisance or substantially detract from

the appearance or quality of any surrounding property, Sub-Association Property, or Units or other areas of the Property, or in the event that any portion of a Sub-Association Property or a Unit is being used in a manner which violates this Declaration or any applicable Sub-Association Declaration, or in the event that the Owner of any Unit or a Sub-Association fails to perform any of its obligations under this Declaration, any Sub-Declaration, the Committee Rules or the Architectural Guidelines, the Master Association Board may, by resolution, make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner or Sub-Association that unless corrective action is taken within 14 days, the Master Association Board may cause such action to be taken at the cost of such Owner or Sub-Association. If at the expiration of such 14 day period the requisite corrective action has not been taken, the Master Association Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the specific assessment under Section 5.7 above to which the offending Owner or Sub-Association, as the case may be, and the Owner's Unit or the Sub-Association Property, as the case may be, is subject and shall be secured by the assessment liens provided for above.

8.4 Easement for Maintenance Responsibilities. The Master Association is hereby granted and shall have a perpetual, non-exclusive easement upon, across, over and under any land (excluding any building structure on the land) associated with any Unit, Sub-Association Property, and all other areas in the Property, for the purpose of constructing, repairing, maintaining and replacing any Common Areas improvements or other improvements which the Master Association has the right to construct, repair, maintain and/or replace under this Declaration, and for the purpose of performing any and all of the Master Association's other rights, duties and obligations hereunder.

ARTICLE 9 GOLF COURSE AND GOLF COURSE OWNER

9.1 Use and Ownership of Golf Course; Golf Course Facilities. Golf Course Land is not owned by the Master Association, is not Common Area, and is not subject to any assessment by the Master Association pursuant to this Declaration. The Golf Course Owner has the sole and exclusive right to determine any and all access, use, and play rights with respect to the Golf Course and with respect to any Golf Course Facilities.

9.2 Golf Course; Fees and Assessments. Fees for using the Golf Course are set by and paid directly to the Golf Course Owner.

9.3 Golf Course Easements; Private Amenities. An easement is hereby granted to the Golf Course Owner, its officers, agents, employees and to any maintenance company selected by the Golf Course Owner to enter in or to cross over the Common Area and any land associated with any Unit to the extent reasonably necessary for maintenance, operation, or use of the Golf Course Land, and to the carrying out of golf course-related activities. In addition to any use restriction contained herein, there may be easements designated on a plat which shall be used for golf cart paths, pedestrian walkways, maintenance and vehicle access, and unhindered access between said paths and the Golf Course. Nothing shall be placed or maintained in any such easement which will interfere with any utilization thereof as a playable part of the Golf Course, as determined by the Golf Course Owner. In addition to any designated easements, easements are hereby created in favor of the Golf Course Owner for any irrigation or utility lines which may encroach upon the Common Area or any land associated with any Unit adjacent to any Golf Course Land. Declarant may also enter into and burden the Property with a declaration of easements and covenant to share costs relating to the Golf Course Owner or other owners

of private amenities or facilities not subject to or otherwise addressed in this Declaration as it deems necessary in its sole discretion. No such easement (a) may affect Unit lines, (b) may restrict an Owner's enjoyment and use of the Unit; (c) may allow for structures to be placed on a Unit by any party other than the Owner; and/or (d) shall impact any secured interest in a Unit.

9.4 Restrictions on Units Adjacent to Golf Course Land. In addition to all other restrictions set forth in the Governing Documents which benefit of the Golf Course and the Golf Course Owner, all Units and Common Areas adjacent to Golf Course Land are subject to the following restrictions and requirements for use and maintenance:

(a) All fencing along such Units and Common Area shall be constructed and maintained in accordance with the specifications established by the Declarant or the Architectural Committee (and approved by the Golf Course Owner) for the purpose of preserving and protecting the views of the Golf Course from all adjoining property.

(b) Any portion of such a Unit or Common Area that is visible from neighboring property shall be kept neat, clean, and free of weeds and refuse.

(c) To the extent not prohibited by law, nothing shall be affixed to or placed outside of any such Units or Common Area improvements which has not received the prior written approval of the Architectural Committee and the Golf Course Owner.

(d) All such Units shall be landscaped and maintained in accordance with the rules and regulations established by the Declarant or the Architectural Committee (and approved by the Golf Course Owner). Such landscaping shall not be modified without the prior approval of the Architectural Committee and Golf Course Owner. Any such modification shall not interfere with the view from neighboring property or of other Units adjacent to Golf Course Land. The Architectural Committee together with the Golf Course Owner shall have exclusive authority and discretion to make determinations on the issue of view interference.

