

**DECLARATION
OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR
PORTAL RV RESORT**

An Expandable Development

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR PORTAL RV RESORT, AN EXPANDABLE DEVELOPMENT (this "Declaration") is made this 10th day of October, 2008 by and among PORTAL RV RESORT, L.L.C., a Utah limited liability company acting as the Declarant (the "Declarant") and the Owners of the Lots (defined below) as follows:

Recitals

1.01 Real Property. Declarant is the fee owner of that certain real property located in Grand County, Utah more particularly described in Exhibit "A" attached hereto and hereby incorporated by reference, together with all of the buildings, improvements and permanent fixtures located thereon, and all easements and rights appurtenant thereto (the "Property"). This defined term, the "Property", shall include any additional real property that may from time to time be annexed to the Property as provided herein.

1.02 Motorcoach Vehicle Resort. Declarant desires to develop the Property, and, if Declarant so elects, to expand the development to include all or any portion of adjacent land to the Property described in Exhibit "B" (the "Annexable Area"), as a planned community to be used for a motorcoach vehicle resort. Declarant also desires to establish covenants, conditions and restrictions relating to the ownership, use, enjoyment, maintenance, improvement and occupancy of the Property and the Annexable Area (if annexed), under a general plan of development (the "Project"). The Property has been subdivided into thirty-four (34) Lots (as hereinafter defined), with an additional fifty-four (54) Lots in the Annexable Area (also referred to as "Phase 2" on the Subdivision Plat).

1.03 Owners Association. Declarant shall establish an owners association under Utah Code Annotated 57-8-1 et seq. called the Portal RV Owners Association, Inc. (the "Association") for the purpose of maintaining and administering the common areas of the Property, administering and enforcing the covenants, conditions and restrictions set forth in this Declaration, and collecting and disbursing funds pursuant to Assessments and charges established by this Declaration. Each Lot shall have appurtenant to it a membership in the Association.

1.04 Declaration. Pursuant to the rules, procedures, terms and provisions set forth in this Declaration, Declarant as the sole owner of Lots and possessing more than seventy-five percent (75%) of the voting power of the Association has duly voted to enter into this Declaration.

1.05 Covenant Running With Land. Upon recordation with the Grand County

Recorder, this Declaration shall run with the Property and all parts and parcels thereof, including any Lots, and except as stated in this Declaration shall be binding on all parties having any right, title or interest in the Property and all parts and parcels thereof, including any Lots, and their heirs, successors, successors-in-title, and assigns, and the Association (as hereinafter defined) and all of its successors in interest, and shall inure to the benefit of each Owner (as hereinafter defined) or Member (as hereinafter defined) thereof. Each of the limitations, easements, uses, obligations, covenants, conditions and restrictions imposed hereby shall be deemed to be and construed as equitable servitudes enforceable by any of the Owners of any portion of the Property subject to this Declaration against any other Owner, Lessee (as hereinafter defined), or occupant of the Property or portion thereof similarly restricted by this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the Property (as hereinafter defined) shall be held, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of the Property.

II.

Definitions

In addition to the terms elsewhere defined herein, the following terms shall have the following meanings whenever used in this Declaration:

"Annexable Area" shall mean all or any portion of the real property described in Exhibit "B" hereto, which, upon annexation, is presently estimated to possess fifty-four (54) Lots.

"Architectural and Landscape Committee" shall mean the committee created by Article VII of this Declaration.

"Articles" shall mean the Articles of Incorporation of the Association as they may be amended from time to time. A true and correct copy of the Articles, as of the time this Declaration is recorded, is attached hereto as Exhibit "C".

"Assessment" shall mean those Assessments set forth in Article V of this Declaration.

"Association" shall mean and refer to Portal RV Owners Association, a Utah non-profit corporation, its successors and assigns.

"Association Easement" shall mean those easements affecting each Lot as defined in Section 3.02(e).

"Association Property" shall mean all property, real and personal, owned, leased and licensed by the Association.

"Benefited Owner" is defined in Section 3.02(f)(iii).

"Board" shall mean the Board of Trustees of the Association.

"Bylaws" shall mean the Bylaws of the Association as may be amended from time to time. A true and correct copy of the Bylaws, as of the time this Declaration is recorded, is attached hereto as Exhibit "D".

"Casita" shall mean a permanent, appurtenant building or structure of high quality design, materials and construction, consisting of two thousand square feet (2,000') or less, to be built and used in connection with a Motor Coach Vehicle. The design, style, look and construction of all Casitas must be approved by the Architectural and Landscape Committee in its sole discretion. This ability of an Owner to build and own a Casita on its Lot is a privilege, but not a right, that all Owners' may have so long as they fully comply with the terms and provisions of this Declaration. All Casitas must be maintained in good condition and repair and must be neat and orderly. Any Owner's failure to maintain its Casita in this fashion shall constitute a breach of this Declaration and the Board shall be entitled, but not obligated, to exercise any and all self-help remedies, including, without limitation, taking any actions it deems necessary to maintain, repair and clean the Casita at the Owner's expense. In addition, the Board may give written notice to any Owner who fails to maintain its Casita in the manner required herein. If the Owner does not correct this breach of the Declaration within thirty (30) days of the Board's notice (provided, if the Owner commences to correct this breach and diligently works to correct the problem until completion the Owner may have more than thirty (30), but no more than three hundred sixty (360), days to cure the breach) to the Board's reasonable satisfaction, then the Board may have the Casita demolished and removed from the Lot at the Owner's sole cost and expense. In such event, the Board may prohibit any new Casita from being built upon the Lot for up to seven (7) years after the prior Casita was removed. In addition, the Board may charge the Owner an additional management fee for any and all of the remedial actions under this Section that the Board deems it must take. All of the fees, costs, penalties and expenses that may be charged to an Owner under this paragraph shall be enforced as an Assessment against the Owner's Lot pursuant to Article V.

"Common Area" shall mean all real property (including the improvements thereto) designated as common area on Plat #2 of the Subdivision Map (as hereinafter defined), and any subsequent subdivision or survey map of the Property, that is now or hereafter conveyed by Declarant to the Association, including, but not limited to, private streets, sewer and water lines, easements, park area and other such property. Declarant's Lots are not included in the Common Area and neither are the clubhouse and swimming pool built, owned and operated by Declarant which are designated as Plat #1 on the Subdivision Map (described in part in Section 3.02(k) below) and which are some of Declarant's Lots.

"Declarant" shall mean and refer to Portal RV Resort, L.L.C., a Utah limited liability company, its successors and assigns.

"Declarant's Control Period" shall mean and refer to the period of time in which Declarant shall have the sole power and authority to appoint all of the members of the Board and all of the officers of the Association as further described in Section 4.04(a).

"Declarant's Minority Control Period" shall mean and refer to the period of time in which Declarant shall have the power and authority to appoint the minority of the members of

the Board as further described in Section 4.04(b).

"Declarant's Lots" shall mean any Lots constituting part of the Property that are held and owned by the Declarant and used in the furtherance of those rights reserved to Declarant as outlined in Section 3.04 or otherwise in this Declaration, and shall include, without limitation, Parcel B and Parcel C as depicted on the Master Plan and Subdivision Map.

"Design Guidelines" shall mean the guidelines adopted by the Architectural and Landscape Committee as set forth in Section 7.03.

"Development" shall mean the motorcoach vehicle resort referred to as Portal RV Resort being developed by Declarant as a planned community.

"Eligible Holder" shall mean the persons described in Section 8.01.

"Emergency" is defined in Section 4.05(c).

"FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

"FHLMC" shall mean the Federal Home Loan Mortgage Corporation created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

"FNMA" shall mean the Federal National Mortgage Association, a government sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

"Governing Documents" shall include, without limitation, this Declaration, the Articles and Bylaws for the Association, and the Rules and Regulations.

"GNMA" shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development and any successors to such association.

"Hazardous Substances" is defined in Section 6.19.

"Improvement" shall include the buildings, structures, improvements, roadways, parking areas, lighting fixtures, fences, walls, hedges, plantings, planted trees and shrubs, swimming pools, if any, and all other structures and landscaping of every type and kind upon the Property or any portion or parcel thereof.

"Lessee" shall mean any Person (as hereinafter defined) who rents or leases any Lot; provided, however, that nothing in this definition shall imply a right of any Owner to lease its Lot, except in accordance with all of the terms and provisions of this Declaration. Moreover, nothing in this definition shall imply that Declarant may or will engage or enter into long-term

leases.

"**Lot**" shall mean and refer to each of the lots shown on the Subdivision Map (including the Declarant's Lots) with the exception of the Common Area(s).

"**Manager**", or "**Managing Agent**" or "**Management Contractor**" shall mean a party contractually engaged by the Association or Declarant and charged with the management of the Property.

"**Master Plan**" shall mean shall mean the master plan of the Development approved by the City of Moab and recorded _____, 2008 as Instrument No. _____ in Book _____, Page Nos. _____, Official Records, Grand County, Utah. A true and accurate copy of the recorded Master Plan is attached hereto as **Exhibit "E"**.

"**Member**" shall mean and refer to any Person that is a member of the Association under the provisions of the Governing Documents.

"**Mortgage**" shall mean any mortgage, trust deed or deed of trust that encumbers any Lot.

"**Mortgagee**" shall mean any beneficiary of a Mortgage.

"**Motorcoach Vehicle**" shall mean and refer to the following:

(a) **Class "A" Motorcoaches**. Those vehicles that have been categorized by the Recreational Vehicle Industry Association ("**RVIA**"), and the Family Motorcoach Association ("**FMCA**"), as Class "A" motorcoaches and/or factory customized bus conversions, that

(i) are mobile, in accordance with the code of standards of the RVIA and FMCA;

(ii) are self-propelled, and completely self-contained;

(iii) are structured so that the driver's seat is accessible from the living area in a walking position, but not necessarily in an upright position;

(iv) contain a minimum interior height of 6 feet in the living areas;

(v) have a minimum length of 25 feet, a maximum length of 45 feet and maximum width of 102 inches; and

(vi) have a fixed roof, as opposed to the "popup" variety. Any Class "A" motorcoach that contains "slide-out" room additions is an acceptable Motorcoach Vehicle under this definition. Also, any Class "A" motorcoach that has an entertainment center, bar, barbecue, television, sink, ice maker, or cabinet that is an integral part of the motorcoach, and is built into the storage bays or the subbasement, and which may or may not slide out on

cantilevered rails is permissible under this definition of acceptable Motorcoach Vehicles.

(b) 5th Wheels. Any “5th Wheel” vehicle that is ten (10) years or newer, well kept and in good condition and substantially similar in quality and refinements to the Class “A” Motorcoaches described above.

(c) Declarant’s and/or Rental Agent’s Discretion. During Declarant’s Control Period, Declarant’s Minority Control Period and until such time, if ever, that Declarant in writing voluntarily resigns or chooses to terminate its right to rent the Lots granted in Section 6.05 below, Declarant may, in its sole discretion, identify and approve any r.v. or similar sleeping vehicle that shall be deemed to be a “Motorcoach Vehicle” for purposes of gaining access to the Project.

“Notice” is defined in Section 10.07.

“Notice and a Hearing” shall mean a notice of time and an opportunity for a hearing as provided for in the Governing Documents.

“Declaration” shall mean the easements, restrictions, covenants and conditions set forth in this instrument, as it maybe amended from time to time.

“Owner” shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a party of the Property, but excluding those having such interest merely as security for the performance of an obligation, such as a Mortgage.

“Permanent” is defined in Section 6.01.

“Persons” shall include a natural person, partnership, corporation, trust or other legal entity.

“Project” is defined in Section 1.02.

“Property” shall mean and refer to that certain real property located entirely in Grand County, Utah and more particularly described in Exhibit “A” attached hereto. The Property shall include the Annexable Area, once it becomes annexed under the covenants, conditions and restrictions of this Declaration, as well as any additional real property that may from time to time be annexed under the covenants, conditions, and restrictions of this Declaration. The Property is further described in Section 3.01 below.

“Registered Guest” shall mean and refer to those guests of Owner, including, without limitation, the Owner’s friends, adult children, grandchildren, parents, siblings and other family members, that on any specific date(s) the Owner invites to visit, spend time at, or temporarily occupy the Owner’s Lot. A person cannot qualify as a guest of the Owner if such person pays any charge or fee to the Owner directly or indirectly, for the privilege of occupying the Lot or being on the Property. Any such charge or fee constitutes a prohibited rental, regardless of whether it shall be designated a "contribution", a "voluntary gift" "reimbursement

for lot expenses", or words of similar import, and shall be deemed to be a violation of this Declaration. Owner shall notify the Manager, or in the absence of the Manager, anyone designated by the Board, of the names and addresses of all such proposed guests and the guests' intended dates of occupancy. The Board acting through the Manager or the Board's designated agent shall have the right, in its sole discretion, to approve or disapprove of any such guest. If the Manager or the Board's designated agent approves of the guest, the guest's name and address will be taken down in the Project's guest book with the planned dates of occupancy. At such time, the guest will be deemed to be a "Registered Guest", having received revocable authorization and permission to occupy the Owner's Lot for the dates in question. If the Manager or the Board's designated agent disapproves of the guest or for any reason disapproves of any previously approved Registered Guest, such guest shall not be allowed to remain on the Owner's Lot and shall immediately leave the Property. Each Owner and its Registered Guest shall hold harmless, indemnify and be jointly and severally liable to Declarant, the Association and the other Owners from any harm or damage caused by the Registered Guest to the Declarant, the other Owners, the Association, the Owner's Lot, the other Owner's Lots, the Association Property, the Common Areas and their agents, licensees, invitees and property. It shall be the Owner's responsibility to inform and educate its Registered Guests of the duties, obligations and liabilities placed upon them under this Declaration and the Registered Guest's presence on the Property shall be deemed to constitute its assent, acceptance and agreement to such duties, obligations and liabilities.

"Rules and Regulations" shall mean the rules and regulations adopted by the Board pursuant to Section 4.10.

"Subdivision Map" shall mean the recorded survey map or plat of the Property recorded _____, 2008 as Instrument No. _____ in Book _____, Page Nos. _____, Official Records, Grand County, Utah, and shall also include any map on record with the Grand County, Utah Recorder's office pertaining to any land, if any, annexed to the Development. A true and accurate copy of the recorded Subdivision Map is attached hereto as Exhibit "F".

"Utah Code" shall mean the Utah Code Annotated.

"VA" shall mean the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

III.

Property and Property Rights

3.01 Description of Property. The Lots (including, without limitation, Declarant's Lots), the Common Area, and the Access Easement (defined in Section 3.02(k) below), as depicted in the Subdivision Map, shall be included in the Property.

3.02 Lots.

(a) Owners Easements. Every Owner shall have for himself, his family, his Lessees and his Registered Guests, a non-exclusive easement of use, enjoyment, ingress and egress in and to the Common Area. Each such non-exclusive easement shall be appurtenant to each Lot, and shall pass with conveyance of titles to the Lots.

(b) Limitation on Owners' Easement Rights. The non-exclusive easements described above shall be subject to the provisions of this Declaration including, but not limited to, the following:

(i) The right of the Association to reasonably limit the number of Registered Guests of Owners using the Common Area;

(ii) The right of the Association to establish and enforce reasonable Rules and Regulations pertaining to the use of the Common Area;

(iii) The right of the Association, in accordance with the Articles, Bylaws, and this Declaration, to borrow money for the purpose of improving or repairing the Common Area and to hypothecate any or all of the real or personal property owned by the Association as security for such borrowed money;

(iv) The right of the Association to suspend the right of any Owner to use all or any portion of the Common Area or other related facility because of the Owner's failure to pay any Assessment or to comply with the terms of this Declaration, the Rules and Regulations, or other Governing Documents;

(v) The right of the Association, acting through the Board, to grant easements, licenses, or rights-of-way, in, on or over the Common Area for purposes not inconsistent with the intended use of the Property; and

(vi) The right of the Association, acting through the Board, to reasonably restrict access to maintenance and landscape areas and similar areas of the Development.

(c) Encroachment Easements.

(i) Each Lot, as the dominant tenement, shall have and is granted an easement over all adjoining Lots and Common Area, as the servient tenement, for the purpose of accommodating and maintaining any encroachment which occurs due to engineering errors, errors in original construction, settlement, or shifting of structures, or any other cause as long as the encroachment remains.

(ii) The Common Area, as the dominant tenement, shall have an easement over adjoining Lots, as the servient tenements, for the purpose of accommodating and maintaining any encroachment due to engineering errors, in original construction, settlement or shifting structures, or any other causes.

(iii) In no event shall a valid easement exist pursuant to this Section 3.02(c) in favor of an Owner or the Association if the encroachment occurred due to the willful misconduct of the Owner or Association, respectively.

(iv) In the event a Lot or structure on the Common Area is partially or totally destroyed, and then repaired and rebuilt, minor encroachments over adjoining Lots and the Common Area shall be permitted and there shall be valid easements for the maintenance of the encroachment as long as they shall exist.

(d) Easements for Maintenance and repair. Declarant hereby reserves for the benefit of the Board, the Association, and all agents, officers, and employees of the Association, non-exclusive easements for ingress; egress, and access on, over, and across the Common Area for performing its duties and exercising its powers in accordance with this Declaration.

(e) Association Easement. There are hereby reserved to the Association such easements as are necessary to perform the duties and obligations of the Association. There is also hereby reserved to the Association a five (5) foot easement inside the perimeter boundary of each Lot, a ten (10) foot easement inside the boundary of each Lot contiguous to a paved roadway, and a ten (10) foot easement inside the back boundary of each Lot for maintenance uses, utility lines, and other matters incident to the operation of the Property (the "Association Easement"). For purposes of this Section 3.02(e), the term "back boundary" shall mean the boundary opposite the front driveway entrance to the Lot, and, for any irregular shaped Lots, such as corner Lots, "back boundary" shall mean any boundary or boundaries of the Lot touching any back boundary on a contiguous Lot. No Improvements or other objects shall be constructed or placed on the Association Easement without the consent of the Board.

(f) Utilities Easement.

(i) Declarant expressly reserves the right to grant additional easements and rights of way over the Property to utility companies and public agencies, as necessary, for the purpose of constructing, operating, or maintaining utilities, including, but not limited to, electrical, cable television, telephone, public sewers, storm drains and pipes, water systems, sprinkler systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities. Such right of Declarant shall terminate upon the close of escrow for the sale of all Lots in the Development.

(ii) No such easement shall be granted if it would permanently, substantially, unreasonably interfere with the use, occupancy, or enjoyment by any Owner of his Lot or the Common Area(s).

(iii) If it becomes necessary to gain access to any of the utilities described in Section 3.02(f)(i) through a Lot owned by an Owner other than the Owner(s) of the Lot(s) served by such utilities, the Owner(s) of the Lot(s) served by such utilities (the "Benefited Owner") shall have the right, and is(are) thereby granted an easement therefore, to enter upon such other Lot or to have utility companies enter upon such other Lot, to repair, replace, or

maintain said utilities. In the event that any damage is proximately caused by such entry, the Benefited Owner(s) shall pay the cost of repairing the damage if the utility company fails to do so.

(g) Emergency Repairs Easement. In addition to all other easements reserved or granted herein, there is hereby reserved to the Association an easement across each Lot as is necessary to permit a reasonable right of entry onto each Lot for the purpose of permitting emergency repairs or to do other work reasonably necessary for the proper maintenance of the Development.

(h) Drainage Easement. There is hereby reserved over the Common Area and over each Lot reciprocal easements for drainage according to the drainage patterns created or required by the grading plans for the Development approved by Grand County, Utah, as well as the actual, natural, and existing patterns for drainage. Each Owner covenants that if it becomes necessary to alter the pattern of water drainage over his Lot for the protection of this Lot, such Owner shall do so in a manner that will not harm or increase the burden on any adjacent Lots or Common Area.

(i) Easement for Completion of Improvements. Declarant expressly reserves for its benefit a non-exclusive easement for ingress, egress, access over and across the Property, or any portion or parcel thereof, to complete any Improvement, or to complete any Lot(s), which Declarant deems desirable to implement Declarant's development plan for the Property.

(j) Maintenance Obligation of Owners. It shall be the duty of each Owner at its sole cost and expense, subject to the Association's obligations pursuant to Section 4.06 and the provisions of this Declaration requiring approval of the Architectural and Landscape Committee, to maintain, repair, replace, restore (including any maintenance, repairs, replacement or restoration required as a result of any damage or destruction of the Property by casualty or otherwise) all Motorcoach Vehicles, Improvements and landscaping located on its Lot and the Lot itself in a neat, sanitary and attractive condition and in accordance with the Rules and Regulations of the Association and this Declaration. If any Owner shall permit any Motorcoach Vehicle, Improvements or the Lot to fall into disrepair or to become unsafe, unsightly, or unattractive, or otherwise in violation of its Declaration, the Association shall have the right to seek any remedies at law or in equity it may have, including, without limitation, all remedies provided under this Declaration. In addition, the Board shall have the right, but not the duty, if such unacceptable maintenance is not corrected within thirty (30) days of written Notice from the Association (or such longer period if reasonably necessary under the circumstances provided the Owner is diligently pursuing such maintenance) to (i) enter upon such Owner's Lot and make such repairs and perform such maintenance and charge the costs thereof to Owner (together with a management fee equal to the greater of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) during the first five (5) years of this Declaration (after five (5) years the Board may increase this minimum management fee in a way that it deems to be reasonable) or fifteen percent (15%) of the costs of such maintenance and repair to be paid to the Board), and/or (ii) charge the Owner a fine of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) together with additional fines for the periods of time during which the maintenance goes uncompleted as provided in Section 4.12 below. Such costs shall be enforced, including

penalties, fees, and costs, as an Assessment against the Lot pursuant to Article V.

(k) Ingress, Egress and Access Easement. Declarant hereby expressly reserves for itself, its successors, assigns, and any future owner of either Parcel B or Parcel C (as depicted on the Master Plan or Subdivision Map), for the benefit of Parcel B and Parcel C, a perpetual, non-exclusive easement on and over that certain private road known as the Rubicon Trail as shown on the Subdivision Map together with any other private road, entry or exit on or to the Property created for the ingress, egress and/or benefit of more than one Lot or Owner (the "Access Easement"). The expense and effort of maintaining and insuring the Access Easement shall be paid and be the sole responsibility of the Association. The Access Easement shall be maintained in its present condition, suitable for purposes of ingress, egress and parking for Declarant, the Owner(s) of Parcel B and Parcel C and their licensees, invitees and Registered Guests, until such time as this Access Easement is expressly terminated in writing by Declarant and the Owner(s) of Parcel B and Parcel C.

3.03 Association Property.

(a) Conveyance of Association Property. The Declarant hereby covenants for itself, its successors and assigns, that prior to the conveyance of the first Lot in the Property to an Owner (not the Declarant), that it will convey title to the Association Property to the Association free and clear of all encumbrances and liens, except utility easements, covenants, conditions, and reservations then of record. Similar conveyances shall be made to the Association prior to the time of the conveyance to an Owner (not the Declarant) of the first Lot in each subsequent phase of the Development.

(b) Common Area Ownership. The Common Area shall be owned by the Association in fee simple, for the use, enjoyment and convenience of the Owners and shall contain the roadways, walkways, certain recreational areas, parking areas, maintenance area, storage and trash areas, utility easements and all other areas not constituting the Lots. Each Lot and its Owner shall have a non-exclusive easement over all of the Common Area, and such easement is hereby granted, transferred and conveyed to all Owners by the Declarant for the benefit of the Lots, the Owners of the Lots, and each of them, and for their respective Registered Guests for all of the foregoing purposes.

(c) Use. Each Member of the Association, its spouse and children under nineteen (19) years of age and its Lessees and Registered Guests, shall be entitled to use the Association Property, subject to:

(i) The right of the Association to charge reasonable dues, use fees and other fees for those facilities or amenities for which fees are normally charged or assessed;

(ii) The right of the Association to suspend the use of any Association Property by any Member or Lessee and their respective Registered Guests for any period during which any Assessment against a Lot remains past due and unpaid; and, after Notice and a Hearing by the Board, the right of the Association to invoke any remedy set forth in this Declaration, including, without limitation, Sections 4.07 and 5.07;

(iii) The right of the Association to require that security deposits be made and deposited with the Association to secure all sums, and to guarantee performance of all duties, due and owing or to become due and owing to the Association;

(iv) Such rules and regulations for the use of the Association Property as may be imposed by the Association from time to time;

(v) The right of Declarant to use the Association Property and Common Area for sales, resales, leasing, development and related activities pertaining to Portal RV Resort; and

(vi) The development, use and enjoyment of the Access Easement by Declarant and/or the owner(s) of Parcel B and Parcel C (as depicted on the Master Plan or Subdivision Map).

(d) Maintenance of Association Property. **Except as otherwise expressly stated herein, the Association shall be responsible for all of the costs and maintenance of Association Property.** The Association may, at any time, and without any approval of the Owners being required:

(i) reconstruct, repair, replace, or refinish any Improvement, structure, fixture, or facility located on the Common Area or any portion thereof;

(ii) construct, reconstruct, repair, replace, or refinish any road improvement or surface upon any portion of the Common Area used as a road, street, walk or parking area;

(iii) replace injured and diseased shrubs or other vegetation on the Common Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary;

(iii) place and maintain upon any such area such signs, markers and lights as the Board may deem appropriate for the proper identification, use, and regulation thereof;

(iv) remove all papers, debris, and refuse from the Common Area and wash or sweep paved areas as required, and clean and revamp lighting fixtures as needed;

(v) repaint striping, markers, directional signs, and similar devices as necessary;

(vi) pay all real estate and personal property taxes and Assessment son the common Area;

(vii) pay all electrical, water, gas, sewer, trash collection, telephone,

cable television and other utility charges or fees for services furnished to the Common Area or to the Lots, except where such services are provided to the Lots and are billed to the Owners individually;

(viii) pay for and keep in force at the Association's expense public liability, casualty, and fire insurance with companies acceptable to the Board in amounts and with limits of liability desired by the Board, such insurance to name the Association as named insured;

(ix) impose and collect regular and special assessments, maintenance fees, and other fees and enforce the right to collect the same as permitted by Utah Code;

(x) to the fullest extent permitted by Utah Code, to borrow money, enter into contracts, including installment contracts and long term leases, as required by the Association for purposes of acquiring rights to use amenities, financing capital expenditures and financing improvements as required by the Association, and to encumber the Association Property as security for the same;

(xi) do all such other and further acts that the Board deems necessary or advisable to preserve and protect the Common Area and the beauty thereof, in accordance with the general purposes for use and enjoyment of the Property described in this Declaration;

(xii) the Board shall be the sole judge as to the appropriate maintenance of all portions of the Common Area; and

(xiv) nothing herein shall be construed so as to preclude the Association from delegating its powers set forth above to a Manager, including a professional management company.

(e) Improvement on Common Area. Any other provision of this Declaration to the contrary notwithstanding, until Declarant has sold ninety percent (90%) of the Lots (which Lots shall be deemed to include the fifty-four (54) Lots to be located on the Annexable Area provided that if the Annexable Area has not been annexed into the Project within six (6) years from the date of this Declaration then at such time for the purpose of this Section the 36 Lots on the Annexable Area shall all have been deemed to have been sold), no land within the Common Area may be improved by any Improvement, used or occupied except in such manner as shall have been approved by Declarant in its sole and absolute discretion. Declarant may delegate its right to grant such approvals to the Board. No approval shall be granted that would be in contravention of the zoning or other local regulation then in effect in the area in question.

(f) Damages:

(i) Each Owner shall indemnify and hold the Association harmless without limitation from any and all claims arising from the negligence or willful misconduct of that Owner, his family members, relatives, Registered Guests, or invitees, for damages sustained on the Common Area(s), including any costs incurred in defending against such claims.

(ii) An Owner shall carry personal liability and property damage insurance with respect to his or her Lot with coverage at least equal to ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00) or other amount as may be reasonably increased and set by the Board after five (5) years from the date of this Declaration. All such policies shall include a waiver of subrogation clause acceptable to the Board and to any Mortgagee of the Owner's Lot.

(g) Damage and Destruction. In the case of destruction of or damage to Association Property by fire or other casualty:

(i) Liberty to Reconstruct. If the cost to repair or replace the Association Property, over and above all insurance proceeds, is less than TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00), the Board may, without the consent of the Members, determine to repair or replace the damaged property with property substantially the same as that destroyed or damaged.

(ii) Decision to Reconstruct. If the cost to repair or replace the Association Property, over and above all insurance proceeds, is equal to or greater than TWENTY THOUSAND AND NO/100 DOLLARS (\$20,000.00) and the Board determines to rebuild any Association Property destroyed or damaged in the form substantially the same as that destroyed or damaged, it shall prepare plans and obtain bids following the notice proceeding for a special Assessment as set forth in Article V hereof. The Board shall submit the plans and bids to the Members for approval, which approval shall require the affirmative vote of over fifty percent (50%) of the Members entitled to vote. The Board will modify the plans until the required vote is obtained or the restoration becomes subject to Subsections 3.03(g)(i) or (iii) hereof. If approved, the Board shall cause the repairs or replacements to be done and assess the Members for the costs as a special Assessment.