(e) Within 30 days of occupancy each Owner of a Unit adjacent to Golf Course Land shall install permanent draperies or suitable window treatments on all exterior windows. In no event shall windows be covered with paper, aluminum foil, bed sheets, or any other materials or temporary coverings not specifically intended for such purpose. No interior or exterior reflective material shall be used as a window covering unless such material has been approved by the Architectural Committee.

9.5 Golf Balls, Disturbances, and Nuisances. Each Owner acknowledges and agrees that such Owner's Unit may be located adjacent to or near Golf Course Land and related facilities and that golf course related activities, such as regular course play, will be held at the Golf Course. Each Owner acknowledges that the location of his Unit may result in nuisances or hazards to persons and property on or around such Unit as a result of golf course operations and golf course-related activities, including, without limitation, the following: (a) regular golf course play insofar as golf balls are not susceptible of being easily controlled and accordingly may enter a Unit Owner's airspace, and strike a Unit Owner, the Unit Owner's guests, the Unit itself, walls, roof, windows, landscaping, and personal property causing personal injury and property damage; (b) maintenance activities, including but not limited to lawn mowing at early or late evening hours, and the use of fertilizers, chemicals, and pesticides; and (c) overspray from watering.

9.6 Release and Indemnification. Each Owner covenants for himself and his successors, assigns, lessee's and guests that the Owner shall and hereby does assume all risks associated with such location, including, but not limited to, the risk of property damage, personal injury, or other loss arising from stray golf balls or actions incidental to such golf course-related activities and releases and shall indemnify and hold harmless the Master Association, including the Master Association Board, the Declarant, the Golf Course Owner, any affected Sub-Association, and any officers, members, managers, employees, or agents of any of the foregoing from any liability, claims, or expenses, including attorney fees, arising from such property damage, personal injury, or other loss.

9.7 Non-Exclusive Nature of Article. The covenants, conditions, restrictions, and easements contained in this Article are not intended to be and are not exclusive of any covenants, conditions, restrictions, and easements which may be contained in any applicable plat of Record or any agreement of Record, or any right possessed by the Golf Course Owner to further restrict or regulate the Golf Course.

ARTICLE 10 USE RESTRICTIONS, REQUIREMENTS AND PERMISSIONS

10.1 Residential Use Only in Residential Areas. The Residential Areas are restricted to residential dwellings, buildings, and improvements in connection therewith, including, but not limited to, community buildings and such other residential related uses (which may include RV and other vehicle storage or parking areas) that are compatible with Declarant's master plan and not otherwise contrary to applicable law. Dwelling Units may not be used for business activities unless (a) the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit, (b) the business activity does not generate traffic to and from the Dwelling Unit and does not require street or on-site parking, (c) the business activity conforms to all applicable zoning requirements, (d) the business activity is consistent with the residential character of the Residential Area, and (e) the business activity does not constitute a nuisance, or hazardous use, or threaten the security or safety of other Owners, as may be determined by the Master Association Board.

10.2 Quiet Enjoyment. No noxious or offensive activity shall be carried on upon any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Owners, or which shall in any way interfere with the quiet enjoyment of each of the Owners or increase the rate of insurance. This includes but is not limited to any activity which creates excessive or obtrusive light, noise or odor, or presents or creates an unsightly appearance.

10.3 Inoperable Vehicles Prohibited. No motor vehicle which is inoperable is allowed within the Property. Any inoperable motor vehicle that remains parked on any street within the Property for over 72 hours is subject to removal by the Master Association, at the vehicle Owner's expense. Upon demand, the owner of the vehicle shall pay any expense incurred by the Master Association in connection with removing the inoperable vehicle. If the inoperable vehicle is owned by an Owner, any amounts payable to the Master Association shall be secured by the Owner's Unit and the Master Association may enforce collection of said amounts in the same manner provided for in this Declaration for the collection of assessments.

10.4 Time-Sharing and Short-Term Rentals. Subject to applicable law and zoning ordinances, and other provisions of this Declaration, short-term residential rental properties, time-sharing, and interval ownership are permitted within the Property, but only in areas that have been specifically designated for such use by the Master Association Board. For the avoidance of doubt, and subject to

applicable law and the approval of the Sub-Declaration by the Architectural Committee as required by this Declaration, a Sub-Declaration may be more restrictive or permit a Sub-Association to be more restrictive with respect to the leasing, time-sharing, and interval ownership of Dwelling Units.