(iii) Decision Not to Reconstruct. If the Board determines not to rebuild any Association Property so destroyed or damaged or to build facilities substantially different from those that were destroyed or damaged, it shall submit its decision to the Members for their approval or disapproval, which approval shall require the consent of eighty percent (80%) of the Members entitled to vote. If the Members elect to approve the decision, the Board shall act accordingly; but if the Members do not approve the decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility pursuant to Subsections 3.03(g)(i) or (ii) hereof.

(iv) Damage During Declarant Control Period. Should any Association Property become destroyed or damaged before Declarant has sold all of the Lots, the Association shall rebuild or repair such Association Property in a manner consistent with its original condition as constructed by Declarant.

(v) Damage or Destruction by Owner. In the event any portion of the Common Area is damaged or destroyed through the negligence or willful misconduct of an Owner, or an Owner's Lessee, Registered Guests, licensees, or agents, the Board may repair said damaged area. In the event the Board determines to repair said damage, the amount necessary for such repairs shall be paid by the Owner (together with a management fee equal to the greater

of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) or fifteen percent (15%) of the costs of repair), upon demand, to the Board. If said amounts are not immediately paid, they shall be deemed to be Assessments, and the Board may enforce collection of some in the same manner as provided in Article V hereof for collection and enforcement of Assessments.

3.04 Special Declarant's Rights. Declarant and its agents shall have the following rights, interests and privileges for a period of ninety-nine (99) years, unless a shorter period is noted below (provided, however, that neither Declarant nor its agents shall be obligated to undertake or perform any of the actions or activities described in this Section 3.04):

(a) Easement for Repairs. A non-exclusive easement over the Association Property for the purpose of making repairs to the Association Property, Common Area and the Lots if access thereto is not reasonably available, until such time that all phases of the Property are fully developed;

(b) Easement for Sales. A non-exclusive easement over the Association Property (which easement shall extend to the sales agents, customers, prospective customers, guests, and representatives of Declarant) for sales, displays, access, ingress, egress, exhibits, and other purposes deemed useful by Declarant and its agents in advertising and promoting the sales of the Lots;

(c) Easement for Development. A non-exclusive easement over the Association Property and Common Area (in favor of Declarant and its agents, contractors, and licensees) for access, ingress, and egress over, in, upon, under, and across the Property, including the right to store materials thereon and make such other use as shall be reasonable, necessary, or incidental to Declarant's development of the Property, until such time as all phases of the Property (including, without limitation, the Annexable Area) are fully developed;

(d) Right to Rent Lots Owned by Owners. Declarant shall have for a period of ninety-nine (99) years from the date of this Declaration, the exclusive right, in the absence of use by the Owner or Owner's Registered Guests, to rent Lots which are a part of the Development at scheduled rates promulgated from time to time by Declarant, as described in greater detail in Section 6.05 below.

(e) No Amendment. The provisions of this Section 3.04 may not be amended in any manner without the prior written consent of Declarant.

IV.

Owners' Association; Membership and Voting Rights

4.01 Association.

(a) Organization. The Association is a non-profit Utah corporation created for the purposes, charged with the duties, and invested with the powers prescribed by law or set forth in the Governing Documents. Neither the Articles nor Bylaws shall for any reason be

amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any conflict between the language of this Declaration and the Articles, Bylaws, or any other Governing Documents, the provisions of this Declaration shall control.

(b) Successor Associations. In the event that the Association, as a corporate entity, is dissolved, a non-profit unincorporated association shall forthwith and without further action or notice be automatically deemed to be formed and shall succeed to all the rights and duties of the Association hereunder. The affairs of said unincorporated association shall be governed by the laws of the State of Utah and, to the extent not inconsistent therewith, by the Governing Documents of the Association as if they were created for the purpose of governing the affairs of an unincorporated association. In the event the unincorporated association is formed pursuant to this subsection, the appropriate officers of the Association or of the successor association shall take all reasonable efforts to restore or reincorporate the Association as a non-profit Utah corporation.

4.02 Construction Consistent with Law. This Declaration and all subsequent actions by the Association shall be construed whenever possible so as to be consistent with all applicable laws, federal, state and local.

4.03 Membership Rights. All Owners, including Declarant, shall be Members of the Association. Each Owner shall automatically be a Member of the Association without the necessity of any further action on its part, and membership in the Association shall be appurtenant to and shall run with the ownership of each Lot thus qualifying each Owner to membership in the Association. Membership in the Association may not be severed from or in any way transferred, pledged, mortgage or alienated except together with the title to the Lot(s), ownership of which qualifies the Owner thereof to membership, and then only to the transferee of title to said Lot. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void *ab initio*. Subject to any restriction on voting contained in this Declaration, and subject to the Articles, each Member or group of Members shall be entitled to one (1) vote for each Lot owned by that Member or group of Members; provided, that notwithstanding anything else contained herein, there shall be no more than one (1) vote recognized for each Lot.

4.04 Control of Association.

(a) Declarant's Control Period. Notwithstanding any other provision of this Declaration or of the Articles or Bylaws of the Association, there shall be a period of Declarant control of the Association during which Declarant or persons designated by Declarant, may appoint and remove any and all of the members of the Board and the officers of the Association ("Declarant's Control Period"). Declarant's Control Period shall terminate no later than the earlier of:

- (i) the sixth anniversary of the recordation of the Original Declaration; or
- (ii) after Lots (which Lots shall be deemed to include the fifty-four

(54) Lots to be located on the Annexable Area provided that if the Annexable Area has not been annexed into the Project within six (6) years from the date of this Declaration then at such time for the purpose of this Section the 54 Lots on the Annexable Area shall all have been deemed to have been sold) to which three-fourths (3/4) of the undivided interest in the Common Area appertain have been conveyed to Owners.

Provided, however, that Declarant may, in its sole discretion and without obligation, voluntarily surrender the right to appoint and remove officers and Board members as provided herein before the termination period set forth above; provided further that in connection with any such voluntary surrender Declarant may require that specified actions of the Association or the Board still require Declarant's approval prior to becoming effective. Such surrender of rights shall only be effected by an instrument duly executed by Declarant and recorded with the Grand County Recorder.

(b) Declarant's Minority Control Period. Upon expiration of Declarant's Control Period set forth in Section 4.04(a), Declarant shall continue to have the power and authority to appoint forty percent (40%) of the members of the Board until such time as three-fourths (3/4) of the Lots (which Lots shall be deemed to include the fifty-four (54) Lots to be located on the Annexable Area provided that if the Annexable Area has not been annexed into the Project within six (6) years from the date of this Declaration then at such time for the purpose of this Section the 54 Lots on the Annexable Area shall all have been deemed to have been sold) have been conveyed to Owners other than Declarant.

(c) Termination of Declarant's Control and Minority Control. Upon termination of Declarant's Control Period and Declarant's Minority Control Period, one hundred percent (100%) of the members of the Board shall be elected by Owners based upon their respective voting power within the Association.

(d) Removal of Board Members. Notwithstanding any provision of the Declaration, Articles or Bylaws to the contrary, after the expiration of Declarant's Control Period and Declarant's Minority Control Period, those Owners possessing sixty-seven percent (67%) of the voting power of all of the persons present and entitled to vote at any meeting of the Members at which a quorum is present, may remove any member of the Board with or without cause.

(d) Joint or Common Ownership. If any property interest, ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one (1) Person, the vote or votes to which such property interest is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such property interest shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event that such joint or common Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. In the event more than one vote is cast for any given Lot, the votes shall not be counted and shall be void. Any joint or common Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary of the Association prior to the time for casting such vote, a written

statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners. Regardless of the number of Owners of a Lot, there shall be only one vote per Lot.

(e) Proxy Voting. Except as otherwise provided in this Section, any Owner, including Declarant, may give a revocable written proxy executed by the Owner thereof, to any Person authorized to accept a proxy hereunder authorizing that Person to cast the Owner's votes on any matter. An Owner may give a proxy only to a member of his immediate family, another Owner in the Development, or any other Person permitted by Utah Code. If a Lot is owned by more than one Person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a proxy. A vote may not be cast pursuant to a proxy for the election of a member of the Board. Such written proxy shall be void if: (i) it is not dated; (ii) it purports to be revocable without notice; (iii) it does not designate the votes that must be cast on behalf of the Owner who executed it; or (iv) the holder of the proxy does not disclose at the beginning of the meeting for which the proxy is executed, the number of proxies pursuant to which he will be casting votes and the voting instructions received for each proxy. Each proxy shall terminate immediately after the conclusion of the meeting for which it was executed. An Owner may revoke a proxy only by actual notice of revocation to the Person presiding over a meeting of the Association.

(f) Cumulative Voting. Voting shall not be cumulative.

4.05 Meetings of Members or Board. The Association shall hold an annual meeting of the Members. The annual meeting of the Members shall be held on the third Saturday of November of one (1) year after the date of the last annual meeting. If the Members have not held a meeting for one (1) year, a meeting of the Members must be held on the following March 1. The Board shall also hold at least one (1) regular meeting each one hundred eighty (180) days or more often if it chooses. Special meetings of the Membership may be called at any reasonable time and place by Notice by the President of the Association, the Board, or Members having ten percent (10%) or more of the total votes, which Notice shall clearly state the matters to be discussed and acted upon at such special meeting. A special meeting of the Board may be called by written Notice signed by the President of the Association or by any two (2) members of the Board other than the President, which notice shall clearly state the matters to be discussed and acted upon at such special meeting.

(a) Notice. Not less than ten (10) days (twenty-one (21) days in the event of a meeting at which an Assessment for a capital improvement or commencement of a civil action is to be considered or action is to be taken on such an Assessment), nor more than sixty (60) days in advance of each meeting of the Members or Board, the President or Secretary of the Association shall cause notice of the meeting to be hand delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must also include notification of the right of an Owner: (i) to have a copy of the minutes or a summary of the minutes of the meeting distributed to the Owner upon request and, if required by the Board, upon

payment to the Association of the cost of making the distribution; and (ii) to speak to the Association.

(b) Agenda. The agenda for each meeting of the Owners or Board must consist of: (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or Assessments to be imposed or increased by the Association, any budgetary change, and any proposal to remove an officer or member of the Board; (ii) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items; and (iii) a period devoted to comments by Owners and discussions of those comments. In an Emergency (as hereinafter defined), the Board may take action on an item, which is not listed on the agenda. The notice, agenda, and Owner comment requirements of Section 4.05(a) and Section 4.05(b) apply to both regular and special meetings of the Members.

(c) Emergency. As used in this Section 4.05, "Emergency" means any occurrence or combination of occurrences that: (i) could not have been reasonably foreseen; (ii) affects the health, welfare, and safety of the Owners; (iii) requires the immediate attention of, and possible action by, the Board; and (iv) makes it impracticable to comply with the notice provisions of this Section.

(d) Quorum. The presence at any meeting, in person or by proxy, of Members entitled to vote at least fifty-one percent (51%) of the total votes outstanding shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time set for the original meeting until a quorum shall be present thereat.

(e) Organization. The chairman of the Board, or in his or her absence the Vice-Chairman, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, the Secretary or the Assistant Secretary, shall act as secretary of the meeting. In the absence of both the Secretary and the Assistant Secretary, any Member entitled to vote thereat may act as the secretary of the meeting and he or she shall be selected in the same manner as that provided above for selecting a chairman of the meeting. Under no circumstances, however, shall the Board or Members take any action unless there is a quorum of the Board members (at least half of the voting power of the Board) present in person. No Board member may grant a proxy to any other Person for the purpose of maintaining a quorum or taking any action required by the Board.

(f) Action by Members. Except as provided otherwise in this Declaration or the Bylaws, any action (including any approvals required under this Declaration) may be taken at any legally convened meeting of the Members at which a quorum is present upon the affirmative vote of the Members having a majority (or such greater percentage as may be required elsewhere in this Declaration for approval of the Members of any matter) of the total votes present at such meeting in person or by proxy. Only votes cast in person, by secret ballot, or by proxy may be counted.

(g) Minutes. Not more than thirty (30) days after any meeting of the Members or Board, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Members. A copy of the minutes or a summary of the minutes must be provided to any Member who pays the Association the cost of providing the copy.

4.06 Duties of the Association. Subject to and in accordance with this Declaration, the Association shall have and perform each of the following duties for the benefit of the Members of the Association.

(a) Members. The Association shall accept all Owners as Members.

(b) Recreation and Open Space Areas and Common Area. The Association shall accept, own, operate and maintain all Association Property and Common Area which may be conveyed, leased, licensed or otherwise enjoyed by it from the Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said Association Property and/or Common Area; and to accept, own, operate and maintain all other property easements, or rights of use whether real or personal, for which it, its members or the Property receives any benefits whether aesthetic or tangible; provided, however, that the Association's responsibility for maintenance and repair shall not extend to damage caused by a willful or negligent act by an Owner, family member, Registered Guest, Lessee, licensee or invitee, and that the Association shall be entitled to recover the costs of such repair and maintenance from the responsible party.

(c) Repair and Maintenance of Association Property. The Association shall maintain in good repair and condition all Common Area, and other Association Property enjoyed by, owned by, licensed to or leased to the Association.

(d) Repair and Maintenance of Lot Landscaping. The Association shall maintain and repair the original landscaping planted on each Lot by Declarant, and subsequent replacements thereto planted by Declarant or the Association.

(e) Payment of Taxes. The Association shall pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any Association Property, to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

(f) Payment of Utilities. The Association shall pay all utility bills and charges relating to utilities supplied to each Lot, except for utilities that are billed directly by the provider to each individual Lot Owner. Utilities which shall be the sole responsibility of the Owner of each individual Lot include, but shall not be limited to: (i) telephone bills and charges for installation, repair, and service, including, but not limited to, charges for toll calls; (ii) electricity bills, charges, and related taxes or fees for each Lot; (iii) water bills; and (iv) sewer bills.

(g) Insurance. The Association shall obtain and maintain in effect policies of

insurance adequate, in the opinion of the Board, in kind and amount, but in no event less than that required by law and, as applicable, the requirements of FNMA, GNMA, and FHLMC. Without limiting the generality of the preceding sentence, such policies of insurance shall include:

(i) Fire and extended coverage insurance on all Improvements owned by or leased to the Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement cost exclusive of the costs of excavations, foundations and footings. Such insurance shall insure the Association, the Mortgagees, and any lessors of the Improvements, as their interests may appear. As to each such policy which will not be thereby voided or impaired, the Association hereby waives and releases all claims against the Board and Declarant, and the officers, agents and employees of each, with respect to any loss covered by such insurance, whether or not caused by the negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss. If the foregoing exculpatory clause is held to be invalid, then the liability of the insurance company shall be primary, and the liability of the Board, Declarant and the officers, agents and employees of the Board and of Declarant shall be secondary;

(ii) Liability insurance, with limits in amounts reasonably determined by the Board insuring against liability for each bodily injury or property damage arising from activities of the Association or with respect to property under its jurisdiction.

(iii) Worker's compensation insurance to the extent necessary to comply with all applicable laws;

(iv) If determined by the Board, FNMA, BNMA, GNMA or FHLMC to be necessary or desirable, a fidelity bond in an amount determined by the Board, naming the members of the Board and such other persons as may be designated by the Board as principals and the Association as obligee;

(v) The association shall continuously maintain in effect such casualty, flood, and liability insurance and fidelity bond coverage meeting the insurance and fidelity bond requirements established by FNMA, BNMA, and FHLMC, so long as any of them is a Mortgagee or Owner of a Lot within the Development, except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA, or FHLMC, as applicable; and

(vi) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carrying out the Association's functions;

The Association shall be deemed trustee of the interests of all Members in all insurance proceeds, and shall, subject to the requirements of law, have full power to receive and to deal with such proceeds. If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be cancelled, terminated, materially modified or allowed to expire by its own terms, without ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Mortgagee, insurer, and guarantor of a first Mortgage who has filed a written request with the carrier for such insurance for such note and every other

Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be canceled or substantially modified without ten (10) days' prior written notice to the Board and Declarant and to each FNMA servicer who has filed a written request with the carrier for such notice.

(h) Architectural and Landscape Control Committee. The Board shall appoint and remove members of the Architectural and Landscape Control Committee as provided in Article VII, and insure that at all reasonable times there is available a duly constituted and appointed Architectural and Landscape Control Committee.

(i) Enforcement. Except as directed by the Board, the Association shall enforce, on its own behalf and on behalf of all Owners, all of the covenants, conditions and restrictions set forth in this Declaration, under an irrevocable agency (hereby granted) coupled with an interest, as beneficiary of said covenants, conditions and restrictions, and as assignee of Declarant; and to perform all other acts, whether or not anywhere expressly authorized herein, as may be reasonably necessary to enforce any of the provisions of this Declaration and the Rules and Regulations.

(j) Long-Term Financing. The Association may, subject to compliance with applicable law, execute mortgages and deeds of trust, both construction and permanent, for the construction of facilities, including Improvements, on property owned by or leased to the Association. Such financing may be effected through conventional mortgages or deeds of trust, the issuance and sale of development or other bonds, or in any other form or manner as may be deemed appropriate by the Association. The mortgage, trust deed, deed of trust or other security interest given to secure repayment of such debt may consist of a first lien or a second or other junior lien, as shall be deemed appropriate by the Association, on the Improvement or other facility to be constructed, together with such underlying and surrounding lands as the Association deems appropriate. The debt secured by such mortgage, trust deed, deed of trust or other security instrument may be retired from revenues generated by dues, use fees, assessments of the Members of the Association, or otherwise, or any combination thereof, as may be deemed appropriate by the Association, but subject to the limitations imposed by this Declaration and applicable law.

(k) Books and Records. The Association shall maintain copies of then current Declaration, Articles, Bylaws, and Rules and Regulations, as amended, at the principal office of the Association, and the same shall be available during normal hours for inspection by Declarant, any Owner, prospective purchasers of Lots, insurers, and any guarantors of a Mortgage. The Board shall, following at least forty-eight (48) hours written notice, make available to any Owner for review at the business office of the Association or other suitable location during the regular working hours of the Association, the books, records and other papers of the Association, including, without limitation: (i) the financial statements of the Association; (ii) the budgets of the Association; and (iii) the study of the reserves of the Association required to be conducted pursuant to Section 5.03. The Board shall provide a copy of any of the records to a Member within fourteen (14) days after receiving a written request therefore. The Board may charge a fee to cover the actual costs of preparing a copy, not to exceed twenty-five cents (\$.25) per page. The provisions of this Section do not apply to the

personnel records of the members of the Board, officers and employees of the Association and the records of the Association relating to another Owner. Every Board member shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Board member includes the right to make extracts and copies of documents.

(1) Other. The Association shall carry out all duties of the Association set forth in the Rules and Regulations, the Articles, or the Bylaws.

4.07 Powers and Authority of the Association. The Association shall have all of the powers of a non-stock non-profit cooperative corporation organized under the laws of the State of Utah in operating for the benefit of its members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, Bylaws and this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of this Declaration, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. Without limiting the generality of the foregoing, the Association and the Board shall have the following power and authority, without obligation, to exercise such power and authority.

(a) Right of Entry and Enforcement. The Board and its agents and representatives shall have the power and right to enter upon any Lot and the Improvements thereon without liability to any Owner, for the purpose of enforcing any of the provisions of this Declaration, the Rules and Regulations, the Articles, or Bylaws or for the purpose of maintaining and repairing the Improvements located on said Lot as provided in this Declaration or, if for any reason whatsoever, the Owner thereof fails to maintain and/or repair any portion of a Lot as required by this Declaration or for the purpose of remedying any emergency involving potential damage to life, health, or property. Nothing contained herein, however, shall be interpreted as creating in the Board a duty to or an acceptance of the duty to remedy any such situation, it being the sole and primary obligation of the Owners. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration. The costs of any such action or suit, including reasonable attorneys' fees, shall be an expense of the Owner violating this Declaration, and shall be paid to the prevailing party as part of its judgment.

(b) Civil Actions. Except as otherwise provided in this Section 4.07(b), the Association may commence a civil action only upon a vote or written agreement of the Members holding at least a majority of the voting power of the Association. The Association shall provide written notice to each Owner of a meeting at which commencement of a civil action is to be considered at least twenty-one (21) days before the meeting. If a civil action is commenced pursuant to this Section 4.07(b) without the required vote or agreement, the action must be ratified within ninety (90) days after the commencement of the action by a vote or written agreement of the Members holding at least a majority of the voting power of the Association. If the Association, after making a good faith effort, cannot obtain the required vote or agreement to

commence or ratify such a civil action, the Association may thereafter seek to dismiss the action without prejudice for that reason only if a vote or written agreement of the Members holding at least a Majority of the voting power of the Association was obtained at the time the approval to commence or ratify the action was sought. At least ten (10) days before an Association commences or seeks to ratify the commencement of a civil action, the Association shall provide a written statement to all Members that includes a reasonable estimate of the costs of the civil action, including reasonable attorney's fees, an explanation of the potential benefits of the civil action and the potential adverse consequences if the Association does not commence the action or if the outcome of the action is not favorable to the Association, and all disclosures that are required to be made upon the sale of property within the Development. No Person other than an Owner may request the dismissal of a civil action commenced by the Association on the ground that the Association failed to comply with any provision of this subsection. Notwithstanding anything else contained herein, the provisions of this subsection do not apply to a civil action that is commenced: (i) to enforce the payment of an Assessment; (ii) to enforce the provisions of the Declaration, Bylaws, or Rules and regulations; (iii) to proceed with a counterclaim; (iv) to protect the health, safety and welfare of the Members; or (v) any action taken in the name of the Association by Declarant during Declarant's Control Period.

(c) Easements and Rights-of-Way. The Board shall have the power to grant and convey to any third party easements, licenses for use, and rights-of-way, in, on, over or under any Common Area conveyed or otherwise transferred to the Association or under its jurisdiction, subject to the provisions contained elsewhere herein and applicable law.

(d) Employment of Manager. The Board shall have the power to employ, by written agreement, the services of a Manager or Management Contractor, subject to the direction and control of the Board, to manage and carry out the affairs of the Association and, to the extent consistent with the laws of the State of Utah and upon such conditions as are otherwise deemed advisable by the Board, to delegate to the Manager or Management Contractor any of the powers of the Board or of the officers of the Association. In no event shall any management agreement be for a term greater than one (1) year except with the approval of a majority of the Members of the Association, and any such agreement shall provide for termination without penalty on a minimum of thirty (30) days written notice. Any Manager so appointed must be duly qualified to act as such under the laws of the State of Utah.

(e) Services. The Board shall have the power to provide for and engage the service of employees, independent contractors, or others, for the maintenance, protection and preservation of Association Property, including the Common Area, such as grounds keepers, painters, plumbers and such other maintenance personnel as the nature and character of the Common Area may require, and including any such necessary personnel as the nature and character of any recreational facilities within the Common Area may require, provided, however, that no contract for such services shall be for a duration of more than one (1) year, except with the approval of a majority of the Members, and any such agreement shall provide for termination without penalty on a minimum of ninety (90) days notice. The restrictions contained in this Section 4.07(e) shall not in any manner restrict, limit, or modify: (i) the Association's ability to enter into any purchase, lease, lease-purchase, installment, or other contract or agreement for the purchase or lease of equipment relating to the Development; (ii) the rental rights granted to

Declarant under Section 6.05; and (iii) the Association's ability to lease, license or enter into any agreement to use the clubhouse and swimming pool built, owned and operated by Declarant which are located on Lot 1 and Lot 2.

(f) Utilities. The Board shall have the power to contract, use and pay for utility services to the Association Property.

(g) Other Property. The Board shall have the power to acquire and hold, as trustee for the benefit of its Members, tangible and intangible personal property and to dispose of the same by sale or otherwise.

(h) Mergers. The Association shall have the power, to the extent permitted by Utah Code, to participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association.

(i) Delegation. The Board may delegate any of its powers to any such committees, officers or employees as it deems necessary and proper.

(j) Construction on Association Property. Subject to and in accordance with other restrictions contained in this Declaration, the Board shall have the power to construct new Improvements or additions to Association Property, or demolish existing Association Property or Improvements.

(k) Maintenance of Entry and Exit Measures. The Board shall have the power to implement measures regulating entrance and exit at all points of entry and exit within the Development, which may or may not be manned, so long as such measures do not impinge on the easement or other rights granted or reserved elsewhere herein.

(l) Conveyances. Subject to and upon the affirmative vote of seventy-five percent (75%) of the Owners, the Board shall have the power to convey to any person real property and interests therein, including fee title, leasehold estates, easements, rights of way, mortgages and deeds of trust, out of, in, on, over or under any Association Property for the purpose of constructing, erecting, operating, maintaining or repairing thereon, therein or thereunder:

- (i) Parks, parkways, or other recreational facilities;
- (ii) Roads, streets, ways, driveways, trails, and paths;
- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and
- (v) Any similar public, quasi-public, private improvements or facilities.

Nothing herein contained, however, shall be construed to permit the use or occupancy of any land, Improvement or other facility in a way which would violate applicable zoning or use and occupancy restrictions imposed thereon by other provisions of this Declaration, by Grand County or other applicable public agency, or by any covenants, conditions, and restrictions of record.

(m) Legal and Accounting Services. The Board shall have the power to retain and pay for legal and accounting services necessary or proper in the operation of the Association, the operation and management of the Association Property, the enforcement of this Declaration or the Rules and Regulations, or in the performance of any other duty, right, power or authority of the Association.

(n) Association Property Services. The Board shall have the power to construct and pay for water, sewer, garbage removal, electricity, telephone, gas, snow removal, landscaping, gardening, and all other utilities, services and maintenance for the Association Property.

(o) Other Areas. The Board shall have the power to maintain and repair easements, roads, roadways, rights of way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes, entry details, entry houses or other Common Area of the Property whether owned by or leased to the Association, and to contribute toward the cost of operation and maintenance of private roads and any other Improvements or other facilities owned by or leased to the association.

(p) Recreational Facilities. The Board shall have the power to operate and maintain any and all types of facilities owned by or leased to the Association for both active and passive recreation within the Common Area.

(q) Other Services and Properties. The Board shall have the power to obtain and pay for any other property and services, and to pay any other taxes or Assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law, the terms of these Declarations, or the Articles or Bylaws of the Association.

(r) Contracts. The Board shall have the power to enter into contracts with Declarant, and other Persons on such terms and provisions as the Board shall determine, to operate and maintain the Common Area and Improvements therein, or to provide any service or perform any function on behalf of Declarant or other Person.

(s) Conflicting Interest Transactions. By its execution of this Declaration, each Member acknowledges, approves, authorizes, consents, agrees and recognizes that since its foundation, the Project has been established with the expectation and understanding that many if not all of the management and other operational activities would be performed by Declarant so long as Declarant desires. Accordingly, each Member hereby (i) agrees, authorizes, approves and ratifies all such agreements, promises, contracts and instruments entered into now or in the future with Declarant, including, without limitation, any and all authorizations, approvals and ratifications required under Section 16-6-a-825 of the Utah Revised Nonprofit Corporation Act (the "Act") and (ii) waives, releases and surrenders any right, interest or claim it may have to

enjoin, set aside, seek damages for or challenge the enforceability of any and all such agreements with Declarant, under the Act, under Section 57-8-16.5 of the Utah Condominium Ownership Act (if such Act for any reason is found to apply hereto) or otherwise, because of any potential or actual conflicting interest transaction with Declarant.

(t) Ownership of Property. The Board shall have the power to acquire and own all manner of real and personal property, whether by grant, lease, gift or otherwise; provided, however, that the acquisition and annexation of real property under this Declaration (excepting the Annexable Area or any other adjoining property owned by Declarant) shall require the affirmative vote of seventy-five percent (75%) of the Owners.

(u) Assessments. The Board shall have the power to levy and collect ordinary and special assessments and enforce the collection of the same.

(v) Borrow Money. The Board shall have the power to borrow money on behalf of the Association and, in compliance with applicable law, to grant a security interest in Association Property as security therefore.

4.08 Non-Liability and Indemnification

(a) Non-Liability. Except as otherwise required by law, no right, power, or responsibility conferred on the Board by the governing Documents shall be construed as a duty, obligation, or responsibility charged upon the Board, any member of the Board, or any other officer, employee, or agent of the Association. No such Person shall be liable to any party (other than the Association or a party claiming in the name of the Association) for injuries or damage resulting from such Person's acts or omissions within what that Person reasonably believed to be the scope of his Association duties (the "Official Acts"), except to the extent that such injuries or damage result from such Person's willful or malicious misconduct. No such Person shall be liable to the Association (or to any party claiming in the name of the Association) for injuries or damage resulting from such Person's Official Acts, except to the extent that such injuries or damage result from such Person's negligence or malicious misconduct.

(b) Indemnity for Third Party Action. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director, officer, employee, servant or agent of the Association or member, manager or agent of Declarant, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding unless and until it is proved that he or she acted with willful or wanton misfeasance or with gross negligence and provided he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association or Declarant, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association or Declarant, or, with respect to any criminal action or proceeding, had reasonable cause to believe

that his or her conduct was unlawful.

Declarant, the Association, members of the Board, the Manager and/or Management Contractor are not liable to the victims of crimes which may occur in the Property. Punitive damages may not be recovered against Declarant, the Association, Board members, the Manager and/or Management Contractor but may be recovered only from persons whose intentional activities are proved to have resulted in damages.

(c) Determination. Any indemnification which the Association has elected to provide under this Section 4.08 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the officer, director, employee, servant or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 4.08(b). Such determination shall be made: (i) by the Board by a majority vote of a quorum of directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee, servant or agent of the Association or Declarant has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 4.08(b), or in defense of any claim, issue or matter therein, then, to the extent that the Association has elected to provide indemnification, he or she shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith the necessity of any such determination that he or she has met the applicable standard of conduct set forth in Section 4.08(b).