10.5 Maintenance of Landscaping and Driveways. Unless otherwise provided in a Recorded instrument approved by the Master Association Board, each Owner shall be responsible for the proper maintenance of all landscaping in the following locations: (1) such Owner's Unit (including set back areas and Common Areas located thereon); (2) public right-of-way areas between sidewalks (or the Community-Wide Trail System) and the street curb on the front or side of the land associated with such Owner's Unit; and (3) public areas between a sidewalk and the land associated with such Owner's Unit. In the event that the maintenance of any of the above areas is the responsibility of the Master Association, a Sub-Association, a utility, or a governmental or similar authority, such area shall be excluded from the foregoing maintenance requirements. As used herein, maintenance shall include, without limitation, keeping the areas neatly trimmed, cultivated and free of trash, weeds and unsightly material. Each Owner shall be required to comply with any landscaping requirements set forth in any Architectural Guidelines established by the Architectural Committee. Each Owner shall also maintain in good condition and repair all paved and concrete areas, including driveways, roadways, private sidewalks (i.e., sidewalks other than those which are maintained by the City of St. George), and parking areas that are located on the land associated with such Owner's Unit, and readily visible and apparent from the Community-Wide Areas. All areas maintained by a Sub-Association shall be improved and maintained in a manner which is consistent with this Declaration, the Committee Rules, the Community-Wide Standard, the Architectural Guidelines and any applicable zoning ordinances.

10.6 Repair of Buildings. Each building and structure shall at all times be kept in reasonably good condition and repair and adequately painted or otherwise finished. In the event that any building or structure is damaged or destroyed, then, subject to the Architectural Guidelines and corresponding approvals, such building or structure shall be repaired, rebuilt or demolished promptly.

10.7 Signs. No signs of any kind including but not limited to advertising signs, "for rent" and "for sale" signs, billboards, objects of unsightly appearance, or nuisances shall be erected, placed, or permitted to remain on any Unit or any portion of the Property unless (a) required by any legal proceeding, or (b) approved by the Architectural Committee and in conformance with the ordinances of the City of St. George and the applicable Architectural Guidelines.

10.8 Hazardous Activities and Substances. No Owner shall engage in or permit any of said Owner's guests, visitors, tenants, or invitees to engage in any activity that will cause a material increase in insurance premiums for insurance coverage on the Property nor shall any Owner or any Owner's guests, visitors, tenants, or invitees engage in any activity that will cause or permit any hazardous substance or material to be stored, used or disposed of on or within the Property unless such storage use or disposal is in compliance with applicable law and does not, in the judgment of the Master Association Board, create a hazardous condition.

10.9 Compliance with Laws. No Owner shall permit anything to be done or kept on his Lot or in his Unit or any part of the Property that is in violation of any applicable federal, state, or local law, ordinance, or regulation.

10.10 External Apparatus and Displays. No Owner shall cause or permit anything (including, without limitation, awnings, canopies or shutters) to hang, be displayed or otherwise affixed to or placed

on the exterior walls, windows , doors, or roof of a Unit, or any part thereof, without the prior written consent of the Architectural Committee, in its sole discretion. In addition, no sign, lawn ornament, or display may be maintained, erected, placed, or posted outside of any Unit without the prior written consent of the Architectural Committee, which consent the Architectural Committee may withhold, in its sole discretion.

10.11 Clotheslines. No portion of any Unit shall be used as a drying or hanging area for laundry of any kind.

10.12 Exterior Television or Other Antennas. To the extent not prohibited by law, no television, radio, or other electronic antenna or device shall be erected, constructed, affixed, placed or permitted to remain on the exterior of any Unit, on any Common Area, or the exterior of any building or structure upon the Property, or within any Unit where the same is visible from outside the Unit. Portable cell tower reception antennas of any type, shape or size are strictly prohibited. The Board is hereby authorized to establish and promulgate rules and regulations to govern the placement and installation of antennas covered by the Federal Communications Commission's rules on "Over-the-Air Reception Devices," which require such antennas to be screened from street level view.

10.13 Interior Utilities. All utilities, fixtures and equipment installed within a Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter boundaries of a Unit, shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act or any work that will impair any easement or hereditament nor do any act nor allow any condition to exist which will adversely affect the other Units or Owners.

10.14 Garbage Removal. All rubbish, trash, and garbage shall be regularly removed from the Units and surrounding areas and shall not be allowed to accumulate thereon. Garbage shall be placed in proper containers. Garbage containers shall be kept in an area so that such containers are not visible from the Unit front yard area or street, or, in the case of Units adjacent to any Golf Course, from the Golf Course.

10.15 Pest Control. No Owner or Unit occupant shall permit anything or condition to exist within the Unit or upon the Unit which would induce, breed, or harbor insects, rodents, infectious plant diseases or noxious insects, or other pests. In addition to any pest control services that the Master Association or any Sub-Association provides, each Owner shall perform such pest control activities as may be necessary to prevent insects, rodents, and other pests from being present on his Unit and in his Unit.