(d) Payment in Advance. Expenses incurred in defending a civil or criminal action, suit or proceedings may, upon action by the Board in accordance with Section 4.08(b), be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, servant or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Section 4.08.

(e) Insurance. The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, servant, or agent of the Association or Declarant, against any liability asserted against him or her or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability hereunder or otherwise.

(f) Other Coverage. The indemnification provided by this Section 4.08 shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under this Declaration, agreement, vote of the Members, vote of disinterested directors, Utah law, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and may continue as to a person who has ceased to be a director, officer, employee, servant or agent and may inure to the benefit of the heirs and personal representatives of such a person.

4.09 Diseased Tree. The Association may enter upon any part of the Property at any

time to inspect for, prevent and control diseased trees and other plant life and insect infestation of trees and other plant life. If any diseased or insect infested trees or other plant life are found, the Association may spray, remove diseased trees and other plant life, and take such other remedial measures as it deems expedient. The cost thereof applicable to privately owned property may be levied by the Association as a specific assessment against such property.

4.10 Rules and Regulations.

(a) Rulemaking Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations to be known as the "**Rules and Regulations**" which relate to the management, operation and control of the Association or the Common Area by the Board. Such rules may concern, but need not be limited to: matters pertaining to use of the Common Area; signs; collection and disposal of refuse; minimum standards of maintenance of property; parking and traffic restrictions; limitations or maintenance of landscaping or other improvements on any property; limitations on furniture, fixtures, equipment and other objects maintained on Lots in view of other Owners; limitations on the number and types of animals that may be allowed on the Property; and any other subject or matter within the jurisdiction of the Association as provided in this Declaration. The Rules and Regulations may restrict and govern the use of Common Area by any Members, by the family of such Member or Lessee or by any invitee or licensee of such Person. Declarant retains the right to establish rules relating to the use of any portion of the Common Area owned by it until annexation and conveyance to the Association and the Association may incorporate such rules in its Rules and Regulations; the right of an Owner or the Board to enforce the Rules and Regulations is limited to those Owners that are subject to this Declaration.

(b) Notification of Rules. A copy of the Rules and Regulations, as they may be from time to time adopted, amended or repealed, shall be mailed or otherwise delivered to each Member and may be recorded. The recordation of the Rules and Regulations shall have the same force and effect as if they were set forth in and were a part of this Declaration. No Rules may be adopted which materially impair the rights, preferences, or privileges of any Owner as specifically set forth herein.

4.11 Breach of Rules and Restrictions. In the event of a breach of any of the Rules and Regulations or of any of the Restrictions contained in this Declaration by an Owner, its family, Registered Guests, Lessees, invitees or licensees, the Board, for and on behalf of itself and all other Owners may, in its sole discretion, take any of the following actions: (i) if the breach or violation is determined by the Board to be largely immaterial or non-substantive, take no action; (ii) give a warning to the breaching Owner to cease and desist from taking all such actions; or (iii) enforce the obligations each Owner to obey the Rules and Regulations or the restrictions of this Declaration in any manner provided by law or in equity, including, but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner's right to use the facilities of the Common Area or suspension of the Owner's voting rights, provided, however, that such suspension may not be for a period in excess of thirty (30) days, after Notice and a Hearing, for an infraction of the Rules and Regulations. In addition to the other remedies herein set forth, including without limitation, assessing the cost

of repair of any damage resulting from an infraction of the Rules and Regulations, the Board, by majority vote, may levy a fine against such Owner, after Notice and a Hearing prior to imposing any penalty provided herein for breach of any Rules and regulations or any of the restrictions contained in this Declaration, the Board shall provide the Owner with Notice and a Hearing, which Notice must specify the nature of the infraction. In the event that the Board determines that an infraction has occurred and that a penalty shall be imposed, after a reasonable opportunity for a hearing has been provided, the determination of the Board shall be final. In the event legal counsel is retained or legal action is instituted by the Board pursuant to this paragraph, any settlement prior to judgment or any judgment rendered in any such action shall include costs of collection, court costs, and reasonable attorney's fees.

4.12 Fines. Every fine must be commensurate with the severity of the violation. Additionally, if the violation does not threaten the health and welfare of the Development, the fine must not exceed TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00) per month for each violation (as adjusted for inflation from the date of this Declaration going forward), or such other amount as approved by the Board from time to time; provided, however, that the management fee charged by the Board to cure any breaches or violations by Owners shall not be deemed to constitute a "fine" subject to the limitations set forth herein. The Rules and Regulations may be enforced by the Assessment of a fine only if: (a) the Person alleged to have violated the Rules and regulations has received Notice of the alleged violation that informs him of his opportunity to request a hearing on the alleged violation, and; (b) or at least thirty (30) days before the alleged violation, said Person was given written Notice of the rule or regulation (or any amendment to the Rule or Regulation) that the Person allegedly violated. If a fine is imposed pursuant to this Section 4.12 and the violation is not cured within fourteen (14) days or such longer cure period as the Board establishes, the violation shall be deemed a continuing violation and the Board may thereafter impose an additional fine for the violation of each seven (7) day period or portion thereof that the violation is not cured. Any additional fine may be imposed without Notice and a Hearing. The Secretary of the Association shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner, a schedule of the fines that may be imposed for particular violations of the Declaration, Rules and Regulations, and other governing documents of the Association. The Association may foreclose a lien for the Assessment of a fine violation of the Declaration, Bylaws, or Rules and Regulations.

4.13 Liability of Members of Board. No member of the Board shall be personally liable to any of the other Board members, to the Owners or to any other Person, including Declarant, for any error or omission of the Association, its representatives and employees, or the Architectural and Landscape Control Committee, provided that such Board member has, upon the basis of such information as may be possessed by him, acted in good faith.

4.14 Indemnity of the Association by Owners. Each Owner, together with such Person's family members, relatives, Registered Guests, Lessees, invitees, and licensees, shall indemnify and hold the Association harmless without limitation on any claims arising from the negligence or willful misconduct of such Owner, or such Person's family members, relatives, Registered Guests, Lessees, invitees or licensees, for damages sustained on or involving the Association Property, including, without limitation, any costs incurred in defending such

claims.

4.15 Bonded Obligations. Notwithstanding anything contained in this Agreement to the contrary, if and to the extent that the Association is an obligee or beneficiary of any financial obligation undertaken by the Declarant (a "**Bond**") to secure performance by the Declarant in the construction of any Improvements as shown on the Subdivision Map or other plans for the Development, the following provisions shall apply:

(a) The Board shall, in accordance with the provisions of this Declaration, vote to determine whether to take action to enforce its rights pursuant to the Bond, if any improvements the completion of which are secured by the Bond, are not completed (as shown by the filing of a Notice of Completion) within sixty (60) days after the deadline for such completion as specified by the Bond; provided, that in the event the Association has granted unto Declarant an extension of time in which to complete such Improvements, this determination shall be made thirty (30) days after the expiration of the date of such extension of time.

(b) In the event that the Board determines not to enforce its obligations pursuant to the Bond, or in the event the Board fails to timely consider the matter, in the thirty (30) day period following such decision or such failure to act by the Board, the Members may call a special meeting pursuant to the provisions of this Declaration to determine this issue. Such meeting shall be held not less than thirty-five (35) nor more than forty-five (45) days after receipt by the Board of a petition seeking such meeting signed by Members representing at least five percent (5%) of the voting power of the Association. At such meeting a vote of the Members shall be taken on the matter. The vote of a majority of the voting power of the Association shall be deemed to be the decision of the Association and the Board shall thereafter implement this decision by initiating and taking appropriate action in the name of the Association relevant to the Bond.

(c) Once Declarant has completed all Improvements either within a timely manner as specified on the Bond, or without a timely challenge as would otherwise be allowed pursuant to this Section 4.15, the Association and its Members shall be conclusively deemed to have waived their rights pursuant to this Section 4.15.

4.16 Amendment. Notwithstanding anything to the contrary contained in this Declaration, the provisions of Sections 4.01, 4.03, 4.04, 4.08, 4.14, and 4.15 shall not be amended without the vote or written consent of seventy-five percent (75%) of all the Owners, unless the affirmative vote of a higher percentage of the Owners is required to take action pursuant to a Section, whereupon such higher percentage shall be required to amend such Section.

V.

Covenant For Maintenance Assessments

5.01 Creation of the Lien and Personal Obligation of Assessments. The Owner of any

Lot, by acceptance of a deed therefore, covenants and agrees to pay to the Association annual assessments, special assessments, and other assessments (collectively, the "Assessments") authorized pursuant to this Declaration or Utah Code that may be enacted by the Board, such Assessments to be established and collected as hereinafter provided. The Assessments, interest, costs and reasonable attorneys' fees incurred in collecting the Assessments, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not be extinguished upon the sale or the conveyance of a Lot and any purchaser of a Lot shall not be liable for any unpaid Assessments or fee greater than the amounts set forth in the statement of unpaid Assessments required by Section 5.07.

5.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners in the Development and for the improvement and maintenance of the Common Area and for all operating expenses of the Association.

5.03 Assessments. The Board shall fix the annual Assessment at an amount sufficient to cover the estimated budget of the Association prior to the beginning of each fiscal year. The Board may increase the annual Assessment by up to twenty percent (20%) of the previous year's annual Assessment without the consent of the Owners; provided, however, that any increase in the annual Assessment of more than twenty percent (20%) of the previous year's annual Assessment may be approved without the consent of the Owners to the extent that the increase, or a portion of the increase, is the result of the annexation of development of the Annexable Area or any other real property that does not constitute the Property, although such increase shall reasonably reflect the increase in Association costs resulting from such annexation or development. The Board shall, not less than thirty (30) days nor more than sixty (60) days before the beginning of each fiscal year of the Association, prepare and distribute to each Owner a copy of the budget for the daily operation of the Association. The budget must include, without limitation, the estimated revenue and expenditures of the Association for the coming year and any contributions to be made to the reserve funds established by subsection 5.03(a) hereof. In lieu of distributing copies of the budget, the Board may distribute summaries of the budget, accompanied by a written notice that the budget is available for review at the business office of the Association or other suitable location and that copies of the budget will be provided upon request.

(a) Reserve. The annual Assessment of the Association shall, in addition to being sufficient to cover anticipated expenses, include adequate reserves for the repair, replacement, and restoration of the major components of the Common Area. The reserve funds may be used only for those purposes, and not for daily maintenance. Money in the reserve accounts may not be withdrawn without the signatures of at least two (2) members of the Board or the signatures of at least one (1) member of the Board and one (1) officer of the Association who is not a member of the Board.

The Board shall, not less than thirty (30) days nor more than sixty (60) days before the

beginning of the fiscal year of the Association prepare and distribute to each Owner a copy of the reserve budget. In lieu of distributing copies of the reserve budget, the Board may distribute summaries of the budget, accompanied by a written notice that the budget is available for review at the business office of the Association or other suitable location and that copies of the budget will be provided upon request.

The reserve budget must include, without limitation: (i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Area; (ii) as of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace, or restore the major components of the Common Area; (iii) a general statement describing the procedures used for said estimation and accumulation of cash reserves, including, without limitation, the qualifications of the Person responsible for the preparation of the reserve studies required under this subsection; and (iv) a statement as to whether the Board has determined or anticipates that the levy of one or more special Assessments will be required to repair, replace, or restore any major component of the Common Area or to provide adequate reserves for that purpose.

The Board shall cause to be conducted at least once every five (5) years, a study of the reserves required to be maintained by this subsection, review the results of that study at least annually to determine if those reserves are sufficient, and make any adjustments it deems necessary to maintain the required reserves. The study must be conducted by a person qualified by training and experience to conduct such a study, including a member of the Board, an Owner, or the manager of the Association who is qualified. The study must include, without limitation: (u) a summary of an inspection of the major components of the Common Area that the Association is obligated to repair, replace, or restore; (v) an identification of the major components of the Common Area that the Association is obligated to repair, replace, or restore which have a remaining useful life of less than thirty (30) years; (w) an estimate of the remaining useful life of each major component so identified; (x) an estimate of the cost of repair, replacement, or restoration of each major component so identified; and (y) an estimate of the total annual Assessments that may be required to cover the cost of repair, replacement, or restoration of the major components so identified after subtracting the reserves of the Association as of the date of the study.

(b) Increases of Annual Assessments. Except as stated in this Section 5.03, the annual Assessment may not be increased by more than twenty percent (20%) of the annual Assessment for the previous year without a vote or written consent of fifty-one percent (51%) of the Members and Declarant; provided, however, that following the termination of Declarant's Control Period and Declarant's Minority Control Period described in Section 4.04, any such increase shall only require the vote or written consent of fifty-one percent (51%) of the Members. In the event that the annual Assessment is increased by more than twenty percent (20%) of the previous year's annual Assessment, the Board shall, within thirty (30) days after the adoption of any proposed budget, provide a summary of the budget to all Owners and shall set a date for a meeting of Owners to consider and ratify the budget not less than fourteen (14) nor more than thirty (30) days after the mailing of the summary. Notwithstanding the foregoing, any increase in the annual Assessment of more than twenty percent (20%) of the

previous year's annual Assessment may be approved without the consent of the Owners to the extent that the increase, or a portion of the increase, is the result of the annexation or development of the Annexable Area or any other real property that does not constitute the Property, although such increase shall reasonably reflect the increase in Association costs resulting from annexation or development.

(c) Inadequacy of Annual Assessment. In the Board's sole discretion, should the annual Assessment be inadequate for any reason, including, without limitation, nonpayment of any Member's annual Assessment, .or the occurrence of extraordinary expenses not reasonably foreseeable at the time the Board prepared proforma budgets to provide for the Association's cost and expenses, the Board may at any time and from time to time levy further Assessments in the same manner as described in Section 5.03(b).

(d) Financial Statement. A financial statement for the Association shall be prepared each fiscal year, which shall include a balance sheet and profit and loss statement showing the profit and loss of the Association and the funds held in reserve by the Association.

5.04 Special Assessments. In addition to the annual Assessments authorized above, the Board may levy special Assessments for the purpose of acquisition, construction, reconstruction, repair or replacement of a capital Improvement upon the Common Area, including fixtures and personal property related thereto of for any other reason deemed necessary by the Board (collectively, the "Special Assessments"). Any Special Assessment pertaining to capital improvements upon the Common Area must be approved by a majority of the Members and Declarant until Declarant's Minority Control Period has ended (at which time approval by a majority of the Members is all that shall be required). The Association shall provide written notice to Owners of any meeting at which a Special Assessment for capital Improvements is to be considered at least twenty-one (21) calendar days before the meeting.

5.05 Notice of Special Assessments; Time for Payment. The Association may, in its sole discretion, give written Notice of Special Assessments to each Owner, which Notice shall specify the purpose and amount of the Special Assessment and the date or dates of payment of the same. No payment shall be due fewer than fifteen (15) days after the written Notice has been given. Failure of the Association to give Notice of the Special Assessment shall not affect the liability of the Owner of any Lot, but the date when payment shall become due in such a case shall be deferred to a date fifteen (15) days after the notice shall have been given.

5.06 Collection of Assessments. Regular Assessments shall commence on the first day of the first month following the close of the first sale of a Lot by Declarant to an Owner other than Declarant. Both regular and Special Assessments must be fixed at a uniform rate for all Lots and shall be billed and collected on a monthly basis or as determined by the Board.

5.07 Unpaid Assessments. The amount of any delinquent Assessment, whether regular or special, assessed against any Lot and a late payment charge of ten percent (10%) of the delinquent Assessment, plus interest on such Assessment and charge at a rate not to exceed eighteen percent (18%) per annum simple interest, and the costs of collecting the same, including reasonable attorneys' fees, shall be a lien upon such Lot. Such Lien shall, except as

provided in Section 5.08, survive and not be affected by the conveyance of a Lot to a third-party purchaser. Such lien shall be created in accordance with the Utah Code and shall be foreclosed in the manner provided for in the Utah Code for judicial or non judicial foreclosure of mortgages, as the same may be now or hereafter in effect. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee (during the first five years of this Declaration such fee shall not exceed TWO HUNDRED FIFTY AND NO/100 DOLLARS (\$250.00)). In addition to foreclosure of the Assessment lien, the Association may, but is not obligated to, bring an action to recover judgment against the Member personally obligated to pay the delinquent regular or special Assessment after having provided to that Member thirty (30) days written notice of the delinquency. Any Owner's voting rights and right to use the recreational facilities of the Common Area shall be automatically suspended during any period any Assessment due from such Owner is delinquent. A Lot Owner shall be deemed delinquent in the payment of an Assessment if such Owner fails to pay any Assessment or portion thereof within thirty (30) days of when such Assessment is due and payable. In the event an Assessment is delinquent for more than fifteen (15) days, the Board may declare the total amount assessed against the Owner and the Lot for that fiscal year to be immediately due and payable.

5.08 Mortgage Protection. Notwithstanding any other provision of this Declaration, no lien created under this Article V or under any other Article of this Declaration, nor any lien arising by reason of any breach of this Declaration, nor the enforcement of any provision of this Declaration, shall defeat or render invalid the rights of the beneficiary under any recorded Mortgage of first and senior priority now or hereafter upon a Lot, made in good faith and for value, perfected before the date on which the Assessment sought to be enforced became delinquent. However, after the foreclosure of any such first Mortgage, such Lot shall remain subject to this Declaration and shall be liable for all regular Assessments and all special Assessments levied subsequent to the institution of an action to foreclose on any such first Mortgage.

5.09 Effect of Amendments on Mortgages. Notwithstanding anything in this Declaration to the contrary, no amendment of Section 5.08 of this Declaration shall affect the rights of any beneficiary whose Mortgage has the first and senior priority as provided in Section 5.08 and who does not join in the execution thereof, provided that its Mortgage is recorded in the real property records of Grand County, Utah prior to the recordation of such amendment; provided, however, that after foreclosure or conveyance in lieu of foreclosure the property that was subject to such Mortgage shall be subject to such amendment.

5.10 Annual Assessments Paid by Declarant. Beginning at such time that Assessments shall be assessed against any Lot, Declarant shall pay all Assessments on all Lots owned by the Declarant (but not on any Lots in any Annexable Area until both of the following shall occur: (a) such Annexable Area is actually annexed to and becomes a part of the Property; and (b) the first day of the month following the close of the first sale by Declarant to an Owner other than Declarant of a Lot within that particular portion of the Annexable Area).

5.11 Uniform Assessments. Each Lot owned by Declarant or an Owner shall be

assessed the same as any other individual Lot, except as otherwise provided in this Declaration.

VI.

Permitted Uses and Restrictions

In addition to all of the covenants contained herein, the use of the Property and each Lot therein is subject to the following:

6.01 Use. Except as expressly provided herein, the Lots shall be used exclusively for the recreational use of its Owner, for the recreational use of such Owner's Registered Guests at any one time and for rental to such Owner's Lessees as provided in Section 6.05 below. Permanent residential occupancy of the Lots is hereby prohibited. "***Permanent***" as used herein shall mean continuous occupancy of a Motorcoach Vehicle on a Lot by a person that extends more than thirty (30) consecutive days or such shorter period as may be proscribed by any laws or ordinances restricting permanent occupancy on the Property. Notwithstanding anything contained to the contrary in this Section 6.01 or otherwise in this Declaration, Declarant may use any Lots owned by Declarant, including, without limitation, the Declarant's Lots, to maintain reasonable construction, sales, leasing operations, and marketing of the development and related uses, and no Owner or Lessee shall be entitled to use its Lot in any manner that unreasonably interferes with such rights of Declarant.

6.02 Motorcoach Vehicles and Improvements. Except as expressly provided herein and in keeping with the permitted uses described in Section 6.01 above, the Lots shall be used exclusively for the parking and use of Motorcoach Vehicles and authorized Casitas; provided, however, that during the Declarant's Control Period and Declarant's Minority Control Period, Declarant, in its sole discretion, may permit the use of the Lots by RVs and other similar vehicles. The construction or maintenance of permanent residential structures on the individual Lots is prohibited except for any authorized Casitas. Lot Owners, their Lessees, Registered Guests and the Lot Owners' successors and assigns, are prohibited from erecting or placing on any Lot any structure, vehicle or other object other than a Motorcoach Vehicle or any other structure, vehicle or object expressly permitted herein (including, without limitation, a Casita). Such prohibited structures, vehicles or objects include, without limitation, the following except to the extent they are incorporated into and made part of an authorized Casita:

(a) Permanent screened rooms, carports, awnings, fences, pools, Jacuzzis, spas, bathing facilities, satellite dishes, sporting equipment, lights, animal shelters, gates, clotheslines, or any type of permanent extended overhang;

(b) Mobile homes and park models;

(c) Any structure that cannot be readily transported by the Motorcoach Vehicle of the Owner of the Lot.

(d) Any structure placed on the Lot on blocks, or other supports which are permanent or semi-permanent in nature or any structure with removed hitches;

(e) Any structure or plumbing or electrical facilities (other than plumbing and electrical facilities installed by Declarant or the Association) not intended to be temporary or readily movable; and

(f) Any structure designated, intended or used as permanent living quarters or a primary residence.

The provisions of this Section 6.02 do not prevent the erection of tables, benches, and grills; however, no personal property except as provided in the immediately preceding clause shall be permitted to remain where it can be seen by other Owners or visitors to the area, except when the Lot is actually in use. This requirement shall not apply to any permissible vehicle or trailer, which may be allowed to remain on a Lot even though not in use for a maximum period of (6) month from the date last used for occupancy.

6.03 Animals. No animals of any kind shall be raised, bred or kept on any Lot, except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, nor in violation of any applicable local ordinance or any other provision of this Declaration. A "reasonable number" for purposes of this Section shall mean three (3) or fewer pets per Lot. If an animal is not confined within the Motorcoach Vehicle, the animal must be leashed and under direct control of the Owner or Lessee. It shall be the absolute duty and responsibility of each Owner or Lessee to hold harmless and repair any damage caused by any of its pets and to clean up any solid animal waste after such animals have used any portion of the Property or any public property in the vicinity of the Property. No pet shall be permitted to be kept within any portion of the Property if it makes excessive noise or is otherwise determined by the Board in its sole and absolute discretion to be a nuisance. If any pet is determined to be a nuisance, the Board may give notice to the Owner or Lessee to resolve the offending problem within seventy-two (72) hours, and if the owner or tenant does not resolve the problem during that period of time, order the removal of such pet(s).

6.04 Commercial Activities. The Lots are to be used for recreational purposes only, and no part of the Development and no Lot shall be used in any way for any business, professional, commercial, manufacturing, mercantile, storing, vending, industrial, or other non-recreational purpose or any other purpose prohibited by applicable law, rule, ordinance or regulation; provided, that an Owner shall have the right to rent its Lot as set forth in Section 6.05 below. Notwithstanding the foregoing, Declarant may use Declarant's Lots and the Association Property to maintain reasonable construction, sales, resales, commercial, and rental operations together with rental of the Owners' Lots as described in Section 6.05 below. This provision may not be amended or deleted without the approval of all the Members and of Declarant.

6.05 Sale and Rental of Lots.

(a) No restrictions are placed on an Owner's right to sell his Lot except as follows: (i) the signage restrictions set forth in Section 6.09 below; and (ii) for a period of ninety-nine (99) years from the date of this Declaration, Declarant shall have the exclusive right, in the absence of personal use by the Owners or the Owners' Registered Guests, to rent any and all of the Lots which are a part of the Development at scheduled rates promulgated from time to time by Declarant and in return for these rental services performed in good faith but in the

manner and method of Declarant's choosing (subject to the provisions of this Section 6.05), Declarant shall retain forty percent (40%) of the gross amount of the rent collected on any Lot with the remaining sixty percent (60%) reserved for the benefit of the Owner. In addition thereto and together with any other consideration provided in this Declaration, as partial consideration for the aforementioned rental rights, Declarant shall undertake an advertising program to promote the rental of Lots, both those Lots owned by Declarant and those Lots owned by other Owners.

(b) By January 31st of each year, each Owner shall provide written notice to Declarant (the "**Annual Notice of Lot Rental Periods**") of any periods during the 12-months commencing February 1st of the current year and terminating January 31st of the next year that it wants to include its Lot in the rental pool marketed by Declarant under this Section 6.05 (the "**Lot Rental Periods**"). If in any year an Owner does not want to include its Lot in the rental pool but would rather have its Lot sit vacant during those times it is not occupied by Owner or its Registered Guests, the Owner shall so specify to Declarant in the Annual Notice of Lot Rental Periods. Declarant shall undertake to rent the Lot during any rental periods designated by Owner in its Annual Notice of Lot Rental Periods. After Owner provides the Annual Notice of Lot Rental Periods, Owner may by a 2-week written or electronic notice given to Declarant request to occupy its Lot during any period of time that Owner had previously designated as a Lot Rental Period. If Declarant has not rented the Lot at such time, it shall remove the Lot from the rental pool for the requested period and Owner and/or its Registered Guests shall be entitled to occupy the Lot during the requested period. Similarly, Owner may notify Declarant at any time that neither it nor its Registered Guests are able to occupy or use the Owner's Lot for a period of time as previously planned and resubmit such period of time for rental of the Owner's Lot into the rental pool operated by Declarant hereunder.

(c) The exclusive right of Declarant to rent Lots that are a part of the Development shall be binding on each Owner, his agents, representatives, successors, assigns, servants and employees and any persons working in concert with him, directly or indirectly, and such exclusive right is a covenant running with the land of each Lot for the term of ninety-nine (99) years. The Association and the Owners recognize and hereby specifically agree to the rights granted to Declarant hereby, and that such exclusive rights are essential to the integrity of the overall rental program administered by Declarant, both at the Development and at other similar projects developed by Declarant its affiliates or subsidiaries. The Association and Owners are cognizant of the need for consistent administration and uniform promotion and maintenance of Declarant's and the Project's image, and therefore recognize and acknowledge that the rights of Declarant as set forth in this Section 6.05 go to the essence of Declarant's agreement with the Association pursuant to this Declaration. The Association and Owners further acknowledge that the primary intention of the Development and this Declaration is to create and maintain a luxury Motorcoach vehicle resort in which there are no permanent or semi-permanent structures (except for the Casitas), and in which the Lots, in the absence of their use by the Owner or his Registered Guest, are to be made available for rental by Declarant as set forth above. The Association, Owners, and Declarant specifically acknowledge the intent of the Development and Declaration to include the creation and maintenance of a luxury resort for the motor coach public, pursuant to the terms of this Declaration. Accordingly, the Association hereby acknowledges and agrees to assume and carry out its affirmative duties, both while Declarant shall have control of the

Association and after the control of the Association has been relinquished to the Owners, to maintain the integrity of the Development, including enforcement of Declarant's rental rights pursuant to this Section 6.05, and including the prohibition against the placing on any Lot any vehicle or structure intended as permanent living quarters except for the Casitas. No Casita may be separately leased or rented apart from its Lot. Notwithstanding anything else contained in this Declaration, this Section 6.05 may not be amended without the prior express written approval of the Declarant.

6.06 Utility Service. Except for temporary hook-ups between Motorcoach Vehicles and permanent utility outlets, no lines, wires or other devices for the communication or transmission of electric current power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or conceal in, under, or on buildings or other structures approved in writing by the Board. All temporary utility outlets shall be installed and maintained in accordance with applicable provisions of the Rules and Regulations. No provision hereof shall be deemed to forbid the erection of the temporary power or telephone installations incident to the construction of approved buildings or structures.

6.07 Nuisance. No noxious, illegal or offensive activity shall be carried out on or upon any Lot or any part of the Property, nor shall anything be done thereon which is or may become an annoyance or nuisance, public or private, to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the Owners of their respective Lots, or which shall in any way increase the rate of insurance for the Association or for the Owners of Lots and Motorcoach Vehicles. Each Owner shall comply with all local, state and federal regulations that may govern the use and occupancy of Motorcoach Vehicles.

6.08 Outside Antennae. There shall be no outside television or radio antennae, satellite, dish, poles or flag poles constructed or maintained on any Lot or the Common Area for any purpose without the prior written approval of the Board.

6.09 Signs. No signs, including, without limitation, "for sale" or "for rent" signs, shall be displayed on or from any Lot, Motorcoach Vehicle (whether inside or outside the Motorcoach Vehicle), equipment, or real or personal property of any sort located on any Lot except for those signs erected by Declarant. No signs shall be displayed on the Common Area except signs approved by the Board. Nothing in this Section 6.08 shall be deemed to prevent or limit Declarant's ability to erect "for sale," "for rent" and other signs for purposes of advertisement or identification, as it deems necessary.

6.10 Equipment, Machinery and Repairs. No power equipment, hobby shops, Motorcoach Vehicle or car maintenance (other than emergency maintenance) shall be permitted on the Property except with prior written approval of the Board. No equipment, machinery, junk, debris, building material, or similar matter shall be placed, stored or kept in or on any Lot, parking area or street within or adjoining the Property. Notwithstanding the foregoing, an Owner may leave its Motorcoach Vehicle on its Lot when such Owner is not there and so long as the Owner has not submitted the period of his or her absence into the rental pool for the Owner's Lot as provided in Section 6.05.

6.11 Laundry. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot. No washing machine or dryer shall be kept on any Lot, except within a Motorcoach Vehicle.