10.16 Skateboards and Rollerblades. Skateboarding and rollerblading are prohibited within the Property.

10.17 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Property. No derrick, lift, shaft or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon the Property.

10.18 Temporary or Other Structures. No structure of a temporary nature, and no trailer, bus, basement, outhouse, tent, shack, garage, storage, utility, or other outbuilding shall be used at any time as temporary or permanent residences. Temporary buildings or structures may be used on the Property for

construction, repair or sales purposes for a reasonable period of time and in compliance with any applicable Architectural Guidelines.

10.19 Sight Obstructions; View Impairment. The Architectural Committee may establish guidelines for the construction of improvements and landscaping so as to maximize views. Notwithstanding the foregoing, neither Declarant nor the Master Association represents or guarantees that any views from Units will be preserved without impairment and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed. In addition, the owner of any Golf Course Land may, in its sole and absolute discretion, change, alter, add to, or modify the location, configuration, size, and elevation of the trees, bunkers, fairways, and greens from time to time and any and all other Golf Course Facilities, components, and/or features. Any such additions or changes may diminish or obstruct any view from Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

10.20 Slope and Drainage Control. No structure, planting, or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow of drainage channels. The slope control areas of each Unit and all improvements in them shall be maintained continuously by the Owner, except for those improvements for which a public authority or utility company is responsible. Owners are responsible to see that no nuisance or damage is created by drainage location or flow to any adjacent property.

10.21 Lateral and Subjacent Support and Drainage. An Owner whose activities affect the lateral or subjacent support, or both, of adjacent landowners shall be responsible for damages proximately caused by such activities. Owners shall be responsible for all damage proximately caused by drainage from their Unit(s) to adjacent landowners.

10.22 Motorbikes; Non-Street Legal Vehicles. All golf carts, motorcycles, trail bikes, ATVs, and two- or four-wheel drive recreational-type vehicles are to be operated only by individuals legally authorized to drive such vehicles and only on established streets and parking areas, and are specifically prohibited from all other portions of the Property, and are to be used on said streets only for ingress, egress, and access purposes and not for recreational purposes anywhere within the Property.

10.23 Pets and Animals. Commercial breeding of pets and animals is prohibited within the Property. No animals, birds, fowl, or livestock shall be maintained on or within any Unit or other area within the Property unless such animals are kept, bred or raised solely as domestic pets and not for commercial or agricultural production purposes, and are specifically authorized by a Neighborhood Declaration. A Neighborhood Declaration which allows for animals and pets, including fowl, may authorize and specify the type, breed, and number of animals allowed within each Neighborhood. Owners must take due care to ensure that their pets do not make excessive noises, cause any offensive smell, or create any physical threat to the safety of any other Owner or person within the Property, or the safety of any guests, lessees, or invitees, particularly among children. Owners are responsible for any property damage, injury, or disturbance that their pet may cause or inflict anywhere within the Property. To the extent the Master Association is subjected or otherwise exposed to any liability, claims, damages, costs, losses, or expense as a result of the actions of an animal, the Master Association has the right to make a claim against the Owner. Owners shall indemnify the Master Association from any claims, damages, or causes of action that arise from or otherwise relate to the conduct of their pets, including any

attorney fees, costs, and expenses incurred by the Master Association, and said claims, damages, fees, and costs may be treated as a specific assessment against the offending Owner's Unit.

ARTICLE 11 EXPANSION

11.1 Expansion Rights. Declarant is vested with and reserves the right, during the Declarant Control Period, to unilaterally expand the Property to include additional property more particularly described below by unilateral action without the consent of the Owners. The exercise of such expansion right during the Declarant Control Period is in the sole discretion of Declarant.

11.2 Expansion Property. The property, all or part of which may be included in one or more expansions, is located in Washington County, Utah, and is more particularly described as follows (the "Expansion Property"):

All property located in the general vicinity of the Property previously described herein, which is contiguous to or within the vicinity of any phase of the development or which otherwise may be shown on any master plan created by Declarant for the Property.

11.3 Procedure for Expansion. Expansion shall occur by the Declarant filing (with the written consent of the owner of any Expansion Property not owned by Declarant):

(a) an additional subdivision plat or plats creating additional developments on the Property, stating on each plat the intention to have the property described on the plat bound by the terms, covenants and conditions of this Declaration upon the filing of a Declaration of Annexation; and

(b) a Declaration of Annexation or supplemental declaration (after satisfying conditions hereafter stated), which shall state the Declarant's or Expansion Property owner's intention to have the area described therein subject to this Declaration. Upon the Recording of such a Declaration of Annexation the property described therein shall be subject to this Declaration.