6.12 Propane Tanks. Only propane tanks used in connection with barbecue grills and Motorcoach Vehicles, which are standard equipment, shall be permitted on any Lot, provided such tanks are in compliance with all applicable codes and laws.

6.13 Maintenance of Lawns, Plantings and Landscape. All Lots, landscaping, driveways, and exteriors must be kept neat, sanitary, tidy and attractive at all times. No landscape trimmings shall be placed for removal on or near any road within the Property or in a place upon the Lot where they are visible from any other Lot or the Common Area. All landscape trimmings shall be placed in trash dumpsters provided on the Common Area. In the event any Owner supplements or enhances the landscaping of any Lot, the Owner shall be required to maintain the Lot in such enhanced or supplemented state.

6.14 Outside Installations. No outside installations of any type, including, but not limited to, radio antennas, clotheslines, fences, and flagpoles shall be constructed or maintained on any Lot unless with the prior written consent of the Board (such as Casitas). Reasonable outside installations which are constructed as part of the authorized Motorcoach Vehicles shall be permitted upon prior review and written approval of the Board. It shall be within the Board's sole discretion to determine whether any such outside installation is unreasonable.

6.15 Vehicle Parking. Only one (1) Motorcoach Vehicle (or, in lieu thereof during the Declarant's Control Period and Declarant's Minority Control Period, if Declarant, in its sole discretion, so permits any other RV or other similar vehicle) and two (2) other operable vehicles (automobile, truck, motorcycle, etc. but excluding any trailer for such vehicles) shall be parked or maintained on any Lot. No Motorcoach Vehicle, truck, automobile, or any other type of motor vehicle, may be washed, cleaned or polished anywhere on the Property except on an Owner's Lot with the Manager's or the Board's prior authorization that may be given or withheld in either of their sole discretion or as otherwise explicitly permitted or regulated in any rules and regulations for the Project adopted by the Board. Vehicles that are not registered for highway use such as golf carts will be allowed to drive in the Project, but they must be in good condition, drive at slow speeds, park only on the Owner's Lot and comply with the Board's rules and regulations and any directions given by the Manager or any like person so designated by the Board.

6.16 Resubdivision. Except as provided elsewhere in this Declaration, no Lot shall be resubdivided nor shall less than an entire Lot be sold.

6.17 Improvements. All Lot Improvements, including the species of plant material and placement of plants, shall be done in a timely manner subject to the control and approval of the Architectural and Landscape Committee as set forth in Article VII of this Declaration.

6.18 Taxes. Each Owner shall pay when due, before delinquency, all taxes, Assessments, levies, fees and all other public charges and utility fees and charges of every kind and nature imposed upon or assessed against its Lot.

6.19 Rules and Regulations. The Board is hereby expressly authorized to establish all rules and regulations as it shall deem necessary for the purpose of implementing, enforcing and administering the purposes of this Declaration.

6.20 Hazardous Substances. No activity will be permitted on any Lot or the Common Area that, in the sole opinion of the Board, will create or emit offensive, hazardous or excessive quantities of dust, dirt, ash, smoke, noise, fumes, odors or vibrations, or create risk of fire, explosion or other hazards or is not in harmony and consistent with the Property. Activities prohibited hereunder, include, but are not limited to activities which result in the disposal of Hazardous Substances in any form upon the Property. For the purposes of this Declaration the term "Hazardous Substance" shall mean any product, substance, chemical, material or waste whose presence, nature, quantity or intensity of existence, use, manufacture, disposal transportation spill, release or effect, either by itself or in connection with other materials expected to be found upon any Lot, is either: (a) potentially injurious to the public health, safety or welfare, the environment or the Property; (b) regulated or monitored by any governmental authority; or (c) a basis for liability of Declarant or any Owner to any governmental agency or third party under any applicable state or common law property.

6.21 Electric Meter Service. Electrical service to each individual Lot will be metered and billed by the electrical utility company to each Owner.

6.22 No Drilling or Wells. No derrick, windmill, pump or other structure designated for use in boring, mining, or quarrying for oil, natural gas, or precious minerals shall be erected, maintained, or permitted upon any portion of the Property. No private water well or other independent water supplies or facilities, windmill, pump, or other structure for furnishing water shall be constructed or maintained on any portion of the Property except as originally constructed on the Property.

6.23 No Private Sewers or Septic Systems. No private sewer system, septic tank, leach field, or other system of solid waste disposal, excluding the sewer system installed by or on behalf of Declarant for the Development, shall be constructed, built, or used.

6.24 Group Functions. No large group functions involving more than the Owner, the Owner's spouse and children under nineteen (19) years of age, and eight (8) Registered Guests shall be allowed to participate in any group or other functions on the Lot on or the Property without the prior consent of the Manager or any like person so designated by the Board, which consent may be given, withheld or revoked before or at any time during the group function in her sole discretion. Upon any such revocation of permission, the Registered Guests and any additional invitees or licensees of the Owner shall immediately leave the Property.

6.25 Declarant's Lots. Notwithstanding any other provision of this Declaration, Declarant shall have the right to own, occupy, and use Declarant's Lots to conduct sales, resales, leasing, rentals, construction management, project management, accounting, recreational, and/or marketing activities for the Project and/or for any other project affiliated with Declarant. Notwithstanding any other provisions of this Declaration, Declarant's Lots shall be subject only to the following referenced provisions of this Declaration:

- (a) Article I;
- (b) Article II;
- (c) Sections 3.01, 3.02 (a), 3.02 (j), 3.03, and 3.04 of Article III ;
- (d) Article IV;
- (e) Sections 6.02, 6.04, 6.06, 6.12, 6.16, 6.17, 6.18, 6.19, 6.20, 6.21, 6.22, 6.23, and 6.24 of Article VI ;
- (f) Article IX; and
- (g) Article X.

Declarant shall be responsible for maintaining Declarant's Lots.

VII.

Architectural And Landscape Control Committee.

7.01 Establishment of Committee. There shall be an architectural and landscape control committee (the "Architectural and Landscape Committee"), and except as to construction of Improvements by Declarant, no Casita or Improvement shall be made on any Owner's Lot until plans and specifications showing the nature, kind, shape, colors, materials and location of the same have been submitted to and approved in writing by the Architectural and Landscape Committee in its sole discretion.

7.02 Members of Committee. The Architectural and Landscape Committee shall consist of three (3) persons, all of whom shall first be appointed by Declarant. Each Member of the Architectural and Landscape Committee shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Architectural and Landscape Committee may be removed at any time without cause. Until ninety percent (90%) of all Lots have been sold (which Lots shall be deemed to include the fifty-four (54) Lots to be located on the Annexable Area provided that if the Annexable Area has not been annexed into the Project within ten (10) years from the date of this Declaration then at such time for the purpose of this Section the 54 Lots on the Annexable Area shall all have been deemed to have been sold) or Declarant voluntarily assigns its rights and interests in express terms by a written assignment, Declarant shall have the sole power to appoint and remove the members of the Architectural and Landscape Committee; thereafter, the Board shall have the sole power to appoint and remove the members of the Architectural and Landscape Committee. Members of the Architectural Committee need not be Members of the Association.

7.03 Architectural Design Guidelines. The Architectural and Landscape Committee may from time to time, develop and present to the Board for approval, rules and regulations to be

known as "*Design Guidelines*", interpreting and implementing the provisions of this Declaration and setting forth fees to be charged and procedures and design and construction criteria to be followed in submitting proposals to the Architectural and Landscape Committee. A copy of the Design Guidelines as they may from time to time be adopted, amended or repealed, shall be maintained at the office of the Association and shall be available for inspection and copying by any Member at any reasonable time during the business hours of the Association. The following minimum standards and restrictions shall apply to any and all Improvements made on the Property:

(a) all Improvements shall be constructed in full compliance with all applicable zoning laws, building codes and other laws, ordinances and regulations applicable to the construction, use and occupancy of Improvements; and

(b) all Improvements shall be constructed in accordance with any Design Guidelines adopted or approved by the Board.

7.04 Landscape Standards. The Architectural and Landscape Committee may, as part of the Design Guidelines, establish guidelines for plant and landscaping material that may include, without limitation, any requirements of Grand County, Utah. Such guidelines may restrict the species and placement of any tree, plant, bush, ground cover or other growing thing planted or placed on the Property. The Architectural and Landscape Committee may adopt a list of approved plant species that may be altered or augmented from time to time.

7.05 Review of Proposed Construction.

(a) No exterior addition, change, or modification to any Lot shall be commenced, and no construction, alteration, removal, relocation, demolition, repainting, addition, modification, decoration, redecoration, or reconstruction of any Improvement on any Lot shall be commenced until the plans and specification therefore showing the nature, kind, shape, height, width, color, materials, and location of the same, shall have been submitted to the Architectural and Landscape Committee and approved in writing by the Architectural and Landscape Committee.

(b) The Owner submitting the plans (an "*Applicant*") shall obtain a written, dated receipt for the plans and specification from an authorized agent of the Architectural and Landscape Committee.

(c) The Architectural and Landscape Committee shall approve plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby will not be detrimental to the appearance of the surrounding area and the Property as a whole, that the appearance of any structures affected thereby will be in harmony with the surrounding structures, that the upkeep and maintenance thereof will not become a burden on the Association, and that such improvements are consistent with the Design Guidelines, the Rules and Regulations, this Declaration and the Governing Documents.

(d) The Architectural and Landscape Committee may condition its approval

of proposals or plans and specifications upon any of the following:

- (i) Upon the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be recorded against the Property or any portion thereof as a result of any work;
 - (ii) Upon such changes to the plans and specifications as the Architectural and Landscape Committee may deem appropriate;
 - (iii) Upon the Applicant's agreement to install, at its sole cost, water gas, electrical, or other utility meters to measure any increased consumption; and
 - (iv) Upon the Applicant's agreement to complete the proposed work within a stated period of time.
- (e) The Architectural and Landscape Committee may issue rules or guidelines setting forth procedures for the submission of plans for approval, which shall not be inconsistent with this Declaration or the Rules and Regulations.
- (f) The Architectural and Landscape Committee may require the plans and specifications to be accompanied by a reasonable inspection fee. The Architectural and Landscape Committee may employ the consulting services of architects, engineers and attorneys in reviewing the plans and specification, and, if so, the Owner shall reimburse the Architectural and Landscape Committee for the reasonable compensation paid to such professionals.
- (g) The Architectural and Landscape Committee may require such detail in plans and specifications submitted for its review as it deems necessary or proper, including, without limitation, floor plans, site plans, drainage plans, elevation drawings, and descriptions or samples of exterior material and colors.
- (h) The decision of the Architectural and Landscape Committee and the reasons for the decision shall be transmitted by the Architectural and Landscape Committee to the Applicant at the address set forth in the application for approval within forty-five (45) days after receipt by the Committee of all materials required by the Architectural and Landscape Committee. Any application submitted pursuant to this Section 7.05(h) shall be deemed approved unless written disapproval or a request for additional information or material shall have been transmitted by the Architectural and Landscape Committee to the Applicant within forty-five (45) days after the date of actual receipt by the Architectural and Landscape Committee of all materials required hereunder.
- (i) The Applicant shall meet any review or permit requirements of Grand County or of any other applicable governmental body prior to making any alterations or improvements permitted hereunder.
- (j) Declarant, its successors and assigns need not seek or obtain Architectural and Landscape Committee approval of any Improvements constructed on the Property by

Declarant or such person, as the case may be.

7.06 Variances. The Architectural and Landscape Committee may authorize variances from compliance with any of the architectural provision of this Declaration or any supplemental Declaration or the Design Guidelines, including restrictions upon height, bulk, size, shape, land area, placement of structures, set-backs, building envelopes, colors, materials or similar restrictions, when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations may, in its sole and absolute discretion, warrant. Such variances must be consistent with any and all applicable laws. Such Variances must be evidenced in writing and must be signed by at least a majority of all of the members of the Architectural and Landscape Committee. If such a variance is granted, provided that the Owner complies with approved design plans that are the subject of a variance, no violation of the covenants, conditions or restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter of which the variance was granted. The granting of such a variance shall not operate to waive any provisions of this Declaration or the Design Guidelines for any purpose except as to the particular property and particular provision and in the particular instance covered by the variance.

7.07 Obligations with Respect to Zoning and Subdivision. The Architectural and Landscape Committee shall require all Persons to comply fully with the zoning and master plan designations and any special use permits and with all applicable federal, state and local laws, regulation and ordinances, insofar as the same are applicable and as the same may hereafter be amended from time to time.

7.08 Indemnification of Architectural and Landscape Committee. The members of the Architectural and Landscape Committee shall be deemed to be the appointed agents of the Board and the Architectural and Landscape Committee is hereby authorized to carry out and adhere to the provisions of this Article VII. The Owners hereby collectively agree that the members of the Architectural and Landscape Committee shall be indemnified and held harmless for any liability, damages or other obligation (including reasonable attorney's fees) resulting from the reasonable and prudent exercise of their duties as members of the Architectural and Landscape Committee as specified in this Article VII.

VIII

Mortgagee Provisions

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the Bylaws notwithstanding any other provisions contained herein or therein.

8.01 Notices of Action. An institutional holder, insurer or guarantor of a first Mortgage who provides a written request to the Association (such request to state the name and address of such requestor and the street address of the Lot to which its interest relates, thereby becoming an "Eligible Holder") will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) any delinquency in the payment of Assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of this Declaration or Bylaws relating to such Lot or the Owner which is not cured within sixty (60) days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from the Association of any, default in the performance by an Owner of a Lot of any Obligation under this Declaration or Bylaws that is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

8.02 First Refusal. Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot who obtains title to such Lot pursuant to the remedies provided in such Mortgage or by foreclosure of the Mortgage or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Governing Documents.

8.03 Unpaid Assessments. Each first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot, pursuant to the remedies provided in such Mortgage by foreclosure of such Mortgage, shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the time such Mortgagee acquires title to such Lot.

8.04 Special Provisions. Unless otherwise permitted herein or unless at least eighty percent (80%) of the Eligible Holders and voting Members representing at least eighty percent (80%) of the total Association consent, the Association shall not:

(a) by act or omission seek to abandon or terminate the Property.

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against any Owner, however, nothing herein shall limit the Board's authority to Levy assessments as set forth in this Declaration;

(c) partition or subdivide any Lot;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. (the granting of easements for public utilities or for other purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this Section 8.04 (d));

(e) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the appearance or the maintenance of the Lots or the Common Area;

(f) fail to maintain or cause to be maintained fire and extended coverage insurance on insurable Common Area as provided in this Declaration;

(g) use hazard insurance proceeds for losses to any Association Property for other than the repair, replacement or reconstruction of such Association Property, subject to the provisions of Section 3.03 (g); or

(h) change the pro rata interest or obligations of any Lot in order to levy assessments or charges, allocate distributions of hazard insurance proceeds or condemnation awards or determine the pro rata share of ownership of each Lot in the Common Area.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums of property insurance policies, or secure new property insurance coverage upon the lapse of an Association policy, and first Mortgagee making such payments shall be entitled to immediate reimbursement from the Association.