11.4 Additional Covenants and Restrictions. The Declaration of Annexation or supplemental declaration may include, in addition to subjecting property to this Declaration and annexing into the Property, covenants, conditions, restrictions, and easements which relate solely to the property (Neighborhood) being annexed.

11.5 Withdrawal of Property. So long as it has the right to expand the Property, Declarant shall have the right to remove any portion of the Property which has not yet been improved with structures from the coverage of this Declaration. The procedure for such withdrawal shall follow the procedure for expansion as provided in this Article.

11.6 Annexation After Declarant Control Period. Subsequent to the Declarant Control Period, the Master Association is vested with and reserves the right to expand the Property to include additional property upon the affirmative vote by Voting Representatives representing at least 51% of the total votes in the Entire Membership and the approval of the owner of the property to be annexed. The procedure for expansion shall be as set forth in Section 11.3 above interpreted by substituting the Master Association for Declarant.

**ARTICLE 12
CONDEMNATION; PARTITION**

12.1 Condemnation. Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Master Association Board and, if it is within the Declarant Control Period, by the Declarant) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Master Association as trustee for all Owners to be disbursed as follows:

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within 60 days after such taking the Declarant, during the Declarant Control Period, and Members representing at least 75% of the total votes of the Entire Membership shall otherwise agree, the Master Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Master Association Board. If such improvements are to be repaired or restored, the provisions in Section 6.3 regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply.

(b) If the taking does not involve any improvements on the Common Area, 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 disbursed to the Master Association and used for such purposes as the Master Association Board shall determine.

12.2 No Partition. Except as otherwise permitted in this Declaration, the Common Area shall remain undivided and no person or entity shall bring any action for the partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not be construed to prohibit the Master Association Board from acquiring and disposing of title to real property which may or may not be subject to this Declaration.

**ARTICLE 13
AMENDMENT**

13.1 By Class A Members. After termination of the Declarant Control Period, this Declaration may be amended, modified, extended, or revoked, in whole or in part, by the affirmative vote or written consent, obtained by written ballot or otherwise, or any combination thereof, of at 67% of votes held by the Entire Membership. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

13.2 By Declarant. Declarant has the right to unilaterally amend, modify, extend, or revoke this Declaration for any purpose during the Declarant Control Period, with or without notice to the Class A Members. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on any Unit; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans to make, purchase, insure, or guarantee mortgage loans on any Unit; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any

such amendment occurring after the Declarant Control Period shall not adversely affect the title to any Unit unless the Owner shall consent in writing. Declarant's right to amend shall be construed liberally and shall include, without limitation, the right to amend and/or restate this Declaration in part or in its entirety.

13.3 By Master Association Board. After termination of the Declarant Control Period, the Master Association Board has the right to unilaterally amend this Declaration if such amendment is necessary to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination.

13.4 Validity. No amendment made by the Class A Members during the Declarant Control Period shall be effective unless the Declarant provides its prior express written consent to such amendment, which consent is within Declarant's sole and absolute discretion. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

13.5 Effective Date. Unless a later effective date is specified in the amendment, any amendment is immediately effective upon Recording a copy of such amendment accompanied by a verified certificate of the Secretary of the Master Association stating that the required number of votes or consents was obtained and that a record of such votes or originals of the consents will be placed on file in the Master Association's office. In the case of unilateral amendment by Declarant as provided for herein, such amendment shall be immediately effective upon Recording a copy of such amendment signed and acknowledged by the Declarant.

ARTICLE 14 ENFORCEMENT

14.1 Violations Deemed a Nuisance. Every violation of this Declaration or any rule or regulation established pursuant to the authority of this Declaration is deemed a nuisance and is subject to all the remedies provided for the abatement or correction of the violation that are contained in this Declaration or provided by law or equity and such remedies shall be deemed to be cumulative and not exclusive.

14.2 Legal Action Authorized. The Master Association, through the Master Association Board, the Declarant, the Golf Course Owner, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all provisions of this Declaration or any rule or regulation established pursuant to the authority of this Declaration, including all charges and liens now or hereafter imposed pursuant to the authority of this Declaration, against any person, persons, or entities violating or attempting to violate any provision of this Declaration or any rule or regulation established pursuant to the authority of this Declaration, to restrain or abate or otherwise recover damages for the violation, and against the land to enforce any charge or lien created by this Declaration. In addition to taking legal action, the Declarant and the Master Association Board shall have the right to grant variances and stay enforcement proceedings against any Owner on a case-by-case basis when they determine such action is in the best interests of the Master Association.