8.05 Other Provisions for first Mortgages. To the extent possible under Utah law:

(a) Any restoration or repair of the Property or any portion or parcel thereof after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of First Mortgages on Lots to which at least sixty-seven percent (67%) of the vote of Lots subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Lots to which at least sixty-seven percent (67%) of the votes of the Lots subject to the Mortgages held by such Eligible Holders are allocated.

(c) Any election to terminate the Association shall require the approval of the Eligible Holders on Lots to which at least sixty-seven percent (67%) of the votes of the Lots subject to the Mortgages held by such Eligible Holder are allocated.

(d) All beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

(i) examine current copies of the Association's books, records and financial statements and the Restrictions during normal business hours;

(ii) require the Association to submit an annual audited financial statement without expense to the entity requesting the statement;

(iii) receive written notice of all meetings of Owners; and

(iv) designate in writing a representative who shall be authorized to attend all meetings of Owners.

(e) All Mortgagees, insurers and guarantors of first Mortgages, upon written request, shall be given thirty (30) days' written notice prior to the effective date of: (i) any proposed material amendment to the Governing Documents; (ii) any termination of an agreement for professional management of the Property following any decision of the Owners to assume self-management of the Development; and (iii) any proposed termination of the Property as a common-interest community.

(f) The reserve fund described in Article V of this Declaration must be funded by regular scheduled monthly, quarterly, semiannual or annual payments rather than by large special assessments.

(g) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of any Manager or Management Contractor.

(h) The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of VA, FHA, FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and the Membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their Lots, if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgages encumbering a Lot.

(i) When professional management has been previously required by a Mortgagee, insurer, or guarantor of a first Mortgage, any decision to establish self-management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and the Mortgages of sixty-seven percent (67%) of the first Mortgages of Lots in the Project.

8.06 No Priority. No provision of this Declaration or the Bylaws gives or should be construed as giving any Owner or another party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

8.07 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

8.08 Amendment by Board. Should the FNMA or the FHLMC subsequently delete any of its requirements which necessitate any provisions of this Article VIII or make any such requirements less stringent, the Board, without the approval of the Owners, may record an amendment to this Article to reflect such changes.

8.09 Applicability of Article. Nothing contained in this Article VIII shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, Bylaws or Utah laws for any of the acts set out in this Article.

8.10 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

IX.

Annexation

9.01 Annexation of Additional Property by Association. Upon the approval of twenty-five percent (25%) or more of the Members of the Association, the Declarant may subject real property owned by the Declarant to the covenants, conditions and restrictions of this Declaration and subject the Property to the jurisdiction of the Association. Upon receipt of such approval, Declarant may record a Declaration of Annexation as described in this Article IX, which shall extend the covenants, conditions and restriction of this Declaration to such Property. Notwithstanding anything contained in this Section 9.01 or this Declaration to the contrary, Declarant may annex the Annexable Area (described in Exhibit "B") to the covenants, conditions, and restrictions of this Declaration without the requirement of a vote of the Members of the Association.

9.02 Annexation by Declarant. If, within ten (10) years of the date of the recording of this Declaration in the Official Records of the Grand County Recorder, or any longer period provided for by the Utah Code, Declarant desires to develop additional phases in the Annexable Area, such additional phases or any portion thereof, may be added to the Property subject to this Declaration, and included within the jurisdiction of the Association by action of the Declarant without the consent of the Members or Eligible Holders; provided, however, that the development of the additional land shall, if applicable, be in accordance with the plan of development submitted to Grand County, Utah. All Common Area improvements in each phase of the Annexable Area will be substantially completed prior to annexation.

9.03 Procedure for Annexation. Any annexation may be accomplished by the recording of a Declaration of Annexation or separate Declaration that requires Owners thereon to be Members of the Association. At the time of recording of the Declaration of Annexation, Declarant shall also by deed, or assignment, as the case may be, transfer to the Association the Association Property in the area being annexed. The obligation of Owners to pay fees to the Association and the right of the Owners to exercise voting rights in the Association in any

Annexed Property shall not commence until the first day of the month following the close of the first sale of a Lot by Declarant in this particular phase of the Property.

9.04 Deannexation. Declarant may delete all or any portion of the phase of development from coverage of this Declaration and the jurisdiction of the Association, so long as Declarant is the Owner of all of that phase and provided that:

- (a) The Notice of Deannexation is recorded in the same manner as the applicable Declaration of Annexation was recorded;
- (b) Declarant has not exercised any rights to vote with respect to any portion of such phase;
- (c) Assessments have not yet commenced with respect to any portion of such phase;
- (d) No lot has been sold in such phase to a member of the general public; and
- (e) The Association has not made any expenditures of any obligation respecting any portion of such phase.

X.

General Provisions

10.01 Term. This Declaration including all of the covenants, conditions and restrictions hereof, shall run until the date ninety-nine (99) years hereafter unless amended as herein provided. After the date ninety-nine (99) years hereafter, this Declaration, including all such covenants, conditions and restrictions, shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by a least sixty-seven percent (67%) of the Owners and recorded in the Official Records of the County Recorder of Grand County, Utah.

10.02 Resale of Lots. The seller of any Lot shall furnish to the purchaser before execution of any contract for the sale of the Lot, or otherwise before conveyance:

- (a) A copy of this Declaration and the Articles, Bylaws and Rules and Regulations of the Association;
- (b) A statement setting forth the amount of the annual Assessments for common expenses and any unpaid Assessment of any kind currently due from the selling Owner; and
- (c) A copy of the current operating budget of the Association.

The selling Owner shall also at such time, notify the Association of the sale and provide the Association with the name and address of the new owner, a copy of the deed conveying title,

and the date of sale. Nothing in this Section 10.02 shall be construed to require any approval by the Association of the sale of *any* Lot.

10.03 Amendment.

(a) Subject to the specific provisions set forth elsewhere herein, Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. The resolution shall be adopted by the vote, in person or by proxy, or by written consent of Members representing not less than seventy-five percent (75%) of the voting power of the Association, provided that (i) the specified percentage of the voting power of the Association necessary to amend a specified Section or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision and (ii) Declarant's affirmative vote also must be given for any amendment adopted and approved during Declarant's Control Period and Declarant's Minority Control Period. In the event VA or FHA is a first Mortgagee or insurer of a first Mortgagee, a draft of the proposed amendment shall be submitted to VA and FHA for approval prior to its approval by the Membership of the Association. The Member approval described above shall not be required for amendments that may be unilaterally adopted and executed by Declarant hereunder or under Utah Code.

(b) Except as specifically provided elsewhere herein and In addition to the required notice and consent of VA, FHA, Members and Declarant provided above, the Mortgagees of sixty-seven percent (67%) of the first Mortgages on all the Lots in the Project who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Declaration which is of a material nature, including the following:

(i) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Mortgagees, insurers or guarantors of first Mortgages as provided herein;

(ii) Any amendment which would necessitate a Mortgagee after it has acquired a Lot through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure;

(iii) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Lot not being separately assessed for tax purposes;

(iv) Any amendment relation to the insurance provisions or to the application of insurance proceeds as stated in this Declaration, or to the disposition of any money received in any taking under condemnation proceedings;

(v) Any amendment which would or could result in partition or subdivision of a Lot in any manner inconsistent with the provisions of this Declaration;

(vi) Any amendment which would subject any Owner to a right of first

refusal or other such restriction, if such Lot is proposed to be sold, transferred, or otherwise conveyed; or

(vii) Any amendment concerning:

(A) Voting rights;

(B) Rights to use the Common Area;

(C) Reserves and responsibility for maintenance, repair and replacement of the Common Area;

(D) Owners' interest in the Common Area; or

(E) Establish of self-management by the Association where professional management has been required by any Beneficiary, insurer or guarantor of a first Mortgage.

(c) Termination of this Declaration shall require approval by Members representing at least eighty percent (80%) of the Association's voting power. No such termination shall be effective unless it is also approved in advance by Declarant and either by fifty-one percent (51%) of the Mortgagees of the first Mortgages on all of the Lots in the Development (if said termination is proposed by reason of the substantial destruction or condemnation of the Project) or by sixty-seven percent (67%) of such Mortgagees (if said termination is for reasons other than such substantial destruction or condemnation).

(d) Each Mortgagee of a first Mortgage on a Lot in the Project which receives proper written notice of a proposed amendment or termination of this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Mortgagee fails to submit a response to the notice within thirty (30) days after the Mortgagee receives the notice.

(e) A copy of each amendment shall be certified by at least two (2) officers of the Association, and the amendment shall be effective when a certificate of amendment is recorded with the Grand County, Utah Recorder's office. The certificate, signed and sworn to by two (2) officers of the Association that the requisite number of Owners and Mortgagees have either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. The certificate reflecting any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages shall include a certification that the requisite approval of such first Mortgagees has been obtained.

(f) Notwithstanding any other provisions of this Section 10.03, at any time prior to the first close of escrow for the sale of a Lot, Declarant may unilaterally amend or terminate this Declaration by recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant.

(g) Notwithstanding any other provisions of this Section 10.03, for so long as Declarant owns any portion of the Property, Declarant may unilaterally amend this Declaration by recording a written instrument signed by Declarant in order to conform this Declaration to the requirements of Grand County, VA, FHA, FNMA, GNMA, FHLMC, any other applicable governmental authority then in effect, if any.

(h) In addition to any other restriction contained in this Declaration pertaining to the amendment of any section hereof, no amendment of the following Sections or Articles of this Declaration shall be effective without the prior written consent of Declarant: Article I, Sections 2.01, 2.11, 2.12, 2.13, 2.14, 2.15, 2.16, 2.34, 2.41, and 2.43 of Article II, Sections 3.03 and 3.04 of Article III, Sections 4.04 and 4.06 of Article IV, and Article VI.

10.04 Enforcement and Nonwaiver.

(a) Right of Enforcement. Except as otherwise provided herein, any Owner (at its own expense), Declarant and the Board shall have the right to enforce, by any proceeding at law or in equity, all of the restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration against any parcel or portion of Property or Lot and the Owners thereof. Such right of enforcement shall include both damages for and injunctive relief against the breach of any such provision. The right of any Owner to so enforce such provisions shall be equally applicable without regard to whether the land (or other interest) of the Owner seeking such enforcement or the land (or other interest) whereon or with respect to which a violation of such provision is alleged is initially set forth on Exhibit "A" or is hereafter subjected to this Declaration pursuant to Article X.

(b) Violation as a Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated by Owner (at its own expense) by Declarant, or by the Board, whether or not the relief sought is for negative or affirmative action. However, only Declarant, the Board and the duly authorized agents of either of them may enforce by self-help any of the provisions of this Declaration, and then only if such self-help is preceded by reasonable notice to the Owner in question.

(c) Violation of Law. Any violation of any federal, state or local law, ordinance or regulation pertaining to the ownership, occupancy or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein.

(d) Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

(e) Nonwaiver. The failure to enforce any provision of this Declaration at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision herein.

(f) Attorneys' Fees. In the event the Declarant or Board engages legal counsel

or takes any legal action including, but not limited to arbitration proceedings pursuant to Utah Code to interpret or enforce the provisions of this Declaration, it shall be entitled to its costs, including reasonable attorneys' fees, incurred in connection therewith.

10.05 Merger or Consolidation. Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any such other property, as one (1) plan. Any such merger or consolidation shall be accomplished pursuant to Utah Code and may also require the prior written approval of VA.

10.06 No Representation or Warranty. No representations or warranties of any kind, express or implied, other than the standard warranty required by VA and FHA, have been given or made by Declarant or its agents or employees in connection with the Property or any portion thereof, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulations thereof as a common-interest community, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with any governmental authority.

10.07 Notices. Any notice or communication to be given under the terms of this Declaration (a "Notice") shall be in writing and shall be personally delivered or sent by facsimile, overnight delivery or registered or certified mail, return receipt requested. Notice shall be effective: (a) if personally delivered, when delivered; (b) if by facsimile, on the day of transmission thereof on a proper facsimile machine with confirmed answer back; (c) if by overnight delivery, the day after delivery thereof to a reputable overnight courier service; and (d) if mailed, at midnight on the third (3rd) business day after deposit in the mail, postage prepaid. Notices shall be addressed to the Person at the address given by such Person to the Association for the purpose of service of notices, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such Person to the Association.

10.08 Construction.

(a) Restrictions Severable. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(b) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

(c) Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any of the paragraphs, Sections or Articles hereof.

(d) Liberal Construction. It is the intention of Declarant that this Declaration be liberally construed to promote the purpose of a well planned community, reserving to the Declarant the rights necessary to develop the Property and to insure the integrity of the interrelated land uses.

(e) Statutory References. Any reference to a statute shall include, without limitation, any successor or replacement of such statute.

10.09 State Law. The provisions of this Declaration shall be governed and interpreted according to the laws of the State of Utah and jurisdiction and venue for any action commenced in relation hereto shall be in the courts of the State of Utah.

10.10 Priorities, Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles or Bylaws of the Association, the terms and provision of this Declarations shall prevail.

10.11 Time of Essence. Time is of the essence of any time period stated herein.

10.12 Limitation of Declarant's Liability. Notwithstanding anything else contained in this Declaration, if Declarant is found liable to the Board, the Association, any Owner(s) or any other person for any act or omission by Declarant under this Declaration or arising from any other cause or matter related to the Project, Declarant's liability shall be strictly limited to Declarant's ownership and property interests in the Property and those Lots owned by Declarant, subject to the rights of the holder of any mortgage or deed of trust in or to Declarant's ownership and property interests. No other asset of Declarant or any other affiliate, subsidiary, officer, member, manager, heir or affiliate of Declarant shall be subject to levy, execution or other procedure for the satisfaction of any actions, claims, debts or liabilities of or against Declarant.

[Signature Page Follows.]

DECLARANT:

PORTAL RV RESORT, L.L.C.,
a Utah limited liability company

By: _____
Its: _____

ACKNOWLEDGEMENT

STATE OF UTAH)
 :SS
County of _____)

On _____, 2008, personally appeared before me _____, who being by me duly sworn, did say that he is the _____ of PORTAL RV RESORT, L.L.C., and was duly authorized to and did execute the above and foregoing instrument on behalf of that entity.

Notary Public

EXHIBIT A
PROPERTY

EXHIBIT B
ANNEXABLE AREA

EXHIBIT C

ARTICLES OF INCORPORATION

EXHIBIT D

BYLAWS

EXHIBIT E
SUBDIVISION MAP

EXHIBIT F
SUBDIVISION MAP