14.3 Fines and Penalties. The Master Association Board may levy a fine or penalty against any Owner who fails to refrain from violating this Declaration or any rule or regulation established

pursuant to the authority of this Declaration. Such fine or penalty shall be in an amount that is specifically provided for in a fine schedule adopted, and amended from time to time, by the Master Association Board. The Master Association Board may establish time frames and requirements for written notice, hearings, and cure periods (in accordance with Utah Code Ann § 57-8a-208) for Owners in violation prior to levying such fine or penalty, which notice shall be at least 48 hours. Any fine or penalty levied by the Directors that is not paid within 30 days (such time period shall be stayed should the Governing Documents require any period to cure or for notice and hearing) shall be recoverable by the Association in the same manner as an assessment under ARTICLE 5, and shall create a lien in favor of the Association against the Owner's Unit in the same manner as an assessment.

14.4 Attorney Fees and Costs. Any fine or penalty levied against an Owner for any violation shall include any attorney fees and costs incurred by the Master Association with respect to such violation. The prevailing party in any action to enforce this Declaration or any rule or regulation established pursuant to the authority of this Declaration shall be entitled to an award of reasonable attorney fees and costs incurred in such action.

14.5 Nonexclusive Remedies. All the remedies set forth in this Declaration are cumulative and not exclusive to any others provided in the Governing Documents or by law.

ARTICLE 15 GENERAL PROVISIONS

15.1 Safety and Security. Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property within the Property. The Master Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to enhance the level of safety or security which each person provides for him or her and his or her property. Neither the Master Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and shall be responsible for informing its tenants and all occupants of its Unit that the Master Association, its Master Association Board and committees, and Declarant are not insurers or guarantors of security or safety and that each person with the Property assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

15.2 Fee for Providing Payoff Information Needed at Closing. The Master Association is authorized to charge a fee (not to exceed any monetary limitations imposed by law) to respond to a written request for payoff information on a Unit in connection with the financing, refinancing or closing of an Owner's Unit.

15.3 More Restrictive Terms. Nothing in this Declaration shall preclude any supplemental declaration or other Recorded covenants applicable to any portion of the Property from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration, and in such case, the more restrictive provision shall control.

15.4 Construction and Severability. All of the conditions, covenants, and restrictions contained in this Declaration shall be construed together, but if any one of said conditions, covenants, or restrictions, or any part thereof, shall at any time be held invalid, or for any reason become unenforceable, no other condition, covenant, or restriction, or any part thereof, shall be thereby affected or impaired; and the Declarant, Master Association and Owners, their successors, heirs and assigns shall be bound by each article, section, subsection, paragraph, sentence, clause and phrase of this Declaration, irrespective of the invalidity or unenforceability of any other article, section, subsection, paragraph, sentence, clause or phrase.

15.5 Interpretation. Whenever the context requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, any gender shall include both other genders, and the term "person" shall include an individual, partnership (general or limited), corporation, limited liability company, trust, or other entity or association, or any combination thereof. The terms "includes" and "including" when used in this Agreement shall not be limiting whether or not followed by the words "without limitation." The section headings are for purposes of reference only and shall not limit, expand, or otherwise affect the construction of any provisions of this Declaration.

15.6 Duration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Master Association, the Golf Course Owner, or the Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns for a term of 20 years from the date this Declaration is Recorded, after which time said covenants shall be automatically extended for unlimited successive 10-year periods.

15.7 Interpretive Conflicts. In the event of any conflict between the provisions of the Master Association Governing Documents or any committee rule or regulation, the provisions of this Declaration shall control.

15.8 Notices. Any notice required to be sent under the provisions of this Declaration shall be deemed to have been properly sent when deposited in the U.S. Mail, postpaid, to the last known address of the person who is entitled to receive it. Members and Owners are required to keep the Master Association informed as to their current mailing address. Notwithstanding the above, the Declarant or the Master Association Board may adopt a policy for notification via electronic communication to Members and Owners (to the extent any notice to an Owner may be required) in lieu of notice by mail.

15.9 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

15.10 Waivers. No provision contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

15.11 Topical Headings. The topical headings contained in any article, section, or subsection of this Declaration are for convenience only and do not define, limit, or construe the contents of this Declaration or any provision hereof.

15.12 Declarant's Reasonable Rights to Develop. No rule or action by the Master Association shall unreasonably impede Declarant's right to develop the Property. This Declaration shall be liberally construed to advance Declarant's rights and interest in developing the Property.

15.13 Construction, Business, Marketing, and Sales. Notwithstanding any provisions to the contrary in this Declaration, it shall be expressly permissible for Declarant to maintain such facilities and conduct such activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of Units during the period of construction and sale of said Units and upon such portion of the premises as Declarant deems necessary including but not limited to a business office, storage areas, construction yard, signs, model Units and sales offices. As part of the overall program of development of the Property into a multi-use community and to encourage the marketing thereof, the Declarant shall have the right of use of the Common Area and facilities thereon, including any community buildings, without charge during the sales and construction period to aid in its marketing activities.

15.14 Exclusive Rights to Use Name of Development. No person shall use the name "Ledges East" or any derivative of such name or the corresponding logo in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Ledges East" in printed or promotional material where such term is used solely to specify that particular property is located within the Property. The Master Association shall be entitled to use the words "Ledges East" in its name.

ARTICLE 16 ASSIGNMENT OF RIGHTS

All of the status, rights, privileges, and powers of Declarant herein contained may be delegated, transferred, or assigned, in whole or in part to any person, including, without limitation, any developer, builder or other person who takes or owns title to any portion of the Property for the purpose of development, construction and/or sale. To the extent assigned, the assignee shall be included within the term Declarant hereunder; except that an assignee shall not have the revocation right referenced below unless the instrument of assignment is a full assignment of Declarant's rights and the assignee is the successor to the Declarant named herein. For the avoidance of doubt, more than one Declarant may simultaneously hold all or any portion of the status, rights, privileges and powers of Declarant. To be valid, written notice of said delegation, transfer, or assignment must be via a Recorded written instrument. Declarant may revoke any assignment of Declarant's rights by recording a revocation of assignment of such Declarant's rights in the office of the Washington County Recorder, Utah.

ARTICLE 17 DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

17.1 Alternative Dispute Resolution Without Litigation.

(a) Bound Parties. The Declarant; the Master Association; any Sub-Association, the Owners; the officers, directors, committee members, managers, members, employees, representatives, agents, successors and assigns of any of the foregoing; any other person subject to this Declaration; and any other person not otherwise subject to this Declaration who agrees to submit to this ARTICLE 17 (collectively, "**Bound Parties**"), agree that it is in the best interest of all Bound Parties to encourage the amicable resolution of Claims without the emotional and financial costs of litigation or the toll or market taint such litigation can have on the value of the

Property and/or the Units that may be involved or impacted. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 17.2 in a good faith effort to resolve such Claim.

(b) Claims. As used in this ARTICLE 17, the term “Claim” means any claim, grievance, or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the Governing Documents;

(ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of improvements on the Property, other than matters of aesthetic judgment to be determined by the Master Association or Architectural Committee under the Architectural Guidelines and other provisions of ARTICLE 7 hereof, which shall not be subject to review and shall not be subject to this chapter (or any similar provisions in any Sub-Declaration).

(c) Exclusion from Definition of Claims. The following shall not be considered “Claims” unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 17.2:

(i) any suit by the Master Association or any Sub-Association to collect assessments or other amounts due from any Owner;

(ii) any suit by the Master Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Master Association’s ability to enforce the provisions of ARTICLE 7 of this Declaration (relating to the Architectural Guidelines);

(iii) any suit that does not include the Declarant, any affiliate of the Declarant, or the Master Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;

(iv) any dispute that affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 17.2;

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 17.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim’s statute of limitations to comply with this ARTICLE 17;

(vi) any suit or dispute between the Declarant or an affiliate of Declarant and a builder, developer, contractor(s), subcontractor(s), or any other party contracted by the

Declarant or an affiliate of the Declarant in connection with the development of the Property; and

- (vii) any suit or dispute involving a governmental entity as a party.

17.2 Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim (“**Claimant**”) against another Bound Party (“**Respondent**”) shall give written notice (“**Notice**”) by mail or personal delivery to each Respondent and to the Master Association Board, stating plainly and concisely:

- (i) the nature of the Claim, including the persons involved and the Respondent’s role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (iii) the Claimant’s proposed resolution or remedy; and
- (iv) the Claimant’s desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Master Association Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an individual or entity designated by the Master Association (if the Master Association is not a party to the Claim) or to an independent mediator providing dispute resolution services predominately in Utah. Each Bound Party shall present the mediator with a written summary of the Claim or will otherwise comply with the mediator’s proscribed procedures and requirements for mediating claims.

(i) Waiver of Claim for Failure to Appear or Participate. If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

(ii) Termination of Mediation Proceedings. If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

(iii) Costs of Mediation. Each Bound Party shall bear its own costs of the mediation, including attorney fees, and each Party shall pay an equal share of the mediator's fees.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys fees and court costs.

17.3 Initiation of Litigation by Master Association. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Master Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Voting Representatives entitled to cast 75% of the total votes of the Entire Membership (which vote must be an Informed Vote as defined below) together with a vote of at least 51% of the total votes held by each Sub-Association and 51% of all Class A Members who are not subject to a Sub-Association, except that such approval shall not be required for actions or proceedings:

- (a) initiated during the Declarant Control Period;
- (b) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;
- (c) initiated to challenge ad valorem taxation or condemnation proceedings (including bringing an action for inverse condemnation);
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (e) to defend claims filed against the Master Association or to assert counterclaims in proceedings instituted against it.

This Section 17.3 and Section 17.4 hereof shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

17.4 Informed Vote. With respect to any judicial or administrative proceeding involving legal representation undertaken on any contingent fee basis (the "**Contingent Fee Litigation**"), the law firm proposing to represent the Master Association on such basis (the "**Proposed Law Firm**") must provide to the Voting Representatives and all Owners in a writing signed by the managing partner (or similar position) for the Proposed Law Firm and the lead attorney proposing to handle the representation the following opinions and disclosures at least 30 days prior to any Voting Representative casting any vote to initiate judicial or administrative proceedings:

- (a) The following information regarding all contingent fee based litigation by a homeowner or condominium association in Washington County that was active during the prior 10 year period and known by or disclosed to the Master Association or the Proposed Law Firm

("Prior Washington County HOA Contingent Fee Litigation"), (1) the name of the association involved in the litigation, (2) the amount of damages claimed in such litigation, (3) the length of time elapsed since such litigation commenced until conclusion (or, if not yet concluded, through the date of this disclosure), (4) the amount of any monetary payments received by the association in such litigation through the date of disclosure and the extent to which it exceeded attorneys' fees, costs and expenses for such litigation (if none, disclose that fact), and (4) the amount of attorney's fees received or paid to the law firm handling such litigation.

(b) An opinion of the Proposed Law Firm that the proposed Contingent Fee Litigation will not impose a stigma on or otherwise reduce the value of any of the Units within the Property in excess of that which may already exist due to the conditions sought to be remedied by the proposed Contingent Fee Litigation or, if the Proposed Law Firm is unable or unwilling to provide such opinion, then a prominently disclosed statement as follows:

"The proposed contingent fee litigation may reduce the value and marketability of your homes as home buyers may be reluctant to buy homes within an association involved in ongoing litigation alleging substantial damages and harm have occurred within the Property. [Insert name of Proposed Law Firm] is unwilling or unable to provide an opinion that the proposed contingent fee litigation will not reduce the value and marketability of your homes."

(c) An opinion of the Proposed Law Firm stating (1) the range of monetary recovery that the Proposed Law Firm reasonably expects will be recovered by the Master Association (net of attorneys' fees, costs and expenses), (2) the attorneys' fees expected to be received by the Proposed Law Firm from the Contingent Fee Litigation, (3) the period of time the Proposed Law Firm reasonable expects that before a monetary recovery will be received by the Master Association, (4) if the foregoing opinion regarding recovery amounts and period of time materially differs from the Prior Washington County HOA Contingent Fee Litigation, an opinion of why the proposed Contingent Fee Litigation will differ from the Prior Washington County HOA Contingent Fee Litigation, and (5) the involvement that will be required by the Owners and the Master Association Board to respond to discovery requests, attend and participate in depositions, attend and testify at trial, and otherwise assist in the proposed Contingent Fee Litigation.

(d) A prominent and succinct description of any out of pocket expenses or fees that the Master Association will be obligated to pay for the proposed Contingent Fee Litigation.

(e) A prominent and succinct description of any restrictions on the ability of the Master Association (including any estimate of fees and expenses, including attorney fees that may be required to be paid) to (1) terminate or dismiss the proposed Contingent Fee Litigation or (2) terminate the services of the Proposed Law Firm.

* * *

IN WITNESS WHEREOF, the undersigned, as the Declarant herein, has hereunto set his hand this ____ day of _____, 2015.

DECLARANT
Ledges Management and Planning, LLC

By: _____
Its: Manager _____

And, solely for purposes of acknowledging and accepting the third party beneficiary rights granted to the Golf Course Owner herein:

GOLF COURSE OWNER
Movie Rock, LC

By: _____
Its: Manager _____

STATE OF UTAH)
 :ss
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____, a Manager of Ledges Management and Planning, LLC, a Utah limited liability company.

Notary Public

STATE OF UTAH)
 :ss
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____, a Manager of Movie Rock, LC, a Utah limited liability company.

Notary Public

EXHIBIT A

Property Subject to the Declaration of Ledges East

EXHIBIT B

Bylaws of Ledges East Master Owners Association

EXHIBIT C

Architectural Guidelines for Community-Wide Area